

SWT Executive

**Wednesday, 22nd January, 2020,
6.15 pm**



**Somerset West
and Taunton**

**The John Meikle Room - The Deane
House**

Members: **Federica Smith-Roberts (Chair), Benet Allen (Deputy Chair),
Chris Booth, Ross Henley, Marcus Kravis, Richard Lees,
Peter Pilkington, Mike Rigby and Francesca Smith**

Agenda

1. Apologies

To receive any apologies for absence.

2. Minutes of the previous meeting of the Executive

To approve the minutes of the previous meeting of the Committee.

(Pages 7 - 14)

3. Declarations of Interest

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

(The personal interests of Councillors and Clerks of Somerset County Council, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes.)

4. Public Participation

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

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

5. Executive Forward Plan

(Pages 15 - 16)

To receive items and review the Forward Plan.

6. Somerset Waste Partnership Draft Business Plan 2020-25 and Variations to the Inter-Authority Agreement (Pages 17 - 100)

This matter is the responsibility of the Leader Councillor Federica Smith-Roberts.

The purpose of the report is to seek approval of the Somerset Waste Partnership's Draft Business Plan 2020-2025, annual budget 2020-2021 and variations to the Inter-Authority Agreement to align it with the new collection contract. Subject to agreement by all partner authorities, these will then be finalised at the February meeting of the Somerset Waste Board.

7. Taunton Strategic Flood Alleviation Improvements Scheme - Phase 2 (Pages 101 - 160)

This matter is the responsibility of Executive Councillor for Climate Change – Councillor Peter Pilkington.

The report is part of the Taunton Strategic Flood Alleviation Improvements Scheme Project Delivery Plan which sets the framework of measures to be implemented in phases over the next 30+ years which will reduce the current flood risk, and appropriately mitigate against the future impacts of climate change over the next 100 year period.

8. Purchase of Otterford B Gypsy and Traveller Transit Site (Pages 161 - 184)

This matter is the responsibility of Executive Councillor for Housing, Councillor Francesca Smith and Executive Councillor for Asset Management and Economic Development, Councillor Marcus Kravis.

The report gives details of the proposed acquisition of a site known as Otterford B for use as a Gypsy and Traveller Transit Site.

9. East Quay Wall (Pages 185 - 214)

This matter is the responsibility of Executive Councillor for Asset Management and Economic Development, Councillor Marcus Kravis.

This report sets out the current situation with the East Quay wall, Watchet and the options that the Council have to maintain this asset into the future. It does not seek approval of a permanent solution for the repair at Splash Point, this will be dealt with separately once possible

design options have been established, but does request financial approval of the design work for this permanent repair.

10. Budget Update and Outline Medium Term Financial Plan 2020/21 (Pages 215 - 234)

This matter is the responsibility of Executive Councillor for Corporate Resources, Councillor Ross Henley.

The purpose of this report is to provide the Executive with an update on progress with regard to Budget Setting for 2020/21, the latest Medium Term Financial Plan (MTFP) forecasts and the areas to be finalised.

11. Budget Monitoring (Pages 235 - 256)

This matter is the responsibility of Executive Councillor for Corporate Resources, Councillor Ross Henley.

This report provides an update on the projected outturn financial position of the Council for the financial year 2019/20 (as at 30 November 2019).

12. Housing Revenue Account Business Plan (Pages 257 - 306)

This matter is the responsibility of Executive Councillor for Housing, Councillor Francesca Smith.

The Housing Revenue Account (HRA) Business Plan contains the financial model of the service for the next 30 years. A number of largely external changes has meant that a full refresh of the Business Plan is necessary. This report identifies the changes and the impact of these. The report also sets out a new vision for the Housing Service and plans for growth in the number of new homes we plan to build. Lastly the report also proposes a new rent policy following the end of a period of four years of imposed rent reduction, this will provide a refreshed income position on which to build future plans set out in this report.

13. Housing Revenue Account Budget Estimates 2020/21 (Pages 307 - 342)

This matter is the responsibility of Executive Councillor for Housing, Councillor Francesca Smith.

This report updates Members on the proposed HRA Annual Revenue Budget and Capital Programme for 2020/21, the proposed Rent Setting for the average weekly rent for 2020/21 and the proposed Fees and Charges for 2020/21.

14. Access to Information - Exclusion of the Press and Public

During discussion of the following item(s) it may be necessary to pass the following resolution to exclude the press and public having reflected on Article 13 13.02(e) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Executive will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Recommend that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the ground that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

15. Housing Revenue Account Acquisitions

This matter is the responsibility of Executive Councillor for Housing, Councillor Francesca Smith.

(Pages 343 - 362)



**JAMES HASSETT
CHIEF EXECUTIVE**

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Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chair will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate. Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chair will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room. Full Council, Executive, and Committee agendas, reports and minutes are available on our website: www.somersetwestandtaunton.gov.uk

The meeting room, including the Council Chamber at The Deane House are on the first floor and are fully accessible. Lift access to The John Meikle Room, is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter. For further information about the meeting, please contact the Governance and Democracy Team via email: governance@somersetwestandtaunton.gov.uk

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SWT Executive - 18 December 2019

- Present: Councillor Federica Smith-Roberts (Chair)
 Councillors Benet Allen, Chris Booth, Ross Henley, Marcus Kravis, Richard Lees, Peter Pilkington and Francesca Smith
- Officers: Marcus Prouse, Amy Tregellas, Jenny Collins, Gerry Mills, Lisa Redston, Joe Wharton, James Barraha, Paul Fitzgerald and Simon Lewis
- Also Present: Councillors Ian Aldridge, John Hassall, Libby Lisgo, Janet Lloyd, Hazel Prior-Sankey, Andrew Sully, Sarah Wakefield, Brenda Weston, Loretta Whetlor and Gwil Wren

(The meeting commenced at 6.15 pm)

71. **Apologies**

Apologies were received from Councillor Mike Rigby.

72. **Minutes of the previous meeting of the Executive**

(Minutes of the meeting of the Executive held on 20th November 2019 circulated with the agenda)

RESOLVED that the minutes of the Executive held on 20th November 2019 were confirmed as a correct record and were duly signed by the Leader.

73. **Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr C Booth	All Items	Wellington and Taunton Charter Trustee	Personal	Spoke and Voted
Cllr R Lees	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr P Pilkington	All Items	Timberscombe	Personal	Spoke and Voted
Cllr H Prior-	All Items	SCC & Taunton	Personal	Spoke and Voted

Sankey		Charter Trustee		
Cllr F Smith	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr F Smith-Roberts	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr B Weston	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Whetlor	All Items	Watchet	Personal	Spoke and Voted

The Leader of the Council declared a personal interest on behalf of all Members of the Executive that had received emails lobbying in relation to Item 10 – Taunton Business Improvement District Ballot.

74. **Public Participation**

A. Mr Shawn Rutter (No Taunton BID) asked the following questions in relation to Item 10 – Taunton Business Improvement District Ballot:

“Good evening, I’m speaking for No Taunton BID, representing the significant number of businesses opposed to the new Taunton BID proposal.

As I wrote in my letter to you last Saturday about the councils’ lack of openness and transparency over BID, it’s extremely disappointing that the agenda report for tonight has still not been made public, as it would have allowed a fair chance to make pertinent democratic representation for what will be discussed and decisions to be made by you today. But I sincerely hope that later this evening you will vote to not exclude the press and public from the BID discussion as it is not commercially sensitive.

If the council does allow the BID proposal to go to ballot, my letter of 22nd October made a strong case for the council to abstain from voting for it’s properties, given the overwhelming influence council votes would have. With average ballot turnout, this council’s vote would be 6% by voting number, and 12% by cumulative RV - and with this weeks’ questionable addition of the county council’s Brendon House, as the 4th largest RV property on the map now, if both councils vote they are forecast to have cast 18% of the RV vote.

The spirit of BID regulations is for BID to be a business-led initiative, for the businesses, decided on by the businesses; which is why the right thing for the Council to do would be to abstain from voting. If BID is to go ahead, the best chance of success will come from a true majority of business having embraced and wanting BID - and the only way we’ll know this, is a ballot without Council votes.

I suggest this council has some hard questions to ask itself when considering Taunton’s 4th BID ballot in 13 years, and I have 4 questions today:

1. The BID proposers have chosen not include East Reach, Station Road and most of Bridge Street, meaning businesses in these town centre areas would be starved of the extra investment and benefits BID are promising BID businesses. Is the Council happy with the limited scope of the map, which was decided on without appropriate consultation?
2. Is the council certain that BID is the best place management scheme for Taunton town centre? i.e. instead of a town centre partnership for example, which could be much wider reaching and inclusive for both more businesses and the community.
3. With regard to BID baseline agreements, for the 5 year duration of BID, will the Council be committing to legally binding baseline agreements for all statutory and discretionary services it currently provides into the proposed BID area?
4. Given Taunton's poor experience with BID previously, what lessons has the council learnt, and what measures will the council be taking to ensure the town won't be let down by BID again, if it goes to ballot and is voted in?

Finally, let's remember what your Portfolio Holder for Asset Management and Economic Development once said when referring to Minehead; he said "promoting and managing of the town should be done at the local authority level".

One couldn't agree with him more, and given the noticeable effort this new administration is currently making with Taunton, we really should continue along this path, in line your manifesto promise to create vibrant and economically secure town centres - instead of the council helping force in an extra unwanted business rate.

Thankyou."

Councillor Marcus Kravis, Portfolio Holder for Economic Development and Asset Management thanked Mr Rutter for his questions and responded that the businesses not included within the BID area were contacted and consulted after a decision was made on the BID area, and he understood there had been no appeals to date on the area. In regards to the second question he responded that BID's are a known approach in many districts throughout the country and are heavily legislated for, and would be if the BID was mandated. If successful, regulations do require a baseline agreement that would be reviewed annually. In terms of asking what lessons the Council has learnt, the question perhaps should be what lessons the BID team has learnt if the BID successful and what they will do, with the Council having a seat at the table as is usually the case, if it is successful. With regard to the quotation, the full quote I think I actually started with 'In an ideal world', and I would still stand by that statement.

The Monitoring Officer responded that the item was being held in confidential session due to the commercial sensitivity of it. Whilst Mr Rutter had suggested the Council should consider abstaining in the vote, the Council will make a

decision on which option it would choose (including abstention) for the ballot in confidential session so as not to prejudice the final result.

Mr Rutter asked one supplementary question around the baseline was a really important factor. The question had not been answered on whether the baseline agreements would be legally binding. Last year in a survey 39% of Council's were not appearing in baseline agreements. There was a real big risk of loss of discretionary Council services that people were scared of. The only way to reassure people was to have legally binding agreements and Taunton BID did say they would be asking the Council for legally binding agreements, so will you provide?

Councillor Kravis responded that he thought he had said that there will be a baseline agreement that would be binding if agreed and this would be debated later.

B. Mr Nigel Pearce (President - Taunton Chamber of Commerce) made the following statement in relation to Item 10 – Taunton Business Improvement District Ballot:

Firstly I would just like to thank you on behalf of the Chamber of Commerce for your support to date and for allowing us the opportunity to speak. In representing the wider business community, some based in the town centre and some further afield such as Blackbrook. Although I have an office within the BID area I am an architect, it would therefore reasonable to ask 'What benefit am I going to get from the BID?' There is a lot of support from other businesses and the wider professional services. Their reasons for doing so include the need to attract good quality staff, and this can be a struggle in the town when we are in competition with Exeter and Bristol. It is not all about salary levels, and lifestyle and enjoyment can be a much higher issue on the Agenda. For many that means a good and thriving Town Centre, and a place their families can enjoy and use for more purposes than just shopping, making Taunton a really good place to live. So these companies do see the BID as an important factor in their ability to recruit and be successful. As an architect, I am not looking to expand greatly, so recruitment is an optional driver, but the employees of these companies and the companies themselves are my clients and that is why BID is important to me.

C. Mr Lee Tomkins (Independent Financial Adviser – Blackdown Financial Services) made the following statement in relation to Item 10 – Taunton Business Improvement District Ballot:

I am a businessman in town and actually have three businesses in the proposed BID area. I was involved in the last BID 2007-2012 and was deeply unimpressed. I was asked if I would get involved again this time round and my new line was that I wouldn't as I wasn't impressed with the Council back in the day. However, I've been convinced that you are a new Council now and hopefully you have learnt from those mistakes. So I'm supporting the BID, I think it's a worthy cause and if the BID and the Council work together they can make the town a great place. My experience of the people that I have met in the BID environment this time is there is some good people there and some good heads and some good

ideas. I think it is vitally important that there is communication between the Council and the BID.

D. Ms Mel Amor (Crystals Bath Place & Vice-Chair of Bath Place Traders Association) made the following statement in relation to Item 10 – Taunton Business Improvement District Ballot:

I urge you to vote for the BID because it is an opportunity for the business community of Taunton to form a strong group of passionate individuals who can make good decisions and implement new ideas to improve the town's atmosphere and overall visitor experience. Taunton is in need of an injection of well-planned regular events. Events which have been carefully constructed to maximise footfall and encourage more people to shop locally whilst fully enjoying themselves and to attract new visitors too. The more entertained and happy people we attract to the town the more the benefit to our businesses and our communities. I cannot see a better way of raising needed funds than to deliver such a vibrant programme events than the money collected through the BID. It means we are all contributing a fair amount into the fund to benefit from something we have all created together. Also, identifying a distinctive and unique selling point for the town as a whole is something I feel passionate about the BID achieving. Taunton needs to be known for something great so it can enable business to flourish and our culture and communities to grow. We have yet to fathom what defines Taunton, we need to create an identity that is strong and empowering for our town. In my view, the BID team is the best hope of working this out and ensuring Taunton becomes the best possible version of itself. We need to put our minds together, and by this I mean the business community and the Council to work together and consult each other on what really is actually best for the town's businesses, population and potential future visitors. We are the people on the ground. We have constant contact with those who shop, eat, spend and consume. We hear what the public are concerned about, what they are pleased about and enjoy and also general response to the Council's actions actually are. We are the people who know how things are impacting our businesses. The BID is an opportunity for us as businesses and the Council to unite and really put Taunton on the map. By you voting for the BID it means you are supporting our local business community and contributing to the success of the town in general. This relationship needs to strengthen and consultation needs to increase. The BID is how we can do that. By voting for the BID you will be ensuring we have the resources needed to improve our town effectively and efficiently.

E. Mr Colin Barrell (Chairman - Taunton Chamber of Commerce) made the following statement in relation to Item 10 – Taunton Business Improvement District Ballot:

Thank you for the opportunity to come and address you. I and the working group of around 15 individuals representing large national retailers such as Debenhams, Marks and Spencer, Primark; Small Independent businesses from the likes of Bath Place and the St. James Street area, pubs, charity shops, banks, building societies and estate agents. We've been engaging with them all our working group, we've given people opportunities to come to meetings,

individual one to ones, we've had newsletters and questionnaires go out to get information. One of those businesses we've consulted with is Somerset West and Taunton. You after all, are one of the biggest businesses in the town. You've got significant revenue income from your assets within the area of the proposed BID. It is my belief and that of the working group that we need to work in partnership for our mutual benefit and that of our residents, our employees and our visitors. If you know me and my track record both in business and the community, you will appreciate that as well as wanting a successful business for myself and my twenty eight employees, I'm also passionate about making Taunton an even better place to live and letting more people know about that. Taunton is crying out for all of us to work together and grasp the opportunity a BID can provide. The vast majority of the businesses are prepared to invest and I believe the Council will want to endorse the mandate to move forward by voting yes when the ballot does take place. We are constantly compared to other towns in the region. Most of them have got together and chosen to strengthen those partnerships between the businesses and their Councils by voting yes to a BID. You only need to look down the road to Minehead, Clevedon and Exeter pretty much everybody has got a BID. I urge you to vote yes to unlock the potential we all know exists. Just to finish off, anecdotally, I do a lot of meet and greet in my business, I've met in the last month people from Newton Abbott, Shepton Mallet, Sidmouth, Burnham-On-Sea, Tiverton, Barnstaple – the answers as to why they came to Taunton were many but it's a nice town, its compact, we've got great independents but a good smattering of national shops as well. Friendly people, we get a great welcome, we can now find the car parks because we have got good signage. The traffic is not as bad as Exeter and Bristol. But, you need to shout about it more, they're telling us that, it's a great secret that people don't know about. I believe a BID can do that, I hope you will help us to make that happen.

75. **Executive Forward Plan**

(Copy of the Executive Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

RESOLVED that the Executive Forward Plan be noted.

76. **Amendment to Income and Arrears Management Policy**

Executive Councillor Ross Henley, Portfolio Holder for Corporate Resources introduced the report and moved the recommendations, which sought support for an amendment to the current Income and Arrears Management Policy to include a Council Tax write off for care leavers living within the area who receive Council Tax Support.

The proposal would remove any Council Tax liability where the care leaver –

- Is living with dependants
- Is living with other care leavers, and/or

- Has entitlement to Council Tax Support but their income is more than £75 a week

Where the care leaver is living with other adults SWT would look to apportion the write off to reduce the overall liability. The write off would apply up to the age of 25 and would end the day before their 26th birthday. The write off would only be applied after entitlement to other discounts, including Council Tax Support has been deducted from the liability. Somerset West and Taunton Council would be actively contacting our care leavers to encourage take up and we will consider backdated awards. SWT intended to apply the write off through our Income and Arrears Management Policy until we are able to consider including this in our Council Tax Support scheme for future years.

The recommendations were seconded by Councillor Kravis.

During the discussion of this item, Members made comments and asked questions which included:-

- It was raised as to how much the Council took into account young people's incomes?
- *This was taken into account for e.g. if getting a Personal Independence Payment (PIP) this covered 80% of Council Tax and this measure would cover the other 20%.*
- It was stated that this was wholeheartedly supported and was the right thing to do.

RESOLVED to;

1. Approve that for those persons which fall within the definition of a care leaver, living within the District and who qualify for Council Tax Support, will have their net Council Tax liability written off for the qualifying period, and;
2. Delegate authority to the Revenues Specialist to approve individual eligible write-offs in line with this Policy.

77. **Access to Information - Exclusion of the Press and Public**

RESOLVED that the press and public be excluded from the meeting for the items numbered 8, 9 and 10 on the Agenda as the items contained exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act, 1972, and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

The Monitoring Officer reminded all Councillors present of their responsibilities under the Code of Conduct and the Constitution in respect of confidential reports and the information contained within. An email reminder would be sent to all Councillors.

78. **Taunton Bus Station**

Executive Councillor Kravis, Portfolio Holder for Economic Development introduced this confidential report.

RECOMMENDED to Council to agree the recommendations as written in the confidential report.

79. **Taunton Park and Ride**

Councillor Federica Smith-Roberts, Leader of the Council introduced the confidential report.

RESOLVED to;

1. Request officers to explore whether the procurement decision for the Park & Ride contract's operation beyond September 2020 written into the Memorandum of Understanding (MoU) between Somerset West and Taunton (SWT) and Somerset County Council (SCC) can be extended from the current date of 31st January 2020 to the 20th February 2020 to allow the decision to be considered as part of the Budget.
2. Form a Cross-Party Working Group on democratic agreement of numbers to meet in January 2020 to consider the implications of notification of SCC procurement of the service, the potential options with the budget amount available and to report back to the Executive in advance of their next meeting on 22nd January 2020 and the Council on 27th January 2020.

80. **Taunton Business Improvement District Ballot**

Executive Councillor Marcus Kravis, Portfolio Holder for Economic Development and Asset Management introduced the confidential report.

RESOLVED to;

1. Consider the Council's position in relation to the ballot and recommended to Council a position from the available options.
2. Recommended to Council the approval of the three other confidential recommendations included within the report.

(The Meeting ended at 8.55 pm)

EXECUTIVE

Meeting	Draft Agenda Items	Lead Officer	Informal Executive
22 January 2020	SWP Annual Business Case	Natalie Green/Mickey Green (SWP)	Yes
(FC 26 February)	Otterford Travellers Site	James Barrah	Yes
	Taunton Strategic Flood Alleviation Improvements Phase 2	Ann Rhodes	Yes
	HRA Business Plan	James Barrah	Yes
	HRA Budget Setting	James Barrah/Kerry Prisco	Yes
	HRA Acquisitions (confidential)	James Barrah/Wendy Lewis	Yes
	East Quay Wall	Chris Hall	Yes
	Budget Monitoring	Paul Fitzgerald	Yes
	Budget Update and Outline MTFP 2020/21	Paul Fitzgerald	Yes
28 January 2020	Design Guide - Masterplan Framework for the Major Development Allocations	Fiona Webb	Yes
(FC 26 February)	Taunton Garden Town Public Realm Guide	Fiona Webb	Yes
	SWT Prosperity/Economic Development Strategy	Mark Wathen/Dan Webb	Yes
	Voluntary and Community Sector Grants Annual Fund Review	Lisa Redston	Yes
	Performance Report	Malcolm Riches	
	Land South of Langaller	Andrew Penna	Yes
	HPC S106 Tourism Delivery Plan	Nicki Mclean/Robert Downes	Yes
10 February 2020	General Fund Revenue Budget and Capital Estimates 2020/21 (fees and charges)	Finance	
(FC 19 February)	Capital, Investment and Treasury Management Strategies 2020/21	Finance	
	FHSF HIF	Kate Murdoch	
	CIL Allocations	Kate Murdoch	
	HRA Acquisitions (confidential)	Wendy Lewis/Rich Wiseman	
	Monkton Heathfield Phase 2 Masterplan	Andrew Penna/ Nick Bryant	
	Homelessness and Rough Sleeper Strategy and Action Plan	Mark Leeman/Hannah Cook	
	Hinkley Phase 3 - Housing Funding Strategy	Mark Leeman	
	Disposal of HRA Property	Sally Stark	
	P&R Procurement (confidential)	Joe Wharton	
18 March 2020	Housing Strategy - Action Plan for SWT	Mark Leeman	
(FC 31 March)	District Housing Action Plan		
	North Taunton Woolaway Project - Phase B Update and Home Owner Acquisition Budget	Rich Wiseman	
	Annual Business Plan 2020/21	Paul Harding	
	Pay Policy Statement	Nicky Rendell/Paul Fitzgerald	
	Small Scale Industrial Space LDO	Sarah Povall	
	CIM Funding Recommendations from HPC POB	Nicki Mclean	
	Cannington CIM Fund Transfer	Nicki Mclean	
	Wellington Railway Station/Metro Link	Sarah Povall/Nick Bryant	
	HRA Acquisitions (confidential)	Wendy Lewis	
	Social Value Strategy and Priorities	Paul Harding	
	Everyone Active Update	Steve Hughes/Natalie Green??	
	Formation of Special Purpose Vehicle (SPV) for Commercial Trading	Gerry Mills	
	Disposal of HRA Property	Catrin Mathias	
	Disposal of HRA Property	Catrin Mathias	
22 April 2020	Waterways Strategy and Action Plan	Dan Webb	

May 2020	Somerset West and Taunton Districtwide Design Guide & Urban Design Masterplan Frameworks - Feedback	Fiona Webb	
	Public Realm Design Guide for Taunton Garden Town - Feedback	Fiona Webb	
June 2020	Commercial Investment Strategy Review	Gerry Mills	
August 2020	SWT Carbon Neutrality and Climate Resilience Plan and Somerste Wide Climate Change Strategy	Graeme Thompson	
December 2020	Commercial Investment Strategy Review	Gerry Mills	

Report Number: SWT 13/20

Somerset West and Taunton Council Executive Committee – 22 January 2020

Somerset Waste Partnership Draft Business Plan 2020-2025 and Variations to the Inter-Authority Agreement

**Report of Client Officer – Natalie Green and Somerset Waste Partnership’s (SWP)
Managing Director – Mickey Green**

(This matter is the responsibility of the Leader Councillor Federica Smith-Roberts)

1. Executive Summary

This report seeks approval of the Somerset Waste Partnership’s Draft Business Plan 2020-2025, annual budget 2020-2021 and variations to the Inter-Authority Agreement to align it with the new collection contract. Subject to agreement by all partner authorities, these will then be finalised at the February meeting of the Somerset Waste Board.

The actions in the draft business plan identify the continued direction to implement the most significant set of changes to Somerset’s waste services since SWPs inception in 2007.

The cost increase for 2020/21 when compared with 2019/20 is £75k. An increase had already been factored in to the MTFP.

There are a number of changes resulting from the new collection contract that require minor amendment to the IAA. Rolling out Recycle More requires considerable up-front expenditure and the Somerset Waste Board (SWB) agreed the principles of how this should be managed in September – this paper reflects these principles in a revised draft inter-authority agreement. Only those changes that are necessary to reflect the new collection contract and roll-out of Recycle More have been made.

A verbal update / presentation will be made to the Board, which will include an update on the implementation of Recycle More and the ‘Slim my Waste, Feed my Face’ food waste behavioural change campaign.

2. Recommendations

This committee is recommended to:

- i) Approve the Somerset Waste Partnership’s Draft Business Plan 2020-25.
- ii) Approve the projected budget for 2020/21 subject to the finalisation of the figures.
- iii) Approve the variations to the Inter-Authority Agreement.

3. Risk Assessment

Risk is managed by the Partnership through its Board and SMG, where senior officers represent the Partnership and the five councils that are partner members.

Risk Matrix

Description	Likelihood	Impact	Overall
Household growth increases beyond that estimated for the costs budgeted	Possible (3)	Major (4)	Medium (12)
Green waste income is budgeted higher than uptake	Unlikely (2)	Medium (3)	Low (6)
Failure to have an IAA in place ahead of the 2020/21 financial year will mean that costs are not shared fairly and equitably	Unlikely (2)	Medium (3)	Low (6)

4. Purpose of the Business Plan

- 4.1 The Somerset Waste Partnership (SWP) is responsible for providing waste and recycling services on behalf of all five local authorities in Somerset. The partnership is governed through a Joint Committee known as the Somerset Waste Board. The SWB Constitution requires the preparation of a Business Plan on an annual basis. The plan has a five year horizon with particular focus on the next 12 months, and it provides a framework within which the board can make decisions and steer the delivery of waste partnership services. The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved.
- 4.2 The Board's business planning cycle requires a draft report to be approved by the Board in December and circulated to partners for comment prior to the adoption of the Board's Business Plan and Annual Budget the following February. Once approved or noted by all partners, the plan will be formally adopted by the Board to provide a framework within which the Board can make decisions and steer the delivery of Waste Partnership services.
- 4.3 The Draft Business Plan and associated Action Plan, attached as Appendix 1, are the means by which the partnership describes its business, evaluates changes to the operating environment, identifies strategic risks and sets out its priorities.
- 4.4 The plan also sets out the draft Annual Budget for the Waste Partnership for 2020/21, which for the Somerset West and Taunton represents an increase of £75k.

5. Responsibility for the Business Plan

- 5.1 The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this

can be achieved. Under the terms of the Inter-Authority Agreement, the Board cannot make a decision that has an adverse financial implication on any partner without the consent of that partner. The Board cannot refuse to accept savings targets handed down – but it does have discretion on how those savings can be implemented, provided all partners sign up through approval of the draft plan.

6. Variations to the Inter-Authority Agreement

6.1 The following principles were agreed by SWB in September 2019, following agreement to these principles by the Strategic Management Group (SMG) and all partner Section 151 Officers. All revenue costs will be funded from the Recycle More Project Fund. These principles have informed the revisions required to the IAA (Appendix 2):

6.1.1. District collection partners should not be penalised or rewarded for when they roll out within the programme. No savings will be taken from the Somerset Waste Partnership until roll out has been fully funded.

6.1.2. As a significant proportion of Recycle More savings will be from disposal costs, the disposal partner SCC will also contribute its savings from Recycle More until the break-even point has been reached (2022/23). Should there be extraordinary circumstances beyond what we have forecast that have a significant impact on disposal costs or savings, then we would need to take a view at the time on how any additional savings or costs should be fairly apportioned.

6.1.3. Somerset Waste Partnership hold the Recycle More Project Fund and any deficits will be funded through contract savings before they then become attributable to partners.

6.1.4. Once breakeven point is reached, contract savings will be shared on the basis currently stated in the IAA.

6.2 The IAA has also been changed to reflect the fact that under our new collection contract, SUEZ will not be liable for the costs of secondary contributions for the small number of employees who are eligible for the Local Government Pension Scheme. As has been agreed by SMG and all partner s151 officers, passing this liability on would simply result in risk pricing from SUEZ, meaning that we would in effect pay more to achieve the same aim. These costs will be shared by District Council partners in accordance with household numbers. It should be noted that there will be no deficit on day 1 of the contract and future payments will be made in accordance with future actuarial assessments.

7. Consultation

7.1 Initial consultation was held with partners (via the senior officer group – SMG) on 13 August and 10 September. Further consultation took place during the Autumn. The Somerset Waste Board and Joint Waste Scrutiny Panel, at their meetings in September, considered an outline of the Business Plan in order to shape the approach at an early stage in its development. The draft business plan, budget and IAA were approved for partner consultation by the Board at its December meeting.

8. Finance / Resource implications

- 8.1 The Board is almost exclusively funded from contributions from partners and, apart from one-off funding bids, has no automatic block grant from Central Government. It is therefore dependent on agreement between partners on the level of funding provided by each of them in line with the cost sharing formula. The budget presented in this report will remain draft until February and is for one year only.
- 8.2 The Business Plan shows the projected budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year was brought to the December meeting of the Somerset Waste Board.
- 8.3 The current estimate for SWT is 4% budget uplift from the 2019/2020 budget. Each collection partner's contribution varies, primarily according to household growth and garden waste customer growth. All recycle more one-off costs are excluded from these figures. The key drivers for the variance are:
- Collection inflation – estimate 2,82%. The key drivers for this are CPI and fuel increases.
 - Household growth estimated at 0/49% for Somerset West and Taunton.
 - Uplift on recycling credits of 3%
- 8.4 The Executive have the option not to approve the Business Plan as they do in any other year, though this course of action would be unheard of in the history of the Waste Partnership and would lead to significant risks in terms of service delivery to our communities. If the Somerset Waste Partnership are unable to agree the Business Plan and possibly the budget, it would lead to considerable negative financial and reputational implications for all partners.
- 8.5 The Annual Budget, once finally approved, will become the new measure for the financial performance of the Waste Partnership for 2020/21. SWP will continue to share the costs among partners in the approved format
- 8.6 The cost increase for 2020/21 when compared with 2019/20 is £75k. The budget for 2020/21 was set with a contract increase in mind, however the actual increase is less than this creating a small contingency of 1%.
- 8.7 Recycle More was approved by TDBC on 30th November 2016 the budget presented in the appended business case for 2020/21 contains no savings or costs associated with this new operating model during the roll out phase.

9. Legal Comments

- 9.1 The waste collection contract is one of the Authority's largest contracts. The Waste Partnership fulfils the Authority's statutory responsibilities in regard to waste collection.

10. Links to corporate Aims / Priorities

10.1 SWP is one of the Authority's key partnerships and takes client and operational responsibilities for the delivery of our recycling and waste priorities.

11. Environmental Implications

11.1 The role of SWP has a direct impact on the environment and all actions within the plan are considered against their environmental benefits.

12. Asset Management Implications

12.1 There are no implications as a result of the report.

13. Equalities Impact

13.1 Equalities Impact Assessments will be carried out as appropriate with the development of each Business Plan activity prior to proceeding with that activity. In most cases the decision to proceed based on the outcome of the impact assessment will be delegated to the Managing Director and Senior Management Team of SWP. Where significant issues are identified through the assessment process that would have implications for major projects or programmes the decision to proceed will return to the Board prior to commencing development

14. Risk Management

14.1 The SWP risk register is reviewed annually and taken to the Somerset Waste Board for approval.

15. Partnership Implications

15.1 The Somerset Waste Partnership is one of the Council's key partnerships. The Partnership undertakes the client and operational responsibilities for the delivery of our waste collection obligations and our recycling and waste reduction priorities.

Appendices:

1. Draft SWP Business Plan 2020-2025
2. Draft Inter-Authority Agreement

Democratic Path:

- **Scrutiny - No**
- **Executive – Yes**
- **Full Council – No**

Reporting Frequency: Annually

Contact Officer

Name	Natalie Green
Direct Dial	01823 217531
Email	n.green@somersetwestandtaunton.gov.uk

Name	Mickey Green
Direct Dial	01823 625707
Email	mickey.green@somersetwaste.gov.uk

Background papers

Somerset Waste Board Constitution and Inter-Authority Agreement
<http://www1.somerset.gov.uk/council/boards.asp?boardnum=32>

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%



SWP Business Plan 2020 – 2025

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Page 3	About Somerset Waste Partnership
Page 4	Key Challenges and Opportunities
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Page 6	Action Table
Page 15	Draft Budget Table 2020/21

Change History	
20/11/19	First draft
26/11/19	Second draft following officer review

About Somerset Waste Partnership

Our vision and values

Who we are:	Somerset's Local Authorities working together as the Somerset Waste Partnership, ensuring that our household waste is reduced, collected, reused, recycled and effectively treated.
What we do:	<ul style="list-style-type: none"> • Preserve our environment by making every effort to ensure our household waste is not waste but reused as a valuable resource. • Deliver excellent customer service and value for money to create a more sustainable Somerset.
What we want to become:	An exemplar for how we manage waste as a resource, work with others and support our residents to manage their household waste and make our service the best it can be.
Our values:	<ul style="list-style-type: none"> • Insight: Working with our partners to understand how and why people behave as they do and use this knowledge to shape our service. • Collaboration: Treating everyone we work with as an equal, knowing we have greater success when we work together. • Innovation: Learning from others and constantly looking at new ways of working to give the best service we can. • Quality: Focusing on excellent customer service and making the best use of the waste we collect.

Background to SWP

Somerset Waste Partnership (SWP) was established in 2007 and manages waste services on behalf of Mendip, Sedgemoor, Somerset Waste and Taunton, South Somerset District Councils, and Somerset County Council. This made it the first county-wide waste partnership in the country. It has a history of innovation – the first to roll out food waste at scale, the first to publish an annual report showing exactly what happens to all its recycling, and is known for its commitment to collecting quality source separated recycling materials which are used as resources by UK industry.

SWP is accountable to the Somerset Waste Board (SWB), which consists of two members from each of the partner authorities. For further information about Somerset Waste Partnership and the Somerset Waste Board visit www.somersetwaste.gov.uk.

SWP has delegated authority to deliver household waste and recycling services throughout Somerset, including management of kerbside collections, recycling sites and disposal sites. From 2020 these duties are in turn contracted to SUEZ (collection services) and Viridor (recycling sites, landfill sites and treating food, garden and residual waste). 2020 is a year of significant change for SWP – a new collection contractor (SUEZ Recycling and Recovery UK), a move away from landfill to generating energy from waste, and the start of the Recycle More collection service model.

Key Challenges and Opportunities

Political	The impact of withdrawal from the EU: Whilst SWP recycles over 90% in the UK, waste is a global business and this may have impacts in the short term (e.g. on fuel availability/import controls affecting vehicle purchases) and longer term (e.g. on UK recycle prices, legislation, the labour market).
	Local Government reorganisation: Any development of proposals for local government reorganisation may have a significant impact upon SWP.
	National living wage: Whilst all staff working for SWP or on our contracts are already paid above this level, this may make recruitment more challenging
Economic	Financial pressure on partner authorities: The financial environment in which we operate remains very tightly constrained.
	Recyclate value: SWP will share risk with its collection contractor on recycling value and changes in global prices will impact directly on us. SWP is contractually protected against price fluctuations with its treatment contractor
Social	Demographic changes: Somerset's ageing population needs to inform our planning for the future. Somerset benefits from near full employment, which can make recruitment more challenging.
	Social media: Increasing use of social media presents an opportunity to reach more people but raises expectations about speed of response.
Technical	Big data: The ability to manipulate large data sets (be it around people's behaviour or the life-cycle of resources and waste) can be powerful.
	New materials: New materials may emerge onto the market quicker than our ability to manage them at the end of their life, and they may be difficult to handle using our current processes. New materials often make claims for how they can be processed which do not reflect reality on the ground.
Environment	Somerset's Climate Emergency: SWP have been asked to lead the 'Waste & Resources' workstream and this provides an opportunity for us to work more closely with partners to progress our vision. However, our ability to implement further change will be constrained by resources.
	Public Awareness: Many people are much more aware of climate change and keen to do more, and frustrated if they feel they cannot do more.
Legal	National legislative change (Consistency): Whilst SWP is a leader in consistency and supports most of this agenda there are certain aspects of potential changes which SWP do not believe have the evidence to support them (e.g. free garden waste and restrictions on residual waste frequency).
	National legislative change (Extended Producer Responsibility): Should these changes be introduced in 2023 it should result in significant funding for SWP, though nothing is yet certain.
	National legislative change (Deposit Return Scheme): Should this be introduced it will have major negative impacts on SWP – with many high value recycling streams being taken away from us and public confusion.
	National legislative change (Business waste): The tightening of requirements on businesses (around separate dry recycling and food waste collection) as an opportunity for us to work with others to make Somerset more sustainable.

Approach to Business Plan

Our Business Plan explains how we will work towards our Vision over the next five years, with a particular focus on current year actions. The Business Plan contains three areas of focus, beneath which sit a range of activities. The three areas of focus are:

Focus	Delivering excellent services	Changing behaviours	Building our capability
Outcome	<i>Household waste is effectively collected, reused, recycled and treated</i>	<i>People trust SWP and see waste as a resource - managing their waste properly</i>	<i>SWP has the capacity, capability and influence to deliver our vision</i>
Activity	Changes to collections	Campaigns	Transforming systems and processes
	Changes to disposal	Looking beyond domestic waste	Strategy & Influence
	Improving services	Community Engagement	Building partnerships

The actions currently underway remain the most significant set of changes to Somerset's waste services since SWP's inception in 2007, covering all aspects of our services. We are also expecting the most significant set of changes to national resources and waste policy for a generation, and the environmental impact of waste has a public profile higher than ever before. The scale of policy change expected will have significant impacts upon our future business plans. The three areas of focus set out the actions which reflect this but need to work together for maximum impact. For example, our transition to the Recycle More service model is set out under 'delivering excellent services', but this will not be a success unless we support this by 'changing behaviours', and 'building our capability' is vital to enabling us to achieve this.

In addition to the actions set out in the Business Plan, SWP propose to continue with the two charities we adopted in 2019 to support through staff fundraising and volunteering. In 2019 we undertook a volunteering day with RAFT, have raised over £100 and have promoted both on social media.

Local Charity	National Charity
RAFT (Refugee Aid from Taunton)	WasteAid
RAFT provide aid through donations to help refugees and displaced people wherever and whenever they are able, regardless of colour, culture and religion. It demonstrates an innovative approach to reuse and hence aligns well with SWP's vision and the waste hierarchy.	70% of the plastic in the oceans comes from places with no waste management. WasteAid helps people turn their waste into useful products, sharing recycling skills to create green jobs, improve public health and protect the environment. It works with community-based organisations to help develop waste collection and recycling businesses.

1. Delivering excellent services			
<i>What</i>	<i>When</i>	<i>Why</i>	
1.1	Changes to collections		
1.1.1	Transition to SUEZ as collection contractor		
1.1.1a	Fully utilise in-cab technology	April 2020	This technology will be operational from day 1 of the contract and integrated with SWP's new customer relationship management system. It will be vital to support crews in getting used to using the technology, so that we make the most out of it.
1.1.1b	Improve quality of service	April – June 2020	A much more stringent set of standards for service quality (e.g. missed collections) has been set with SUEZ. The first three months enable SUEZ to transition from the level of service delivered by Kier to this more robust standard.
1.1.1c	Day changes to garden waste service	April 2020	From day 1 of the contract garden waste collection days will be separated from the rubbish/recycling collection day. This is necessary as it enables us to deliver this service more efficiently with fewer vehicles.
1.1.1d	Health and safety & contract management	Ongoing	Effective management of our contracts and the significant health and safety risks inherent in this industry is a key building block of our success.
1.1.1e	Staff engagement	Ongoing	It is vital that SWP works closely with front-line crews and keeps them engaged in SWP's activities.
1.1.2	Depot improvements to enable Recycle More		
1.1.2a	Evercreech Depot	May 2019 – June 2020	A significant programme of works managed by SUEZ to cope with additional recycling material, improve staff welfare facilities and enable us to deliver a higher quality service. This will include new buildings, new sorting and baling equipment, new bays and improved workshops. Bridgwater and Taunton depots will work more closely together than they currently do. A temporary site for vehicle parking will be required for part of the phased programme.
1.1.2b	Bridgwater and Taunton Depots	April 2020 – April 2021	
1.1.2c	Williton Depot	June 2020 – Nov 2021	
1.1.3	Transition to Recycle More <i>(note that each roll-out phase is preceded by an engagement and communications campaign, and followed by a lessons learned exercise)</i>		
1.1.3a	Roll-out phase 1 of Recycle More	June – July 2020	Mendip (c50,000 properties) – services provided from Evercreech depot.
1.1.3b	Roll out Phase 2 of Recycle More	Sept – Oct 2020	Eastern part of South Somerset (c60,000 properties) – where recycling is provided from Evercreech depot.

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1.1.3c	Roll out Phase 3 of Recycle More	June – July 2021	Remainder of South Somerset and eastern parts of Somerset West and Taunton (c70,000 properties) - where recycling is currently provided from Taunton depot.
1.1.3d	Roll- out Phase 4 of Recycle More	Sept – Oct 2021	All of Sedgemoor and very small proportion of properties in neighbouring Districts (c55,000 properties) - where recycling is currently provided from Bridgwater depot.
1.1.3e	Roll-out Phase 5 of Recycle More	Feb – March 2022	Western parts of Somerset West and Taunton (c 17,000 properties) – those served from Williton depot.
1.2	Changes to disposal		
1.2.1	Managing the transition away from landfill	April 2020 onwards	Close management will be required in the early days of the Energy from Waste plant and the move away from the use of landfill.
1.2.2	Embedding the agreed changes to the Core Services Contract	April 2020 onwards	Ensuring that the Core Services Contract Deed of Variation is fully implemented
1.2.3	Signage review at recycling centres	April – Oct 2020	Completion of the signage review commenced in 2019/20 to improve signage at all recycling centres and align it with the kerbside service.
1.2.4	Heat offtake from Avonmouth Energy from Waste	Ongoing	Whilst some heat will be used to power the UK’s largest plastic processing facility, SWP will continue to work with Viridor to ensure that the heat is fully utilised and the environmental efficiency optimised.
1.2.5	Improvements to Recycling Centres	Ongoing	To seek opportunities to improve our recycling centres, subject to development of viable solutions and robust business cases. Minehead, Frome & Yeovil Recycling Centres are top priorities.
1.2.6	Closely manage site maintenance	Ongoing	With an ageing network of sites it is vital that high standards of site maintenance are maintained.
1.3	Improving services		
1.3.1	Reuse		
1.3.1	Develop a clear strategy for driving increased levels of reuse	2020/21	Working with both our contractors (Viridor and SUEZ) and potentially commissioning external support to improve reuse across Somerset, utilising the recycling centres and bulky waste collection service, and through more effective partnership working with the many reuse organisations/VCSE groups across Somerset (including furniture reuse groups, men’s sheds, repair cafes etc).

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1.3.1b	Implementing reuse strategy	2020 onwards	Implementing the approach developed un 1.3.1a subject to securing funding and a viable business case.
1.3.2	Greening our fleet		
1.3.2a	Seek to pilot alternative fuels in the SWP fleet	Ongoing	SWP will seek opportunities to pilot potentially viable technologies within its fleet.
1.3.2b	Develop plans for alternative fuels ahead of partial re-fleet	Now - 2024	SWP will seek to be in a position to take advantage of alternative fuels when it procures a number of new refuse vehicles in 2024, though this will be dependent upon viable technologies emerging.
1.3.3	Schools service		
1.3.3a	Revise service model to drive recycling and waste reduction	April 2019 – March 2020	SWP will revise the service model to address the barriers we have identified, including through providing more operational support to schools
1.3.3b	Roll out Recycle More to Schools	Autumn 2020 – autumn 2021	Additional recycling (adding plastic pots, tubs and trays to the food, paper, card, plastic bottles and cans they can already recycle) and greater separation of recycling (to maximise environmental benefit) rolled out in two phases – the east of the County first as vehicles will utilise Evercreech depot.
1.3.4	Service reviews		
1.3.4a	Collection contract & recycling credits review	2022/2023 - tbc	To review the contract and recycling credits mechanism following the roll-out of Recycle More & legislative change.
1.3.4b	Assisted collection review	2020/21	Regular review of our assisted collection database to ensure it is up to date.
1.3.4c	Communal collection point review	Ongoing	Review of all communal collection points to identify if it is possible to transfer households onto the kerbside service.
1.3.4d	Exploring prevention/improving lives opportunities	Ongoing	With a new collection partner and a new fleet of vehicles/in-cab technology there is potential to explore how we can support wider public services, for example exploring utilising our vehicles to provide road condition surveys, how we can use in-cab technology and our crews on the ground to support adult social care's prevention agenda.
1.3.5	Health and safety and contract management		
		Ongoing	Effective management of our contracts and the significant health and safety risks inherent in this industry is a key building block of our success.

2. Changing behaviours			
What		When	Why
2.1	Campaigns		
2.1.1	Recycle More Comms & Engagement	Ahead of each phase	To ensure that residents are aware of the new service, feel excited about the benefits, know what is changing for them and can access support if needed.
2.1.1a	Engagement	3 months prior to roll-out	Online information through the SWP website, attendance at community events, roadshows, social media (including video content), local media/council publications, provision of communication toolkits for partners, briefings to elected members, and targeting the Schools Against Waste programme.
2.1.1b	Introductory leaflet	8 weeks prior to roll-out	This visually appealing leaflet will be distributed to each household through the Royal Mail to raise awareness of the planned changes and delivery timescales. It will encourage those who are nervous about the change to seek support and encourage sign-up to My Waste Services app for collection day reminders and further information.
2.1.1c	Service change information pack	4 weeks prior to roll-out	This pack will be sent to each household (letter, instructional information and collection day calendar) telling them exactly when their service will be changing (including any collection day changes), why and what they need to do. It will encourage those who are nervous about the change to seek support.
2.1.1d	Last refuse collection tag & new recycling box stickers	1 - 2 weeks before rollout	The tag will be issued as a final reminder about the service change and will be distributed with a new 60 litre weighted reusable sack. New stickers will also be applied to householders existing recycling containers to reinforce what can be collected in each container
2.1.1e	Ongoing support	2 - 3 months post roll-out	Additional staff will support residents (e.g. those who are struggling, and those whom have not responded to the change). This will include thanking residents for their efforts. This is in addition to the usual resident support SWP provides.
2.1.1f	New livery for SWP fleet	April 2020	All SWP vehicles (including the new recycling and other vehicles) will be rebranded to reflect the change in service, the focus on social norming in our branding, and our environmental agenda. The main panel on the recycling vehicles will be refreshed every 2 years to align with our wider communications strategy.
2.1.2	Moving away from landfill	Spring 2020	Raising awareness that SWP has moved away from landfill and is instead generating electricity from what cannot be recycled (some of which is used to power the UK's largest plastics processing facility).

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2.1.3	Slim my waste & feed my face	2020/21 – 2021/22	Monitor impact of ‘Slim my waste, feed my face’ campaign and learn lessons to inform future behavioural change campaigns.
2.1.4	Beyond the kerb	Annual	Using SWP’s annual publication of its ‘Beyond the kerb’ report showing exactly what happens to all our recycling to further build trust and explain the environmental benefit of kerbside sort. We will continue to improve the transparency of this report.
2.1.5	Action on plastics	Ongoing	Ongoing work (including promoting our pledge against preventable plastic, publicising phased roll-out of kerbside collections, HWRC recycling of plastics, promotion of the Refill scheme in Somerset), and working to support partners as they seek to minimise the use of single-use plastic.
2.1.6	Targeted seasonal campaigns	Ongoing	Campaigns targeted at key peaks in waste (e.g. Christmas – packaging and plastics, Halloween – pumpkins, Easter – plastic packaging, Summer – garden waste and BBQs).
2.1.7	Target material campaigns		The carbon impact of materials not being recycled varies (with food and textiles being the most carbon intensive) and the composition of what is in our bins changes of time. Focussing on carbon-intensive materials in waste (as opposed to waste) is an important part of delivering our vision.
2.1.7a	Textiles	Funding dependent	Explore funding opportunities and alternative delivery models to increase uptake of textile recycling (the most carbon intensive material in our waste).
2.1.7b	Small electrical items and batteries	Funding dependent	Comms and marketing to drive increased take-up of recycling of small electrical items at the kerbside, and to ensure that reuse opportunities are maximised at recycling centres (subject to securing additional funding, potentially from WEEE compliance schemes).
2.1.7c	SW:EEP funded activities	2022/23	The SW:EEP fund aims to undertake 2 campaigns per year focussed on increasing the capture of target materials which provide a return on investment within 6 months.
2.2	Looking beyond domestic waste		
2.2.1	Public sector waste – leading by example		Currently, waste collection contracts are disparately managed across the estate of the five Somerset local authorities – there is no single, co-ordinated system. SWP hopes to demonstrate that, if demand across its public estate is aggregated it becomes commercially viable for a contractor to offer a high-quality (source-segregated) recycling service at a lower price. This market does not exist yet, but using public sector purchasing power could create a market in Somerset.

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2.2.1a	Pre-procurement phase	Spring 2020	Commission support from Eunomia to develop a procurement strategy, including modelling the benefits. This will also explore whether other parts of the public sector/VCSE could be part of this approach, and how any contract should be managed. £10k funding from the joint Somerset climate strategy fund has been indicatively allocated towards this. Support from all partner FM teams will be required.
2.2.1b	Procurement and mobilisation	Summer 2020 – Spring 2021	Undertake a procurement, subject to the pre-procurement phase demonstrating a viable business case and subject to funding necessary to manage this procurement. Given the scale of change needed in the market to deliver this service, an April 2021 contract start date is considered ambitious.
2.2.2	Pilot a collaborative procurement for commercial waste	2020/21	Seek to pilot collaborative procurement for recycling and waste in one or more of Somerset’s market towns – reducing costs for businesses, improving environmental outcomes and aligning with local needs (working jointly with the industry and supply chain workstream).
2.2.3	Supporting businesses to make more sustainable choices	2020/21	Work with business/ partners to identify what support and guidance can be provided to Somerset’s businesses (e.g. food & drink producers, retailers/food outlets), and how best to provide that support (e.g. exploring growth hub/trading standards).
2.2.4	Support schools to tackle climate change (with a focus on waste)	April 2020 onwards	Whilst many schools in Somerset sign up to the Eco-Schools programme, the cost of assessment can be a barrier to schools progressing this. SWP will deliver a one-year pilot project to provide funding to schools to cover assessment costs, with the aim of increasing uptake of Eco-Schools (with a focus on waste).
2.3	Community engagement		
2.3.1	Attending community events	Ongoing	Attending parish cluster meetings and meetings of environmentally motivated/interested groups is a key part of ensuring we remain close to our communities, particularly in the run-up to Recycle More.
2.3.2	Social media	Ongoing	Social media (especially Facebook) provides a cost-effective means to communicate with people, and to enable them to communicate with us (especially when we enable on-line missed collection reporting). Developing high quality digital content will become increasingly important.
2.3.3	e-Newsletters	Ongoing	SWP publish a monthly newsletter which is circulated to all parish council clerks and the Sorted e-newsletter for all residents. With the roll-out of My Waste Services and Recycle More we will review and refresh our approach.

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2.3.4	Enforcement of service rules and householder support	Ongoing	SWP work closely with contractors and partners to resolve complex issues, investigate complaints, find solutions to problems and clamp down on abuse (including trade waste abuse & side/excess waste). Enforcement remains the last option, but in some cases is the only way to resolve issues.
2.3.5	Schools against Waste	Ongoing	Utilising SW:EEP funding seek to build on our successful Schools against Waste programme to reach more schools and drive more behaviour change (both within schools and in domestic waste).
2.3.6	Community action groups	2022/23	Working with SUEZ to explore SW:EEP funded arrangements whereby we develop community capacity to reduce waste, increase reuse and recycling.
2.3.7	Food waste at communal properties	2020 - 2023	A programme of engagement to encourage increased participation in dry recycling and in taking up food waste recycling (i.e. enabling communal properties to utilise the kerbside food waste service where we can make this viable).

3. Building our capability			
What		When	Why
3.1	Transforming systems and processes		
3.1.1	My Waste Services: do it online	Spring 2020	Raising awareness of the ability to undertake key transactions online on the SWP and partner websites. Encouraging people to sign up to the My Waste Services app to receive collection day reminders/push notifications.
3.1.1a	Raising awareness of app	Ongoing	As well as undertaking transactions/reporting issues this will remind people of their collection day. This will be a crucial part of making the move to 3 weekly refuse easier for Somerset residents.
3.1.1b	Encouraging web self-service	Ongoing	Getting more residents to sign-up to My Waste Services will improve the customer experience, divert demand away from call centres, and open up a new communication channel with residents. This will include reconfiguring our website to better align with our vision, business plan and online transactions.
3.1.1c	Making best use of in-cab technology	Ongoing	In-cab technology (and 360 cameras on all vehicles) will be critical to improving our service reliability and to protecting and supporting our hardworking crews. Whilst this system will be live from day 1 of the new collection contract, we will need to support crews and our staff to make best use of it.
3.1.1d	Centralising payments through SWP	April 2021	Whilst some payments (bulky waste, HWRC charged services) are undertaken by SWP, most garden waste payments are taken by Districts. By SWP taking payments this will improve the customer experience and enable residents to sign up for a year at any time, and remove the need for garden waste stickers.
3.1.1e	Review CRM platform	2021/22	The contract with our current system (My Waste Services) expires in 2022 and ahead of that SWP will review our approach and procure a new system.
3.1.1f	Exploring innovative opportunities	Ongoing	Once in-cab technology is effectively implemented we will explore innovative opportunities – from Alexa apps through how we can better support the most vulnerable in our communities, to whether we can undertake road condition surveys.
3.1.2	Building homes with recycling in mind	Ongoing	If new homes are not built in a way that makes it easy for people to recycle (and in particular to access our kerbside service) then we lock in sub-optimal environmental performance and cost for future generations.
3.1.2a	Updating developer guidance	2020/21	In addition to updating our developer guidance, this includes providing District partners with standard content for pre-application guidance/'local lists' and permitted development.

3.1.2b	Embedding revised planning consultation arrangements	2020/21	A standardised approach to SWP being consulted on developments above a certain threshold, and a consistent process for doing so will help ensure that SWP comment on key applications.
3.1.2c	Making planning for waste a local statutory requirement	Ongoing	Seek District council agreement to including SWP developer guidance as part of their local development plans, and raise awareness of the importance of ensuring homes are built with waste in mind, including through the County Waste and Minerals plan.
3.1.2d	Embedding planning for waste in climate emergency agenda	2020/21	Work with the 'Built Environment' joint councils climate emergency team to ensure waste is considered alongside other climate change factors in how Somerset tackles the built environment.
3.1.3	Providing operational support to schools	2020/21 onwards	Our review of the school's service has identified that schools would benefit from additional operational support to ensure that they recycle effectively, and SWP have agreed with Support Services for Education that this support will be provided by SWP. The costs of this will be covered through charges to schools. The pricing structure enables us to cover the costs of staff and provide schools with 'binrastructure' inside and outside of schools.
3.1.4	Embedding behavioural insights into our work	Ongoing	Understanding behaviour will be crucial to target interventions, and regular participation and composition analysis is crucial to this. In addition to capturing intelligence through our in-cab technology, SUEZ are required to conduct participation analysis every 2 years and composition analysis will be undertaken alongside this.
3.1.5	Improve data on containers in use	Ongoing	Ensuring we have robust, detailed and up to date data on containers in use (for additional kerbside refuse capacity, communal properties and schools), will enable us to target improvements more effectively.
3.1.6	Improve processes around occupation of new homes	2020/21	Implement process improvements identified in SWAP audit to ensure that notification of new property occupation/home ownership is seamless and that we take advantage of this opportunity to change behaviours
3.2	Strategy and influence		
3.2.1	Develop SWP long term strategy	2020/21	A long-term framework to 2050 is needed to align with Central Government's Resources and Waste Strategy to set out our ambition, the outcomes we want to achieve, our high-level targets and our over-arching approach. The timing of this will depend upon the timing of further consultations from central government, as these will have a key impact on our own strategy.

3.2.2	Seek to influence national policy decisions	Ongoing	With a number of major government consultations expected from central government, it will be crucial that SWP uses its reputation as a sector leader. Working with partners across the region may enable SWP to achieve things that are not possible through working solely at the County level.
3.2.3	Ensure that waste is seen as a resource	Ongoing	Viewing waste as a resource and moving to a more circular economy reflect SWP's vision of a more sustainable Somerset. The joint climate emergency strategy provides an opportunity to embed this agenda across the public sector in Somerset.
3.3	Building partnerships		
3.3.1	Working with communities	Ongoing	With limited resources, we need to develop strong partnerships with others in order to ensure that we cost-effectively drive people to change behaviours. Developing strategic partnerships with others, especially third sector organisations working in areas with low recycling performance, is a crucial means to do this. SW:EEP funding will potentially help support behavioural change in communities.
3.3.2	Support for alternatives to disposable nappies and wipes	Ongoing	Support for local cloth nappy library groups to encourage more people to take up reusable nappies, and to explore how we can work more effectively with health visitors and other stakeholders (e.g. Wessex Water in relation to disposable wipes).
3.3.3	Support for parish and town councils	Ongoing	Explore how we can share our toolkits and guidance (e.g. on composting, food waste, and setting up a plastic pot, tub and tray collection point) for those town and parish councils who want to take more local action on climate change.
3.3.4	Review food and compost champions	2020/21	With our scarce resources we need to ensure that the activities we undertake are delivering value for money
3.3.5	Exploring prevention opportunities	Ongoing	In addition to training all collection staff to be dementia aware, SWP will seek to identify other ways in which we can support the wider agendas of our partner authorities – for example how we can more effectively use the eyes and ears of our staff on the ground to better support vulnerable residents, whether we can undertake road condition surveys using our vehicles.

SWP Budget 2020 - 21

The following table shows the projected year budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year will be brought to the December meeting of the Somerset Waste Board, with the final budget due in February 2020. Income from residents for waste related services is currently mostly retained by the collection authorities and is therefore not shown in this paper (whilst the costs of delivering these services are shown). The most significant portion of this is Garden Waste subscriptions, which will generate income for district councils of £55.50 for each wheeled bin subscription in 2020/21 – a reduction in the charge on the previous year made possible by our new contract, whilst still ensuring that the service is subsidy free.

Recycle More Implementation

As set out in section 1.1.3 of this Business Plan, the roll-out of the new Recycle More collection service is scheduled to be completed in February 2022. No savings as a result of the new contract will be taken from the Somerset Waste Partnership by any partner until all roll out costs have been fully funded – ensuring that all partners benefit equitably. Savings are expected to be seen from Recycle More in 2022/23 once roll-out costs have been fully funded. The overall savings are anticipated to be over £2m per annum.

All partners have agreed capital borrowing to purchase the vehicles (c£18m), fund depot works and equipment (c£7m), and purchase additional containers. Each district partner is borrowing £5.0m on behalf of the Somerset Waste Partnership at a return of the Public Works Loan Board (PWLB) rate plus 1%. In addition to this direct return to each borrowing partner (paid for through the contract), SUEZ are providing an additional £1.8m per annum collection contract discount reflecting the value to them of not having to borrow capital themselves.

The revenue costs associated with roll-out will be funded from a Recycle More Project Fund. This will cover the costs of recycling advisors (supporting people with the transition), communications and marketing and in-year transition costs (the additional costs of the current service model as opposed to Recycle More, based on forecast tonnage and material values. This also includes an allowance for risk (such as the risk that capital borrowing rates change before funds are actually drawn down). An equalisation reserve will be established after the roll-out period in order to smooth out potential fluctuations in recycle revenue, built up from 20% of forecast annual recycle revenue.

Business Plan 2020-25

6.2 Full Draft Budget Summary 2020/21

Business Plan 2020- 2025							Business Plan 2020- 2025					
Summary Annual Budgets 2020/2021							Summary Draft Annual Budgets					
Rounded £000s	Total	SCC	MDC	SDC	SSDC	SWaT	Rounded £000s	2020/21	2021/22	2022/23	2023/24	2024/25
Expenditure							Expenditure					
Salaries & On-Costs	1086	494	125	125	176	165	Salaries & On-Costs	1086	1097	1108	1119	1130
Other Head Office Costs	255	116	28	30	42	39	Other Head Office Costs	255	255	255	255	255
Support Services	126	55	14	15	22	20	Support Services	126	126	126	126	126
Disposal - Landfill	12448	12448					Disposal - Landfill	12448	12696	13280	13890	14528
Disposal - HWRCs	10158	10158					Disposal - HWRCs	10158	10240	10639	11054	11485
Disposal - Food waste	1656	1656					Disposal - Food waste	1656	1613	1698	1786	1880
Disposal - Hazardous waste	214	214					Disposal - Hazardous waste	214	253	268	285	302
Composting	1863	1863					Composting	1863	2151	2321	2504	2702
Kerbside Recycling	9829		2022	2023	3007	2777	Kerbside Recycling	9829	10207	10599	11007	11430
Green Waste Collections	2905		556	651	871	827	Green Waste Collections	2905	3016	3127	3247	3371
Household Refuse	6618		1363	1360	2015	1881	Household Refuse	6618	6872	7136	7410	7694
Clinical Waste	129		26	28	39	36	Clinical Waste	129	134	139	144	150
Bulky Waste Collection	91		20	15	28	28	Bulky Waste Collection	91	94	98	101	105
Container Maintenance & Delivery	246		49	53	78	65	Container Maintenance & Delivery	246	255	265	275	286
Container Supply	483		93	123	154	114	Container Supply	483	502	521	541	562
Pension Costs	69		2	2	63	2	Pension Costs	69	69	69	69	69
Depot Costs	209		42	45	63	59	Depot Costs	209	209	209	209	209
Village Halls	5		5				Village Halls	5	5	5	5	5
Transfer Station Avoided Costs	341	341					Transfer Station Avoided Costs	341	351	361	372	383
Recycling Credits	2645	2645					Recycling Credits	2645	2724	2806	2890	2977
Capital Financing Costs	231		52	41	78	60	Capital Financing Costs	231	231	231	231	231
Total Direct Expenditure	51606	29989	4393	4516	6633	6075	Total Direct Expenditure	51606	53100	55261	57521	59880
Income							Income					
Sort It Plus Discounts	-80		-16	-17	-24	-23	Sort It Plus Discounts	-80	-80	-80	-80	-80
Transfer Station Avoided Costs	-341		-69	-73	-102	-96	Transfer Station Avoided Costs	-341	-351	-361	-372	-383
Garden & Bulky Income	-674		-603	-15	-28	-28	Garden & Bulky Income	-674	-677	-681	-685	-688
Recycling Credits	-2615		-552	-523	-806	-734	Recycling Credits	-2615	-2693	-2774	-2857	-2943
Total Income	-3709	0	-1240	-628	-960	-881	Total Income	-3709	-3801	-3896	-3994	-4095
Total Net Expenditure	47897	29989	3153	3888	5673	5194	Total Net Expenditure	47897	49299	51365	53527	55786
							Assumptions					
							This is a continuation budget and does not include the impact of recycle more or a new contractor					
							1% annual pay award for all years					
							1% housing growth for all years					
							Collection contract inflation 3% in all years					
							Disposal contract inflation between 2.5% & 4.25% (for different contract areas), annually in all years					
							Tonnage growth 1.5% annually for all years					

DATED _____

SOMERSET COUNTY COUNCIL
and
MENDIP DISTRICT COUNCIL
and
SEDGEMOOR DISTRICT COUNCIL
and
SOUTH SOMERSET DISTRICT COUNCIL
and
SOMERSET WEST AND TAUNTON COUNCIL

INTER AUTHORITY AGREEMENT
relating to the Somerset Waste Board

Nabarro
Lacon House
84 Theobald's Road
London WC1X 8RW

Tel: +44(0)20 7524 6000

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INTER-AUTHORITY AGREEMENT

DATE 30TH SEPTEMBER 2007

PARTIES

- (1) SOMERSET COUNTY COUNCIL of County Hall, Taunton, Somerset TA1 4DY (the "**County Council**"); and
- (2) MENDIP DISTRICT COUNCIL of Cannards Grave Road, Shepton Mallet, Somerset BA4 5BT ("**Mendip**"); and
- (3) SEDGEMOOR DISTRICT COUNCIL of Bridgwater House, King Square, Bridgwater, Somerset TA6 3AR ("**Sedgemoor**"); and
- (4) SOUTH SOMERSET DISTRICT COUNCIL of PO Box 25, The Council Offices, Brympton Way, Yeovil, Somerset BA20 2DS ("South Somerset"); and
- (5) SOMERSET WEST AND TAUNTON COUNCIL of The Deane House, Belvedere Road, Taunton, Somerset, TA1 1HE ("Somerset West and Taunton").

IT IS AGREED AS FOLLOWS:

RECITALS:

- (A) The County Council is the waste disposal authority for the County of Somerset under section 30(2) of the Environmental Protection Act 1990 and the other Partner Authorities are the waste collection authorities for their respective districts under section 30(3) of the Environmental Protection Act 1990.
- (B) The Partner Authorities wish to create a statutory joint committee to be known as the Somerset Waste Board to manage all waste collection and waste disposal services on behalf of the Partner Authorities and to improve the quality and efficiency of their waste collection, recycling, waste disposal and allied services.
- (C) The Partner Authorities have each agreed to form a joint committee under sections 101(5) and 102 of the Local Government Act 1972 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 (S.I. 2000 No. 2851) as amended by the Local Authorities (Arrangements for the Discharge of Functions) (England) (Amendment) Regulations 2001 (S.I. 2001 No. 3961) made under section 20 of the Local Government Act 2000 and any other enabling legislation.
- (D) The Partner Authorities wish to establish a clear and accountable framework under which they can work together in delivering their waste disposal and waste collection responsibilities and to promote the economic, environmental and social well-being of their respective areas. They wish to be able to respond in a more effective and co-ordinated way in relation to the development and implementation of the Joint Waste Management Strategy and to introduce and promote joint working arrangements that will be in the best interests of the Council Tax payers of the Partner Authorities.
- (E) Each of the Partner Authorities recognises in particular the need to address central government and European targets for waste minimisation, recycling and recovery of waste and the promotion of sustainable development including the use of waste as a resource.

- (F) The Partner Authorities have an aspiration to move towards the creation of a joint waste authority when legislation permits.
- (G) The Partner Authorities have each resolved to:
1. form the Board with effect from the date of this Agreement;
 2. delegate to the Board their statutory functions in relation to waste disposal or waste collection and the recycling of waste as set out in appendix 1 of the Constitution; and
 3. to agree the Constitution.

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement unless the context otherwise requires:

"2000 Act"

means the Local Government Act 2000;

"2000 Regulations"

means the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 (S.I. 2000 No. 2851) as amended by the Local Authorities (Arrangements for the Discharge of Functions) (England) (Amendment) Regulations 2001 (S.I. 2001 No. 3961) made under Section 20 of the 2000 Act;

"Administering Authority"

means the authority referred to in **clause 5.1**;

"Agreement"

means this agreement (including its schedules);

"Aims and Objectives"

means the aims and objectives set out in appendix 2 to the Constitution;

"Annual Action Plan"

means a plan for the performance by the Board of its functions and activities in any Financial Year pursuant to paragraph 10 of the Constitution to be contained in the Business Plan prepared for that Financial Year and including an audit plan and risk register;

"Annual Budget"

means the annual budget of the Board for a Financial Year approved or amended by the Partner Authorities in accordance with **clause 12** and paragraph 11 of the Constitution;

"Authority"

means any Partner Authority;

"Best Value"

means the duty of best value authorities under section 3(1) of the Local Government Act 1999 to make arrangements to secure continual improvement in the way in which its functions are exercised having regard to economy, efficiency and effectiveness;

"Board"

means the joint committee established pursuant to **clause 3.1** known as 'The Somerset Waste Board';

"Business Day"

means a day (other than a Saturday or Sunday) on which banks are open for domestic business in the City of London;

"Business Plan"

means the rolling five year business plan approved by the Board from time to time in accordance with paragraph 10 of the Constitution together with the First Business Plan as set out in appendix 4 of the Constitution;

"CEDR"

means the Centre for Effective Dispute Resolution;

"Chief Executive"

means the Chief Executive or the head of paid service of the Partner Authority(ies);

"Clerk of the Board" or "Clerk"

means the clerk of the Board appointed pursuant to **clause** 4.1.1;

"Collection Contract"

means the contract for the collection and recycling or disposal of household waste for the County of Somerset to be entered into by the Administering Authority on behalf of the Board, and the Collection Contractor;

"Collection Contractor"

means ECT Recycling CIC (or such other contractor as may be appointed under the terms of the Collection Contract from time to time);

"Commencement Date"

means the date of this Agreement;

"Confidential Information"

means information that ought to be considered as confidential (however it is conveyed or on whatever media it is stored) and may include information whose disclosure would, or would be likely to, prejudice the commercial interests of any person, trade secrets, intellectual property rights and know-how of either party and all personal data and sensitive personal data within the meaning of the Data Protection Act 1988;

"Constitution"

means the constitution of the Board as set out in **Schedule** 1 (The Constitution);

"Disposal Contracts"

means together the following contracts:

- (a) the core services contract;
- (b) the NWTF contract;
- (c) the tonnage agreement; and
- (d) the strategic partnering agreement,

entered into by the County Council and Viridor Waste Management Limited and dated 13 May 2006 or any contracts subsequently entered into by the Administering Authority replacing such contracts;

"DPA"

means the Data Protection Act 1998;

"EIR"

means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such regulations;

"EPA 1990"

means the Environmental Protection Act 1990;

"Financial Year"

means a calendar year commencing on 1st April in any year;

"First Business Plan"

means the outline business plan for the first Financial Year of the operation of the Board contained in appendix 4 of the Constitution;

"FOI Act"

means the Freedom of Information Act 2000 and any subordinate legislation (as defined in section 84 of the Freedom of Information Act 2000) made under the Freedom of Information Act 2000 from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner in relation to such Act;

"Joint Waste Management Strategy"

means the joint municipal waste management strategy adopted by the Board from time to time as required under section 32 of the Waste and Emissions Trading Act 2003;

"LGA 1972"

means the Local Government Act 1972;

"Managing Director"

means the head of the Single Client Group appointed by the Board pursuant to **clause 9** and paragraph 17.2 of the Constitution;

"Material Change"

means a change proposed to this Agreement or to the operation of the Board which a Partner Authority (acting reasonably) considers to be a material change to the nature or operation of the Board (including a change which has a material impact on service design or the cost of the services provided under the Principal Contracts) and which it considers must be subject to approval by elected members of the Partner Authority;

"Monitoring Officer"

means the officer appointed pursuant to **clause 4.1.3**;

"Partner Authority"

means any one of the County Council, Mendip, Sedgemoor, South Somerset and Somerset West and Taunton whilst ever they remain as Partner Authorities and such other local authorities which from time to time become Partner Authorities in accordance with **clause 14.5** and paragraph 16.8 of the Constitution;

"Personal Data"

means personal data as defined in the DPA which is supplied to a contractor by the Board, the Administrating Authority or a Partner Authority or obtained by a contractor in the course of performing services to the Board;

"Precept Dates"

means the dates set each year for payment of the Council Tax precept to the County Council;

"Principal Contracts"

means the Collection Contract and the Disposal Contracts and any contracts replacing such contracts and such other contracts as the Board may administer from time to time on behalf of the Partner Authorities;

"Prohibited Act"

means:

- (a) offering, giving or agreeing to give to any servant of a Partner Authority any gift or consideration of any kind as an inducement or reward:
 - (i) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement, the Principal Contracts or in relation to the operation and administration of the Board; or
 - (ii) for showing or not showing favour or disfavour to any person in relation to this Agreement, the Principal Contracts or in relation to the operation and administration of the Board;
- (b) entering into this Agreement or any other contract with a Partner Authority or other public body relating to this Agreement or the Board in connection with which commission has been paid or has been agreed to be paid by a Partner Authority or on its behalf, or to its knowledge, unless before the relevant contract is entered into particulars of any such commission and of the terms and conditions of any such contract for the payment thereof have been disclosed in writing to the other Partner Authorities;
- (c) committing any offence relating to this Agreement, the Principal Contracts or in relation to the operation and administration of the Board:
 - (i) under the Prevention of Corruption Acts 1889 -1916;
 - (ii) under the LGA 1972;
 - (iii) under legislation creating offences in respect of fraudulent acts; or
 - (iv) at common law in respect of fraudulent acts in relation to this Agreement or any other contract with a Partner Authority; or
- (d) defrauding or attempting to defraud or conspiring to defraud a Partner Authority in relation to this Agreement, the Principal Contracts or in relation to the operation and administration of the Board;

"Review Notice"

means a notice served by any Partner Authority in accordance with **clause 20.1**;

"Review Report"

means a report of a review referred to in **clause 20.3**;

"Single Client Group" or "SCG"

means the group of officers employed by the Administering Authority appointed from time to time pursuant to **clause 8**;

"Standing Orders and Rules of Procedure"

means the standing orders and rules of procedure for meetings of the Board and its sub-committees together with the financial regulations and contract procedure rules for the Board (which shall be those of the Administering Authority), subject to such amendments or additions as the Board sees fit except amendments to the financial regulations and contract procedure rules which shall be those of the Administering Authority;

"Strategic Management Group" or "SMG"

means the group comprising the Directors of Environment (or equivalent) from the Partner Authorities formed in accordance with, and having the role and responsibilities set out in **clause 10**;

"SWB Member"

means a member of the Board nominated by a Partner Authority in accordance with paragraph 4 of the Constitution;

"Treasurer"

means the treasurer of the Board appointed pursuant to **clause 4.1.2**;

"TUPE"

means the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended from time to time;

"VAT"

means value added tax;

"Workforce Code"

means the Annex D, the "Code of Practice on Workforce Matters in Local Authority Service Contracts", in "Best Value and Performance Improvement" (ODPM Circular 03/2003) (as the same may be amended, supplemented, replaced and/or reissued from time to time).

1.2 Interpretation

1.2.1 In this Agreement (unless the context requires otherwise):

- (a) references to clauses and schedules are to the clauses and schedules of this Agreement. Any reference to a sub-clause is to the relevant sub-clause of the clause in which it appears;
- (b) references to paragraphs and appendices are to the paragraphs and appendices of the Constitution;
- (c) the table of contents and headings are not part of this Agreement and are not to be taken into account in the interpretation of this Agreement;
- (d) the use of the masculine gender alone includes the feminine and neuter genders and the singular includes the plural and vice versa;
- (e) references to legislation (including subsidiary legislation), determinations, and directions include all amendments, replacements, or re-enactments thereof and all regulations, determinations, directions and statutory guidance made or given under them save that the treatment under this Agreement of any such amendment or modification that imposes any new or extended obligation or liability adversely affecting the parties or any of them shall be determined by the Board after consultation with the Partner Authorities, provided that where any Partner Authority (acting reasonably) considers such amendment or modification would result in a Material Change, the amendment or modification shall require the approval of the Partner Authority;
- (f) any reference to a requirement for "consent" or "approval" shall be taken to be the prior written consent or approval of the relevant person or body;
- (g) the terms "including" and "in particular" are illustrative only and are not intended and shall not limit the meaning of the relevant words that precede them;
- (h) the term "persons" means individuals, companies, industrial and provident societies, limited liability partnerships, statutory bodies, or other bodies with a legal personality and includes H.M. Government, government departments, and the European Union and its constituent parts; and
- (i) the Schedules to this Agreement are to have effect as if set out in full in the body of this Agreement and references to this Agreement include the Schedules.

1.2.2 The principles set out in this **clause** 1.2 shall be borne in mind and applied so far as appropriate in the interpretation of this Agreement and in the resolution of any disputes under this Agreement.

2. COMMENCEMENT AND DURATION

This Agreement and the rights and obligations of the Partner Authorities under this Agreement shall take effect on the Commencement Date and shall continue until terminated or they expire in accordance with **clause** 15.

3. FORMATION OF THE SOMERSET WASTE BOARD

- 3.1 The Partner Authorities have each agreed and resolved to form the Board with effect from the Commencement Date.
- 3.2 The Partner Authorities have each agreed and resolved that the Board should discharge their respective statutory functions with respect to waste disposal, waste collection and the recycling of waste which statutory functions are set out in appendix 1 part I of the Constitution.
- 3.3 In the performance of the statutory functions delegated to the Board the Partner Authorities hereby agree that the Board shall undertake on behalf of the Partner Authorities the activities set out in appendix 1 part II of the Constitution.
- 3.4 The Partner Authorities have agreed that the Board may perform all, or some of, its functions through contracts with third party contractors (including the Principal Contracts) and that the Administering Authority shall be a party to these contracts on behalf of the Board.
- 3.5 The Partner Authorities acknowledge that the powers, duties and functions of the waste disposal authority in respect of sections 6 to 8 of the Waste and Emissions Trading Act 2003 remain with the County Council, and that sections 9, 12, 31 and 32 have been delegated to the Board. In accordance with paragraph 2.7 of the Constitution and **clause** 13.8 and **Schedule 5** (Budget and Cost Sharing Agreement) the Partner Authorities agree that the Single Client Group and the Board will work in close consultation with and support and advise the County Council with regard to trading under LATS. The County Council shall remain responsible for trading, liable for the purchase of allowances or payment of any penalties arising as a result of exceeding allowances and shall retain the benefit of any income received from trading under LATS, and will work in close consultation with and support and advise the Single Client Group and the Board with regard to the waste strategy implications of its trading activities and plans.
- 3.6 The Board shall operate and be governed in accordance with the Constitution as may be amended from time to time in accordance with paragraph 12 of the Constitution.
- 3.7 The Administering Authority shall procure that the Managing Director shall notify the Chief Executives of the Partner Authorities of any proposed amendments to the Constitution in accordance with paragraph 12.3 of the Constitution. Each Partner Authority shall consider any such proposed amendments in good faith and act reasonably in deciding whether or not any proposed amendments amount to a material change (as defined in the Constitution).
- 3.8 The Board shall continue in existence unless and until dissolved in accordance with **clauses** 7.3, or 15 or paragraph 16.6 of the Constitution.

4. ADMINISTRATIVE SUPPORT TO THE BOARD AND THE APPOINTMENT OF THE OFFICERS OF THE BOARD

Appointment

- 4.1 The Partner Authorities hereby agree with effect from the Commencement Date that:
- 4.1.1 the Clerk of the Board shall be the 'Group Manager Democratic Services' of the Administering Authority for the time being, or such other officer as the Administering Authority shall determine having regard to the nature and responsibilities of the role;
- 4.1.2 the Treasurer of the Board shall be the section 151 officer of the Administering Authority or a suitably qualified Deputy; and
- 4.1.3 the Monitoring Officer of the Board shall be the Monitoring Officer of the Administering Authority.

Roles of the Officers

4.2 The role of the Clerk shall be as set out in paragraph 4 of appendix 6 of the Constitution.

4.3 The role of the Treasurer shall be as set out in paragraph 4 of appendix 6 of the Constitution.

Administrative support to the Board

4.4 Legal advice and services shall be provided to the Board by the Administering Authority. In the event of conflict of interest or potential conflict of interest between the interests of the Board and the interests of the Administering Authority, the Board shall appoint the Head of Legal Services of one of the other Partner Authorities to advise and act on behalf of the Board.

4.5 Human resources advice and services shall be provided to the Board by the Administering Authority.

4.6 The Administering Authority shall provide or arrange such additional administrative services, resources and office facilities that may be reasonably necessary to enable the Single Client Group and the Board to discharge their roles and functions.

4.7 The costs of providing the above advice and services shall form part of the Annual Budget of the Board and shall be funded by the Partner Authorities in accordance with the principles set out in **Schedule 5** (Budget and Cost Sharing Agreement).

5. ROLE AND RESPONSIBILITIES OF THE ADMINISTERING AUTHORITY

5.1 The Partner Authorities agree that the County Council shall be the Administering Authority for the purposes of this Agreement until removed or replaced in accordance with **clause 7**.

5.2 The Administering Authority shall:

5.2.1 arrange for the Single Client Group to discharge its roles and functions as set out in **clause 8**;

5.2.2 receive each Partner Authority's share of the Annual Budget calculated in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement);

5.2.3 make the payments due under the Principal Contracts;

5.2.4 ensure that the Board operates in accordance with the Constitution and Standing Orders and Rules of Procedure including notifications for meetings of the Board;

5.2.5 arrange for the Treasurer to promptly and diligently perform the role of accounting officer for all funds held on account of the Board and to make and provide all appropriate banking and accounting arrangements and services required for the due and proper receipt holding and application of such funds and to assist the Board in the discharge of its functions;

5.2.6 arrange for the Monitoring Officer to promptly and diligently perform the role of monitoring officer in relation to the Board and to notify the monitoring officers of the other Partner Authorities should it appear to him at any time that any proposal decision or omission of the Board constitutes or may give rise to a contravention of any enactment or rule of law or maladministration under Part III of the Local Government Act 1974;

5.2.7 subject to **clause 4.4**, provide or arrange promptly and diligently such legal advice as requested by the Board from time to time;

5.2.8 provide or arrange promptly and diligently such human resources advice and services as requested by the Board from time to time;

5.2.9 provide or arrange promptly and diligently such additional administrative services, resources and office facilities that may be reasonably necessary to discharge the Board's functions;

- 5.2.10 where agreed by the Board hold any capital assets in respect of the Principal Contracts and the Single Client Group on behalf of the Board and/or the Partner Authorities;
- 5.2.11 be the contracting authority on behalf of the Board;
- 5.2.12 to carry out any functions delegated to it by the Board; and
- 5.2.13 instigate and defend legal proceedings on behalf of the Board, the other Partner Authorities (subject to obtaining the prior written consent of the relevant Partner Authority(ies)) and itself as appropriate.
- 5.3 The Administering Authority shall be responsible for the appointment, employment and management of the staff of the Single Client Group (save that the Managing Director shall be appointed by the Board in accordance with paragraph 17.2 of the Constitution) and for the payment of the salaries, wages, income tax, national insurance contributions, and all other payments and emoluments of such staff provided that such payments shall not, without the approval of the Board exceed the amount specified within the Annual Budget for such expenditure.
- 5.4 The Administering Authority shall provide such administrative services, resources and arrange or provide such office facilities that may be reasonably necessary to enable the Single Client Group to carry out its functions and activities.
- 5.5 The Administering Authority shall ensure that all contracts entered into by it on behalf of the Board shall contain provisions enabling them to be novated to all or any of the Partner Authorities, at no cost to the Partner Authorities other than reasonable legal costs incurred in completing such novations.

6. ROLE AND RESPONSIBILITIES OF THE PARTNER AUTHORITIES

- 6.1 Each Partner Authority acknowledges the role and responsibilities of the Administering Authority and each Partner Authority's obligations to share in good faith the costs of the Board in accordance with this Agreement and the Constitution.
- 6.2 The Partner Authorities acknowledge and agree that they shall promptly pay any money properly due in accordance with this Agreement and the Constitution (including but not limited to their contributions to the Annual Budget) to the Administering Authority.
- 6.3 Where any Partner Authority (acting in good faith) disputes all or any part of any sum due the undisputed amount of such sum shall be paid to the Administering Authority in accordance with **clause** 13 and the principles set out in **Schedule** 5 (Budget and cost sharing agreement) and the provisions of **clause** 32 shall apply in respect of the disputed amount.
- 6.4 Following resolution of the dispute in question any amount agreed or determined to have been payable shall be paid forthwith to the Administering Authority together with any additional amount calculated in accordance with **clause** 13.6.
- 6.5 The Partner Authorities shall use all reasonable endeavours to make any decisions or ratify any decisions of the Board as required by this Agreement or the Constitution as soon as reasonably practicable.
- 6.6 Each Partner Authority shall consider any proposed amendments to the Business Plan (including the Annual Action Plan) under paragraph 10.7 of the Constitution in good faith and act reasonably in considering whether or not the proposed amendments amount to a material change (as defined in the Constitution) requiring the approval of the Partner Authority.
- 6.7 Each Partner Authority shall consider any such proposed amendments to the Annual Budget under paragraph 11.5 of the Constitution in good faith and act reasonably in considering whether or not to approve any proposed amendments.

6.8 Each Partner Authority shall grant to the Administering Authority leases and give consent to the grant of underleases to the Collection Contractor (in forms to be agreed by the relevant Partner Authority and the Administering Authority) of its respective depot(s) or part thereof as may be reasonably required by the Collection Contractor for the provision of the services under the Collection Contract and as agreed by the relevant Partner Authority acting reasonably and taking into account any other operational requirements for which the depot is or may be required.

6.9 The Partner Authorities shall comply with their obligations as set out in **Schedule 2** (Transition arrangements).

7. REPLACEMENT OR REMOVAL OF THE ADMINISTERING AUTHORITY

7.1 Resignation of the Administering Authority

7.1.1 The Administering Authority may upon giving at least one year's written notice to the Managing Director and to the Chief Executives of the other Partner Authorities resign from the position of Administering Authority.

7.1.2 The Partner Authorities shall upon receipt of such notice as soon as possible agree (in consultation with the Board) that one of the other Partner Authorities shall replace the resigning Administering Authority with effect from the expiry of such notice.

7.1.3 The provisions of **Schedule 3** (Change of Administering Authority) shall apply as to the novation of the Principal Contracts (but excluding the Disposal Contracts which shall remain with the County Council) and the arrangements for the transfer of the staff of the Single Client Group and all assets, property, rights and liabilities of the outgoing Administering Authority held by it or undertaken on behalf of the Board to the incoming Administering Authority.

7.2 Removal of the Administering Authority

7.2.1 If the Administering Authority:

- (a) commits a substantial or persistent breach of the terms of this Agreement or of the provisions of the Constitution; or
- (b) fails to redress substantial or persistent under-performance of its duties under this Agreement or fails to meet the reasonable requirements of the Board; or
- (c) commits gross misconduct contrary to the provisions of local government legislation or contrary to proper practices and conduct,

a majority of the other Partner Authorities may terminate the appointment of the Administering Authority under this Agreement by not less than six months' written notice to the Administering Authority whereupon following the service of such notice, the other Partner Authorities shall as soon as possible agree (in consultation with the Board) that one of the other Partner Authorities shall take over the duties of the Administering Authority with effect from the date of expiry of such notice and the provisions of **Schedule 3** shall apply.

7.3 In the event that the Administering Authority has resigned or its appointment has been terminated (in accordance with this **clause 7**) and no other Partner Authority wishes to assume the role of the Administering Authority, the Partner Authorities shall be deemed to have agreed to the dissolution of the Board on the effective date of the resignation or termination and the provisions of **clause 15** and **Schedule 6** (Exit arrangements) shall apply.

8. THE SINGLE CLIENT GROUP

8.1 The Administering Authority shall establish the Single Client Group headed by the Managing Director to carry out on behalf of the Board the following activities:

- 8.1.1 to monitor and manage the performance of the Principal Contracts;
 - 8.1.2 in conjunction with support provided by the Administering Authority to prepare monitor and control the progress of the Business Plan, Annual Action Plans and the Annual Budget to ensure they continue to fulfil business needs;
 - 8.1.3 to advise the Board generally on waste management initiatives (both local and national) and the progress in delivering the Aims and Objectives;
 - 8.1.4 prepare reports and recommendations for consideration by the Board, support the setting of the strategic direction of the Board and the context within which waste services are developed, managed and operated;
 - 8.1.5 ensure that where any information is received from or requested by a supplier or contractor under the Principal Contracts, the dissemination, collation and provision of information is effected within a timescale which is compatible with any time provisions detailed in the Principal Contracts and in any event as soon as is reasonably practicable;
 - 8.1.6 refer any requests from contractors for a consent or approval to appropriate officers, the Board or the Managing Director as appropriate and then communicate any decision back to the contractors under the Principal Contracts. Such communications shall be within a timescale which is compatible with any time provisions detailed in the Principal Contracts and in any event as soon as reasonably practicable;
 - 8.1.7 to prepare and make recommendations to the Board on waste management issues involving central government and other external agencies;
 - 8.1.8 to provide a full assessment of the short, medium and long term financial, resource, service, legal and contractual implications of waste management services for the Board, the Administering Authority and each Partner Authority; and
 - 8.1.9 prepare and submit for approval by the Board an annual internal audit plan. Regularly report on the findings of any audits undertaken to the Board and to the section 151 officers of all of the Partner Authorities; and
 - 8.1.10 prepare a strategic risk register relating to the functions of the Board and regularly submit this, together with details of any mitigation actions implemented, to the Board.
- 8.2 The provisions of **Schedule 2** (Transition agreement) shall apply in relation to the transfer of staff, assets and equipment from the other Partner Authorities to the Administering Authority in respect of the establishment of the Single Client Group with effect from the Commencement Date.

9. THE MANAGING DIRECTOR

- 9.1 The Partner Authorities agree that the Managing Director shall be appointed by the Board in accordance with paragraph 17.2 of the Constitution and shall report to the Board.
- 9.2 The duties and functions delegated to the Managing Director shall be agreed by the Board in accordance with the scheme of delegation adopted by the Board in accordance with paragraph 8.1 of the Constitution.

10. STRATEGIC MANAGEMENT GROUP

- 10.1 The Partner Authorities shall with effect from the Commencement Date form the SMG.
- 10.2 The SMG shall meet as and when required and the Partner Authorities shall share (in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement)

the administrative costs and arrangements required for the SMG.

- 10.3 The Partner Authorities agree that the SMG shall have the following roles and responsibilities:
- 10.3.1 to ensure that the legal duties and statutory functions of the Partner Authorities delegated to the Board in accordance with the Constitution are being discharged effectively in accordance with relevant legislation and with due economy, efficiency and effectiveness;
- 10.3.2 to ensure that the duties of the Partner Authorities with respect to Value for Money are complied with including any duties under the Workforce Code;
- 10.3.3 to review each Business Plan and Annual Action Plan prepared by the Single Client Group and make recommendations for any changes it deems necessary (acting reasonably) in accordance with paragraph 10 of the Constitution prior to submission to the Board for approval;
- 10.3.4 to review the Annual Budget prepared by the Treasurer and where relevant make recommendations for any changes it deems necessary (acting reasonably) in accordance with paragraph 11 of the Constitution before submission to the Board and each Partner Authority for approval;
- 10.3.5 to consider the reports submitted by the Managing Director regarding the performance of the Board; and
- 10.3.6 to review the effectiveness of the Board in:
- (a) helping each Partner Authority to meet its statutory and local targets; and
 - (b) achieving efficiency savings on behalf of all of the Partner Authorities,
- following which it shall report and, where appropriate, make recommendations to the Partner Authorities on the effectiveness of the Board and any changes or amendments necessary to improve the effectiveness of the Board.

11. BUSINESS PLAN

- 11.1 The Partner Authorities acknowledge the requirements of paragraph 10 of the Constitution in respect of the preparation and agreement of the Business Plan and the Annual Action Plan.
- 11.2 The Partner Authorities shall comply with the requirements of paragraph 10 of the Constitution and provide such reasonable assistance as is necessary to each other, the Board and the Administering Authority to assist in delivering the Business Plan and the Annual Action Plan.

12. ANNUAL BUDGET

- 12.1 The Partner Authorities acknowledge the requirements of paragraph 11 of the Constitution in respect of the preparation and agreement of the Annual Budget.
- 12.2 The Partner Authorities shall comply with the requirements of paragraph 11 of the Constitution and provide such reasonable assistance as is necessary to each other, to the Board and to the Administering Authority to assist in preparing the Annual Budget.

13. CONTRIBUTIONS TO THE ANNUAL BUDGET AND TO THE BOARD'S COSTS BY THE PARTNER AUTHORITIES

- 13.1 The Partner Authorities shall contribute to the Annual Budget in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).

- 13.2 The amount of each Partner Authority's annual contribution towards the costs of the Board in any Financial Year shall be such amounts as shall be specified for that Partner Authority in the schedule of payments attached to the Annual Budget for that Financial Year.
- 13.3 Subject to clause 13.3A each Partner Authority shall pay to the Administering Authority on behalf of the Board monthly instalments each equal to one twelfth of the annual sum payable by it to the Board in accordance with this **clause** 13 and **Schedule** 5 (Budget and cost sharing agreement) on the Precept Dates.
- 13.3A Where income is payable from the Administering Authority to a Partner Authority in accordance with **Schedule** 5 the Administering Authority will pay such income in the proportion and at the frequencies set out in **Schedule** 5.
- 13.4 Where any Partner Authority (acting in good faith) disputes all or any part of any sum due the undisputed amount of such sum shall be paid to the Administering Authority forthwith and the provisions of **clause** 32 shall apply in respect of the disputed amount.
- 13.5 Following resolution of the dispute in question any amount agreed or determined to have been payable shall be paid forthwith to the Administering Authority together with the reasonable costs and compensation for any losses incurred by the Administering Authority calculated in accordance with **clause** 13.6.
- 13.6 In the event of any Partner Authority failing to make a payment under **clause** 13.3 on the relevant Precept Date, it shall pay to the Administering Authority reasonable costs and compensation for any losses incurred by the Administering Authority in respect of the outstanding instalments such amount to be calculated on a daily basis (commencing from the first Business Day after the relevant Precept Date) for each day a Partner Authority is late in making such payment.
- 13.7 Before the start of each Financial Year, the Administering Authority shall issue to each Partner Authority an annual payment and invoicing schedule for the forthcoming Financial Year, identifying the twelve monthly payments due on the Precept Dates.
- 13.8 NOT USED
- 13.9 The Partner Authorities agree to keep under review the structure of the payment of contributions under this Agreement to minimise any adverse VAT implications for any of the Partner Authorities.

14. CESSATION OF MEMBERSHIP

- 14.1 Any of the Partner Authorities can withdraw from membership of the Board in the manner set out in paragraph 16 of the Constitution.
- 14.2 In the event that a Partner Authority withdraws from the Board that Partner Authority shall continue to meet in full:
- 14.2.1 its contributions in respect of any period during which that Partner Authority was a member of the Board in accordance with **clause** 13 including any arrears of such contributions;
- 14.2.2 any additional contractual or other financial commitments and liabilities incurred by the Board on its behalf not covered within its contributions under **clause** 13; and
- 14.2.3 its ongoing contributions and liabilities in respect of the Principal Contracts as notified from time to time by the Administering Authority and shall remain subject to this Agreement in respect of such ongoing contributions and liabilities calculated in accordance with the principles set out in **Schedule** 5 (Budget and cost sharing agreement).
- 14.3 A Partner Authority withdrawing from the Board shall be entitled to receive its fair share of

any assets held by or on behalf of the Board at the date of their withdrawal when those assets are realised or sold by or on behalf of the Board unless the remaining Partner Authorities decide to retain such assets in which event they shall compensate the withdrawing Authority for its share of the market value of such assets.

- 14.4 If more than one Partner Authority gives notice of withdrawal from membership of the Board in any Financial Year the provisions of paragraph 16.4 of the Constitution shall apply.
- 14.5 If it is agreed by all Partner Authorities that another local authority should be permitted to join the Board then pursuant to Regulation 11(2)(c) of the 2000 Regulations the Board shall be dissolved and this Agreement terminated with a view to a new Board being established and a replacement agreement on similar terms to this Agreement (as varied by agreement of the proposed Partner Authorities) being completed with effect from the date of termination of this Agreement.

15. DISSOLUTION OF THE BOARD

- 15.1 A majority of the Partner Authorities may at any time (whether as a result of the Board's recommendations or otherwise) agree (by formal resolutions by each of them) that the Board should be dissolved with effect six months from the date of the decision or the date on which the agreement referred to in **clause** 15.2 below is completed if later.
- 15.2 In the event of agreement that the Board should be dissolved or in the event of the termination of this Agreement in accordance with **clause** 31 the Partner Authorities shall (acting reasonably) negotiate and seek to agree and execute a legally binding agreement dealing with the novation or termination of the Principal Contracts (excluding the Disposal Contracts) and the allocation amongst the Partner Authorities of the property, assets, rights, staff and liabilities held or employed by the Administering Authority on behalf of the Board. Such agreement shall include, as a minimum, provisions to deal with the matters listed in **Schedule** 6 (Exit arrangements).
- 15.3 This Agreement shall terminate upon the relevant date the agreement entered into by the Partner Authorities in accordance with **clause** 15.2 above becomes legally binding or upon such date as the Partner Authorities agree unanimously that no further liabilities, assets or ongoing obligations, including those under the terms of the Principal Contracts, shall exist in relation to the Board.

16. ACCOUNTS, AUDIT AND REPORTING

- 16.1 The Administering Authority shall procure that the Treasurer shall maintain the accounts of the Board in accordance with best accounting practice and with the CIPFA Code of Practice and with the requirements of relevant central government departments, H.M. Revenue and Customs and all other applicable requirements.
- 16.2 NOT USED
- 16.3 The Administering Authority shall procure that the Treasurer shall provide sufficient financial information to the section 151 officer of each Partner Authority to enable each Partner Authority to report on the financial status of the Board against the relevant Annual Budget.

17. ARRANGEMENTS INSURANCE, INDEMNITIES AND CONDUCT OF CLAIMS

Indemnities

- 17.1 Excluding any liabilities in respect of the Collection Contract (which shall be subject to **clause** 19.5) insofar as the Administering Authority shall perform its obligations and functions as Administering Authority in accordance with the provisions of this Agreement, the Partner Authorities hereby agree to be bound by and comply with any or all outcomes of

the exercise of such obligations and functions and each Partner Authority hereby undertakes to pay to the Administering Authority its appropriate share of any additional costs, contributions to claims or liabilities which may arise as a result of the performance by the Administering Authority of its obligations under this Agreement in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).

- 17.2 Each of the Partner Authorities shall indemnify the others of them from and against any damages or awards (including legal expenses on an indemnity basis) paid by them to their employees or their personal representatives or to third parties in settlement of any claims arising from a breach by that Partner Authority of this Agreement, negligence of that Partner Authority or its employees or agents acting in the course of their employment, damage to real and personal property or injury to persons including injury resulting in death.
- 17.3 Neither the Administering Authority nor any other Partner Authority shall be responsible or obliged to indemnify any other Partner Authority for:
- 17.3.1 any liability which arises as a direct result of a Partner Authority acting on the instructions of the Partner Authority claiming under any indemnity in this Agreement (to the extent that the other Partner Authority is entitled to give such instructions); or
- 17.3.2 any injury, loss, damage, cost and expense caused by the negligence, willful misconduct or a breach of this Agreement by the Partner Authority claiming under any indemnity in this Agreement or an agent, contractor or employee of that Partner Authority.
- 17.4 None of the Partner Authorities shall be liable in tort to any other or others of the Partner Authorities for any negligent act or omission of that other Partner Authority or those other Partner Authorities relating to this Agreement and the only remedy of such other Partner Authority or Authorities is under this Agreement. Each Partner Authority shall use reasonable endeavours to procure that no agent, contractor or employee of it brings a claim in tort or otherwise against any of the other Partner Authorities.
- 17.5 Any indemnity under this **clause 17** shall be without prejudice to any indemnity by the same Partner Authority under any other provision of this Agreement.
- 17.6 None of the indemnities under this Agreement shall apply, and there shall be no right to claim damages for breach of this Agreement whatsoever to the extent that any loss claimed is for loss of profits, loss of use, loss of production, loss of business or loss of business opportunity or is a claim for consequential or for indirect loss of any nature allegedly suffered by any Partner Authority.

Insurance

- 17.7 The Administering Authority shall take out and maintain the following insurances (or make suitable provision to self-insure) in respect of the employees, premises and equipment allocated to the Single Client Group:
- 17.7.1 public liability insurance;
- 17.7.2 employees liability insurance;
- 17.7.3 buildings and/or contents insurance; and
- 17.7.4 any other insurances required by law or agreed by the Board to be appropriate.
- 17.8 In relation to the insurances referred to in **clause 17.7**:
- 17.8.1 the interests of the other Partner Authorities shall be noted on the policies;
- 17.8.2 none of the Partner Authorities shall take any action or fail to take any action nor allow anything to occur which would entitle an insurer to refuse a claim under any of the insurance policies or which may render such a claim wholly or partially repayable; and

- 17.8.3 the Administering Authority shall provide on request to the other Partner Authorities copies of insurance policies referred to in this **clause** 17.7 and evidence of the payment of the premiums and that the insurances are in full force and effect.
- 17.9 The Administering Authority may (subject to the prior agreement of the Board and the other Partner Authorities) decide to self insure in respect of any risks or interest as defined and agreed by the Board and the other Partner Authorities on the basis that the Partner Authorities through their funding of the Board under this Agreement shall meet that liability as if the Board were an insurer of such risks or interest.
- 17.10 Each Partner Authority shall assist each of the other Partner Authorities in respect of the insurance requirements and obligations in this Agreement.
- 17.11 This **clause** 17.11 shall apply to the conduct, by a Partner Authority from whom an indemnity is sought under this Agreement, of claims made by a third person against a Partner Authority having (or claiming to have) the benefit of the indemnity. The Partner Authority having, or claiming to have, the benefit of the indemnity is referred to as the "**Beneficiary**" and the Partner Authority giving the indemnity is referred to as the "**Indemnifier**". Accordingly:
- 17.11.1 if the Beneficiary receives any notice, demand, letter or other document concerning any claim for which it appears that the Beneficiary is, or may become entitled to, indemnification under this Agreement, the Beneficiary shall give notice in writing to the Indemnifier as soon as reasonably practicable having regard to any timescale imposed by a notice, demand, letter or any other form of document received by the Beneficiary;
- 17.11.2 subject to **clauses** 17.11.3, 17.11.4 and 17.11.5 below, on the giving of a notice by the Beneficiary pursuant to **clause** 17.11.1 above, where it appears that the Beneficiary is or may be entitled to indemnification from the Indemnifier in respect of at least half of the liability arising out of the claim, the Indemnifier shall (subject to providing the Beneficiary with an indemnity to its reasonable satisfaction against all costs and expenses that it may incur by reason of such action (over and above those which the Beneficiary would otherwise have borne if the Indemnifier had no entitlement to conduct the relevant claim) be entitled to dispute the claim in the name of the Beneficiary at the Indemnifier's own expense and take conduct of any defence, dispute, compromise, or appeal of the claim and of any incidental negotiations. The Beneficiary shall give the Indemnifier all reasonable co-operation, access and assistance for the purposes of considering and resisting such claim;
- 17.11.3 with respect to any claim conducted by the Indemnifier pursuant to **clause** 17.11.2 above:
- (a) the Indemnifier shall keep the Beneficiary fully informed and consult with it about material elements of the conduct of the claim;
 - (b) the Indemnifier shall not bring the name of the Beneficiary into disrepute; and
 - (c) the Indemnifier shall not pay or settle such claims without the prior consent of the Beneficiary, such consent not to be unreasonably withheld or delayed;
- 17.11.4 the Beneficiary shall be free to pay or settle any claim on such terms as it thinks fit and without prejudice to its rights and remedies under this Agreement if:
- (a) the Indemnifier is not entitled to take conduct of the claim in accordance with **clause** 17.11.2 above; or above; or
 - (b) the Indemnifier fails to notify the Beneficiary of its intention to take conduct of the relevant claim within 20 Business Days of the notice from the Beneficiary under **clause** 17.11.2 above or notifies the Beneficiary that it does not intend to take conduct of the claim; or
 - (c) the Indemnifier fails to comply in any material respect with the provisions of **clause** 17.11.3 above;
- 17.11.5 the Beneficiary shall be free at any time to give notice to the Indemnifier that it is retaining or taking over (as the case may be) the conduct of any defence, dispute, compromise or appeal

of any claim (or of any incidental negotiations) to which **clause** 17.11.2 above applies. On receipt of such notice the Indemnifier shall promptly take all steps necessary to transfer the conduct of such claim to the Beneficiary, and shall provide to the Beneficiary all reasonable co-operation, access and assistance for the purposes of considering and resisting such claim. If the Beneficiary gives any notice pursuant to this **clause** 17.11.5 then the Indemnifier shall be released from any liability under its indemnity under **clause** 17 (as the case may be) and, without prejudice to any accrued liabilities, any liability under its indemnity given pursuant to **clause** 17.11.2 in respect of such claim;

- 17.11.6 if the Indemnifier pays to the Beneficiary an amount in respect of an indemnity and the Beneficiary subsequently recovers (whether by payment, discount, credit, saving, relief or other benefit or otherwise) a sum which is directly referable to the fact, matter, event or circumstances giving rise to the claim under the indemnity, the Beneficiary shall forthwith repay to the Indemnifier whichever is the lesser of:
- (a) an amount equal to the sum recovered (or the value of the saving or benefit obtained) less any out of pocket costs and expenses properly incurred by the Beneficiary in recovering the same; and
 - (b) the amount paid to the Beneficiary by the Indemnifier in respect of the claim under the relevant indemnity; and
- 17.11.7 any Body taking any of the steps contemplated by **clauses** 17.11.2 to 17.11.5 shall comply with the requirements of any insurer who may have an obligation to provide an indemnity in respect of any liability arising under this Agreement.

18. THE DISPOSAL CONTRACTS

- 18.1 The Administering Authority shall be responsible for the management, monitoring and administration of the Disposal Contracts.
- 18.2 The Partner Authorities acknowledge the provisions of paragraph 2.5 of the Constitution that the Board shall not make any decisions the effect of which would be to put the Administering Authority in breach of the Principal Contracts.
- 18.3 The Partner Authorities acknowledge that any decision by the Board which puts the Administering Authority in breach of the Disposal Contracts shall not be effective and that any costs or losses incurred by the Administering Authority arising from any decision of the Board which puts the Administering Authority in breach of the Disposal Contracts shall be apportioned between the Partner Authorities in accordance with the principles set out in **Schedule** 5 (Budget and cost sharing agreement).
- 18.4 In the event of the replacement or removal of the County Council as Administering Authority in accordance with **clause** 7, the Disposal Contracts shall not be novated or assigned and the County Council shall retain all its obligations, benefits and liabilities under the Disposal Contracts.

19. COLLECTION CONTRACT

- 19.1 The Administering Authority shall enter into the Collection Contract on behalf of the Board and each of the other Partner Authorities.
- 19.2 Each Partner Authority acknowledges that it accepts the terms of and agrees to be bound by the Collection Contract.
- 19.3 The Partner Authorities agree that the provisions of this **clause** 19 and **Schedule** 7 (Collection Contract) shall apply in respect of the administration of the Collection Contract.
- 19.4 The Administering Authority shall (acting as a reasonable local authority) administer the

Collection Contract in accordance with its terms.

- 19.5 The Administering Authority shall indemnify the other Partner Authorities in respect of any claims, losses or liabilities incurred by a Partner Authority as a result of the Administering Authority:
- 19.5.1 wilfully breaching the terms of the Collection Contract;
- 19.5.2 negligently administering the Collection Contract;
- 19.5.3 failing to act as a reasonable local authority in administering the Collection Contract; and/or
- 19.5.4 wilfully failing to ensure that the information compliance and enforcement requirements necessary for the Partner Authorities to meet their obligations under the Workforce Code are met.
- 19.6 Each of the other Partner Authorities hereby undertakes to pay to the Administering Authority its appropriate share of any additional costs, contributions to claims or liabilities which may arise as a result of the performance by the Administering Authority of its obligations under the Collection Contract in accordance with **clause 13** and the principles set out in **Schedule 5** (Budget and cost sharing agreement).
- 19.7 The Partner Authorities agree that any decision taken by the Board which puts the Administering Authority in breach of the Collection Contract shall not be implemented and that in the event that any costs or losses are incurred by the Administering Authority (arising from any decision of the Board which puts the Administering Authority in breach of the Collection Contract) they shall be apportioned between the Partner Authorities in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).

20. REVIEW OF AGREEMENT

- 20.1 At any time any one or more of the Partner Authorities may seek a review of this Agreement and the operation of the Board and its performance of its functions and activities by giving notice thereof to the other Partner Authorities and to the Managing Director.
- 20.2 A meeting of the SMG shall be convened within 20 Business Days from the date of service of the Review Notice and the SMG in consultation with the Partner Authorities shall determine the terms of reference of the review and the person or persons (which may include members of the SMG or one or more of the Chief Executives) by whom it is to be conducted and the timescale for its completion.
- 20.3 On production of the Review Report copies thereof shall be supplied to the Board and each of the Partner Authorities for them to comment thereon in accordance with such reasonable timescale as the SMG shall decide.
- 20.4 On receipt of comments from each of the Partner Authorities within the timescale referred to in **clause 20.3** (or any extension thereof agreed by or on behalf of the SMG), the Board shall meet to consider the content and recommendations of the Review Report in the light of the comments received from the Partner Authorities and determine the amendments (if any) it recommends should be made to this Agreement or to the operation of or the services managed by the Board and report to the Partner Authorities with its recommendations.
- 20.5 Where the Board proposes any amendments in accordance with **clause 20.4** above, the Managing Director shall forthwith notify the Chief Executive of each of the Partner Authorities of such proposal. Each Partner Authority shall have a period of 25 Business Days from receipt of the proposal in which to consider it and where a Partner Authority (acting reasonably) considers the proposed amendment is a Material Change it shall forthwith notify the Managing Director.

- 20.6 Where no Partner Authorities serve notice (in accordance with **clause 20.5**) on the Managing Director, the Board may implement such proposed amendment, acting on behalf of and with the authority of the Partner Authorities. Provided that where the proposed amendment involves a variation to this Agreement it shall require the written approval of all of the Partner Authorities in accordance with **clause 30**.
- 20.7 Where one or more of the Partner Authorities has notified the Managing Director that it considers the proposed amendment is a Material Change under **clause 20.5**, the Board shall not implement such amendment unless and until each notifying Partner Authority has approved the proposed amendment and informed the Managing Director that it has approved such proposed amendment or not.

21. CONFIDENTIALITY

Confidentiality

- 21.1 Without prejudice to **clause 21.2** and subject to **clauses 21.4** to **21.8**, each Partner Authority shall during the currency of this Agreement and at all times following termination keep private and confidential and shall not use or disclose (whether for its own benefit or that of any third party) save as provided by this Agreement any confidential information about the business of or belonging to any other Partner Authority or any party to the Principal Contracts or other contract entered into on behalf of the Board which has come to its attention as a result of or in connection with this Agreement or the functions or operation of the Board provided always that this obligation shall not relate to any such information which:
- 21.1.1 comes into the public domain or is subsequently disclosed to the public (other than through default on the part of the relevant Partner Authority or any other person to whom the Partner Authority is permitted to disclose such information under this Agreement); or
- 21.1.2 is required to be disclosed by law (including, but not limited to, any request of or inquiry by the Information Commissioner); or
- 21.1.3 was already in the possession of the Partner Authority (without restrictions as to its use) on the date of receipt.
- 21.2 Each Partner Authority shall be entitled to use or disclose any confidential information about the content or operation of this Agreement insofar as this is reasonably necessary for the discharge of that Partner Authority's functions.
- 21.3 Each Partner Authority acknowledges that any other of the Partner Authorities may be obliged to disclose information relating to this Agreement pursuant to a request for such information made by a third party under the FOI Act or the EIR as the case may be (a "**Request**").
- 21.4 Where a Partner Authority (the "**Requesting Party**") receives a Request in relation to information in another Partner Authority's possession, the Requesting Authority shall notify the relevant Partner Authority (the "**Receiving Party**") in writing of the Request and the Receiving Party shall provide that Requesting Party at no charge with any information which is in the Receiving Party's possession and such other assistance as the Requesting Party may reasonably require which is needed from the Receiving Party to enable it to respond to the Request.
- 21.5 Where a Requesting Party requires information from a Receiving Party as envisaged by **clause 21.4**, the Requesting Party shall notify the Receiving Party in writing as soon as possible, after receiving the Request, of the information and/or assistance required, the form in which it should be provided and the date by which it is needed. The Receiving Party shall provide the information to the Requesting Party in accordance with the Requesting Party's notice. The Receiving Party shall notify the Requesting Party forthwith if it does not hold the requested information.
- 21.6 The Partner Authorities shall not disclose any information relating to this Agreement or

the Principal Contracts that it considers in its unfettered discretion, is exempt as described in Part II of the FOI Act or Part II of the EIR (as the case may be).

- 21.7 A Receiving Party shall not respond directly to any Request notified to it pursuant to **clause** 21.4 unless expressly authorised to do so by the Requesting Partner.
- 21.8 A Requesting Party shall notify the Receiving Authority as soon as practicable but in any event within five Business Days of receiving the Request.
- 21.9 A Partner Authority shall inform the other Partner Authorities in writing as soon as reasonably practicable (and in any event within five Business Days) whenever it receives a Request relating to this Agreement setting out:
- 21.9.1 the nature of the Request;
- 21.9.2 where possible, the identity of the person making the Request;
- 21.9.3 what information relating to this Agreement is covered by the Request;
- 21.9.4 whether and to what extent the relevant Partner Authority intends to disclose the information requested (including the intention to disclose any information relating to this Agreement); and
- 21.9.5 a reasonable timescale in which the other Partner Authorities may make any representations to the Partner Authority receiving the Request.
- 21.10 Subject to **clauses** 18.3 and 19.7, a Partner Authority shall not be responsible to the other Partner Authorities for any loss, damage, harm or detriment howsoever caused, arising from or in connection with the disclosure of any information in respect of any Request.

Announcements

- 21.11 Subject to the terms of this Agreement, a Partner Authority shall not make any public statement or issue any press release or publish any other public document relating to, connected with or arising out of this Agreement or the matters contained therein without obtaining the other Partner Authorities' prior approval as to the contents thereof and the manner of its presentation and publication.
- 21.12 The provisions of this **clause** 21 shall survive termination or expiry of this Agreement.

22. EQUAL OPPORTUNITIES

- 22.1 The Board shall adopt a policy to comply with its statutory obligations under the Race Relations Act 1976 (as amended), the Sex Discrimination Act 1975 (as amended), the Disability Discrimination Act 1995 (as amended), the Equality Act 2006, the Employment Equality (Religion or Belief) Regulations 2003, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Sex Discrimination) Regulations 2005, the Employment Equality (Age) Regulations 2006, or any other relevant legislation relating to discrimination in the employment of employees and accordingly will not unlawfully treat one group of people less favourably than others because of their colour, race, disability, sex, sexual orientation, nationality, ethnic origin or age in relation to decisions to recruit, train, promote, discipline or dismiss its personnel.
- 22.2 In the event of any finding of unlawful discrimination being made against the Board, the Administering Authority or a contractor of the Administering Authority in respect of any matter relating to this Agreement by any court or industrial tribunal, or of any adverse finding in any formal investigation by the Commission for Equality and Human Rights the Administering Authority shall inform the other Partner Authorities of this finding and shall take appropriate steps to prevent repetition of the unlawful discrimination.
- 22.3 The Board or as the case may be the Administering Authority shall, on request, provide the

other Partner Authorities with details of any steps taken under **clause 22.2**.

- 22.4 The Board or, as the case may be, the Administering Authority shall set out its policy on the prevention of unlawful discrimination:
- 22.4.1 in instructions to those concerned with recruitment, training and promotion;
- 22.4.2 in documents available to its personnel, recognised trade unions or other representative groups of its personnel; and
- 22.4.3 in recruitment advertisements and other literature.
- 22.5 The Board or as the case may be the Administering Authority shall observe as far as possible, and at least in accordance with the Administering Authority's published criteria, the Code of Practice relevant to employment matters issued by the Commission for Equality and Human Rights (or its predecessor organisations).
- 22.6 The Board or as the case may be the Administering Authority shall provide such information as the other Partner Authorities may reasonably request for the purpose of assessing the compliance of the Board or as the case may be the Administering Authority with this **clause 22**.
- 22.7 The Board or as the case may be the Administering Authority shall procure that any contractors or sub-contractors (including the contractors and sub-contractors under the Principal Contracts) providing services to the Partner Authorities comply with the obligations set out in **clauses 22.1 and 22.3 to 25.5 (inclusive)**.

23. LOCAL COMMISSIONER

- 23.1 Where any investigation by the Commission for Local Administration in England takes place the Partner Authorities shall:
- 23.1.1 provide any information requested in the timescale allotted;
- 23.1.2 attend any meetings as required and permit their personnel so to attend;
- 23.1.3 promptly allow access to and investigation of any documents deemed to be relevant;
- 23.1.4 allow themselves and any employee deemed to be relevant to be interviewed;
- 23.1.5 allow themselves and any employee to appear as witnesses in any ensuing proceedings; and
- 23.1.6 co-operate fully and promptly in every way required by the Commission during the course of that investigation.

24. DATA PROTECTION

- 24.1.1 In relation to all Personal Data, the Board, the Administering Authority and the other Partner Authorities shall at all times comply with the DPA as a data controller if necessary, including maintaining a valid and up to date registration or notification under the DPA covering the data processing to be performed in connection with this Agreement.
- 24.1.2 The Board or as the case may be the Administering Authority and the other Partner Authorities shall only undertake processing of Personal Data reasonably required in connection with this Agreement and shall not transfer any Personal Data to any country or territory outside the EEA.

- 24.1.3 The Board, the Administering Authority and the other Partner Authorities shall not disclose Personal Data to any third parties other than:
- (a) to the other Partner Authorities to whom such disclosure is reasonably necessary in order for the other Partner Authorities to carry out their obligations under this Agreement; or
 - (b) to the extent required under a court order,

provided that disclosure under **clause** 24.1.3(a) is made subject to written terms substantially the same as, and no less stringent than, the terms contained in this **clause** 24 and that the Board, the Administering Authority and the other Partner Authorities shall give notice in writing to the other Partner Authorities of any disclosure of Personal Data which any Partner Authority is required to make under **clause** 24.1.3(b) immediately upon becoming aware of such a requirement.

- 24.1.4 The Board, the Administering Authority and the other Partner Authorities shall bring into effect and maintain all technical and organisational measures to prevent unauthorised or unlawful processing of Personal Data and accidental loss or destruction of, or damage to, Personal Data including taking reasonable steps to ensure that staff who have access to the Personal Data are adequately trained and competent.

24.2 **Indemnity**

Each of the Partner Authorities shall indemnify and keep indemnified the other Partner Authorities against all losses, claims, damages, liabilities, costs and expense (including reasonable legal costs) incurred by them in respect of any breach of this **clause** 24 by any act or omission of that Partner Authority.

25. **WAIVER AND SEVERABILITY**

25.1 **Waiver**

- 25.1.1 No term or provision of this Agreement shall be considered as waived by any Partner Authority unless a written waiver is given by that Partner Authority.
- 25.1.2 No waiver under **clause** 25.1.1 shall be a waiver of a past or future default or breach, nor shall it amend, delete or add to the terms, conditions or provisions of this Agreement unless (and then only to the extent) expressly stated in that waiver.

25.2 **Severability**

If any term, condition or provision of this Agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality and enforceability of the other provisions of or any other documents referred to in this Agreement.

26. **NO PARTNERSHIP**

- 26.1 Nothing in this Agreement is to constitute or be deemed a partnership within the meaning of the Partnership Act 1890, the Limited Partnerships Act 1907, the Limited Liability Partnerships Act 2000 or any other legislation concerning partnerships or limited liability partnerships.
- 26.2 None of the Partner Authorities shall hold itself out as the agent of any one or more of the other Partner Authorities or to have any authority to bind any one or more of the other Partner Authorities except to the extent that this Agreement expressly provides otherwise.

27. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

27.1 No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a party to this Agreement.

28. ENTIRE AGREEMENT

28.1 Except where expressly provided in this Agreement, this Agreement constitutes the entire agreement between the Partner Authorities in connection with its subject matter and supersedes all prior representations, communications, negotiations and understandings concerning the subject matter of this Agreement.

29. EXTENT OF OBLIGATIONS AND FURTHER ASSURANCE

29.1 Nothing in this Agreement is to require any of the Partner Authorities to act in any way that is inconsistent with its obligations or duties as a local authority.

29.2 Each of the Partner Authorities undertakes (subject to **clause 29.1**) to do all things and execute all further documents that may reasonably be required by one or more of the other Partner Authorities to give effect to this Agreement.

30. VARIATIONS

30.1 Subject to the express provisions of this Agreement, no variation of this Agreement will be valid or effective unless agreed unanimously by the Partner Authorities and recorded in writing.

31. PREVENTION OF CORRUPTION

31.1 Corrupt gifts and fraud

Each Partner Authority warrants that in entering into this Agreement it has not committed any Prohibited Act.

31.2 Termination for corrupt gifts and fraud

31.2.1 If a Partner Authority or a SWB Member (or anyone employed by or acting on behalf of any of any of them) or any of its or their agents commits any Prohibited Act, then any Partner Authority shall be entitled to act in accordance with the provisions of this **clause 31**.

31.2.2 Upon discovering that a Prohibited Act has occurred any Partner Authority may serve notice on the Managing Director of the Prohibited Act that has occurred and the Partner Authority affected. Upon receiving such notice of a Prohibited Act the Managing Director shall serve a notice on the Chief Executive of the Partner Authority subject to the Prohibited Act copied to the Chief Executives of all of the other Partner Authorities (a "**Notice of a Prohibited Act**").

31.2.3 Upon receipt of a Notice of a Prohibited Act the Partner Authority subject to the Prohibited Act shall have 3 months to take such steps and actions as are reasonable and are agreed by the Board taking account of the nature of the Prohibited Act which may include suspending the relevant employee and taking action under the Partner Authority's disciplinary procedure or where the Prohibited Act relates to an SWB Member removing its SWB Member from the Board.

31.2.4 Where a Partner Authority fails to take action in accordance with clause 31.2.2 the other Partner Authorities shall meet to decide what further action to take against the Partner Authority and may by unanimous vote agree to:

- (a) where the Partner Authority subject to a Notice of a Prohibited Act is the Administering Authority the Administering Authority shall be removed and the provisions of **clause 7.2** (Removal of the Administering Authority) and **schedule 3**

(Change of Administering Authority) shall apply unless within 3 months of the vote the Administering Authority takes such steps and actions as are reasonable and are agreed by the Board in accordance with **clause** 31.2.3;

- (b) where the Partner Authority subject to a Notice of a Prohibited Act is not the Administering Authority then the IAA shall terminate and the provisions of **clause** 15 (Dissolution of the Board) shall apply unless within 3 months of the vote the Partner Authority subject to a Notice of a Prohibited Act takes such steps and actions as are reasonable and are agreed by the Board in accordance with **clause** 31.2.3; or
- (c) take such other action or steps as are reasonable taking into account the nature of the Prohibited Act and its effect on the Board.

32. DISPUTE RESOLUTION

- 32.1 Any dispute arising from the interpretation and operation of this Agreement shall in the first instance be referred to the SMG, which shall, acting in good faith, attempt to resolve such dispute.
- 32.2 Where either the SMG is unable to resolve such dispute, or where in the opinion of the SMG such dispute might be more effectively resolved in another forum, the SMG may refer such dispute to the following bodies/forums (listed in order of referral) until such dispute is resolved:
 - 32.2.1 a meeting of the Chief Executives and/or leaders of each of the Partner Authorities; then
 - 32.2.2 a mediator appointed by the Partner Authorities in accordance with **clause** 32.3; then
 - 32.2.3 an arbitrator appointed by the Partner Authorities in accordance with **clause** 32.4.
- 32.3 **Mediation**
 - 32.3.1 A referral of a dispute to mediation shall be in accordance with the CEDR Model Mediation Procedure.
 - 32.3.2 If the Partner Authorities cannot agree on a mediator, the Partner Authorities shall appoint a mediator nominated by CEDR.
 - 32.3.3 The Partner Authorities shall use their reasonable endeavours to conclude the mediation within 40 Business Days of referral of the dispute to mediation.
 - 32.3.4 The Partner Authorities shall each bear their own costs incurred in relation to any mediation and any costs incurred by the Administering Authority acting on behalf of the Board shall be shared in accordance with the principles set out in **Schedule** 5 (Budget and cost sharing agreement).
- 32.4 **Arbitration**
 - 32.4.1 If the dispute is not resolved in accordance with **clause** 32.3 within 40 Business Days of referral of the dispute to mediation, any Partner Authority may (by service of a written notice on the other Partner Authorities within 10 Business Days of expiry of the period for mediation) refer the dispute to an arbitrator who shall be of not less than 10 years standing or qualification.
 - 32.4.2 If the Partner Authorities cannot agree on an arbitrator within 15 Business Days of service of the written notice referred to in **clause** 32.4.1 above, the Partner Authorities shall appoint an arbitrator nominated by the President for the time being of the Chartered Institute of Arbitrators.
 - 32.4.3 Any reference to arbitration in accordance with this **clause** 32.4 shall be conducted in accordance with the Rules of the London Court of International Arbitration and the arbitration shall be held at a venue agreed by the arbitrator.

32.4.4 The arbitrator's decision shall be final and binding on the parties.

32.4.5 The costs of the arbitration shall be paid as directed by the arbitrator.

33. GOVERNING LAW AND ENFORCEMENT

33.1 This Agreement shall be governed by and construed in all respects in accordance with the laws of England and Wales. Subject to **clause** 32, the English courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with this Agreement.

34. NOTICES

34.1 Form and service of notices

All notices under this Agreement shall be in writing and all certificates, notices or written instructions to be given under the terms of this Agreement shall be served by sending the same by first class post, facsimile or by hand, or leaving the same at:

The Board

County Hall, Taunton, Somerset TA1 4DY

01823 356113

Partner Authority

Somerset County Council

County Hall, Taunton, Somerset TA1 4DY

01823 356113

Sedgemoor District Council

Bridgwater House, Kings Square, Bridgwater,
Somerset TA6 3AR

01278 446412

Somerset West and Taunton Council

The Deane House, Belvedere Road,
Taunton, Somerset TA1 1HE

01823 356329

Partner Authority

Mendip District Council

Cannards Grave Road, Shepton Mallet,
Somerset BA4 5BT

01749 344050

South Somerset District Council

PO BOX 25, The Council Offices, Brympton
Way, Somerset, BA20 2DS

01935 462188

34.2 Provision of information to representatives

Where any information or documentation is to be provided or submitted to the Clerk of the Board, a SWB Member or a Partner Authority's representative, it shall be provided or submitted by sending the same by first class post, facsimile or by hand, or leaving the same at the addresses set out in **clause** 34.1 marked for the attention of the Clerk of the Board, the relevant SWB Member, or the relevant Partner Authority's representative.

34.3 Change of details

A Partner Authority shall notify any change of its nominated address or facsimile number by prior notice to the other Partner Authorities.

34.4 **Notices by post**

Notices given by post shall be effective upon the earlier of actual receipt and five Business Days after mailing. Notices delivered by hand shall be effective upon delivery. Notices given by facsimile shall be deemed to have been received where there is confirmation of uninterrupted transmission by a transmission report and there has been no telephonic communication by the recipient to the senders (to be confirmed in writing) that the facsimile has not been received in legible form:

34.4.1 within two hours after sending, if sent on a Business Day between the hours of 9 a.m. and 4 p.m.; or

34.4.2 by 11 a.m. on the next following Business Day, if sent after 4 p.m. on a Business Day but before 9 a.m. on that next following Business Day.

35. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

IN WITNESS whereof this Agreement has been duly executed as a deed and has been delivered on the date that appears at the front of this Agreement.

The Common Seal of)
SOMERSET COUNTY COUNCIL)
was hereunto affixed in the presence of:)

The Common Seal of)
MENDIP DISTRICT COUNCIL)
was hereunto affixed in the presence of:)

Authorised Officer

The Common Seal of)
SEDGEMOOR DISTRICT COUNCIL)
was hereunto affixed in the presence of:)

Authorised Signatory

The Common Seal of)
SOUTH SOMERSET DISTRICT COUNCIL)
was hereunto affixed in the presence of:)

Authorised Signatory

The Common Seal of)
SOMERSET WEST AND TAUNTON COUNCIL)
was hereunto affixed in the presence of:)

Chief Solicitor

SCHEDULE 1

The Constitution

SCHEDULE 2

Transition arrangement

1. DEFINITIONS

Definitions used in this **Schedule 2** shall be the same as those set out in the Agreement, with the following additional definitions:

"Relevant Employees"

means employees who are assigned (for the purposes of TUPE) to the provision of the management of waste disposal, treatment, collection and recycling services or any services which are substantially the same as the management of waste disposal, treatment, collection and recycling services or any part thereof (including for the avoidance of doubt the Transferring Employees);

"Relevant Transfer"

means a relevant transfer for the purposes of TUPE;

"Transfer Date"

means the Commencement Date;

"Transferring Employees"

means those employees employed by the Partner Authorities immediately prior to the Transfer Date in the provision of the management of waste disposal, treatment, collection and recycling services, whose names are listed in **Part 2 of Appendix 2** (Transferring Employees);

2. TRANSFER OF ASSETS

2.1 The assets required by the Collection Contractor are identified in the list attached as **Appendix 1** to this **Schedule 2** and shall be transferred at nil cost from the relevant Partner Authorities into the possession and ownership of the Administering Authority on the service commencement date of the Collection Contract in order that they can be made available by the Administering Authority to the Collection Contractor in accordance with the Collection Contract.

2.2 Where any additional assets are required to be transferred to the Administering Authority, the relevant Partner Authority(ies) shall promptly cooperate with the Board in the transfer of such assets to the Administering Authority.

3. TRANSFER OF EMPLOYEES

3.1 Application of TUPE

The Partner Authorities agree that TUPE applies to this Agreement, whether or not it shall be determined by an employment tribunal or a court of any instance or jurisdiction that TUPE does not apply as a matter of law.

3.2 Administering Authority's responsibilities

The Administering Authority shall:

3.2.1 subject to the right of any Transferring Employee to object to being employed by the Administering Authority, accept into employment the Transferring Employees on 0:01am on

the Transfer Date upon the same terms and conditions of employment and length of service as they enjoyed immediately prior to the Transfer Date;

- 3.2.2 become responsible for the payment of all salaries and provision of other contractual benefits (including those implied through custom and practice) and making any deductions from the salaries of any Relevant Employees with effect from the Transfer Date.
- 3.2.3 If any contract of employment of a person other than a Transferring Employee has effect as if originally made between the Administering Authority and such person as a result of TUPE, then the Administering Authority will consult with the Board to establish whether the person shall be deployed within the Single Client Group or be given notice to terminate such contract of employment where such action is permitted by law.

3.3 **Partner Authorities' responsibilities**

The Partner Authority who employed the relevant Transferring Employees immediately prior to the Transfer Date shall be responsible for all emoluments and outgoings in respect of the relevant Transferring Employees, including without limitation all wages, holiday pay, bonuses, commissions, payments of PAYE, national insurance contributions, pension contributions and otherwise, up to the Transfer Date (whether or not due for payment at the Transfer Date).

4. **EXISTING CONTRACTS FOR WASTE COLLECTION AND RECYCLING**

- 4.1 The Partner Authorities acknowledge that apart from the County Council each Partner Authority has in place existing arrangements for the provision of waste collection and recycling services, which will come to an end upon the service commencement date of the Collection Contract.
- 4.2 Each Partner Authority shall remain responsible for its current waste collection and recycling arrangements until the service commencement date under the Collection Contract or such other date as agreed by the Partner Authorities in consultation with the Board.
- 4.3 Each Partner Authority shall have due regard to any comments made by the Board in respect of the operation of its current waste collection and recycling services and shall not make any significant change to its current arrangements without consulting the Board.

5. **DEPOTS**

- 5.1 The Partner Authorities each acknowledge that the Administering Authority needs to secure access from the relevant Partner Authorities to the depots required by the Collection Contractor under the Collection Contract.
- 5.2 Each relevant Partner Authority shall promptly grant, in accordance with **clause 6.8**, to the Administering Authority or to the Collection Contractor as directed by the Managing Director such tenancy at will or lease (in a form to be agreed by the relevant Partner Authority and the Administering Authority) of the relevant depot or part thereof and take such steps as are required to secure access for the Collection Contractor to perform the Collection Contract from the service commencement date for the Collection Contract.
- 5.3 Where a Partner Authority grants only temporary access to the relevant depot or part thereof under **paragraph 5.2** above it shall subsequently grant a lease to the Administering Authority and give consent to the grant of an underlease to the Collection Contractor (in forms to be agreed by the relevant Partner Authority and the Administering Authority) of the relevant depot or part thereof in accordance with **clause 6.8**.

SCHEDULE 3

Change of Administering Authority

Part 1

1. INTRODUCTION

- 1.1 This **Schedule 3** describes the duties and responsibilities of the Partner Authorities in respect of the transfer of the rights and obligations from the Outgoing Administering Authority to the Replacement Administering Authority (as defined below).
- 1.2 Definitions used in this **Schedule 3** shall be the same as those set out in the Agreement, with the following additional definitions:

"Administering Authority Obligations"

means the obligations of the Administering Authority under this Agreement which for the avoidance of doubt shall include the Collection Contract Obligations and any other contracts or agreements (including, but not limited to, loan agreements) entered into by the Administering Authority exclusively ;

"Board Assets"

means any assets purchased by the Outgoing Administering Authority using

- (a) the funds of the Board (including any assets transferred at the Commencement Date); or
- (b) any funds loaned to the Outgoing Administering Authority for the purpose of the fulfilment of its functions under this Agreement;

"Collection Contract Obligations"

means the obligations of the Administering Authority as party to the Principal Contracts (excluding the Disposal Contracts);

"Exit Assistance"

means the provision of advice, training, assistance, information, data (and format thereof) and actions as are reasonably requested by the Replacement Administering Authority to effect a smooth transfer (and continued operation) of any of the Administering Authority Obligations from the control and provision of the Outgoing Administering Authority to the Replacement Administering Authority;

"Exit Plan"

means the agreed plan for the transfer and transition arrangements, setting out the timetable and scope of required activities as set out in this **Schedule 3**, for transferring all or part of the Administering Authority Obligations from the control and provision by the Outgoing Administering Authority to the control and provision of the Replacement Administering Authority;

"Exiting Employee"

means an Outgoing Administering Authority Employee who is listed in the Exiting Employees List and who is intended to transfer to a Replacement Administering Authority on a Handover Date;

"Exiting Employees List"

means the list of Outgoing Administering Authority Employees agreed between the Outgoing Administering Authority and the Replacement Administering Authority in accordance with this **Schedule 3** (as such list is updated before the relevant Handover

Date by agreement between the Parties);

"Exiting Personnel"

means a member of the Outgoing Administering Authority Personnel who is listed in the Exiting Personnel List;

"Exiting Personnel List"

means the list of Exiting Personnel agreed between the Outgoing Administering Authority and the Replacement Administering Authority in accordance with this **Schedule 3** (as such list is updated before the relevant Handover Date by agreement between the Parties);

"Handover Date"

means the date of transfer from the Outgoing Administering Authority to the Replacement Administering Authority in accordance with this **Schedule 3**;

"Key Personnel"

means the positions and/or individuals of the Outgoing Administering Authority Personnel identified by the Replacement Administering Authority from time to time, and agreed with the Outgoing Administering Authority, as important to the provision of the Administering Authority Obligations;

"Novation Date"

means the date of novation of the Collection Contract to the Replacement Administering Authority in accordance with this **Schedule 3** and the Collection Contract;

"Novation Notice"

means the notice served on the Collection Contractor in accordance with this **Schedule 3** and the Collection Contract;

"Ordinary Course of Business"

means either:

- (a) acts, omissions or conduct which are consistent in all respects with the prevailing pattern, or course of conduct, or management used by the Outgoing Administering Authority in the delivery of the Administering Authority Obligations or which are undertaken in order to comply with the applicable obligations under this Agreement; or
- (b) acts, omissions or local conduct which a well-managed local authority would undertake (assuming that such local authority is acting in a prudent and reasonable manner) in relation to the delivery of the Administering Authority Obligations, or which are undertaken in order to comply with all applicable obligations under this Agreement;

"Outgoing Administering Authority Assets"

Means together:

- (a) those assets owned by the Outgoing Administering Authority prior to the commencement of this Agreement and used for the purposes of performing its functions as a local authority and which have not been subject to a payment or compensation from the other Partner Authorities; and
- (b) any assets purchased by the Outgoing Administering Authority whilst performing its functions as Administering Authority using its own funds;

"Outgoing Administering Authority Employees"

means any employee of the Outgoing Administering Authority assigned from time to time to deliver or assist in delivering all or part of the Administering Authority Obligations. For the avoidance of doubt, in this definition the term **"assigned"** shall have the meaning conferred upon it under TUPE;

"Outgoing Administering Authority"

means the Administering Authority that has resigned or that the Partner Authorities have agreed to replace in accordance with **clause 7**;

"Outgoing Administering Authority Personnel"

means the Outgoing Administering Authority Employees and any officers, consultants, contractors, workers and agents of the Outgoing Administering Authority assigned from time to time to deliver or assist in delivering all or part of the Administering Authority Obligations, or to fulfil its obligations under this Agreement. For the avoidance of doubt, in this definition the term **"assigned"** shall have the meaning conferred upon it under TUPE;

"Outgoing Administering Authority Personnel Information"

means such information concerning the Outgoing Administering Authority Personnel as the Replacement Administering Authority shall reasonably request from time to time including:

- (a) regarding each member of the Outgoing Administering Authority Personnel, identified by a unique reference number or code which shall remain the same each time the Outgoing Administering Authority Personnel Information is provided by the Outgoing Administering Authority to the Replacement Administering Authority: type of worker (self-employed contractor, contractor employed by a third party, agency staff or other); current employer; start date and (if different) date of commencement of continuous employment; job title and post held; the delivery of the Administering Authority Obligations in which the Outgoing Administering Authority Employee is engaged; current salary or hourly rate, all overtime, shift and other allowances, and any bonus or commission earned in the last twelve months; date of next salary review and percentage increase in last review; length of service; notice period for termination of employment (stating any difference between the notice given by the employer or employee); date of birth; location; hours of work; contract type (permanent or temporary); percentage of working time spent on the Administering Authority Obligations; holiday entitlement; benefits (including without limitation health insurance, life insurance, sickness benefits, car, bonus, commission) and total benefit cost; pension membership and pension cost (including employer contribution to pension scheme); entitlement to any enhanced redundancy benefits or payments. This Outgoing Administering Authority Personnel Information shall be presented in excel spreadsheet format or some other easily intelligible form acceptable to the Replacement Administering Authority; and
- (b) regarding all the Outgoing Administering Authority Personnel: total costs of the (i) salaries; (ii) benefits; (iii) social security and national insurance costs; and (iv) miscellaneous costs (such as staff loans and training grants) in respect of all the Outgoing Administering Authority Personnel; copies of any staff handbooks and policies applicable to them; terms and conditions of employment or engagement; copies of any agreement between the Outgoing Administering Authority and a trade union or labour organisation or employee representatives or details of any other arrangements for informing and consulting with Outgoing Administering Authority Personnel or representatives; positions vacant; death benefits; disability benefits; details of any applicable bonus

schemes, commission arrangements; pay scales and structures; current or anticipated claims or other litigation or other disputes and details of any accidents, injuries or health and safety issues; details of any Outgoing Administering Authority Personnel on leave (including without limitation maternity leave, adoption leave and sick leave) including whether the individual is receiving contractual sick pay and, if so, when this entitlement expires;

"Parties"

means together the Outgoing Administering Authority and the Replacement Administering Authority;

"Replacement Administering Authority"

means the Partner Authority agreed by the Partner Authorities in accordance with **clause 7**.

PART 2

2. EXIT PLANNING

2.1 Date for provision of Exit Plan

2.1.1 The Outgoing Administering Authority shall provide the Replacement Administering Authority with a draft Exit Plan within:

- (a) 20 Business Days from the date of the written notification provided in accordance with **clause 7.1.1** where the Outgoing Administering Authority has decided to resign; or
- (b) 20 Business Days of the date of receipt of written notification provided in accordance with **clause 7.2.1** where the Partner Authorities have agreed to replace the Administering Authority.

2.1.2 The draft Exit Plan shall specify in detail how and when (having regard to the timescales set out in this **Schedule 3**) the Outgoing Administering Authority will fulfil all the obligations of this **Schedule 3** and any other obligations relating to exit in the Collection Contract.

2.1.3 The Replacement Administering Authority shall provide to the Outgoing Administering Authority the Replacement Administering Authority's reasonable comments on the draft Exit Plan within 20 Business Days of the Replacement Administering Authority's receipt of the draft Exit Plan. The Outgoing Administering Authority shall incorporate the Replacement Administering Authority's comments and suggestions and shall issue a revised version of the Exit Plan within 10 Business Days of receipt of the Replacement Administering Authority's reasonable comments and suggestions.

2.1.4 The Exit Plan shall not be effective until approved by the Replacement Administering Authority and the Board.

2.1.5 The Parties shall review and update the Exit Plan in consultation with the Board and the SMG as appropriate up to and including the Handover Date.

2.2 Exit Management Roles

2.2.1 Each Party shall appoint a suitable individual to manage the exit process (an "**Exit Manager**").

PART 3

3. EXIT ARRANGEMENTS

3.1 Date for provision of Exit Assistance

3.1.1 The Outgoing Administering Authority shall provide the Exit Assistance and fulfil all the obligations set out in this **Schedule 3** within 40 Business Days of:

- (a) where the Outgoing Administering Authority has decided to resign, the date of the written notification provided in accordance with **clause** 7.1.1; or
- (b) where the Partner Authorities have agreed to replace the Administering Authority, the date of receipt of written notification provided in accordance with **clause** 7.2.1.

3.1.2 The obligation to provide the Exit Assistance and fulfil all the obligations of this **Schedule** 3 from the relevant date is independent of and not contingent upon the Parties having an agreed form of Exit Plan in place. Where there is an agreed Exit Plan in place, the Outgoing Administering Authority shall provide to the Replacement Administering Authority and to the Board weekly reports of progress against the Exit Plan and of any problems, anticipated problems and delays and of any appropriate actions to be taken by the Outgoing Administering Authority in response.

3.1.3 At the Board or the Replacement Administering Authority's request, the Outgoing Administering Authority shall continue to provide the Exit Assistance and continue with the implementation of the Exit Plan for a period of up to six months (or such longer period as the Replacement Administering Authority may request) from the Handover Date.

3.2 **Option to purchase or use Outgoing Administering Authority Assets**

3.2.1 The Outgoing Administering Authority shall prepare a list of the Outgoing Administering Authority Assets and the Board Assets as part of the Exit Plan.

3.2.2 Upon the Handover Date, at the direction and discretion of the Replacement Administering Authority in consultation with the Board:

- (a) the Replacement Administering Authority shall have the option to acquire through purchase all or any of the Outgoing Administering Authority Assets excluding land and buildings and software in consideration of the payment by the Replacement Administering Authority of the net book value of these assets; or
- (b) the Replacement Administering Authority shall have the option where possible to continue to use such assets.

3.2.3 The Outgoing Administering Authority shall immediately transfer any Board Assets to the Replacement Administering Authority and the provisions of **paragraph** 3.2.6 shall apply to such assets as if they were transferring Outgoing Administering Authority Assets.

3.2.4 Either option set out in **paragraph** 3.2.2 above shall be exercisable by the Replacement Administering Authority by service of notice upon the Outgoing Administering Authority as soon as possible and no later than 20 Business Days prior to the Handover Date, and the option shall take effect on the Handover Date.

3.2.5 Within five Business Days of receipt of notice from the Replacement Administering Authority that it shall exercise an option set out in **paragraph** 3.2.2 above, the Outgoing Administering Authority shall appoint an independent expert agreed by the Replacement Administering Authority to review and report on the condition and proposed value of the Outgoing Administering Authority Assets. The Outgoing Administering Authority shall provide a copy of the report to the Replacement Administering Authority and the Board and the costs of the expert will be borne by the Outgoing Administering Authority.

3.2.6 Whenever, pursuant to this **paragraph** 3.2, the Outgoing Administering Authority transfers Outgoing Administering Authority Assets to the Replacement Administering Authority, the Outgoing Administering Authority shall ensure that:

- (a) the Replacement Administering Authority is provided with all relevant and available documentation, user manuals and other such information; and
- (b) the Replacement Administering Authority is provided with full and unencumbered title (with full title guarantee) to the Outgoing Administering Authority Assets.

3.3 **Assignment or novation of third Party Contracts and Outgoing Administering Authority Subcontracts**

3.3.1 In relation to any third party contracts (other than the Collection Contract or the Disposal Contracts), where no third party consents are required to assign or novate such contracts, the Outgoing Administering Authority shall prepare and execute assignments or novations of such contracts to the Replacement Administering Authority and the Replacement Administering Authority hereby agrees to take all steps necessary to enter into or accept such assignments or novations.

3.3.2 Where a third party consent is required to assign or novate a contract, the Outgoing Administering Authority shall use all reasonable endeavours to procure such assignment or novation to the Replacement Administering Authority and do all other things reasonably necessary to obtain such third party consents.

3.3.3 Where a third party consents to the assignment or novation of a contract, the Partner Authorities will pay any fees charged by the third party in association with such assignment or novation in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).

3.4 **Novation of the Collection Contract**

3.4.1 The Replacement Administering Authority shall serve a Novation Notice on the Collection Contractor stating that it wishes to enjoy the rights and assume the obligations, liabilities and duties of the Administering Authority under the Collection Contract and specifying the Novation Date not to be less than 30 Business Days from the date of service of the Novation Notice.

3.4.2 The Outgoing Administering Authority shall provide the Replacement Administering Authority with an up-to-date list of existing and/or threatened disputes relating to the obligations under the Collection Contract, and use its best endeavours to resolve such disputes. Where the dispute affects the interests of the Replacement Administering Authority and/or the Partner Authorities, the Outgoing Administering Authority shall not settle the dispute or accept any liability without consulting the Board and without the prior consent of the Replacement Administering Authority, such consent not to be unreasonably withheld or delayed.

3.5 **Software**

3.5.1 The Outgoing Administering Authority shall transfer (or shall use all reasonable endeavours to procure the transfer of) the ownership of or a licence to use any software required to perform the function of Administering Authority or to perform the obligations in this Agreement to the Replacement Administering Authority at no cost.

3.6 **Accommodation**

3.6.1 Upon the Handover Date, at the discretion of the Replacement Administering Authority, the Replacement Administering Authority shall have the option to use all or part of the Outgoing Administering Authority's accommodation for a period of up to 18 months from the Handover Date where termination has occurred as a result of **clause 7.1** or up to 12 months following the Handover Date where termination has occurred as a result of **clause 7.2**.

3.6.2 The option set out in **paragraph 3.6.1** above, shall be exercisable by the Replacement Administering Authority by serving notice upon the Outgoing Administering Authority as soon as possible following its appointment as the Replacement Administering Authority and no later than:

(a) three months prior to the Handover Date where notice has been served under **clause 7.1.1**; or

(b) two months prior to the Handover Date where notice has been served under **clause 7.2.1**

and shall take effect on the Handover Date.

3.6.3 The Outgoing Administering Authority shall make all or part of the Outgoing Administering Authority's accommodation available pursuant to the option, in consideration of the payment of a reasonable charge reflecting the market rate for the proportion of the Outgoing Administering Authority's accommodation used and the period of use. The Parties agree that (subject to this **paragraph 3.6.3**) such use shall be subject to such reasonable terms and conditions as are agreed between the Parties from time to time.

3.7 **Intellectual property rights**

3.7.1 The Outgoing Administering Authority shall at the reasonable request of the Board promptly execute such documents and take or desist from such action as the Board may reasonably require in order to assure to the Replacement Administering Authority the full benefit of any intellectual property created by the Outgoing Administering Authority in respect of the Administering Authority's Obligations and to confirm the Replacement Administering Authority's title thereto.

3.7.2 To the extent that it is permitted to do so, the Outgoing Administering Authority shall grant to the Replacement Administering Authority a licence to use any third party intellectual property rights used in the performance of the services and necessary for the provision of the services by the Replacement Administering Authority. To the extent that the Outgoing Administering Authority is not permitted to grant licences to the Replacement Administering Authority of any third party intellectual property rights, it shall use its reasonable endeavours to assist the Replacement Administering Authority to procure the necessary rights direct from the relevant third party(ies).

3.8 **Existing Employees**

3.8.1 No later than:

- (a) six months prior to the Handover Date where the Outgoing Administering Authority is resigning in accordance with **clause 7.1**; or
- (b) three months prior to the Handover Date where the Outgoing Administering Authority is being replaced in accordance with **clause 7.2**,

the Outgoing Administering Authority shall provide the Replacement Administering Authority with a list of the names of all members of the Outgoing Administering Authority Personnel.

3.8.2 Within 30 Business Days of provision of the list described in **paragraph 3.8.1** above, the Outgoing Administering Authority and the Replacement Administering Authority shall agree:

the identity of the employees who would transfer under TUPE on the Handover Date and so should be included on the Exiting Employees List; and (b) the identity of any individuals who are not employees but are Key Personnel or who, if they had been employees, would have been members of the Exiting Employees List and so should be included on the Exiting Employees List. The Exiting Employees List may be updated from time to time by agreement and shall be finalised by the Parties immediately before the Handover Date.

3.8.3 The Parties agree the appointment of a Replacement Administering Authority is likely to result in a transfer on the Handover Date of the Exiting Employees' employment to the Replacement Administering Authority in accordance with TUPE.

3.8.4 In the event that TUPE does not for any reason operate to transfer to the Replacement Administering Authority the contracts of employment of any of the members of the Exiting Employees, the Replacement Administering Authority shall treat the Exiting Employees no less favourably than had TUPE applied and the Replacement Administering Authority will offer employment to the Exiting Employees from the Handover Date.

3.9 **Outgoing Administering Authority Information and Outgoing Administering**

Authority Personnel Exit Information

3.9.1 During the period of:

- (a) six months prior to the Handover Date where the Outgoing Administering Authority has resigned; and
- (b) three months prior to the Handover Date where it has been agreed to replace the Outgoing Administering Authority;

the Outgoing Administering Authority shall provide the Replacement Administering Authority with the Outgoing Administering Authority Personnel Information.

3.9.2 The Outgoing Administering Authority shall notify the Replacement Administering Authority of any change to the Outgoing Administering Authority Personnel Information. The Outgoing Administering Authority shall clarify any matters in respect of the Outgoing Administering Authority Personnel Information and generally co-operate in respect of any reasonable requests by the Replacement Administering Authority concerning the Outgoing Administering Authority Personnel Information. In all such matters the Outgoing Administering Authority shall act as soon as reasonably practicable and in any event within 10 Business Days of any such change or request.

3.9.3 On the Business Day immediately before the Handover Date the Outgoing Administering Authority shall again provide to the Replacement Administering Authority the Outgoing Administering Authority Personnel Information complete and accurate as at the date of provision.

3.10 **Information and Consultation**

3.10.1 The Outgoing Administering Authority shall consult and keep informed the Replacement Administering Authority regarding any information it intends to provide or consultation it proposes to have with Outgoing Administering Authority Personnel and their representatives under TUPE or regarding its exit as Outgoing Administering Authority.

3.10.2 The Outgoing Administering Authority shall offer the Replacement Administering Authority the opportunity to attend and participate in any meetings prior to the Handover Date where information is given to or there is consultation with Outgoing Administering Authority Personnel and their representatives under TUPE or regarding it ceasing to be the Administering Authority. The Replacement Administering Authority shall co-operate with the Outgoing Administering Authority and shall discuss with the Outgoing Administering Authority in advance of any meeting any information which the Replacement Administering Authority is to impart to the Outgoing Administering Authority Personnel.

3.10.3 The Replacement Administering Authority and the Outgoing Administering Authority shall jointly report to the Board and the SMG (in a form to be agreed) before the Handover Date.

3.10.4 The Outgoing Administering Authority and the Replacement Administering Authority shall jointly communicate to the Exiting Employees in a form to be agreed by the Board before the Handover Date (in order to meet their respective obligations under TUPE).

3.11 **Outgoing Administering Authority Shadowing**

3.11.1 Either:

- (a) at least six months prior to the Handover Date where the Outgoing Administering Authority is resigning in accordance **clause 7.1**; or
- (b) no later than three months from receipt of written notice from the other Partner Authorities that they intend to replace the Administering Authority in accordance with **clause 7.2**,

the Outgoing Administering Authority shall provide reasonable assistance to the Replacement Administering Authority to familiarise itself with the delivery of the

Administering Authority Obligations and this may include reasonable information on and access to:

- (c) relevant facilities including assets and accommodation;
- (d) the Outgoing Administering Authority Personnel;
- (e) the Key Personnel; and
- (f) the following information (subject to any overriding confidentiality obligations and licence restrictions):
 - (i) detailed system documentation; and
 - (ii) the key provisions of more significant decisions made about the Principal Contracts that would assist the Replacement Administering Authority in undertaking its duties; and
 - (iii) contact details for the Key Personnel and/or Outgoing Administering Authority Personnel; and
 - (iv) information regarding any unresolved disputes and those which are likely to remain unresolved at the Handover Date,

all of such information to be updated and finalised by the Outgoing Administering Authority at the Handover Date.

3.12 **General obligations**

3.12.1 No later than 20 Business Days following the Handover Date, and after the final payroll, the Outgoing Administering Authority shall provide the Replacement Administering Authority with updated payroll information and tax and statutory details for the Exiting Employees.

3.12.2 During the six months after the Handover Date, the Outgoing Administering Authority shall not, without the Replacement Administering Authority's prior consent, solicit from the Replacement Administering Authority any Exiting Personnel or Exiting Employee. This restriction shall not apply to situations where such Exiting Personnel or Exiting Employee or person makes an unsolicited response to a general recruitment advertisement by the Outgoing Administering Authority.

3.12.3 The Outgoing Administering Authority shall fully co-operate with the Replacement Administering Authority's reasonable requests to procure the smooth transfer of the Exiting Employees and engagement of Exiting Personnel.

3.12.4 The Outgoing Administering Authority shall not prevent, restrict or hinder (or seek to do so) any Exiting Personnel member from working for the Replacement Administering Authority after the Handover Date if they so choose. The Outgoing Administering Authority shall waive any restrictions or financial penalties whether direct or indirect (including those in any staff benefits documentation) relating to the employment or engagement of Exiting Personnel by the Replacement Administering Authority.

3.13 **Employment warranties and indemnities**

3.13.1 The Outgoing Administering Authority warrants that as at the Handover Date:

- (a) full particulars of the Exiting Employees will have been disclosed together with all the current terms and conditions of their employment whether or not recorded in writing or implied by custom or practice or otherwise (including all information required by law to be included in particulars of terms of employment) including but without limitation: date of birth; date of commencement of employment; job title; remuneration; bonuses; commission; enhanced redundancy entitlement; pension schemes or pension rights and benefits; and all other arrangements and employment related claims, and the Outgoing Administering Authority shall warrant that all of such particulars are true and accurate and complete in all respects; and
- (b) it will have satisfied all ongoing and accrued liabilities of any nature for which it is liable as employer of the Exiting Employees.

- 3.13.2 In respect of any claims and/or losses arising directly or indirectly out of or in connection with:
- (a) a failure by the Outgoing Administering Authority to comply with its obligations under TUPE including without limitation any order to pay compensation or any award made pursuant to TUPE in connection with this Agreement or the termination of it including without limitation any claim for its or their failure to inform and/or consult pursuant to TUPE and any claim pursuant to sections 188 to 193 of the Trade Union and Labour Relations (Consolidation) Act 1992, provided the Outgoing Administering Authority's breach was not due to the failure of the Replacement Administering Authority to comply with its TUPE obligations;
 - (b) any claim by or on behalf of Outgoing Administering Authority Employees arising from their employment with or its termination by the Outgoing Administering Authority except as provided in this **Schedule 3**;
 - (c) any act or omission of the Outgoing Administering Authority in relation to the Outgoing Administering Authority Employees or the Outgoing Administering Authority Personnel;
 - (d) any failure to provide or any inaccuracy in the Outgoing Administering Authority Personnel Information; and/or any claim against the Replacement Administering Authority by or on behalf of any person other than the Exiting Employees whether on the basis that they are or may be an employee of the Replacement Administering Authority as a result of the termination of this Agreement or otherwise and whether on the basis that TUPE applies or otherwise,
 - (e) and such claims and/or losses arise as a result of a negligent act or omission of the Outgoing Administering Authority, the Outgoing Administering Authority shall indemnify and keep indemnified the Replacement Administering Authority in respect of such claims and/or losses. Where any such claims and/or losses arise which are not a result of a negligent act or omission of the Outgoing Administering Authority, the Partner Authorities shall share the amount of such claims and/or losses in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).
- 3.13.3 If any contract of employment of a person other than an Exiting Employee has effect as if originally made between the Replacement Administering Authority and such person as a result of TUPE, then the Replacement Administering Authority will consult with the Board to establish whether the person shall be deployed within the Single Client Group or to give notice to such person to terminate such contract of employment where such action is permitted by law.
- 3.14 **Apportionments, information and general**
- 3.14.1 The Outgoing Administering Authority shall provide, as soon as practicable following the Handover Date, copies of all tax, PAYE, social security and national insurance records and, if requested by the Replacement Administering Authority, copies of any other documents or records (agreed by the Replacement Administering Authority and the Outgoing Administering Authority) which the Replacement Administering Authority thinks are relevant to the Exiting Employees provided that:
- (a) the Outgoing Administering Authority shall preserve the originals of such records or documents for a period of at least three years (or such longer period required by law) after the Handover Date and shall allow the Replacement Administering Authority access to the same at all reasonable times as necessary to enable the Replacement Administering Authority to deal with any matters relating to the Exiting Employees and any employees who transfer by TUPE and, if requested by the Replacement Administering Authority, shall produce them for the appropriate authorities; and
 - (b) if the Outgoing Administering Authority wishes to dispose of or destroy such records or documents earlier, it shall inform the Replacement Administering Authority in advance and the Replacement Administering Authority may require any such records and documents to be delivered up to it.

3.15 **Bonuses and commission payments**

3.15.1 The Outgoing Administering Authority shall be responsible for the payment of any bonuses and commission to eligible Outgoing Administering Authority Personnel (including Exiting Employees and Exiting Personnel) payable in respect of the Administering Authority Obligations arising in respect of the final 12 months prior to the Handover Date where those bonuses or commissions are either deferred after the Handover Date or where an Exiting Employee or a member of the Exiting Personnel ceases to be eligible for such bonus or commission by reason of his transfer from the Outgoing Administering Authority. The Replacement Administering Authority will assume the outstanding obligation of the Outgoing Administering Authority in respect of the Exiting Employees' accrued holiday entitlements and accrued holiday remuneration at the Handover Date and in consideration the Outgoing Administering Authority will pay the full amount necessary to enable the Replacement Administering Authority to meet the cost of providing such holiday entitlements and remuneration as at the Handover Date.

3.16 **Ordinary Course of business**

3.16.1 From:

- (a) the date of the written notice provided in accordance with **clause 7.1.1**; or
- (b) the date of receipt of written notice provided in accordance with **clause 7.2.1**, up to and including the Handover Date, the Outgoing Administering Authority shall:

3.16.2 not, without the Replacement Administering Authority's prior consent, act outside the Ordinary Course of Business;

3.16.3 devote time and resources to the continued delivery of the Administering Authority Obligations to ensure that there are no disruptions and no reductions in the level of service provided; and

3.16.4 notify the Replacement Administering Authority of matters of which it is aware which adversely affect the Outgoing Administering Authority Assets or the Outgoing Administering Authority Personnel.

SCHEDULE 4

Form of Annual Budget

SWB FORM OF ANNUAL BUDGET 2018/2019 onwards (headings as applicable)

Expenditure

Single Client Group
Salaries & on-costs
Salaries pension deficit
MDC customer services impact
WSC Business Case
Travel & Subsistence
Admin, training, meetings & IT
Advertising & campaigns
Office rent & accommodation
Support Services
Legal
Insurance
Finance
Internal Audit
Human Resources
ICT
Democratic Services
Direct Services
Waste Treatment and Disposal
Treatment – Energy from Waste
Treatment – Food
Treatment – Composting
Disposal – Landfill
Disposal – HWRC Bulky
Kerbside Recycling
Sort it+ Recycle More all districts
Communal Recycling
Garden
Garden sticker admin
Household Refuse
Sort It + and Recycle More
Refuse - Communal
Assisted Collections
Assisted Collection Review
Clinical Waste
Bulky Waste Collections

SWB Directed Collections
Day Works
Container Maintenance
Container Delivery
Container Supply
Depot Costs
Admitted Body Pension Costs
LGPS-related costs incurred under the Waste Collection Contract
Subsidised Services
Additional Subsidised Services

Inter Authority Transfers
Transfer Station Avoided Cost
Payment in lieu of Recycling Credits
Third party Recycling Credits
Advance Payment Saving
Lease Repayments - Sort It Plus Vehicles
Lease old Refuse Fleet - Discount

Total direct expenditure

Income

Garden and Bulky Waste Income
Avoided Wiltton Transfer
District Recycling Credits

Total income

Total net expenditure

SCHEDULE 5

Budget & Cost Sharing Agreement

Definitions

Definitions used in this **Schedule 5** shall be the same as those set out in the Agreement, with the following additional definitions:

“Communal Refuse Collection Capacity”

means the annual potential volume of communal waste collection in any Waste Collection Authority Area, calculated for the relevant Waste Collection Authority as the sum of:

$T \times F$

Where:

T – total volume of communal refuse collection containers made available to residents at each collection site in a Waste Collection Authority Area; and

F – the annual number of collections made at each site;

“Communal Recycling Sites”

means micro recycling bring sites provided to households not suitable for kerbside collections;

“County”

means the area within the administrative boundaries of Somerset County Council;

“Earmarked Reserve Accounts”

means the account established by the Board in the name of each Partner Authority into which surpluses and deficits shall be allocated in accordance with the relevant cost sharing formula (for example, where a surplus is generated in the depot costs budget, it shall be allocated to the Earmarked Reserve Account of the Waste Collection Authorities using the Waste Collection Authorities un-weighted formula as set out in **paragraph 3** of this **Schedule**);

“Neighbourhood Bring Sites”

means smaller recycling bring sites located in residential areas and catering for local communities;

“Payment in Lieu of Recycling Credits”

means the prevailing rate of contribution to the Annual Budget paid by the Waste Disposal Authority for each tonne of dry recyclable waste collected and recycled as a result of the functions of the Waste Collection Authorities which have been delegated to the Board and agreed at £59.29 per tonne in 2018/19 and increased by 3% in each Financial Year thereafter;

“Residential Properties”

means residential properties registered for Council Tax as defined by the District Valuer and included in his valuation list as at 20th December each year;

“Sparsity Weighting Factor”

means the coefficient used to reflect the variation in unit waste collection cost that results from variation in population density as agreed from time to time by the Board in accordance with **clause 20**. The Sparsity Weighting Factors for each Waste Collection Authority for 2019/2020, as agreed at the Somerset Waste Board September 2018 are:

Mendip	99.22%
Sedgemoor	93.34%
South Somerset	99.22%
Somerset West and Taunton Deane	97.42%

“Strategic Bring Sites”

means large recycling bring sites located in areas such as supermarket car parks and catering for large catchment areas;

“Waste Collection Authority (ies)”

means any one of Mendip, Sedgemoor, South Somerset, Somerset West and Taunton;

“Waste Collection Authority Area”

means the area within the administrative boundary of the relevant Waste Collection Authority;

“Waste Disposal Authority”

means the County Council.

1. COST SHARING PRINCIPLES

- 1.1 These cost sharing principles are intended to ensure that the costs of the Board and the relevant services administered by the Board on behalf of the Partner Authorities are shared on a fair and equitable basis between the Partner Authorities.
- 1.2 The general approach adopted is to identify each cost element and to apportion it in the most logical and transparent way possible, being mindful of the need to avoid any one Partner Authority subsidizing another.
- 1.2A Where the Administering Authority undertakes any programme of improvement (**Programme**) to waste management services on behalf of the Board:
 - 1.2A.1 no Partner Authority should be financially advantaged or disadvantaged in relation to the other Partner Authorities by the manner of implementation of the improvements;
 - 1.2A.2 no savings delivered by the Programme should be apportioned to any Partner Authority until the full investment costs of the Programme (across the whole of the County) have been offset by the savings delivered by it;
 - 1.2A.3 once the costs of the Programme have been paid in full any savings made through the Programme will be apportioned on the basis of the principles set out in this schedule;
- 1.2B Where savings result from factors other than the Programme of Improvement then such savings will be shared in accordance with the principles set out in this Schedule.
- 1.3 Each cost element is apportioned according to one of the formulae or bases set out in **paragraphs** 2 to 14 below.
- 1.4 Each Partner Authority shall set a budget for the waste management service within their own Authority's budget to reflect their respective share of the Annual Budget calculated in accordance with this **Schedule**. The Administering Authority shall invoice the other Partner Authorities (including VAT where appropriate) in accordance with **clause** 13.
- 1.5 Subject to paragraph 1.2A above all surpluses and deficits at the end of each Financial Year

shall be identified by the Board and the Board shall establish the Earmarked Reserve Accounts to allocate any surpluses and deficits. Where the Board recommends the distribution of surpluses or additional contributions to fund deficits to the Partner Authorities (subject to the approval of the Partner Authorities) the Earmarked Reserve Accounts shall be used to ensure fair distribution of surpluses or deficits. Where a surplus or deficit is generated outside of the Board's budgeted activities, allocation to Earmarked Reserve Accounts should be on the basis of the client cost formula as set out in **paragraph 2** of this **Schedule** unless otherwise agreed by the Board. Where a deficit is created in any budget item funded by the Waste Disposal Authority in accordance with the formulae set out in **paragraph 2** of this **Schedule** such a deficit cannot be funded by reserves residing in the Earmarked Reserve Accounts of the Waste Collection Authorities without the prior agreement of all of the Waste Collection Authorities. Where a deficit is created in any budget item funded Waste Collection Authorities in accordance with the formulae set out in **paragraph 2** of this **Schedule** such a deficit cannot be funded by reserves residing in the Earmarked Reserve Accounts of the Waste Disposal Authority without the prior agreement of the Waste Disposal Authority.

- 1.5A Subject to paragraph 1.2A, where the Board receives income from the onward sale of recyclate under the Waste Collection Contract 20% of such income will be retained by the Administering Authority as a reserve ("**Recycling Equalisation Reserve**") to be used as required to balance out fluctuations in recyclate revenue. The adequacy of the funds in the Recycling Equalisation Reserve will be reviewed annually as part of the budget setting process.
- 1.6 In each Financial Year the Board shall set the Annual Budget in accordance with the provisions of this Agreement and the Constitution. The Annual Budget shall be a forecast of the costs and income of the Board for the forthcoming Financial Year, reflecting the actual costs and income of the previous Financial Year but also taking account of the price review mechanisms in the Principal Contracts and forecast changes in the costs of the Single Client Group and the Administering Authority. The Board shall follow normal local government conventions in setting the Annual Budget and shall ensure that the Annual Budget setting process is transparent and open to scrutiny by all of the Partner Authorities.
- 1.7 The Annual Budget setting process shall take account of savings targets set by the Board in consultation with the Partner Authorities. In each Financial Year the Board shall be required to assess budgets and performance to drive out inefficiencies. The section 151 officers from each Partner Authority shall meet with the Strategic Management Group annually to consider any proposals for savings targets and to share relevant financial information.
- 1.8 Amendments to the cost sharing formulae shall be made in accordance with the provisions of **clause 20** of this Agreement. There may be circumstances in which the Board may agree to dampen the immediate financial effect of such amendments in order to ensure ongoing affordability of waste management services to all Partner Authorities.
- 1.9 The County Council shall own the proceeds of the sale of any landfill allowances. Any costs associated with purchasing any landfill allowances, or fines levied by central government in relation to any landfill allowance schemes shall be the direct responsibility of the County Council. The County Council shall work in close consultation with and update, support and advise the Single Client Group and Board with regard to the waste strategy implications of its trading activities and plans.
- 1.10 Subject to paragraph 1.2A above net surpluses generated (after taking into account treasury management costs and any changes in financial rates and capital financing costs) by the Administering Authority as a result of its management of positive cash flows on behalf of the other Partner Authorities, such as making payments to the collection contractor in advance of the due dates in exchange for price discounts, are to be included within the Annual Budget. Whilst the County Council remains the Administering Authority these allocations shall be made in accordance with the Waste Collection Authorities Un-Weighted formula as set out in **paragraph 3** of this **Schedule** in accordance with the Somerset Waste Board decision on the Advanced Payment Mechanism January 2008.
- 1.11 The cost sharing formulae shall apply to the Board in respect of its budget for the 2007/08 –

part Financial Year and all future Financial Years unless amended in accordance with this Agreement.

2. CLIENT COSTS FORMULA

2.1 The initial division of costs is between the Waste Disposal Authority and the Waste Collection Authorities with the Waste Disposal Authority responsible for 45.76 per cent of costs and the Waste Collection Authorities 54.24 per cent.

2.2 Following this initial division, the actual share payable by each Waste Collection Authority shall be as follows, as agreed by the Somerset Waste Board in September 2018:

Mendip District Council	10.95%
Sedgemoor District Council	11.63%
South Somerset District Council	16.33%
Somerset West and Taunton Deane	15.33%

3. WASTE COLLECTION AUTHORITIES UN-WEIGHTED FORMULA

The division of costs is between the Waste Collection Authorities, with each responsible for costs in equal proportion to the percentage of Residential Properties in the County located within their area.

The formula is:

Waste Collection Authority share = Cost x (NR ÷ TRC)

Where:

NR – number of Residential Properties in the relevant Waste Collection Authority Area; and

TRC – total number of Residential Properties in the County.

4. WASTE COLLECTION AUTHORITIES WEIGHTED FORMULA

The division of costs is between the Waste Collection Authorities (including all LGPS pensions costs incurred by the Collection Contractor and reimbursed to the Collection Contractor by the Administering Authority under the Recycle More Collection Contract), with each responsible for costs in equal proportion to the percentage of Residential Properties in the County located within their area adjusted using the Sparsity Weighting Factor.

The formula is:

Waste Collection Authority share = Cost x (NR x Sparsity Weighting Factor) ÷ CNR

Where:

NR – number of Residential Properties in the relevant Waste Collection Authority Area; and CNR – the sum of NR x Sparsity Weighting Factor for each Waste Collection Authority.

5. **WASTE COLLECTION AUTHORITIES SERVICE LEVEL BASED WEIGHTED FORMULA (NO LONGER USED – FINANCIAL PRINCIPLES FOR RECYCLE MORE ROLL-OUT WERE AGREED BY THE SOMERSET WASTE BOARD IN DECEMBER 2015).**

6. **WASTE COLLECTION AUTHORITIES SERVICE LEVEL BASED UN-WEIGHTED FORMULA (NO LONGER USED – FINANCIAL PRINCIPLES FOR RECYCLE MORE ROLL-OUT WERE AGREED BY THE SOMERSET WASTE BOARD IN DECEMBER 2015).**

7. **STRATEGIC BRING SITES FORMULA (NO LONGER USED – THE BRING BANKS SERVICE WAS REMOVED FROM THE SOMERSET WASTE PARTNERSHIP BUDGET AS AGREED BY THE SOMERSET WASTE BOARD IN OCTOBER 2008)**

8. **NEIGHBOURHOOD BRING SITES FORMULA (NO LONGER USED – THE BRING BANKS**

SERVICE WAS REMOVED FROM THE SOMERSET WASTE PARTNERSHIP BUDGET AS AGREED BY THE SOMERSET WASTE BOARD IN OCTOBER 2008)

9. **COMMUNAL REFUSE FORMULA**

The cost will be shared between the Waste Collection Authorities, with each responsible for costs in equal proportion to the percentage of Communal Refuse Collection Capacity in the County located within their area.

The formula is:

$$\text{Waste Collection Authority share} = \text{Cost} \times (\text{CA} \div \text{CC})$$

Where:

CA – Communal Refuse Collection Capacity in the relevant Waste Collection Authority Area; and CC – Communal Refuse Collection Capacity in the County.

10. **COMMUNAL RECYCLING FORMULA**

The cost will be shared between the Waste Collection Authorities, with each responsible for costs in equal proportion to the percentage of Communal Recycling Sites in the County located within their relevant area.

The formula is:

$$\text{Waste Collection Authority share} = \text{Cost} \times (\text{CRA} \div \text{CRC})$$

Where:

CRA – number of Communal Recycling Sites in the relevant Waste Collection Authority Area; and CRC – number of Communal Recycling Sites in the County.

11. **PAYMENT IN LIEU OF RECYCLING CREDITS FORMULA**

The Waste Disposal Authority shall be responsible for making payments to the Waste Collection Authorities in lieu of recycling credits.

The formulae are:

$$\text{Waste Disposal Authority contribution} = \text{WC} \times \text{CADC}$$

Where:

WC - tonnes of dry recyclable waste collected and recycled as a result of Waste Collection Authority functions in the County (excluding any third party generated tonnage); and

CADC - current rate of Payment in Lieu of Recycling Credits

$$\text{Individual Waste Collection Authority income} = \text{DRWA} \times \text{CADC}$$

Where:

DRWA – tonnes of dry recyclable waste collected and recycled as a result of Waste Collection Authority functions (excluding any third party generated tonnage) allocated according to the previous 3 full years' individual Waste Collection Authority performances as agreed by the Somerset Waste Board in December 2016; and

CADC – current rate of Payment in Lieu of Recycling Credits

12. **SWAP TEAM FORMULA (NO LONGER PART OF THE SOMERSET WASTE PARTNERSHIP BUDGET).**

13. **CUSTOMER SERVICES (NOT CURRENTLY IN USE. THIS FORMULA WAS TO BE DEVELOPED SHOULD SIGNIFICANT CHANGES TAKE PLACE WITH REGARDS TO CUSTOMER SERVICE CENTRES STILL MAINTAINED BY THE WASTE COLLECTION PARTNERS IN PARTICULAR. THE CURRENT STAFF WITHIN THE SOMERSET WASTE PARTNERSHIP BUDGET ARE SHARED IN ACCORDANCE WITH THE CLIENT COSTS FORMULA).**

The division of costs is between the Waste Disposal Authority and the Waste Collection Authorities. The mechanism to divide costs shall be agreed subsequently by the Partner Authorities based on a recommendation prepared by the Single Client Group and agreed by the Board.

14. **ACTUAL USAGE BASIS**

The division of costs or income between the Waste Collection Authorities based on actual usage of the service in question by residents in each Waste Collection Authority Area.

15. **DIRECTLY ASSOCIATED COSTS BASIS**

The allocation of a cost to a particular Partner Authority because that cost arises as a direct result of a policy or other factor unique to that Partner Authority. Specifically, all costs associated with the functions of the Waste Disposal Authority shall be allocated on this basis to the Waste Disposal Authority.

16. **OTHER ONE-OFF COLLECTION COSTS BASIS**

The Somerset Waste Board has been required to approve a cost sharing formula to one-off collection costs in relation to additional "catch up" costs for the Royal Wedding (Board decision February 2011) and the Diamond Jubilee Bank Holiday (Board decision February 2012). In both cases, it has been agreed that these costs should be shared by the Waste Collection Authorities based on the formula for Unweighted Properties be used (i.e. each collection authority pays a proportion based solely on the number of properties within its boundaries).

17. **REMOVED BUDGET LINES**

Over time the Somerset Waste Board budget has removed lines from the Annual Budget as these became redundant (such as time limited grants and contributions).

It has also made decisions to remove Income Collection lines (such as Garden Waste) and Bring Bank service costs at its October 2008 meeting as it was decided that these could best be managed locally.

18. **AVOIDED TRANSFER STATION COSTS AT WILTON BASIS**

In lieu of providing a transfer station for waste at Williton, the Waste Disposal Authority agreed to make an annual compensation pay payment to the Waste Collection Authorities for the additional collection costs that they would have to meet as a result of the facility not be available. This is £321,050 per annum in the 2018/2019 budget and rises at 3% per annum. The Somerset Waste Board agreed in January 2008 that this should be shared by the Waste Collection Authorities based on the formula for Unweighted Properties be used (i.e. each collection authority pays a proportion based solely on the number of properties within its boundaries).

19. **LEASE REPAYMENTS – SORT IT PLUS VEHICLES BASIS**

A number of vehicles were leased as part of the Sort It Plus roll-out. It was agreed that the costs of meeting these capital payments was to be shared between the Waste Collection Authorities in the best approximation of the Actual Usage Basis for these vehicles. This equates to:-

Mendip District Council	22.322%
Sedgemoor District Council	18.214%
South Somerset District Council	33.213%
Somerset Waste and Taunton	26.251%

20. **FUNDING OF CAPITAL EXPENDITURE FOR RECYCLE MORE**

Each district will enter into a loan agreement with the Administering Authority which will provide the Administering authority with the necessary capital funds to fund the purchase of vehicles and the carrying out of depot works as specified in the Recycle More contract. Such loans shall be made at the prevailing PWLB EIP rate with certainty discount plus 1% and shall be repaid on an annuity basis over either 10 or 20 years depending on the nature of the investment.

21. **COST SHARING FORMULAE APPLYING TO THE BOARD BUDGET 2018/19 onwards**

Annual Somerset Waste Board Budget 2018/19	
Expenditure	
Single Client Group	
Salaries & on-costs	Client Costs Formula
Salaries pension deficit	Client Costs Formula
MDC customer services impact	Directly Associated Costs Basis (allocated to Mendip)
Travel & Subsistence	Client Costs Formula
Admin, training, meetings & IT	Client Costs Formula
Advertising & campaigns	Client Costs Formula
Office rent & accommodation	Client Costs Formula
Support Services	
Legal	Client Costs Formula
Insurance	Client Costs Formula
Finance	Client Costs Formula
Internal Audit	Client Costs Formula
Human Resources	Client Costs Formula
ICT	Client Costs Formula
Democratic Services	Client Costs Formula (SCC does not charge itself)
Direct Services	
Waste Treatment and Disposal	
Treatment – Energy from Waste	Directly Associated Costs Basis (allocated to County Council)
Treatment – Food	Directly Associated Costs Basis (allocated to County Council)
Treatment – Composting	Directly Associated Costs Basis (allocated to County Council)
Disposal – Landfill	Directly Associated Costs Basis (allocated to County Council)
Disposal – HWRC Bulky	Directly Associated Costs Basis (allocated to County Council)
Kerbside Recycling	
Sort it+ Recycle More all districts	Waste Collection Authorities Weighted Formula

Status of Partnership The Inter-Authority Agreement 2007 October 11 Somerset Waste

Communal Recycling	Communal Recycling Formula
Garden	Actual Usage Basis
Garden sticker admin	Actual Usage Basis (excludes South Somerset)
Household Refuse	
Sort It + and Recycle More	Waste Collection Authorities Weighted Formula
Refuse - Communal	Communal Refuse Formula
Assisted Collections	Waste Collection Authorities Weighted Formula
Assisted Collection Review	Waste Collection Authorities Weighted Formula
Clinical Waste	Waste Collection Authorities Un-Weighted Formula
Bulky Waste Collections	Actual Usage Basis
SWB Directed Collections	Waste Collection Authorities Un-Weighted Formula
Day Works	Waste Collection Authorities Un-Weighted Formula
Container Maintenance	Waste Collection Authorities Un-Weighted Formula
Container Delivery	Actual Usage Basis (Board September 2010)
Container Supply	Actual Usage Basis
Depot Costs	Waste Collection Authorities Un-Weighted Formula
Admitted Body Pension Costs	
LGPS-related costs incurred under the Waste Collection Contract	Waste Collection Authorities Un-Weighted Formula
Subsidised Services	
Additional Subsidised Services	Directly Associated Costs Basis (allocated to the relevant Partner Authority)
Inter Authority Transfers	
Transfer Station Avoided Cost	Directly Associated Costs Basis (allocated to County Council)
Payment in lieu of Recycling Credits	Directly Associated Costs Basis (allocated to County Council)
Third party Recycling Credits	Directly Associated Costs Basis (allocated to County Council)
Advance Payment Saving	Waste Collection Authorities Un-Weighted Formula
Lease Repayments - Sort It Plus Vehicles	Lease Repayments - Sort It Plus Vehicles Basis
Lease old Refuse Fleet - Discount	Financial Principles for Recycle More Basis
Income	
Recyclate revenue (subject to retention of 20% for reserve) (paid quarterly in arrears to Partner Authorities by the Administering Authority)	WCA Weighted Formula
Garden and Bulky Waste income	Directly Associated Costs Basis (allocated to the relevant Partner Authority)
Avoided Wiliton Transfer	Waste Collection Authorities Un-Weighted Formula
District Recycling Credits	Payment in Lieu of Recycling Credits Formula

SCHEDULE 6

Exit arrangements

1. DEFINITION

Definitions used in this **Schedule 6** shall be the same as those set out in the Agreement, with the following additional definitions:

"District Authorities"

means all of the Partner Authorities excluding the County Council;

"Dissolution Agreement"

means the agreement entered into by the Partnering Authorities in accordance with **clause 15.2** and this **Schedule 6**.

2. INTRODUCTION

In the event of agreement that the Board should be dissolved or in the event of the termination of this Agreement in accordance with **clause 31** the Partner Authorities shall (acting reasonably) negotiate and seek to agree and execute a legally binding agreement dealing with the novation or termination of the Principal Contracts (excluding the Disposal Contracts) and the allocation amongst the Partner Authorities of the property, assets, rights, staff and liabilities held or employed by the Administering Authority on behalf of the Board. Such agreement shall include, as a minimum, provisions to deal with the matters listed in this **Schedule 6**.

3. TRANSFER OF ASSETS

- 3.1 The Administering Authority shall prepare and maintain a list of the assets owned by it on behalf of the Board and include the list in the Dissolution Agreement.
- 3.2 The Partner Authorities shall meet and (acting reasonably) apportion the ownership of the assets equally amongst the Partner Authorities and the Administering Authority shall transfer the assets to the relevant Partner Authorities.
- 3.3 Where assets cannot equally be apportioned to the Partner Authorities, one Partner Authority shall agree to accept the assets and provide compensation to the remaining Partner Authorities on a mutually agreed basis.
- 3.4 Any assets used in connection with the Board that were owned by the Administering Authority prior to the commencement of this Agreement shall, unless the Partner Authorities agree otherwise remain the property of the Administering Authority.

4. NOVIATION OF THE COLLECTION CONTRACT AND ANY THIRD PARTY CONTRACTS

- 4.1 The Collection Contract shall need to be either novated to one or all of the District Authorities, or else will need to be determined in accordance with the provisions of the Collection Contract.
- 4.2 The Administering Authority shall be required to take all reasonable steps to novate the Collection Contract in accordance with the agreement reached by the District Authorities.
- 4.3 In the event that the District Authorities agree to continue the Collection Contract it may be necessary to continue other third party contracts held by the Administering Authority, in which case these will also need to be assigned or novated to the nominated District Authority or to all of the District Authorities.
- 4.4 Where a third party consent is required to any assignment or novation the Administering Authority shall use all reasonable endeavours to procure such assignment or novation to

the relevant District Authority(ies) and do all other things reasonably necessary to obtain such third party consents.

4.5 Where a third party consents to the assignment or novation of a third party contract, the Partner Authorities shall each pay an equal share of any fees charged by the third party in association with such assignment or novation.

4.6 The Dissolution Agreement shall deal with any residual liabilities or ongoing responsibilities of the Partner Authorities in respect of the Collection Contract.

5. TRANSFER OF THE SINGLE CLIENT GROUP

5.1 In the event that it is agreed by the Partner Authorities that one of the Partner Authorities will host the Single Client Group following dissolution of the Board the Dissolution Agreement shall deal with the process for the transfer of the staff and assets of the Single Client Group to the nominated Partner Authority. In respect of such transfer the Partner Authorities shall have regard to the principles set out in **Schedule 3** (Change of Administering Authority) in respect of the transfer of the staff and assets of the Single Client Group.

5.2 If the Partner Authorities fail to agree a nominated Partner Authority to host the Single Client Group or if no Partner Authority is willing to host the Single Client Group then the Dissolution Agreement shall deal with the process for the transfer of the staff and assets of the Single Client Group to all of the Partner Authorities.

SCHEDULE 7

Collection Contract

1. ADMINISTRATION OF THE COLLECTION CONTRACT

Unless otherwise defined in this Agreement, terms used in this **Schedule** shall be as defined in the Collection Contract.

2. PARTNER NOTICE OF CHANGE

2.1 Each Partner Authority (except the County Council) may order a change to the Services (including the provision of new services) by serving a notice of change (a "**Partner Notice of Change**") on the Administering Authority, the Board and all other Partner Authorities setting out the required change in the Services in sufficient detail to enable the Collection Contractor to provide an Estimate.

2.2 A Partner Authority shall not issue a Partner Notice of Change which:

2.2.1 requires the Services to be performed in a way that infringes legislation;

2.2.2 would cause any Planning Permission or Necessary Consent to be breached and/or revoked;

2.2.3 would materially and adversely affect the health and safety of any person; and/or

2.2.4 would substantially alter the scope of the Services.

2.3 Within 20 Business Days of receipt of the Partner Notice of Change, the Administering Authority shall invite a meeting of the Board to consider the implications of the Partner Notice of Change and to recommend any changes to the Partner Notice of Change.

2.4 On receipt of any comments from the Board and/or the Partner Authorities the Partner Authority issuing the Partner Notice of Change shall consider at its absolute discretion whether any amendment to the Partner Notice of Change is required.

- 2.5 The Administering Authority shall serve a Notice of Change setting out the change in Services requested by the Partner Authority in the Partner Notice of Change on the Collection Contractor in accordance with clause 43.2 of the Collection Contract.
- 2.6 The Administering Authority shall within 10 Business Days of receipt of the Estimate given by the Collection Contractor pursuant to clause 43.4 of the Collection Contract, forward such Estimate to the Board and to the Partner Authority that requested the change.
- 2.7 Within 25 Business Days of receipt of the Estimate the Partner Authority which requested the change may in consultation with the Board require the Administering Authority to:
- 2.7.1 confirm in writing the Estimate;
- 2.7.2 suggest reasonable amendments to the Estimate; or
- 2.7.3 request the withdrawal of the Notice of Change.
- 2.8 If a Partner Authority does not confirm its decision in writing to the Administering Authority in relation to the Estimate within 20 Business Days of the provision of the Estimate, its approval shall be deemed not to have been given and the Notice of Change will be withdrawn in accordance with clause 43.6 of the Collection Contract.
- 2.9 If the Partner Authority confirms in writing to the Board and the Administering Authority the Estimate, the Administering Authority shall confirm such change to the Collection Contractor and the change in the Services shall be effected as an agreed variation to the Collection Contract.
- 2.10 The Partner Authority requesting the change in the Services shall meet all additional costs of the Estimate through an adjustment to its contribution to the Annual Budget and in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).
- 2.11 Where any such change in the Services results in any consequential additional costs or liabilities for the Administering Authority and/or other Partner Authorities the Partner Authority requesting the change in the Services shall meet all such additional costs or liabilities of the other Partner Authorities through an adjustment to its contribution to the Annual Budget and in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).
- 2.12 Where any change in the Services results in a reduction in the Services Payment the Partner Authority requesting the change in the Services shall receive a reduction in its contributions to the Annual Budget in accordance with the principles set out in **Schedule 5** (Budget and Cost Sharing Agreement), provided always that such change has not increased the costs or liabilities of the other Partner Authorities in which case these costs or liabilities shall be taken into account in calculating the reduction in the Partner Authority's contributions.
- 2.13 Where the Collection Contractor requests that the Administering Authority issues a Notice of Change pursuant to clause 43.8 of the Collection Contract, the Administering Authority shall request that the Board decides whether or not to issue such a Notice of Change. A Notice of Change may only be issued if agreed by the Board.

3. WITHDRAWAL FROM THE COLLECTION CONTRACT

- 3.1 Any of the Partner Authorities (other than the County Council) may on giving 12 months' written notice to the Clerk of the Board withdraw from the joint collection and recycling arrangements.
- 3.2 In the event of a Partner Authority serving notice under **paragraph 3.1** of this **Schedule** the Administering Authority shall obtain from the Collection Contractor an Estimate of the costs of removing the relevant Partner Authority from the Collection Contract for the remainder of the original contract term or the period of such extension as may have been agreed at the point of service of the notice under **paragraph 3.1** of this **Schedule**.

- 3.3 If the relevant Partner Authority confirms in writing to the Administering Authority its acceptance of the Estimate, the Administering Authority shall confirm such change to the Collection Contractor and the removal of the Partner Authority shall be effected as an agreed variation to the Collection Contract.
- 3.4 The relevant Partner Authority shall meet all additional costs of the Estimate including the reasonable costs incurred by the Administering Authority through an adjustment to its contribution to the Annual Budget and in accordance with the principles set out in **Schedule 5** (Budget and cost sharing agreement).
- 3.5 Where the removal of a Partner Authority results in any consequential additional costs or liabilities for the other Partner Authorities the relevant Partner Authority shall meet all additional costs or liabilities of the other Partner Authorities through a lump sum payment to the other Partner Authorities or in such other manner as the other Partner Authorities in consultation with the Board may each at their absolute discretion agree.
- 3.6 The Partner Authorities agree that where a Partner Authority withdraws from the Collection Contract in accordance with this **Schedule** the Partner Authorities agree that the principles outlined in **Schedule 3** and those contained in the Workforce Code where applicable should apply to the transfer of staff, assets and equipment from the Collection Contractor to the relevant Partner Authority or a contractor of the relevant Partner Authority.

4. EXTENSION OF THE COLLECTION CONTRACT

- 4.1 No later than 12 months prior to the expiry of the Collection Contract the Board shall meet and consider whether or not to extend the term of the Collection Contract (in accordance with clause 2.2 of the Collection Contract). Where the Board proposes to extend the term of the Collection Contract the Managing Director shall, as soon as reasonably practicable, notify the Chief Executive of each of the Partner Authorities of its decision.
- 4.2 Each Partner Authority shall have a period of 30 Business Days from receipt of the notice from the Managing Director (in accordance with **paragraph 4.1** above) in which to consider it. Where a Partner Authority (other than the County Council), acting reasonably, does not wish the Collection Contract to be extended, it shall notify the Managing Director of its decision forthwith (and in any event within five Business Days of expiry of the 30 Business Day notice period). For the avoidance of doubt, where a Partner Authority does not wish the Collection Contract to be extended it shall not be treated as withdrawing from the Collection Contract for the purposes of paragraph 3 of this **Schedule 7**.
- 4.3 Provided that at least two Partner Authorities (other than the County Council) serve notice on the Managing Director ratifying the Board's proposal to extend the Collection Contract, the Board shall procure that the Administering Authority takes all reasonable steps necessary to extend the Collection Contract (in accordance with the terms of that contract) and, where necessary, to vary the Collection Contract to reflect the reduced number of Partner Authorities who are subject to it.
- 4.4 Where only one Partner Authority serves notice on the Managing Director ratifying the Board's proposal to extend the Collection Contract, the Board shall not extend the Collection Contract and it shall come to an end in accordance with the terms of that contract.

5. DISPUTES

- 5.1 If a dispute arises in relation to any aspect of the Collection Contract, which cannot be resolved between the Contract Manager and the Contractor's Representative in accordance with clause 36.1.1 of the Collection Contract, the Administering Authority shall promptly notify the Board of the dispute.
- 5.2 In the event that any dispute is referred to mediation or arbitration in accordance with clauses 36.2 and 36.3 of the Collection Contract the Administering Authority shall promptly notify the

Board and shall keep the Board regularly informed of the progress of the dispute referred to mediation or arbitration.

Report Number: SWT 14/20

Somerset West and Taunton Council

Executive – 22 January 2020

Taunton Strategic Flood Alleviation Improvements Scheme (TSFAIS)

This matter is the responsibility of Executive Councillor for Climate Change (Cllr Peter Pilkington)

Report Author: Ann Rhodes (Strategy Specialist)

1 Executive Summary

- 1.1 Somerset West & Taunton (SWT) Council and the Environment Agency (EA) have been working in partnership over a number of years to identify strategic flood risk solutions for Taunton
- 1.2 Currently 1031 properties (residential, commercial and infrastructure) are at risk from river flooding along with the A38, A3027 Bridge St, A3027 Staplegrove Rd and the A3038 Station Rd. With no change in the current standard of flood protection the number of properties and infrastructure affected by flooding will get worse as flood risk will increase with climate change. 2548 current properties will be affected with the flood waters covering a larger area and greater depth in the areas of North Town, Firepool, Tangier, Bathpool, Wilton and the High Street.
- 1.3 An assessment of the existing flood defences highlights that these are insufficient to protect Taunton if a 1 in a 100 flood event occurred today. It is estimated that a single major flood in Taunton could cost the local economy approximately £50million.
- 1.4 The Taunton Strategic Flood Alleviation Improvements Scheme (TSFAIS) Project Delivery Plan (PDP) sets the framework of measures to be implemented in phases over the next 30+ years which will reduce the current flood risk, and appropriately mitigate against the future impacts of climate change over the next 100 year period. The full PDP report sets out the conceptual design, budget cost estimates as well as the risks and benefits for each solution.
- 1.5 Appended to this report is a non tech summary. This explains the key recommendations of the PDP and how both SWT and the EA intend to practically develop the flood risk reduction options for Taunton that could be delivered over the next 10 to 30 years periods (from 2019/20) to manage the predicted impact on river flooding from climate change up to 2118.
- 1.6 SWT and the EA wish to continue to work in partnership to deliver the short term measures at Longrun Meadow and the town centre defence improvements on the left bank of the River Tone (Frieze Hill Bridge). This will involve detailing the

schemes to an appropriate design standard to secure the necessary consents to enable a contract to be let for their delivery. These solutions permanently improve the level of flood protection in and around North Town and Firepool. They would, when implemented, negate the requirement for temporary demountable flood defence barriers, and the operational challenges faced with erecting these in times of flood, required for the Firepool development.

- 1.7 £6m capital funding has been identified to deliver the two short term measures above. A funding strategy will need to be developed for the remaining preferred approach. As there are a number of schemes with wider benefits, such as increased bio-diversity and public amenity, these may attract sources of funding wider than flood defence.
- 1.8 There is the opportunity to progress detailed design of a third scheme, raising the Firepool lock gate and earth bund between the river and canal. Subject to capital funding being identified, works could be undertaken whilst construction is taking place on the Firepool site. The works would be more difficult to implement after the Firepool development is built and it would cause disruption and potential blight for occupants of the Firepool development.

2 Recommendations

2.1 The recommendations are:

1. Accept the findings of the project development plan report and endorse the recommended strategic and long term approach to the management of flood risk in Taunton, listed in section 6 of the non-technical summary.
2. In partnership with EA to progress the identified short term priorities of: Longrun Meadow, the town centre defence improvements on the left bank of the River Tone (Frieze Hill to Town Bridge) and Firepool Lock to an appropriate design standard to secure the necessary consents and implementation.
3. Seek the approval of Full Council for the allocation of £6m capital funding from already earmarked Community Infrastructure Levy, New Homes Bonus and s106 contributions, to be apportioned in consultation with the S151 Officer, to progress the identified short term priorities of Longrun Meadow and improvements to the left bank of the River Tone (Frieze Hill to Town Bridge).
5. Use the project development plan as a basis for future investment planning. Develop a funding strategy to support implementation of the entire preferred approach, noting that a number of schemes have wider benefits such as increased bio-diversity and public amenity that may attract sources of funding other than flood defence related. Working with partners and stakeholders including the Environment Agency to secure appropriate national 'Flood Defence Grant in Aid' ((FDGiA) and Local Levy; Somerset River Authority grant; as well as partnership opportunities with Somerset County Council, Wessex Water; Natural England; Canal and Rivers Trust and others towards these schemes.
6. Note that consultation and engagement will take place with residents, stakeholders and partners on the individual schemes in the preferred approach as they progress to detailed design and necessary consents for implementation.

7. Support the appointment of dedicated project management capacity, to be funded from the capital allocation referred to above for an initial period of two years, to secure the necessary expertise and approvals to progress the shorter term priorities identified in recommendation 3, and to identify funding and wider opportunities as they arise.

3 Risk Assessment (if appropriate)

3.1 Draft Corporate risk register June 2019:

- 3.2 *CRx - Climate Change: Climate change is arguably the biggest risk to civilisation, and therefore should be considered as an inherent risk to the Council. Failing to mitigate or adapt to the climate change that is already in motion will result in more extreme weather events (storms, winter driving rain, drought, heatwaves), and rising sea levels which collectively pose a direct risk to the communities we serve, but also an indirect risk as a result of more extreme impacts felt elsewhere globally including food security and displacement of vulnerable populations. Risks also surround specific actions we take to mitigate and adapt to climate change. While we cannot control many of the things that need to happen to reduce the impact of climate change on the community, if we do not concentrate on what we can do there is a risk that a sense of futility will impede any action.*

Risk: Likelihood – 5, Impact – 5, Risk Rating – 25

Actions we're taking: We will complete the strategies, and associated action plans and projects, as soon as possible. This will require dedicated staffing resource and funding, and we will bring associated cases to the Council. Some actions/projects will require direct delivery by the Council (e.g. including on corporate emissions, planning and funding/investment decisions), some will require the Council to play an enabling/facilitating role (including policy setting, aggregating and collaborating with others), and some will require us to simply support others in delivering actions. A key role will also be lobbying Government.

Understanding climate change impacts and compliance with achieving the carbon neutrality target will be embedded into all decision making processes.

If we deliver on actions identified by the strategies then we will reduce both the likelihood and impacts of the risk a little, but without action being taken by Government or by others around the world, the risks cannot reduce significantly.

Mitigated Level of Risk: Likelihood – 5, Impact – 4, Risk Rating – 20

The TSFAIS is embedded within the Carbon Neutrality and Climate Resilience Plan for SWT.

3.3 *CRx - Major capital programme and project delivery*

There is a risk that changing organisational priorities, financial restrictions or increased costs, lack of risk appetite, and lack of resource may impact on delivery of key capital projects and programmes. Reduced staffing levels may mean that we are unable to carry out the current capital project portfolio to the expected timelines, or that we may need to pause or cease working on some projects to adapt to new priorities. Significant

additional costs may impact on our ability to deliver some capital projects.

Risk: Likelihood – 3, Impact – 4, Risk Rating – 12

SWT has developed an organisational PMO including a pipeline process.

SLT and the Executive will review the costed capital programme portfolio over the next five years and consider whether any priorities have changed and how we can schedule in new strategic projects within existing resource.

We will adopt new governance procedures for project approval that requires resource outside of existing staff and budgets within a Function, and convene programme and portfolio boards to ensure appropriate prioritisation of project work in line with strategic priorities

Mitigated Level of Risk: Likelihood – 2, Impact – 3, Risk Rating – 6.

The TSFAIS is listed on the PMO pipeline. Initial sources of funding have been identified to deliver important flood alleviation works at Longrun Meadow and new defence walls on the left bank for the Tone between Frieze Hill and Town Bridge. It is requested members support the development of a funding strategy to support implementation of the entire preferred approach, noting that a number of schemes have wider benefits such as increased bio-diversity and public amenity that may attract sources of funding other than flood defence related.

4 Background and Full details of the Report

4.1 Taunton has a history of river flooding with notable flood events being recorded in the 1960's, 2000 and smaller events in 2007 and 2012. Taunton Strategic Flood Alleviation works were undertaken in the 1970's, and improved in the 1990's, and Longrun Meadow Flood Storage was completed in 2009.

4.2 The main source of flood risk in Taunton is from river flooding from the River Tone and its tributaries. One of the key reasons why flooding is a challenge to manage in Taunton is because there are multiple watercourses (Halse Water, Hillfarrance Brook, Norton Brook, Back Stream) joining the River Tone upstream, and within the town centre (Mill Lease Stream, Galmington Stream, Sherford Stream). When the River Tone is high, or bank full, this results in these smaller tributary watercourses being unable to discharge under gravity i.e. they become 'locked', causing a backup of water upstream, resulting in flooding along those tributaries near the Town centre. Flooding in nearby Bathpool is also complicated by multiple watercourses (Kingston Stream, Maiden Brook, Allen's Brook, Dyers Brook) joining the River Tone near the A38 Bridgwater Road. When the River Tone is high in this location this causes the Old River Tone outfall flap gates to close, limiting the release of flood waters from the Bathpool area. Without the flap gates, flood water from the main River Tone channel would travel back up the Old River Tone and would cause more frequent and serious flooding in Bathpool. There is also a second flood mechanism for Bathpool caused by excess flood water passing down the Bridgwater & Taunton canal from the River Tone overflowing into the canal at Firepool Lock. The canal does not have sufficient capacity for this extra flood flow therefore overtopping occurs along the right bank into the Maiden Brook and ultimately the Allen's Brook in Bathpool, where it causes flooding. There is also a formal side spill weir from the canal at Bathpool into the Dyer's/Allen's

Brook. From EA records this last major flood occurrence was in November 2012, but significant flooding did also similarly occur in 2000 to a lesser degree.

- 4.3 River flooding in Taunton is managed by multiple Risk Management Authorities (RMA's, including EA, SCC and SWT). It is predominantly led by the EA, as the River Tone is classified as a 'Main River', using permissive legal powers to undertake scheduled condition inspections of the flood defences in the town centre, weekly checks on key assets and removal of any large debris and annual in-channel vegetation clearances.
- 4.4 Existing flood defences are insufficient to protect Taunton if a 1 in a 100 flood event occurred today. A "patch and mend" approach to existing flood defences does not provide a sufficient level of protection. There are approximately 1031 properties (residential, commercial and infrastructure) at risk and it is estimated that a single major flood event of this level in Taunton could cost the local economy approximately £50million. Essential infrastructure is also effected: A38, A3027 Bridge St, A3027 Staplegrove Rd and the A3038 Station Rd which provide access to essential services such as Avon & Somerset Police Station, SWT Council Offices, Train Station, Petrol Stations and food stores. When considering the impacts of climate change the total number of existing properties at risk increases to 2548 (1604 being residential properties). There are implications for utilities infrastructure: electricity substations, electricity generation, waste water infrastructure and management, water infrastructure, telecommunications exchanges and masts. The community infrastructure effected includes: nursing homes, care homes, health centres, dentists, nursery's, schools, community centres and halls, museums and galleries, emergency services, cemeteries, allotments, leisure facilities and open spaces.
- 4.5 SWT Council and the EA have been working in partnership over a number of years to identify strategic flood risk solutions for Taunton, including Bathpool, which can both reduce the current flood risk, and appropriately mitigate against the future impacts of climate change over the next 100 year period. The TSFAIS provides the framework to secure long term strategic protection for the town centre through the delivery of the flood options.
- 4.6 A significant number of scenarios have been tested using the EA's latest River Tone hydraulic model. The assessments identified:
- How a 1% AEP standard of protection could be achieved and maintained when considering climate change.
 - The ability or performance to reduce flood risk.
 - The costs to build and to maintain the option over its design life.
 - If the option could be phased (short, medium and long term) over a period of time to make it more affordable and easier to deliver.
 - Avoiding or minimising any increase in flood risk caused to other areas as a result of the new flood management interventions, including the Somerset Levels & Moors downstream.
- 4.7 The preferred approach are measures to be implemented in the next 30+ years as resources are secured to enable their delivery. This preferred approach is:

Works	Priority	Capital Cost £mill	Properties benefitting ¹	Other Benefits
Optimise Longrun Meadow (Fact Sheet LRM)	Short Term 0-10 years (funding identified)	3-5	687	Protection for Firepool regeneration site, Biodiversity Opportunity, Natural Flood Management.
Raised or new Defences River Tone (left bank) from Frieze Hill to Town Bridge (Fact Sheet TTC5)	Short Term 0-10 years (funding identified)	0.9-2	508	Protection for: Firepool regeneration site; key transport routes including A3027 (Bridge Street, Staplegrove Road) and A3038 (Station Road); and key infrastructure: Police Station, SWT Offices, BT Exchange, French Weir Surgery.
Raised or New Defences on the Tangier Tributaries (Fact Sheet TTC2)	Short Term 0-10 years	8-11	329	Reducing flood risk in and around Tangier including access to Castle Street and Third Way
Raised or new defences on the River Tone and its Tributaries (Fact Sheet TTC1)	Short, Medium and Long Term	ST 26-29 MT CC +6-9 LT CC +6-7	901 - Short Term 1,792 - Medium Term 2,426 - Long Term	Reduced flooding in North Town, Tangier, Firepool and Bathpool. Reduced risk of flooding on key transport routes: A38 at Manor Road, A3027 (Bridge Street, Staplegrove Road) and A3087 Station Road.
Raised Fire Pool Lock Gates, increased defences (left back) Obridge to Firepool (Fact Sheet TTC10)	Short Term 10-15 years but could come forward sooner, as site is developed	0.9-1	219	Reduce flood risk to Bathpool, Priorswood and Crown Industrial Estates and improve resilience to the Canal. Opportunity to bring forward and complete during construction of Firepool.
Pumping station at Bathpool (Fact Sheet BP2)	Short Term 10-15 years	6-10	53	Provides protection for A38. Removes need to install temporary pumps, making

¹ Properties removed from the floodplain and those with reduced depth of flooding; information from TSFAI property count data.

				response time quicker.
Preventing backflow from railway culverts (Fact Sheet BPO)	Short Term 10-15 years	0.3-0.5	0	Reduces flooding in Priorwood and Crown Industrial Estates, and some reduction in Bathpool. Potential for creation of new water based habitats upstream.
River Restoration and flood storage at Vivary Park (Fact Sheet VP)	Short Term 10-15 years	8-10	88	Opportunities for ecological and geomorphological improvements to the Sherford Stream and reduce siltation of ponds in Vivary Park, Biodiversity Opportunity, Natural Flood Management
Upstream storage at Bradford on Tone (Fact Sheet BoT)	Medium – Long Term 30+years	43-56	2137	Provides protection for town centre regeneration site
Raising Castle Street Bridge & Bus Station footbridge (Fact Sheet MS01)	As the opportunity arises	8-10	99	Reducing flooding around Tangier and the regenerations sites there.
Mill Stream flow diversion (Fact Sheet MS02)	As the opportunity arises	0.1	90	Reducing flooding in Tangier. Protects down stream bed and bank habitat. A tilting weir would protect fish, otter and other wildlife passage along the river.

4.8 To protect existing property in the town and to allow the town to develop safely a holistic and strategic flood risk reduction solution is required. The TSFAIS provides that framework. It also supports the regeneration of Taunton town centre, The Taunton Garden Town status, the Councils Climate Change and Resilience work.

4.9 The flood alleviation solutions required are varied, they include natural solutions such as the creation of wetland habitat and earth bunds as well as formal built structures such as defence walls and a pumping station.

4.10 The redevelopment of Firepool remains a priority for the Council and the site is

currently within the 1% AEP floodplain. Through the planning application process, site specific flood measures have been agreed in principal between the EA and the LPA to protect the site from flooding. These include land raising of the site ground levels and, subject to further detail, 300+ metres of temporary demountable defences alongside the left bank of the River Tone by French Weir park entrance near Clarence Street.

- 4.11 The optimisation of Longrun Meadow and the new flood defence walls on the left bank of the River Tone between Frieze Hill to the Town Bridge would replace the temporary demountable defences approach with a permanent solution, which would not only offset the operational challenges faced with erecting the temporary defence in times of flood, but offer a means to permanently improve the level of flood protection to the wider North Town community.
- 4.12 There is the opportunity to raise the Fire Pool Lock Gates and increase defences (left back) Obridge to Firepool during the construction works on the Firepool site. This would enable good access for the works to the lock gates and banks, and remove disruption and blight to new residents of Firepool if the works were to occur after occupation.
- 4.13 Going forward detailed design work, specialist technical advice as well as stakeholder and public engagement is required to secure the necessary consents and permissions (i.e. planning permission, EA permit, Natural England licence agreement) to implement the short term schemes. It is therefore proposed that a dedicated project management resource be funded to deliver this.
- 4.14 Whist funds have been identified to deliver two of the short term measures the overall TSFAIS has a significant costs. A number of schemes have wider benefits such as increased bio-diversity and public amenity that may attract sources of funding other than flood defence related. It is therefore proposed that the dedicated project management resource mentioned above will source additional funding from partners and interested parties; and collaborative opportunities where they exist.

5 Links to Corporate Strategy

- 5.1 The TSFAIS supports themes and objectives in the 2019 Corporate Strategy:
- Strategic Theme 1 – Our Environment and Economy: A low carbon, clean, green and prosperous district that attracts high quality employment opportunities and encourages healthy lifestyles.
 - Objective 2 – shape and protect out built and natural environment
 - Objective 7 – Facilitate the development of the commercial parts of the Firepool site
 - Strategic Theme 3 – Homes and Communities: A district which offers a choice of good quality homes for our residents, whatever their age ad income, in communities where support if available for those who need it.
 - Objective 1 – increase the number of affordable and social homes...
 - Facilitate the development of the residential blocks at Firepool, Taunton, in order to deliver new homes and public open space
 - Objective 7 – seek additional funding for new strategic infrastructure and regeneration projects from developers, investors, Government and other funders, which supports or enables existing and new communities within out district.

6 Finance / Resource Implications

- 6.1 The TSFAIS Phase 1 and 2 work has been funded by SWT (NHB), EA and received financial backing from the Somerset Rivers Authority (SRA) and a grant has also been earmarked from the Heart of the Southwest Local Economic Partnership (LEP).
- 6.2 The TSFAIS Project Development Plan provides budget cost estimates based on the conceptual designs for each scheme in the preferred approach, project costs and whole life cost. These have been sourced from the technical consultants, project cost tool and similar schemes elsewhere in the country. These figures help the Council with future planning of the TSFAIS preferred approach.
- 6.3 The preferred approach will need to be phased to make it affordable as it is unlikely to attract full or majority funding from central government Flood Defence Grant in Aid (FDGIA). Alternative funding sources have been identified by the SWT & EA Project Team.
- 6.4 In consultation with the S151 Officer the following funding has been identified to progress the two short term options of works at Longrun Meadow and raising the low spots on the left bank between Freeze Hill and Town Bridge.

S106	237,900	An earmarked reserve as "S106 ringfenced for flood prevention
NHB	2,762,100	Allocating from the £16m Growth Programme, and therefore committing against NHB income.
CIL	3,000,000	Allocating from the £15m CIL Programme agreed in principle, providing 50% of the funding and fully committing the CIL currently profiled for flood works
Total	6,000,000	

- 6.5 Throughout the progression of the TSFAIS the Council will be seeking to secure appropriate contribution towards these schemes from stakeholders and interested parties. As the many of the schemes have multiple benefits this may include: EA Flood Defence Grant in Aid (FDGiA), Wessex Flood Defence Levy, Somerset River Authority Grant, Housing Infrastructure Fund, Wessex Water, DEFRA Making Space for Water and Payments for Ecosystems.

7 Legal Implications (if any)

- 7.1 No direct legal implications as this stage.
- 7.2 The TSAFI PDP sets out the framework of preferred approaches for tackling flood risk in Taunton. Some of the approaches are on third party land or land subject to covenants. Early discussions have been taking place with Shape Legal on general matters pertinent to the progression of individual Phase 3 schemes; items such as ownership, riparian responsibilities, etc.
- 7.3 A new collaboration agreement for any phase 3 working between EA and SWT will be required

8 Climate and Sustainability Implications (if any)

- 8.1 The TSFAIS analysis identifies that with climate change the flood risk to Taunton will increase. If we do nothing to improve current standard of flood protection 2548 current properties will be at risk of flooding as well as transport routes A38, A3027, A3087 and A3038 (all Resilient Network routes into the Town Centre, to Taunton Train Station and key services including Royal Mail sorting office, SWT Deane House, Police Station, Post Office, BT Exchange, North Town Primary School, French Weir Health Centre, convenience shops and fuel stations). The preferred solutions reduce flood risk to these properties and essential infrastructure.
- 8.2 Some of the preferred approaches will increase biodiversity for example through the introduction of new wetland and ditch habitats. Some approaches will protect existing, or provide new, public open space which itself improves air quality and limits the impact of heatwaves by reducing urban temperatures through natural cooling. Urban vegetation stores carbon and helps to reduce flooding by run-off.
- 8.3 The TSFAIS is embedded within the Climate Change and Climate Resilience Strategy and Action Plan.

9 Safeguarding and/or Community Safety Implications (if any)

- 9.1 No Safeguarding and/or Community Safety Implications at this stage.

10 Equality and Diversity Implications (if any)

- 10.1 The TSFAIS will benefit all persons because the works safe guard essential services and facilities including: nursing homes, care homes, churches, health centres, dentists, nursery's, schools, community centres and halls, emergency services (Avon & Somerset Police Station, South West Ambulance Service), SWT Council Offices, petrol stations and food stores. The flood alleviation and mitigation works will also protect key routes such as A38, A3027 Bridge St, A3027 Staplegrove Rd and the A3038 Station Rd which provide access to the Train Station and Hospital. The TSFAIS will also protect essential utilities infrastructure: electricity substations, electricity generation, waste water infrastructure and management, water infrastructure, telecommunications exchanges and masts.
- 10.2 There will be particular benefits for the protected characteristics of age (children and elderly; with regard to access to education and health care facilities), disability (for those with illnesses requiring access to health care facilities and carers ability to get to peoples homes), pregnancy and maternity (access to health care facilities), religion and belief (access to places of worship), carers (access to patients and local services and facilities supporting them).

11 Social Value Implications (if any)

- 11.1 There will be opportunities for including social value (economic, social or environmental benefits for the local area) within the individual schemes and future contacts associated with them.

12 Partnership Implications (if any)

- 12.1 SWT and the EA have been working in partnership over a number of years to identify strategic flood risk solutions for Taunton including Bathpool, which can both reduce the current flood risk, and appropriately mitigate against the future impacts of climate

change over the next 100 year period. The TSFAIS provides the framework to secure long term strategic protection for the town centre through the delivery of the flood options. SWT and the EA will continue to work together to deliver the preferred options.

- 12.2 A number of the preferred options provide multiple benefits beyond alleviation and mitigation of flood risk, they have wider benefits such as increased bio-diversity and public amenity that may attract other sources of funding. Going forward SWT will be working with a range of partners and stakeholders including: Somerset County Council; Somerset River Authority; Wessex Water; Natural England; Somerset Wildlife Trust; Canal and Rivers Trust; Friends Groups; Flood Risk Groups and others towards to progress the preferred approach.
- 12.3 A new collaboration agreement for any phase 3 working between EA and SWT will be required.

13 Health and Wellbeing Implications (if any)

- 13.1 The Somerset Health and Wellbeing Strategy: Improving Lives Strategy 2019-2028 lists four priority areas.

The TSFAIS links to the following:

- **Priority One:** A County infrastructure that drives productivity, supports economic prosperity and sustainable public services:
 - *...we need to focus on the social and environmental factors that impact on people's lives. Education, employment, housing and connectedness all affect our mental and physical health and wellbeing...*
 - *A healthy home is one that is affordable, warm and stable, and somewhere that helps connect people to community, work and services*
- **Priority Two:** Safe, vibrant and well-balanced communities able to enjoy and benefit from the natural environment
 - *Good places, indoor and outdoor spaces and buildings help people to be more physically active, use facilities and services, socialise and play.*
 - *Feeling safe and secure in the area they live and work has a significant impact on people's health and wellbeing.*
 - *People who have access to green space and the natural environment have more opportunities to be physically active. Furthermore, increasing access and participation in green spaces has an important positive impact on mental health.*
- **Priority Three:** Fairer life chances and opportunity for all.
 - *Good education and lifelong skills can help to build the foundations for accessing good work, problem solving and feeling empowered and valued. Education also provides a basis for learning valuable healthy lifestyle skills such as healthy sexual behaviours, emotional resilience and healthy eating.*
- **Priority Four:** Improved health and wellbeing and more people living healthy and independent lives for longer.
 - *We want people to feel supported to live the life they aspire to, by helping them earlier and more efficiently. Providing the necessary care and support at home and in communities can enable people to live independently for longer and reduce unnecessary admissions to hospital.*

- *People should feel supported to choose healthy and active lifestyles and improve their own physical and mental health and wellbeing. Some people will need more support than others but all partners should be doing what they can to provide the information and support for people to make positive lifestyle choices.*

14 Asset Management Implications (if any)

- 14.1 Some of the preferred approach schemes are on land in the ownership or control of SWT including: Longrun Meadow; some areas along the Tone; and Vivary Park. Other TSFAIS are on land owned or controlled by EA (small parcels of land along the river corridor) or third parties, for example at Bradford on Tone.
- 14.2 TSFAIS on land owned or in the control of SWT or EA will likely be simpler to deliver.
- 14.3 As part of the detailing of the preferred options any landowner or asset implications (such as future maintenance agreements) will be considered.

15 Data Protection Implications (if any)

- 15.1 No data protection implications at this stage

16 Consultation Implications (if any)

- 16.1 The TSFAIS is a technical document presenting objective information on flood risk for Taunton both now and as a result of climate change. It presents a preferred approach to addressing that flood risk based on objective analysis of various mitigation and management options.
- 16.2 Consultation will be undertaken going forward with stakeholders and interested parties, as each of the preferred options is progressed.

17 Scrutiny Comments / Recommendation(s) (if any)

- 17.1 It was the recommendation of the Chair of Scrutiny that the TSFAIS went to a full members briefing instead of the Scrutiny Committee. This took place on Monday 14 October and was attended by 29 Members.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Cabinet/Executive – Yes**
- **Full Council – Yes**

Reporting Frequency: **Once only**

Appendix A	TSFAIS Non-technical Summary
Appendix B	TSFAIS FAQ's
Appendix C	

Contact Officers

Name	Ann Rhodes	Name	
Direct Dial	01823 219522	Direct Dial	
Email	a.rhodes@somersetwestandtaunton.gov.uk	Email	

Somerset West and Taunton



Taunton Strategic Flood Alleviation Improvements Scheme Project (TSFAI).

Non-Technical Summary Report

Report version: Final Version (V5)



Date: 28 October 2019

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2	20 August 2019	Final Draft	Updated following Project Team consultation. Issued to EA & SWT Project Team for acceptance.
3	30 September 2019	Final	Small changes post Final draft checks. Issued to EA & SWT for acceptance.
4	07 October 2019	Final	Minor edits and Project Sponsor signature box added.
5	28 October 2019	Final	SWT & EA signatures added.

Name	Project Role	Signature	Date
Brendan Cleere Somerset West & Taunton (SWT) (Head of Localities, Economy & Climate Change)	Project Sponsor		28 October 2019
Dr Rachel Burden Environment Agency (EA) (Somerset Flood & Coastal Risk Manager)	Project Sponsor		28 October 2019

Introduction

1.1 Project Aims & Objectives

Taunton has a history of river flooding with notable flood events being recorded in the 1960's, 2000 and smaller events in 2007 and 2012.

Taunton was designated a Garden Town in 2017 to assist the Councils growth agenda including the proposed regeneration of key sites in the town centre and strategic allocations in local planning policy. One of the key constraints identified at the early stages was flood risk, and how can this be managed in the long term.

In response Somerset West & Taunton (SWT) Council and the Environment Agency (EA) have been working in partnership for a number of years, and have specifically scoped a 'Project Delivery Plan' (PDP) to identify strategic flood risk solutions for Taunton, including Bathpool, that can both reduce the current flood risk, and appropriately mitigate against the future impacts of climate change over the next 100 year period. The PDP was scoped using the EA's latest River Tone hydraulic model to test various option performance, and to provide a conceptual level of design detail when reporting on the most effective options.

This reports explains the key recommendations of the PDP and how both SWT and the EA intend to practically develop the flood risk reduction options for Taunton that could be delivered over the next 10 to 30 years periods (from 2019/20) to manage the predicted impact on river flooding from climate change up to 2118. The flood risk management options described in this report are all geographically located within the River Tone catchment.

Throughout the report, key messages have been included to highlight their importance to the reader.

This report **aims to**:

1. Provide a strategic overview detailing what the project partners and other risk management authorities could deliver in terms of effective flood risk management on the River Tone in Taunton for the next 100 year period.
2. Explain SWT Council's and the EA's current preferred way forward to reduce flood risk in Taunton by applying a phased approach over short, medium and long term periods
3. Highlight the challenges and opportunities, including a list of potential funding sources available.
4. Provide budget cost estimates as a range to assist option comparison and to inform future planning. Costs explained in this report have been sourced from our known suppliers and the Environment Agency's Project Cost Tool.
5. Identify the next steps to allow the project to enter the 'Delivery' phase, which will include work to progress the options from conceptual detail to detailed design, undertake appropriate consultation, and obtain the necessary consents and approvals, including information to inform a future construction project to deliver the flood alleviation solutions.

This report **does not**:

1. Repeat all of the findings described within the Project Delivery Plan Technical report and supporting appendices.
2. Does not provide planning permission to implement the works.

3. Identify all constraints. The report has been prepared at a strategic level therefore it should be recognised that there may ultimately be technical, financial, economic or other reasons for accepting or rejecting the various options identified.
4. Provide a detailed Environmental and/or Habitats Regulations assessment of the options individually or cumulatively. At this time we would expect that the options identified may require a statutory Environmental Impact Assessments (EIA) but this would need to be confirmed by the Local Planning Authority (LPA). For the PDP, work has been undertaken to understand key environmental constraints through targeted Phase 1 Habitat survey and mammal survey work, which has subsequently been used to inform the options.
5. Provide detailed costs or provide a detailed economic analysis with cost benefit ratio analysis.
6. Assess surface water flooding options in detail, although we believe the options presented could potentially offer a benefit to the existing drainage infrastructure.
7. Provide all the detail required for future site-specific Flood Risk Assessments.

2.0 Previous Studies

A number of studies have been undertaken in Taunton since 2005 to understand flooding and the possible options that could reduce flooding. These have informed the Project Delivery Plan alongside updated modelling and survey work.

1. Environment Agency “Taunton Flood Defence Improvements” (2005).
2. Project Taunton “Flood Risk Management Guidance” (2006).
3. Taunton Deane Borough Council “Level 2 Strategic Flood Risk Assessment” (2009).
4. Project Taunton “Effects of land raising report” (2011)
5. Project Taunton “Modelling of Town Centre Sites” (2012)
6. Taunton Deane Borough Council “Bradford on Tone Pre-feasibility Study Inception Stage” (2011)
7. Environment Agency “River Tone Defences Investigation” (2012)
8. Taunton Deane Borough Council “Phase 1 Options Study” (2014)



Taunton Strategic Flood Alleviation Improvements Project:
Technical Report, Factsheets & Plans (2019)

3.0 Location & Context

3.1 What is fluvial flooding and climate change?

Fluvial flooding occurs when the water level in a river, lake or stream rises and overflows onto surrounding banks and neighbouring land. Throughout this report, river flooding describes a situation where the natural channel capacity is exceeded and/or where an existing flood defence are not high enough to prevent overtopping.

Climate change is the change in global or regional climate patterns and is largely attributed to the increased release of Greenhouse Gases produced by the use of fossil fuels. With global temperatures expected to continue to rise, this will increase sea levels and the frequency of intense extreme weather for the UK. Higher volumes of precipitation entering watercourses will cause floodplains to be larger in extent and depth, thus increasing their impact on the natural and built environment.

To explain some terms that are used frequently in this report:

Annual Exceedance Probability (AEP) refers to the probability of a flood occurring in any one year. The probability, or likelihood of the flood occurring is described as a percentage. For example, a large flood which may be calculated to have a 1% chance to occur in any one year, is described as a 1% AEP.

Standard of Protection (SOP) is used to describe the performance of a flood defence scheme and is linked to the above AEP definition. For example, if a flood defence scheme prevents the 1% AEP from overtopping it would be defined as having a SOP of 1% AEP.

3.2 Catchment overview.

The River Tone is one of the largest tributaries of the River Parrett catchment. Sourced in the Brendon Hills it has an average gradient of 1in 20, which becomes very shallow (1in 1000) by the time it reaches the River Parrett confluence at Burrow Bridge on the Somerset Levels & Moors. In total, the length of the river covers a distance of 51km. The Tone catchment is predominantly rural with the main urban areas only making up about 3 to 4% coverage of the total catchment area.

The main source of flood risk in Taunton is from river flooding from the River Tone and its tributaries.

One of the key reasons why flooding is a challenge to manage in Taunton is because there are multiple watercourses (Halse Water, Hillfarrance Brook, Norton Brook, Back Stream) joining the River Tone upstream, and within the town centre (Mill Lease Stream, Galmington Stream, Sherford Stream). When the River Tone is high, or bank full, this results in these smaller tributary watercourses being unable to discharge under gravity i.e. they become 'locked', causing a backup of water upstream, resulting in flooding along those tributaries near the Town centre.

Flooding in nearby Bathpool is also complicated by multiple watercourses (Kingston Stream, Maiden Brook, Allen's Brook, Dyers Brook) joining the River Tone near the A38 Bridgwater Road. When the River Tone is high in this location this causes the Old River Tone outfall flap gates to close, limiting the release of flood waters from the Bathpool area. Without the flap gates, flood water from the main River Tone channel would travel back up the Old River Tone and would cause more frequent and serious flooding in Bathpool.

There is also a second flood mechanism for Bathpool caused by excess flood water passing down the Bridgwater & Taunton canal from the River Tone overspilling into the canal at Firepool Lock. The canal does not have sufficient capacity for this extra flood flow therefore overtopping occurs along the right bank into the Maiden Brook and ultimately the Allen's Brook in Bathpool, where it causes flooding. There is also a formal side spill weir from the canal at Bathpool into the Dyer's/Allen's Brook. From EA records this last major flood occurrence was in November 2012, but significant flooding did also similarly occur in 2000 to a lesser degree.

Surface water flooding does occur in Taunton as a result of the surface water drains exceeding their capacity or as result of direct rainfall. The strategic solution for fluvial flooding cannot solve the local sources of surface water flooding, but some of the solutions may help.

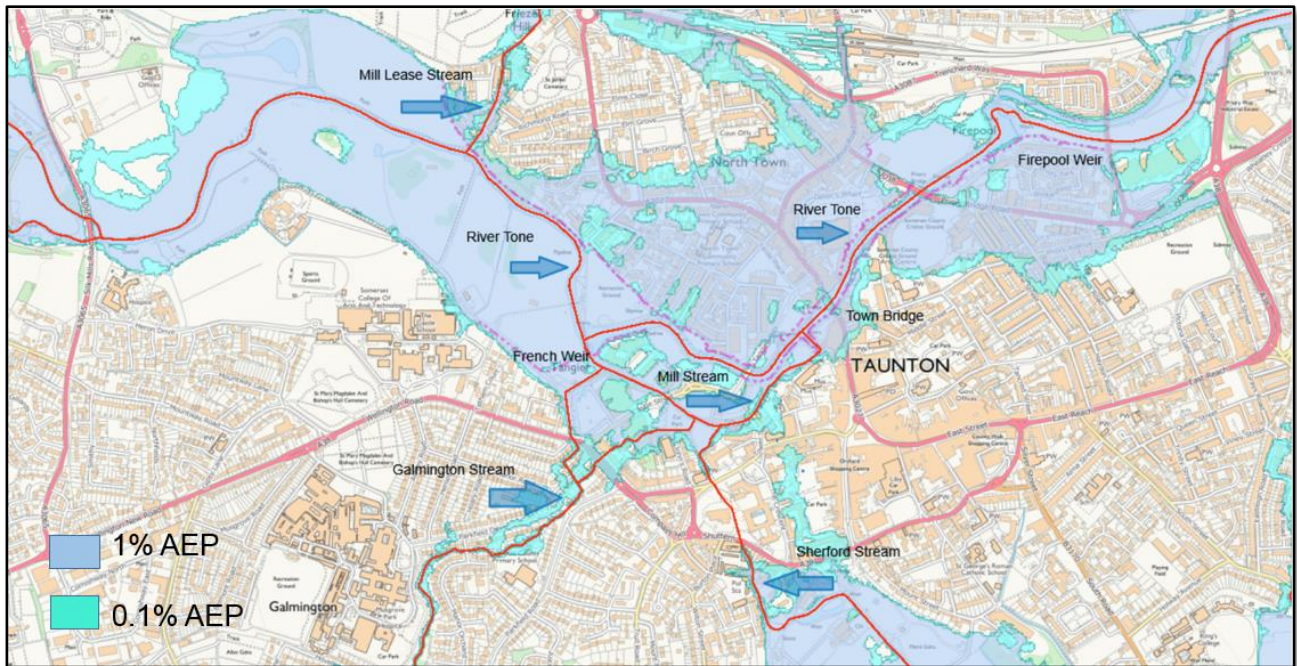


Figure 1 – River Tone and tributaries in Taunton Town Centre with 1% and 0.1% AEP flood maps.

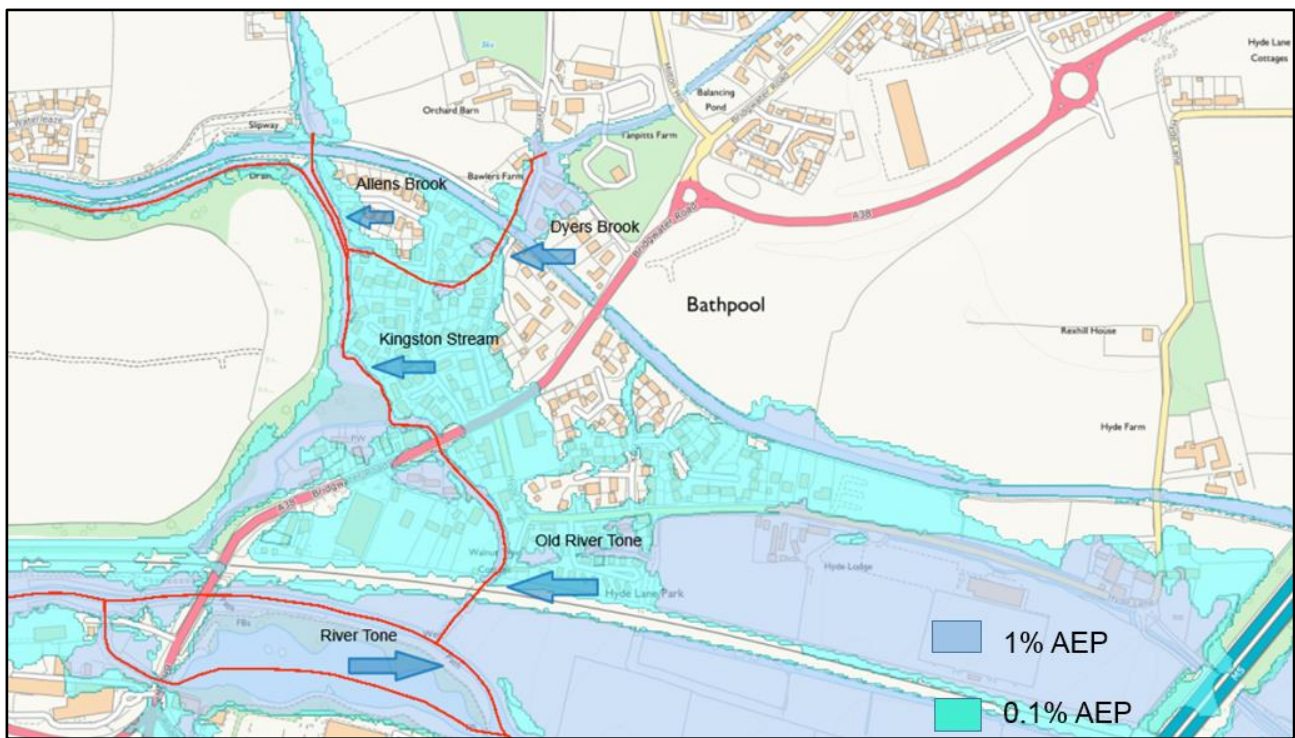


Figure 2 – River Tone and Bathpool tributaries with 1% and 0.1% AEP flood maps.

3.3 Historic Flooding Events in Taunton

Records of flooding in the Taunton area go back to the late 19th century with 1889 flooding being mentioned in the Chronological of British Hydrological Events. In the 20th century the October 1960 flood event was the most severe and approximately 500 properties were flooded in Taunton town centre. In response to the 1960 flood event the River Tone Flood Alleviation Scheme (FAS) was constructed and it consisted of widening and straightening the River Tone channel and building new flood defences throughout the town.

The new defences were tested in 1968 and records confirm that the defences protected the centre of Taunton. These defences were subsequently upgraded in the 1990's to achieve a 1% Annual Exceedance Probability (AEP) standard of protection at that time.

In October 2000, the FAS was tested by a similar magnitude flood event to that recorded in 1968. From information collected during the 2000 event, the defences on the River Tone were successful in protecting the centre of the town, although flooding on the tributaries was more significant, and surface water flooding affected a number of other areas. Flood water was observed overtopping the canal lock gates at Firepool causing flooding in Bathpool. Evidence from observed events, photographs and local media reports suggest that flooding in Bathpool has occurred more than 20 times since 1960. Not all of these events have involved internal flooding to houses but have caused disruption and inconvenience with key access roads being underwater.

Other notable flood events were recorded in November/December 2012 when property flooding was noted elsewhere across the Town.

Smaller flood events have also occurred in 2007, 2009 and 2012 again on the tributaries in the town centre. In 2012 notable flooding occurred in Vivary Park and to the adjacent Cricket Club.

More recently, a major flood incident occurred on the Somerset Levels & Moors in 2013/14, which resulted in an extensive land area being flooded for 3 months. Taunton town centre narrowly avoided serious flooding but the town experienced significant disruption to local services and businesses, demonstrating that flooding events do not just impact the inundated area.



Figure 3 – River Tone flooding in 2012 by Clarence Street, Taunton. (Environment Agency).



Figure 4 – Emergency works to Firepool Canal lock gates to prevent Tone water entering the canal in 2000. (Environment Agency).



Figure 5 – River Tone flooding in 2012 by Morrison's, near Town Bridge, Taunton (Environment Agency).



Figure 6 - River Tone high levels by Pound Stretchers in 2012 adjacent to Town Bridge, Taunton (Environment Agency)

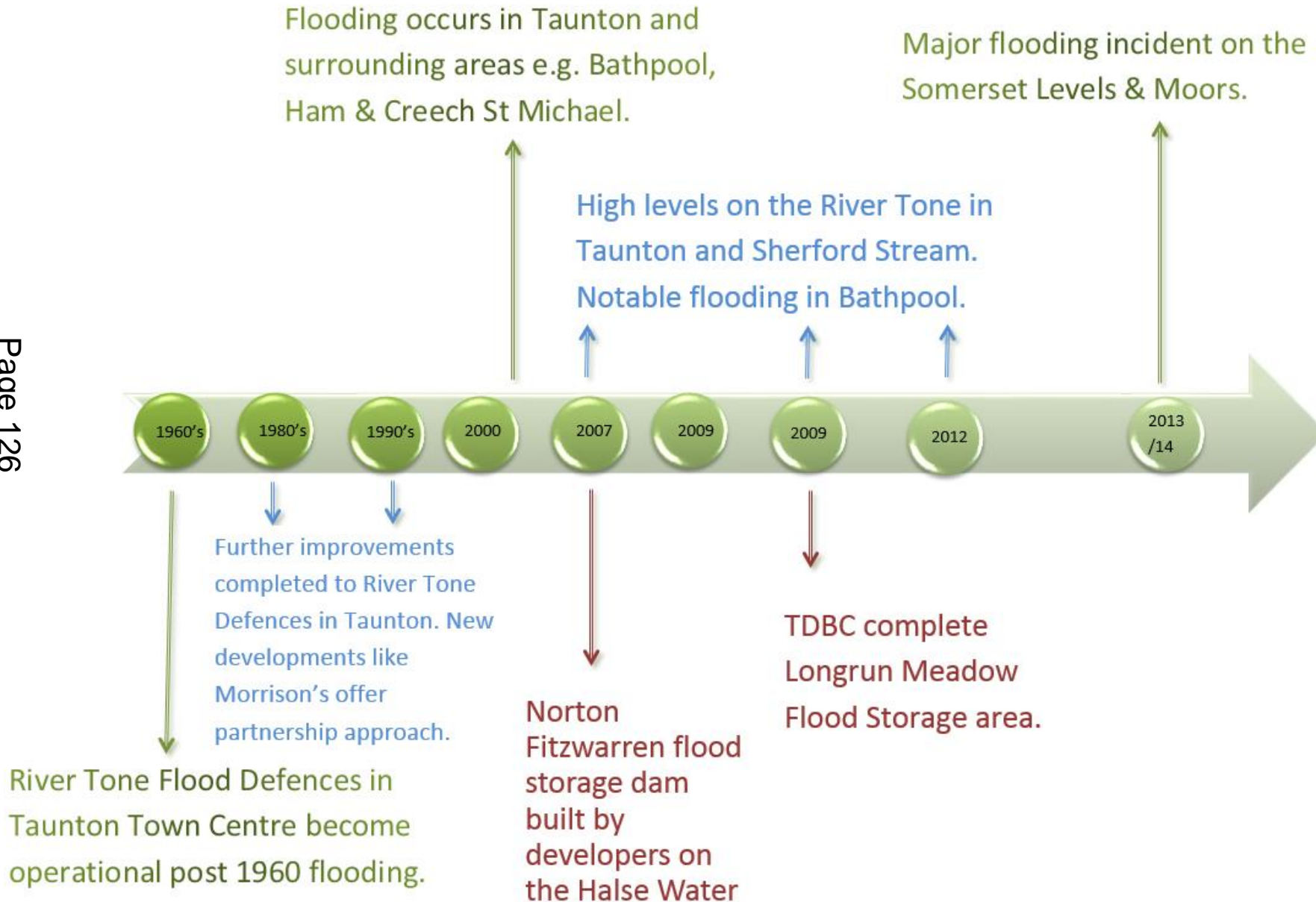


Figure 7 – Flooding of road outside Acacia House, Bathpool in 2012 (Environment Agency)



Figure 8 – Flooding outside Swingbridge House, Bathpool alongside the A38 in 2012 (Environment Agency)

Timeline of key events on the River Tone in Taunton



4.0 Flood risk in Taunton

4.1 How is flood risk currently managed in Taunton?

River flooding in Taunton is managed by multiple Risk Management Authorities (RMA's), but predominantly led by the EA as the River Tone is classified as a 'Main River'. Using its permissive legal powers the EA undertakes scheduled condition inspections of the flood defences in the town centre, weekly checks on key assets to remove any large debris and annual in-channel vegetation clearances. Non-main watercourses i.e. typically smaller watercourses and ditches etc. fall under the jurisdiction of Somerset County Council (SCC) as the Lead Local Flood Authority (LLFA).

SWT Council, as the Local Authority, oversee various functions in Taunton. When considering flood risk in respect of new development and the Local Plan, the Council must consider this constraint by avoiding the risk completely or requiring developers to implement appropriate measures to remove or reduce the flood risk safely.

4.2 The Need for Intervention – A Summary of Key Flood Risk Facts.

From our 2016 flood mapping there are approximately **1031** total properties (residential, commercial and infrastructure) at risk from river flooding in Taunton from the 1% Annual Exceedance Probability (AEP) taking into account current flood defences. From the above total we estimate that **527** of these are residential properties currently at risk.

When considering the impacts of climate change on river flooding up to 2118 this increases the total number of properties at risk in Taunton to **2548** for the 1% AEP, with **1604** being residential properties. Maintaining the existing flood defences at their current height in perpetuity does not offer a sufficient level of protection, which means that they are likely to be overtopped more frequently in the future.

Typical patterns of flooding in the Town Centre.

1. Tangier and Bathpool are two of the first areas to flood in Taunton.
2. Flooding from the tributaries (Galmington Stream, Sherford Stream & Mill Stream) in the Tangier area begins from the 10% AEP and is attributed to exceedance of channel capacity. While limited properties are effected 'small pockets of flooding' occur as there are no formal defences along these tributaries.
3. Major River Tone flooding in Taunton town centre first starts to occur between the 2% and 1.33% AEP. The critical lower sections of flood defences that are overtopped first are on the left bank upstream of the Town Bridge, near Clarence Street, BT Exchange and also downstream at the Firepool (former Cattle Market) site. Significant overtopping can presently occur, and would be very similar in consequence to the 1960's flood, which saw flows travel overland along Station Road towards Taunton railway station.
4. The lock gates on the entrance to the Bridgwater and Taunton canal are likely to be overtopped causing flooding in Bathpool to occur, which was last observed in the 2000 event.

5. Flooding of Vivary Park adjacent to the cricket pitch and bandstand area typically occurs for the 10% AEP from the Sherford Stream.

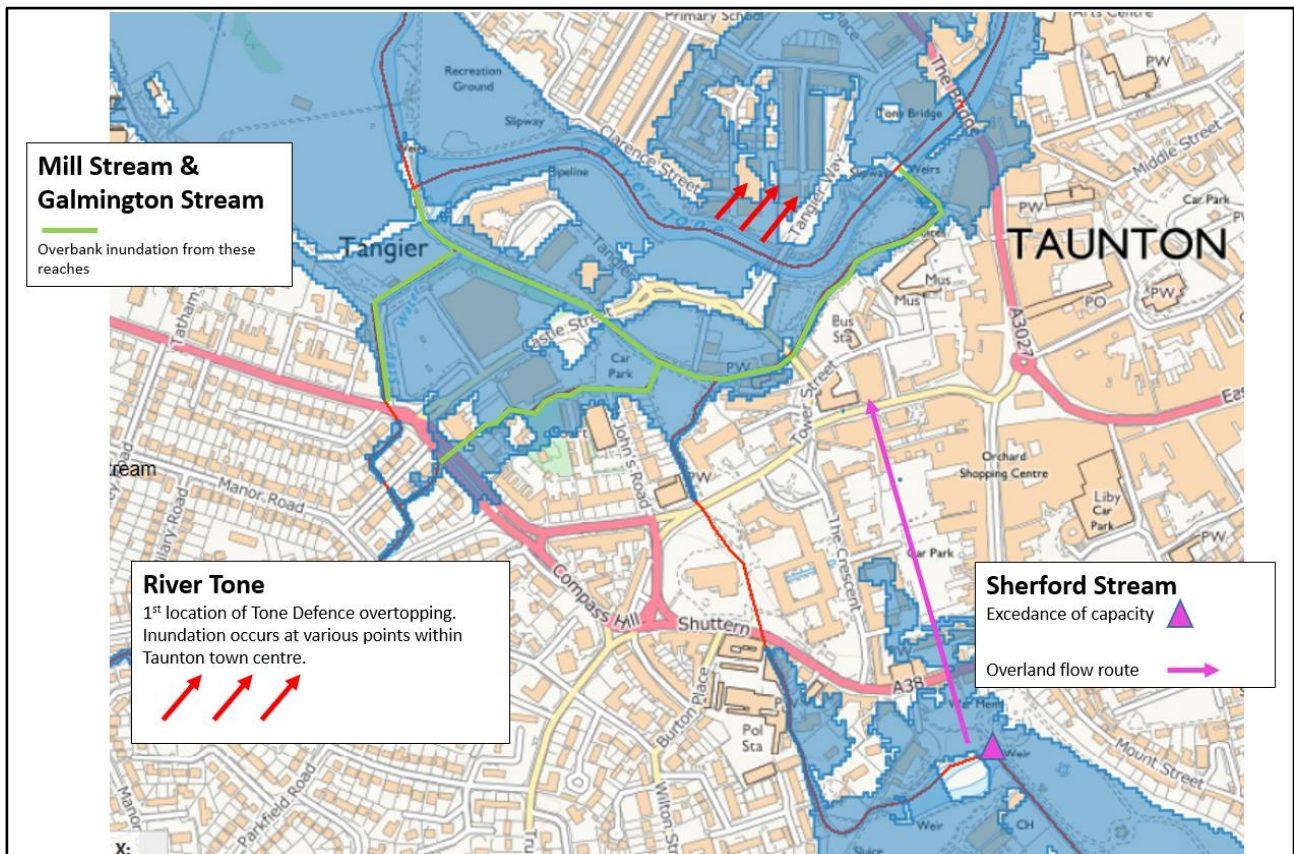


Figure 9 – Key out of bank, defence overtopping and flood flow paths locations in Taunton Town Centre.

Predicted flooding pattern for the 1% AEP event in Taunton & Bathpool today and in the future from climate change.

1. The 1% AEP flood mapping (2016) shows significant flooding in Tangier as a consequence of the channel capacity being exceeded from the Mill Stream, Galmington Stream and Sherford Stream. Flood depths vary across this area, but on average are between 0.60m and 0.90m. In 2118, with an allowance for increased river flows due to climate change, flood depths increase significantly to 0.90m to 1.5m.
2. The River Tone overtops existing defences at various locations between French Weir and Obridge Viaduct resulting in extensive property flooding, which increases significantly when considering climate change. The River Tone is sensitive to an increased flow and this presents a major challenge to the performance of the existing town flood defences. **Please refer to Figure 10.**
3. Flooding of Taunton town centre caused by the overtopping of the existing critical low defences sections on the left bank of the River Tone results in flood water depths of 0.30m to 0.60m across the North Town area. The flood extent increases significantly when considering the worst case climate change scenario in 2118. Flood depths at their deepest are in the order of 0.90m to 1.5m but there are smaller pockets of 0.30 and 0.60m depth.

4. By 2118 the risk of overtopping and flooding to the County Cricket Ground is the 1% AEP with climate change impacts. For the worst case climate change scenario floodwater continues into Winchester Road running parallel to Priory Bridge Road. Flood depths are in the order of 0.30m to 0.60m.
5. Vivary Park becomes inundated by the current 1% AEP today in 2019 and for the worst case climate change scenarios in 2118 due to out of bank flooding from the right bank of Sherford Stream by the ornamental lake. More importantly this overland flow path would cut across the Upper High Street causing significant inundation to the Crescent shopping precinct and disrupt the A38, a key road in the town centre.

Key Message No.1

There are approximately **1031** total properties (residential, commercial and infrastructure) at flood risk from the River Tone and its tributaries for the 1% AEP. From the above figure **527** are residential properties.

As a result of Climate Change impacts on river flooding this will increase to **2548** by **2118** if additional flood management interventions are not implemented. From the above figure **1604** are residential properties.

Key Message No.2

Flooding from the tributaries in Tangier starts for the 10% AEP.

Significant flooding from the River Tone occurs from the 2% AEP impacting the area of North Town.

The existing FAS along the River Tone was designed to achieve a 1% AEP standard of protection in the 1990's. Our analysis now shows that the FAS is now overtopped for a 2% AEP as defences are not high enough to protect from the current 1% AEP in 2019 or in the future in 2118 from climate change

4.3 Economic Impacts of Flooding.

The project undertook a literature review of recent floods in the UK and the associated losses experienced in large towns or areas with some similarity to Taunton. While an accurate economic appraisal has not been undertaken it is reasonable to estimate that a single major flood in Taunton could approximately cost the local economy **£50million (2019 cost base)**.

Please refer to the PDP Technical Report to view the flood case studies.

Key Message No.3

After considering the experience of other floods elsewhere, it is reasonable to estimate that a single major flood in Taunton could approximately cost the local economy **£50million (2019 cost base)**.

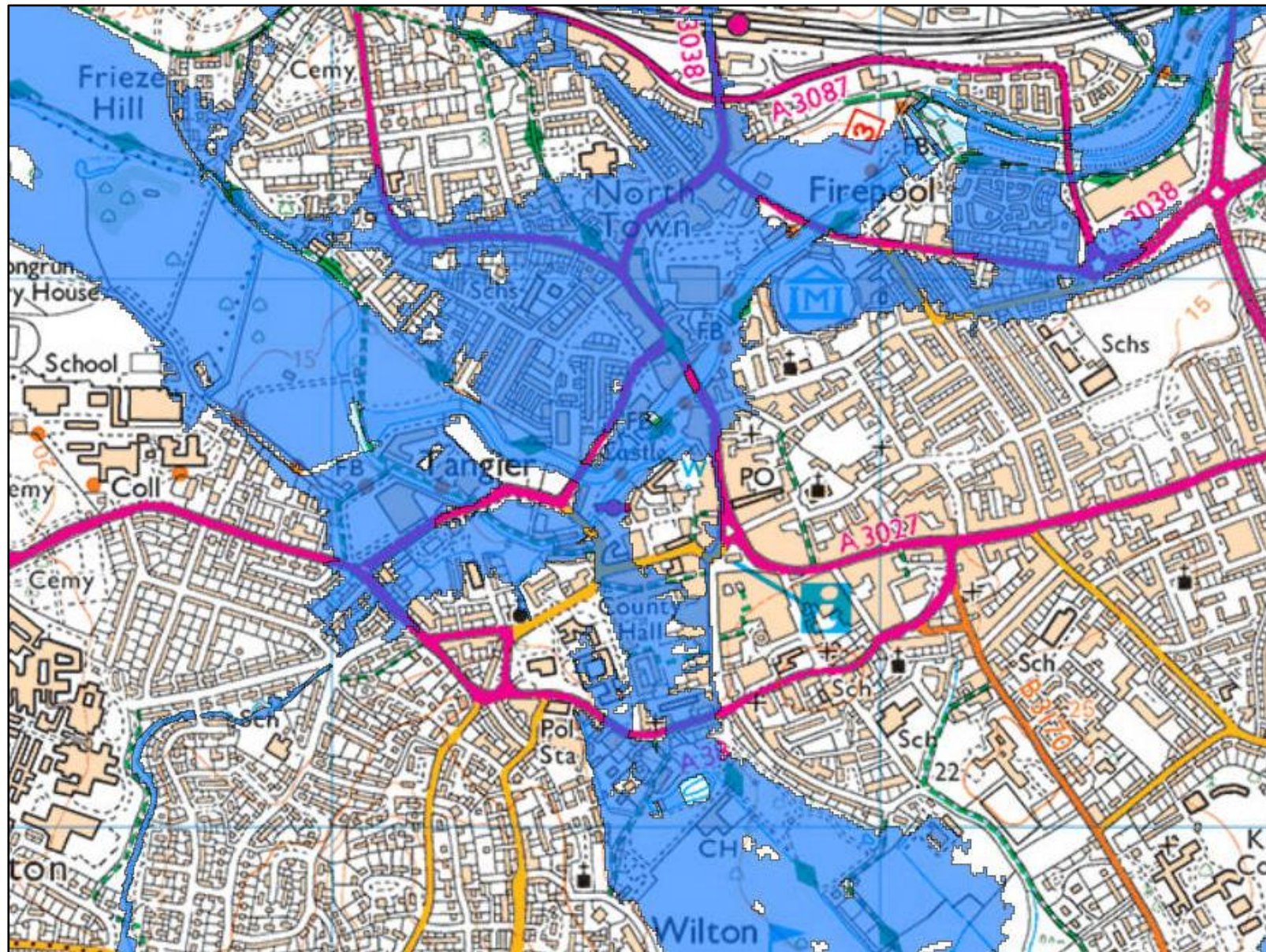


Figure 10 – 1% AEP with climate change flood map in Taunton Town Centre

5.0 Options Overview & Evaluation.

5.1 Location of Options

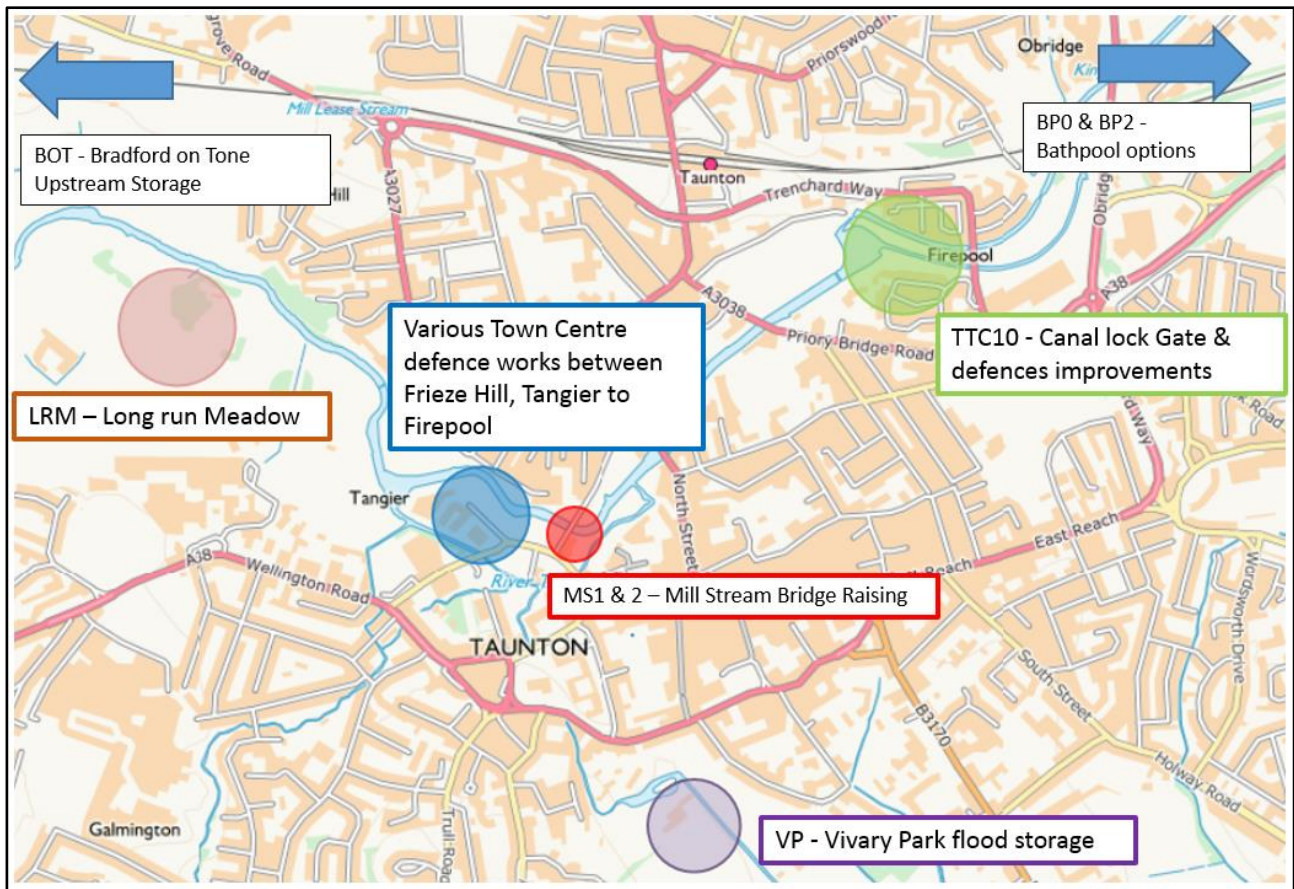







Figure 11 – Option Location Map










5.2 Flood risk performance of the options.

The table below summarises the ‘long list of options’ that have been assessed to determine if they could positively contribute towards reducing flood risk to existing properties and future development in Taunton today and when considering climate change. Historic options from previous studies have also been included for completeness.

The options that have been taken forward to the ‘Preferred Approach’ have a green tick next to them. The evaluation process has largely been based on flood risk reduction performance criteria.

Table Ref No.	Section 6: PDP Table Option Ref no.	Intervention Description	Accepted or Rejected	Flood Risk Evaluation.
1.	N/A	Do Nothing – Under this option all flood risk management activities would cease to occur in	X	This is not a sustainable long term solution. This would potentially increase the risk of flooding to Taunton.

		Taunton. For example the EA would not operate or maintain Stepswater sluice, maintain flood defence walls or deploy the Bathpool mobile pump.		The condition of existing assets would deteriorate more quickly resulting in more frequent flooding today and in the future. This option is not effective in managing future flood risks from climate change.
2.	N/A	Do Minimum – Continue operating the existing Flood Alleviation Scheme through to 2118. Under this option the existing defences would be maintained at their current height.		This is not a sustainable long term solution. This would not provide a means to reduce the risk of flooding to the current 1031 properties that are currently at risk from the 1% AEP. With no increase in height the standard of protection that defences provide will diminish over time as climate change impacts increases flood frequency. Not consistent with the Catchment Flood Management Policy for Taunton to reduce flood risk.
3.	BOT (Bradford on Tone)	Large upstream storage area on the River Tone near Bradford on Tone to manage climate change.		Effective catchment flood risk solution but there are number of delivery challenges that need to be recognised if this option is progressed.
4.	TTC2, 5, 10	Improving and or new raised flood defences on the River Tone and tributaries in Taunton. Under this option this is from Frieze Hill through to Hankridge Farm on both sides of the River Tone watercourse and along all of the town centre tributaries to achieve a 1% AEP standard of protection.		While this is an effective option this has potential to increase flood risk downstream of the M5 motorway.
5.	TTC2	Improving and or new raised flood defences on the Town centre tributaries in the Tangier area.		Effective solution that can reduce flood risk in the centre of Taunton.
6.	TTC 5	Improving and or new raised flood defences for certain sections on the left bank of the River Tone.		Effective solution that can reduce flood risk in the centre of Taunton.

7.	TTC 1-2 or TTC1-3	Improving and or new raised flood defences on the River Tone and tributaries in Taunton to manage climate change.		While this is an effective option this has potential to increase flood risk downstream of the M5 motorway. While this is not a desirable climate change solution, due to the impacts downstream, this does present a 'Plan B' if the preferred climate change solution is discounted.
8.	LRM	Optimisation of Longrun Meadow flood storage to utilise the existing scheme and the natural floodplain more effectively.		Effective solution that can reduce flood risk in the centre of Taunton.
9.	VP	River restoration and new flood storage at Vivary Park.		Effective solution that can reduce flood risk in Taunton.
10.	N/A	Removal of either French or Firepool weirs.		Has potential to increase flood risk immediately downstream. Difficult to find space to suitably grade a new channel in place.
11.	N/A	Modifications to the existing French or Firepool weir crests or sluices.		Doesn't reduce flood risk at larger events.
12.	MS2	Mill Stream flow diversions by adding a weir to change the flood direction of the Galmington and Sherford Stream.		A small scale option that could reduce flood risk reduction in the Tangier area when combined with other options in this list.
13.	N/A	Removal of ineffective structures on the Galmington Stream		Limited number of structures that could make a significant flood risk reduction in the area of Tangier.
14.	MS1	Raising of Castle Street and Bus Station footbridge on the Mill Stream		A small scale option that could reduce flood risk reduction when combined with other options in this list.
15.	TTC10	Bathpool – closing the canal route at Firepool lock by raising the existing lock gates. Raising the existing left bank embankment on the River Tone between Firepool and Obridge.		Effective solution that can reduce flood risk in Bathpool, provided it is considered with other options to mitigate any upstream flood level changes.

16.	BPO	Bathpool – protection to railway culverts to avoid Tone water entering Priorswood area.	✓	A small scale “no regrets” option that can help to reduce flooding locally in Bathpool.
17.	N/A	Bathpool – a new flood relief channel along Hyde Lane to convey flood water upstream or downstream of the M5 culvert.	✗	The existing floodplain is extensive here thus requiring new flood bunds to protect any proposed channel from being inundated. The cost of a new channel with flood bunds would also be expensive with limited benefits. The main reason for it being discounted is due to insufficient gradient preventing floodwater being conveyed away effectively.
18.	BP2	Bathpool – pumping station at Allen’s Brook	✓	This operation already exists and forms part of the EA contingency plans for reducing the impact of flooding in Bathpool. Through this option a larger pump would be implemented. An effective option that would assist to reduce the impact of flooding from small flooding events. This would replace the EA’s current temporary working arrangement and could either be a permanent building, an underground system or a larger mobile unit. For all options a better site arrangement would be required.
19.	N/A	Bathpool – Bund around the River Tone flap valve to provide more capacity	✗	Ineffective option and increased flood risk locally.
Combined options				
20.	TTC 2 & TTC 5	New or improved raised defences the River Tone between Frieze Hill to Town Bridge (left bank) and new defences along the tributaries in the Tangier area.	✓	Effective solution that can reduce flood risk in Taunton.
21.	TTC 10 & BP 02	New and/or improved defences alongside the left bank of the River Tone between Firepool lock and Obridge and a pumping station at Bathpool.	✓	Effective solution that can reduce flood risk in Bathpool

Historic Options investigated in 2005 and 2006.				
22.	N/A	Upstream storage on the Sherford Stream by Wild Oak Lane.	X	Limited flood risk benefit vs high cost
22.	N/A	Upstream Storage on Galmington Stream by Amberd Lane	X	Limited flood risk benefit vs high cost.
23.	N/A	Upstream storage on the River Tone near Greenham, Wellington	X	Too far upstream to reduce flood risk in Taunton sufficiently.

Key Message No.4

There isn't a single option that completely removes or reduces flooding in isolation. Instead a combination of interventions is required.

5.2 Explaining how the preferred approach was determined.

A key objective of this project was to identify how a 1% AEP standard of protection could be achieved and maintained when considering climate change.

The preferred approach was achieved by using the following principles:

1. The options ability or performance to reduce flood risk.
2. The costs to build and to maintain the option over its design life.
3. If the option could be phased over a period of time to make it easier to deliver.
4. Avoiding or minimising any increase in flood risk caused to other areas as a result of the new flood management interventions, including the Somerset Levels & Moors downstream.

The aim is to phase the delivery of the strategic solution to make them more affordable and ultimately more deliverable. The various short, medium and long term elements that create the overall Strategic Solution can be phased to align with future funding sources.

The table on page 23 sets out the preferred approach that is recommended for delivery in Taunton to manage the impact of flooding over the next 100 years (from 2019 onwards).

5.3 Consideration of Downstream Receptors

During the option evaluation process the flood levels and flows at the M5 culvert downstream of Taunton and Bathpool were reviewed for all the options considered in Section 5.0. Options where no modelled impact was found were selected to demonstrate that downstream areas including the Somerset Levels & Moors would not be impacted by the PDP's 'preferred approach'.

As expected, all of the storage options located upstream of Taunton or in the town centre all have either a positive reduction, or cause no difference to flood levels or flows at the M5 culvert. This is an important outcome of the project.

Any new raised flood defences need to be limited such that they have a negligible impact on flood risk in other areas. Our analysis has shown that smaller sections of new flood defences, or raising existing defences in Taunton will have negligible flood risk change beyond Firepool weir.

6.0 The Preferred Approach

Works Description	Priority Order	Capital Cost (£m)	Whole Life Cost (£m)	No. of properties removed from the floodplain					No. of properties with a reduced depth of flooding. These properties are still in a floodplain					Other Potential Benefits				Fact sheet ref:	Comments
				Residential	Commercial	Infrastructure	Other	Total	Residential	Commercial	Infrastructure	Other	Total	Regeneration	Garden Town Amenity	Biodiversity Opportunities	Natural Flood Management		
Optimise Longrun Meadow.	Short Term (Funding Identified) 0-10 Years	3 to 5	5	37	18	0	10	65	328	268	1	90	687	✓	✓	✓	✓	LRM	Detailed design required and scheduling of works to manage potential detriment to other areas.
Raised / New Defences on the Tangier Tributaries and on the River Tone (left bank) from Frieze Hill to Town Bridge.	Short Term (Funding partially secured) 0-10 years.	10 to 12	13	178	84	0	27	289	324	212	0	59	595	✓				TTC2 & TTC5	Detailed design required and scheduling of works to manage potential detriment to other areas
Raise Firepool canal lock gates, increase the height of defences between Firepool and Obridge (left bank). A new pumping station at Bathpool.	Short Term (Funding Required) 10-15 Years	6.5 to 11	30	-10	19	0	40	49	65	55	1	51	172					TTC10 & BP2	Detailed design required and scheduling of works to manage potential detriment to other areas
River Restoration and flood storage at Vivary Park	Short Term (Funding Required) 10-15 Years	8 to 10	10	42	14	0	16	72	52	20	0	16	88	✓	✓	✓	✓	VP	Detailed design required and scheduling of works to manage potential detriment to other areas
Upstream storage at Bradford on Tone	Medium/ Long Term. Adapting to Climate Change (Funding Required) 30 Years +	43 to 56	81	841	129	1	110	1081	1381	488	2	266	2137	✓				BOT	Detailed design required and scheduling of works to manage potential detriment to other areas
Raising Castle Street Bridge & Bus Station footbridge	Opportunities	8 to 10	15	-11	-2	0	0	-13	59	28	0	12	99					MS01	Detailed design required and scheduling of works to manage potential detriment to other areas
Mill Stream flow diversion	Opportunities	0.1	0.1	-23	-2	0	-4	-29	54	27	0	9	90					MS02	Detailed design required and scheduling of works to manage potential detriment to other areas

7.0 Deliverability challenges & opportunities.

At this stage in the project there remain a number of challenges that could impact delivery, which are listed below.

7.1 Deliverability Challenges

1. Affordability – The total whole life costs of the PDP Preferred Approach is high. While SWT has earmarked capital funds towards the delivery of the short term options, to deliver the complete programme will require joining together multiple sources of funding. It is recommended that a Funding Plan is created for the future.
2. Complex construction within a busy town centre will need to be carefully managed well.
3. Detailing and scheduling interventions to avoid flood risk detriment without reducing option flood risk performance.
4. Securing the necessary planning consents and legal compliance with the Reservoir Act 1975 and the Water Framework Directive.
5. Securing landowners approval for some of the options will be challenging. Further consideration of third party land acquisition and potential impact on third party land required.
6. Securing Network Rail approval for Bradford on Tone in relation to the main west coast line adjoining the site of the proposed large flood storage reservoir.
7. Avoiding an increase in maintenance burden from uprating existing assets or from the creation of new assets.

The supporting table in **Appendix 1** lists more detailed technical risks for each option based on our current understanding.

Key Message No.5

All the options have financial, technical and legal challenges. We need to keep a flexible approach.

7.2 Opportunities

Somerset West and Taunton and the Environment Agency are working together to provide a long-term strategic solution to reducing flood risk to Taunton and where possible to the wider catchment. It is recognised that the risk to the town will get worse as climate change is predicted to increase maximum flood flows over time. The risk comes not just from the River Tone, but initially from 3 other tributaries that flow into the town centre, namely the Galmington, Sherford and Mill Streams. The onset of flooding from the tributaries is estimated to be 10% AEP and from the River Tone is 2% AEP.

To protect existing property in the town and to allow the town to develop safely a holistic and strategic flood risk reduction solution is required. The work to date provides a framework which can be built on to secure long term strategic protection for the town centre through the delivery of the flood options described in this report.

The flood alleviation solutions required are varied, they include natural solutions such as the creation of wetland habitat and earth bunds as well as formal built structures such as defence walls and a pumping station. All solutions will consider improvements to the natural and built environment

This work supports the regeneration of Taunton town centre, The Taunton Garden Town status, the Councils Climate Change and Resilience work; and will be critical for allowing the town to prosper and develop safely in the future.

7.3 Firepool development

The redevelopment of Firepool remains a priority for the Council and the site is currently within the 1% AEP floodplain. Through the planning application process, site specific flood measures have been agreed between the EA and the LPA to protect the site from flooding, which include land raising of the site ground levels and 300+ metres of temporary demountable defences alongside the left bank of the River Tone by French Weir park entrance near Clarence Street.

The Preferred Approach described in this approach recommends new flood defence walls on the left bank of the River Tone between Frieze Hill to the Town Bridge and along the Tangier tributaries. That option provides an opportunity to replace the temporary demountable defences approach with a permanent solution, which would not only offset the operational challenges faced with erecting the temporary defence in times of flood, but offer a means to permanently improve the level of flood protection to the wider North Town community.

The long term climate change solution would also offer increased protection to the wider Town centre and all of the regeneration sites, including Firepool.

Key Message No.6

The options are technically challenging and will require partnership working, but they provide a strategic solution to protecting existing property and future regeneration of the Taunton.

8.0 Conclusions

This project has been successful in identifying a 'Preferred Approach' that can reduce flood risk in Taunton today and in the future.

- a) Fluvial flood risk is a significant matter for Taunton's current built area and for future regeneration plans in and around the town. There are currently 1031 total properties at flood risk from the River Tone and its tributaries for the 1% AEP flood event.
- b) If the existing defences are maintained at their current crest level with long term climate change the number of properties at risk in a 1% AEP event would increase from 1031 to 2548.
- c) Do minimum i.e. just maintaining existing defences, is not an option to take forward as it does not improve the standard of protection to Taunton, neither does it protect SWT's regeneration sites from the impact of climate change up to 2118. Intervention at a strategic level is required to ensure safe development is achieved in accordance with National Planning Policy Framework (NPPF), otherwise planning restrictions could be imposed.
- d) Reliance on the existing 4km of flood defences structural condition being maintained by a 'patch and mend' approach is not sustainable as deterioration will occur.
- e) When considering a long term plan for managing flood risk in Taunton the importance of a strategic approach is critical. There isn't a 'single intervention or option' that reduces the risk of flooding significantly, therefore a combination of multiple measures i.e. the 'Preferred Approach' is required.
- f) The Preferred Approach consists of upstream flood storage, optimising existing flood storage assets in the town centre, new or raised flood defences along the River Tone and Tangier tributaries and a pumping station at Bathpool.
- g) The proposed flood storage options in Longrun Meadow and Vivary Park not only offer a flood risk reduction but offer opportunities to improve existing habitats or create new habitats.
- h) The preferred combined approach must be co-ordinated to avoid any interim flood risk detriment.
- i) The Preferred Approach will need to be phased to make it affordable as it is unlikely to attract full or majority funding from central government Flood Defence Grant in Aid (FDGIA). Alternative funding sources to date have been identified by the SWT & EA Project Team (Community Infrastructure Levy (CIL), Housing Infrastructure Fund (HIF), New Homes Bonus and the Wessex Flood Defence Committee.
- j) There remain a number of significant delivery challenges that could prevent some of these options being implemented e.g Upstream storage on the River Tone. These have been suitably highlighted for the Council's elected members to assist with understanding the risks.

9.0 Next Steps/Recommendations

1. SWT and the EA should continue to work in partnership to support the development of a holistic solution for Taunton. SWT should continue to be Lead Partner to ensure a joined up approach across the community, regeneration and economic development occurs.
2. Recommendation: SWT accepts the findings of this report and endorses the recommended strategic approach to flood risk management.
3. Recommendation: SWT endorses the programmes of works listed in section 6, as a basis for future investment planning and securing of necessary funding
4. Recommendation: SWT, in partnership with the EA, moves forward with the identified Longrun Meadow scheme and the town centres defence improvements on the left bank of the River Tone to an appropriate design standard to secure the necessary approvals, with appropriate key stakeholder and public consultation.
5. Recommendation: that SWT and the EA develop a funding strategy to support implementation of the entire preferred approach.

10 Glossary and abbreviations.

AEP	Annual Exceedance Probability	The percentage chance of a flood of a given magnitude being exceeded in any one year
AOD	Above Ordnance Datum	Height relative to the average sea level at Newlyn, Cornwall UK
CFMP	Catchment Flood Management Plan	A plan which consider all types of inland flooding, from rivers, groundwater, surface water and tidal flooding on a catchment basis to provide a strategic overview of issues.
EA	Environment Agency	
FBC	Full Business Case	The final stage for government spending approvals process following the five case business model. The first two stages being the Strategic Outline Case (SOC) and Outline Business Case (OBC)
FDGiA	Flood Defence grant in Aid	A grant from Defra administered by the Environment Agency to support the construction of new or improved flood risk management measures
FRA	Flood Risk Assessment	Required to support any planning application it considers the flood risk at a development site as well as the impacts of the development on flood risk elsewhere. All sources of flooding are considered including fluvial, surface water and groundwater.
LLFA	Lead Local Flood Authority	
L&M	Levels and Moors	Coastal plain and wetland area of Somerset, running south from the Mendips to the Blackdown Hills and containing numerous nationally and internationally environmentally designated sites.
LEP	Local Enterprise Partnership	Voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.
NPPF	National Planning & Policy Framework	
OBC	Outline Business Case	The middle stage for government spending approvals process following the five case business model. The other two stages being the Strategic Outline Case (SOC) and Full Business Case (FBC)
PDP	Project Delivery Plan	

RFCC	Regional Flood and Coastal Committee	A committee established by the Environment Agency under the Flood and Water Management Act 2010 that brings together members appointed by Lead Local Flood Authorities (LLFAs) and independent members with relevant experience for the purpose of ensuring there are coherent plans for identifying, communicating and managing flood and coastal erosion risks across catchments and shorelines; encouraging efficient, targeted and risk-based investment in flood and coastal erosion risk management that represents value for money and benefits local communities; and to provide a link between the Environment Agency, LLFAs, other risk management authorities, and other relevant bodies to build understanding of flood and coastal erosion risks in its area
RMA	Risk Management Authority	
SCC	Somerset County Council	
SFRA	Strategic Flood Risk Assessment	An assessment of flood risk from a variety of sources to support a Local Authority's local plan and to help make planning decisions
SOP	Standard of Protection	A term used by the EA to describe the level of protection offered by a flood defence scheme.
SWT	Somerset West & Taunton	
WFD	Water Framework Directive	A European Union directive which commits European Union member states to achieve good qualitative and quantitative status of all water bodies

TAUNTON STRATEGIC FLOOD ALLEVIATION IMPROVEMENTS SCHEME

FREQUENTLY ASKED QUESTIONS

November 2019

Q1) What is the current flood risk in Taunton and why are you doing this project?

Currently, there are approximately 1031 properties (residential, commercial and infrastructure buildings) at risk from river flooding in Taunton from the 1% Annual Exceedance Probability (AEP) flood. The 1% AEP flood has a 1 in 100 chance of occurring once in any one year, taking into account the standard of protection offered by the existing flood defences.

Somerset West & Taunton Council (SWT) and the Environment Agency (EA) are working closely together to identify strategic flood risk reduction measures for the town centre. The existing flood defences, built during the late 1960s/early 1970s were modified in the early 1990s. However, they are now deteriorating with time, and will not provide longer term flood protection to the Town, especially when considering climate change predictions for increased rainfall and flood flows.

Taunton is principally at risk of flooding from the River Tone and its tributaries. In 1960, fluvial flooding affected a considerable area of the town centre, particularly the North Town and Station Road areas. More than 360 houses, shops and business premises were badly flooded.

If we do nothing, we may start to see a return to flood events such as those pictured below:



Towards Town Bridge near St. James St, Taunton – 1960



Junction of Bridge St. and Station Rd, Taunton – 1960



Priory Bridge Road junction with Canal Rd / Station Rd. – 1960



North Town (Cleveland Road or Greenbrook Terrace) - 1960

TAUNTON STRATEGIC FLOOD ALLEVIATION IMPROVEMENTS SCHEME



Calverts furniture shop, Station Rd – 1960



Aerial photo showing flood extent during 1968 event in Taunton

Since the 1960s, less damaging flood events have more recently been observed in Taunton in 2000, 2007, 2009 and 2012. In 2012, notable flooding occurred in Vivary Park and the adjacent Cricket Club.

Most recently, a major flood incident occurred downstream on the Somerset Levels & Moors in winter 2013/14, which resulted in an extensive land area being flooded for 3 months.

Taunton town centre narrowly avoided serious flooding on these occasions, but it experienced significant disruption to many local services such as access to health centres and food stores, as well as impacting local businesses, demonstrating that flooding events do not just impact the inundated area.



The River Tone comes close to flooding onto Clarence Street, North Town, near French Weir Park in October 2000

Q2) What is the project called and what are its objectives? Why are you working together?

Our project is called the “Taunton Strategic Flood Alleviation Improvements Scheme” (TSFAIS). This stage of the project is referred to as “Phase 2”. We have assessed a significant number of flood alleviation and mitigation options to determine preferred solutions to reduce flood risk in Taunton today and in the future, which also help to enable the delivery of the Garden Town regeneration plans. Solutions identified minimize any impacts on third parties and on the River Tone down stream of the M5. The preferred solutions form a phased approach over short, medium and long term periods. Concept designs, cost estimates, timescales and next steps have been identified to help provide a framework which can be built on to secure long term strategic flood protection for the town centre.

Working in partnership brings together significant knowledge and expertise, to identify and deliver a holistic solution to flood risk. Partnership provides potential to deliver improvements that may not be possible via SWT’s own actions, or solely through the EA’s flood defence funds.

Q3) What happens to flood risk in Taunton if we “do nothing” or continue with “existing arrangements?”

The condition and height of the existing 4km of flood defences provides a varying standard of protection through the Town. With no, or a minimal ‘patch and mend’ approach, they will eventually fail or overtop. Due to expected climate change impacts, they are likely to be overtopped far more frequently in the future if no interventions are made.



BT Exchange



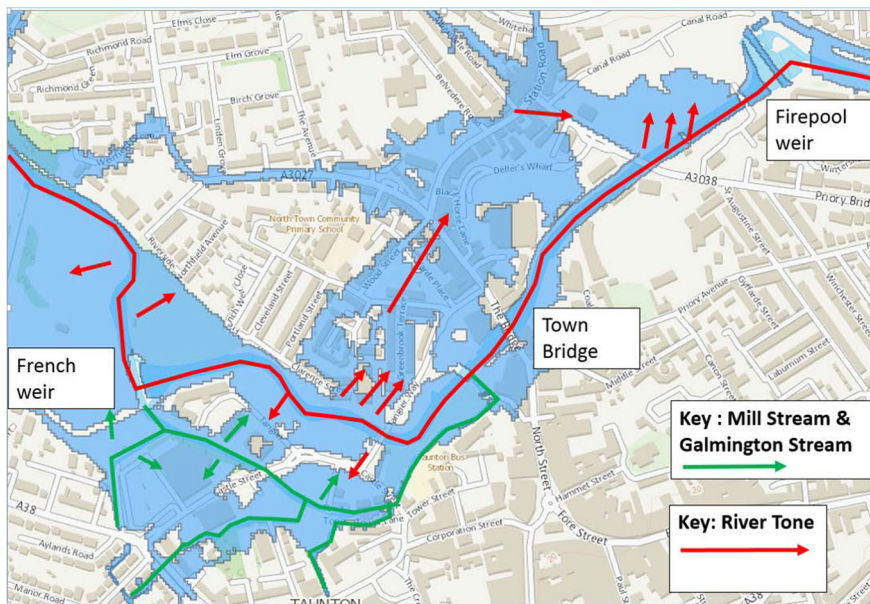
Clarence Street



Frieze Hill

Our Phase 2 work suggests that a single major flood could cost the local economy £50 million. Therefore to do nothing is not a viable option. It is recognised that the risk to the town will get worse as climate change is predicted to increase maximum flood flows over time. The risk comes not just from the River Tone, but from 3 other principal tributaries that flow into the town centre - the Galmington, Sherford and Mill Streams.

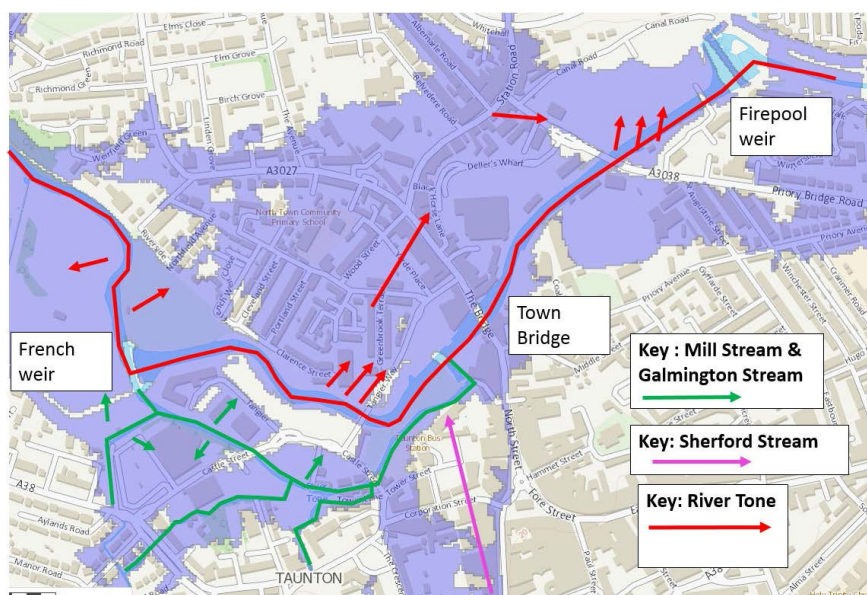
TAUNTON STRATEGIC FLOOD ALLEVIATION IMPROVEMENTS SCHEME



River Tone and its Tributaries Flooding in Taunton Town Centre today - 2019

Q4) What is the risk of flooding in the future due to climate change?

The existing flood defence scheme will become increasingly sensitive to any climate change impacts. UK Climate Change Projections (referred to in UKCP18 research) suggest a trend towards more frequent and higher volume/intensity winter rainfall patterns. Any resultant increase in design and/or observed flood flows in the River Tone and tributaries will place many more homes and businesses at increased levels of flood risk. When considering the impacts of climate change on river flooding up to 2119 this increases the total number of properties at risk in Taunton from 1031 to 2548. In addition to the existing community, roads and businesses, the planned growth and regeneration sites in and around Taunton could also be adversely affected.



River Tone and its Tributaries Flooding in Taunton Town Centre with climate change - 2119

Q5) What options have been looked at to reduce flood risk in Taunton?

The Phase 2 work has assessed a 'long list of options' to determine if they could positively contribute towards reducing flood risk to existing properties and future development in Taunton today, and in the future when considering climate change. We have also considered impacts on third parties, the River Tone catchment downstream of the M5, feasibility of delivery and costs for constructing and maintaining any measures longer term. Historic options from previous studies were revisited as well as "Do Nothing" and "Doing the minimum to existing defences". Options assessed included:

- Retaining and repairing what is already in place,
- improving existing defences and storage,
- replacing existing defences,
- improving flood conveyance,
- new defences and flood storage in the town, and
- new defences and flood storage upstream of Taunton.

There isn't a single option that completely removes or reduces flooding in isolation. Instead, a combination of interventions is required. This combination of works is referred to as the "preferred approach".

Q6) Isn't this project just about facilitating growth and regeneration in Taunton, and won't the regeneration sites make flooding worse?

No. As mentioned in Q1 and Q3 answers, there are many other existing flood risk beneficiaries to consider in the town centre alongside the regeneration site areas.



Town Bridge 2012



Clarence Street

Although redevelopment sites such as Tangier and Firepool (Cattle Market) would also benefit from reduced flood risks in the future, these sites will not themselves increase fluvial flood risks either in, upstream or downstream of the Town, provided that they deliver their own appropriate flood mitigation measures on site.

Our TSFAI project provides an opportunity to replace the temporary demountable defences agreed as part of the Firepool planning application with a more permanent solution, which could offset the operational challenges faced with erecting temporary defences. This would also improve the longer term level of flood protection to the wider North Town community.

Q7) So what works are you considering?

The project's preferred approach consists of upstream flood storage, optimising existing flood storage assets in the town centre, new or raised flood defences along the River Tone and tributaries and a pumping station at Bathpool.

The TSFAIS Phase 2 has identified a preferred approach of measures to provide a 1% AEP standard of protection when considering climate change. The measures identified can be phased over a period of time to make them easier to deliver as they align with future funding sources and climate change impacts. The various short, medium and long term elements create an overall strategic solution to reduce flood risk in Taunton for the next 100 year period. The preferred approach consists of:

- Optimise Longrun Meadow for flood storage;
- Raised / New Defences on the Tangier Tributaries
- Raised / New Defences on the River Tone (left bank) from Frieze Hill to Town Bridge;
- Raise Firepool canal lock gates;
- Increase the height of defences between Firepool and Obridge (left bank);
- New pumping station at Bathpool;
- River restoration and flood storage at Vivary Park;
- Upstream storage at Bradford on Tone;
- Possibility of raising Castle Street Bridge & Bus Station footbridge;
- Possibility for a Mill Stream flow diversion weir;

All of the preferred approach interventions will consider maximizing available opportunities to enhance the natural and built environment, where it is feasible to do so, and align with wider Garden Town design objectives set by SWT Council.

Q8) What about areas other than Taunton which flood?

The TSFAIS project has prioritised reducing flood risks in Taunton town centre as its main objective. That doesn't mean to say that there aren't other locally important flooding problems to be addressed elsewhere in Taunton, and the wider district.

The preferred approach has identified which interventions, and on which watercourse(s), have the greatest potential to lessen flood risks to the central core of businesses and residential properties in the town. Some of the other watercourses flowing into Taunton, such as Black Brook, Stockwell Stream, Mill Lease stream, and Norton Brook do have their own local flood risk issues, but dealing with these in isolation does not significantly reduce flood risk in the town centre area.

Importantly, SWT Council and the Environment Agency have access to a number of other assessments on flood risk that inform decisions we both make as flood risk management authorities.

The Council's Strategic Flood Risk Assessment tells us what the flood risk is from various sources (river, surface water, coastal, groundwater, drainage and sewer) for the whole district.

The EA's Shoreline and Beach Management Plans provide details on flooding and erosion at the coast, and indicate how we can managing those risks. Our partners at Somerset County Council produce Surface Water Management Plans, and Wessex Water produce Drainage and Wastewater Management Plans.

Using these other sources of information both organisations will continue to work in partnership with others to tackle flood risk and resilience issues elsewhere in the district. For example, working with organisations such as the Somerset River Authority, Flood Action Groups, Friends Groups and Internal Drainage Boards.

Q9) Will this work impact on the Somerset Levels and Moors?

The modelling analysis of our preferred approach options specifically looked at the impact downstream of the M5, which provides an indication of any likely impacts on the Somerset Levels and Moors. The preferred approach options have no significant impact on downstream flood risk, but will be checked again during any detailed design work. Large flood storage upstream of the town has the potential to 'slow the flow' into the downstream Levels and Moors area.



Levels and Moors winter 2013/2014

Q10) How much will it cost?

Based on the conceptual designs for each of the preferred approach options, indicative construction and whole life costs have been established. These have been sourced from our technical consultants, project cost tools and with reference to similar schemes built elsewhere in the country.

Costs will vary according to the complexity of the option. Most projects fall within the range of £5-12million each, but some are considerably less. The largest option of upstream storage at Bradford on Tone is costed at approx. £50M for construction.

The preferred approach will need to be phased to make it affordable as it is unlikely to attract full or majority funding from central government Flood Defence Grant in Aid (FDGIA). Alternative funding sources have been identified by the SWT & EA Project Team (Community Infrastructure Levy (CIL), Housing Infrastructure Fund (HIF), New Homes Bonus and the Wessex Flood Defence Committee. The project team will also be investigating funding from other stakeholders and interested parties.

Q11) When will it happen?

The preferred approach options have been given time ranges of: short - 0-10 years; medium - 10-15 years; and long term 30 years +.

SWT and EA have identified three opportunities which may come forward in the short term:

- Raised or New Defences on the left bank of the River Tone from Frieze Hill to Town Bridge;
- Optimisation of Longrun Meadow flood storage; and
- Raise Firepool canal lock gate entrance, and increase the height of defences on the left bank between Firepool and Obridge.

Q12) What will happen next?

Detailed design work is proposed to be undertaken for each of the preferred approach options as part of a phase 3, which is yet to be started.

This will enable the relevant consents and permissions (Planning Consent, Habitat Licenses, EA License) to be obtained. It will also help us determine detailed costs.

Engagement with local stakeholders will be key, and an integral part of the detailed design work under phase 3.

Only then could a contract be let to enable actual construction works to start.

SWT and the EA will continue to work in partnership to secure delivery of the short term preferred options and we will shortly be setting out how we will do that in a collaborative agreement.

Q13) Why don't you just dredge the river instead?

Firstly, there is an important distinction to make between dredging and de-silting. De-silting involves the removal of accumulations of silts and sediments in order to restore the natural channel and keep navigations possible. Dredging goes further by enlarging the original channel design through deepening and/or widening.

Dredging, and other types of watercourse management such as de-silting and vegetation removal have been considered when assessing how to manage existing and future flood risk in Taunton. Dredging has to be prioritised and justified technically, environmentally and economically.



Conventional Dredging on the River Parrett in 2014

In Taunton town centre, dredging is not part of the preferred approach because it is not physically possible in many areas to enlarge the existing channel size through the town, nor remove the weirs at French Weir and Firepool, which significantly contribute to deposition of silt behind them. De-silting works immediately upstream of Firepool weir have taken place in the past to remove silt for visual, amenity and navigation reasons. However, this de-silting (maintenance) work does not significantly reduce flood risk in the town centre. Any benefits derived from this work are also short lived, as removing the silt creates capacity for more material to be deposited, and starts the natural accretion process again.

Following extensive flooding during the winter of 2013/14, dredging and subsequent de-silting has instead been carried out on sections of the River Parrett/Tone downstream of Taunton, where it is more effective in helping to maintain the capacity of the rivers in their lower tidal sections.

This dredging/de-silting work has been undertaken by either the Environment Agency or the Parrett Internal Drainage Board for the Somerset Rivers Authority and means that the duration of flooding downstream of Taunton will be reduced, along with the impacts on properties, land and infrastructure. Ongoing regular maintenance of the recently de-silted lengths of river will be key to maintaining channel capacity downstream of Taunton.

As mentioned in Q9 above, our preferred approach options have been selected to ensure that they have no significant impacts on downstream flood risks in the Somerset Levels and Moors area.

Q14) Won't some of the Taunton town centre options conflict with existing land uses such as recreation and amenity?

Potentially yes they could conflict, but it's possible these proposals could also offer opportunities to improve these facilities. At this stage the preferred approach options are simply concept design stage arrangements that have been proven to reduce flood risk. Before any of the works can proceed to construction there will need to be an extensive stakeholder and public consultation to inform any design processes. We already know that the public value highly the existing facilities at Longrun Meadow and Vivary Park and the multiple uses that they offer. We fully appreciate that we would need to work sensitively with those respective users that could be effected by any of our proposals.

Q15) What about any wider impacts on water quality and the environment?

These important aspects will be more fully assessed as part of the phase 3 project work. As mentioned in Q7, the preferred approach options will be designed to maximise their environmental benefits, where they can do so. This can include incorporating appropriate measures that can help improve water quality and biodiversity for some of the works.

In addition, other ongoing projects led by other partners will be broadly complimentary to the preferred approach options identified by our project.

For example, the use of more natural flood management (NFM) techniques in the upper catchment of the River Tone and its tributaries will contribute to the overall effectiveness of our preferred approach options further down these watercourses.

As part of the Somerset 20year Flood Action Plan, NFM works are already being delivered by a project called Hills to Levels, funded by the Somerset Rivers Authority. Further details of this project can be found here:

<https://www.fwagsw.org.uk/hills-to-levels>, and
<https://catchmentbasedapproach.org/learn/what-is-natural-flood-management/>



Environment Agency picture of Natural Flood Management

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

Organisation prepared for	Somerset West and Taunton		
Version	1	Date Completed	14/11/2019
Description of what is being impact assessed			
Taunton Strategic Flood Alleviation Improvements Scheme (TSFAIS)			
Evidence			
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset's Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles, should be detailed here</p> <p>The TSFAIS Project Development Plan is an objective assessment of flood risk and the technical solutions required to reduce that risk to Taunton. Data used to assess how this policy might impact on protected groups includes: property counts (homes, businesses and infrastructure); area profiles; resilient network plans, community facilities location data (i.e. health centres, residential homes, emergency services, support services – MIND, SWT), IMD, JSNA, Flood Mapping.</p> <p>There are currently 1031 properties at risk of river flooding. With no change in the current standard of flood protection the number of properties and infrastructure affected by flooding will get worse as flood risk will increase with climate change. This will mean that 2548 current properties will be affected, plus any constructed from 2020 onwards.</p> <p>The preferred approach in the TSFAIS will reduce flooding on roads in the town (including: A38, A3027 Bridge St, A3027 Staplegrove Rd and the A3038 Station Rd, High Street) ensuring that the following community assets and services remain accessible and open:</p> <ul style="list-style-type: none"> • French Weir Surgery; • North Town Primary School; • SWT Officers; • Police Station; 			

- Ambulance Services Stations (St Johns and SW Healthcare)
- Two nursing/care homes;
- Pharmacies;
- 6 Dental Practices;
- Train Station access;
- Bus routes.

And the following utilities infrastructure will be protected:

- 44 electricity substations;
- 5 water control/pumping stations;
- 4 waste water/waste management works;
- BT Exchange;

The following additional community facilities and services will remain open and accessible:

- 6 places of worship;
- 7 community centres/facilities.
- 1 cemetery;
- 1 Vets;
- Funeral Directors;
- 18 open spaces;
- 16 sports facilities including: swimming pool, Cricket Club, Football Club.

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

The TSFAIS is a technical document presenting objective information on flood risk for Taunton both now and as a result of climate change. This work has provided an indication of possible impacts on protected groups. As each of the schemes requires further detailed design work to secure the necessary consents (EA permit, Natural England licence agreement, Planning Consent, etc.) to enable a contract to be let for their deliver, consultation will be undertaken going forward with relevant stakeholders and interested parties, as each of the preferred options is progressed to detailed design.

Analysis of impact on protected groups

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

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> Ensuring access to health facilities and enabling health professionals to undertake home visits – particularly benefits the elderly and young children; Ensuring access to education, primary schools, and nurseries – benefiting young children; Ensuring utility infrastructure is protected – vulnerable elderly and young people have heating, fresh water and foul water services; Enabling ambulance services to continue running – particularly benefiting the elderly and very young who may not be able to get to hospital themselves; Ensuring Nursing/residential homes in the area’s currently at risk are protected; 	□	□	☒
Disability	<ul style="list-style-type: none"> Persons with physical impairments such as sight, dementia and mobility issues will be more adversely impacted by flooding – TSFAIS reduces impact of flooding to roads and enables access to services and facilities; Ensuring utility infrastructure is protected maintains heating, fresh water and foul water services – protects vulnerable persons with long term health conditions or disabilities; Ensuring access to health facilities and enabling health professionals to undertake home visits – particularly benefits 	□	□	☒

	<p>those have long-term health conditions or disabilities which require regular medical support;</p> <ul style="list-style-type: none"> • Ensuring access to open spaces and sports facilities – provides opportunities for leisure and exercise which have a positive impact on the health and well-being of the community; providing opportunity to improve health and reduce ill-health. • Enabling persons to use sustainable modes of travel (walking and cycling) improves health and wellbeing. • Protection for support services for those with disabilities – such as Compass Disability and Albermarle Centre; 			
Gender reassignment	<ul style="list-style-type: none"> • The TSFAIS assists all persons living, working or visiting Taunton. However there are no specific policies that have direct positive or negative effect on the protected characteristic of gender reassignment. 	☐	☒	☐
Marriage and civil partnership	<ul style="list-style-type: none"> • The TSFAIS assists all persons living, working or visiting Taunton. However there are no specific policies that have direct positive or negative effect on the protected characteristic of marriage and civil partnership. 	☐	☐	☐
Pregnancy and maternity	<ul style="list-style-type: none"> • Ensuring access to health facilities and enabling health professionals to undertake home visits – supports pre-natal and post-natal women; • Enabling ambulance services to continue running – supports pre-natal and post-natal women who may not be able to get to hospital themselves; 	☐	☐	☒
Race and ethnicity	<ul style="list-style-type: none"> • The TSFAIS assists all persons living, working or visiting Taunton. However there are no specific policies that have direct positive or negative effect on the protected characteristic of race and ethnicity. 	☐	☒	☐

Religion or belief	<ul style="list-style-type: none"> 6 places of worship will be protected by TSFAIS. These facilities also often provide support services to vulnerable persons; and community classes and events. 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<ul style="list-style-type: none"> The TSFAIS assists all persons living, working or visiting Taunton. However there are no specific policies that have direct positive or negative effect on the protected characteristic of sex. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<ul style="list-style-type: none"> The TSFAIS assists all persons living, working or visiting Taunton. However there are no specific policies that have direct positive or negative effect on the protected characteristic of sexual orientation. 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.	<ul style="list-style-type: none"> The TSFAIS reduced flood risk to key roads in the town, enabling carers to undertake home visits and/or take their clients out to get essential groceries, exercise (i.e. walks in local parks and green spaces; or more active swimming of sports centre activities) and visit healthcare facilities; Flood reduction and mitigation measures prevents properties from being isolated by flood waters, and reduces the potential for those isolated in their homes; TSFAIS will keep public transport routes open, benefiting those who rely on them to access employment, education, services and facilities; 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Negative outcomes action plan

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

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

If negative impacts remain, please provide an explanation below.

N/A

Completed by: Ann Rhodes (Strategy Officer)

Date 4 November 2019

Signed off by: Brendan Cleere

Date 12 November 2019

Equality Lead/Manager sign off date: Brendan Cleere (12 November 2019)

To be reviewed by: (officer name)

Review date:

Report Number: SWT 15/20

Somerset West and Taunton Council

Executive: 22 January 2020

Purchase of Otterford B Gypsy and Traveller Transit Site.

This matter is the responsibility of:

Councillor Francesca Smith Portfolio Holder for Housing

And

Councillor Marcus Kravis Portfolio Holder for Asset Management and Economic Development

Report Author: Gerry Mills Commercial Investment Specialist

1 Executive Summary

- 1.1 For some considerable period of time the Council has been trying to acquire a site known as Otterford B for use as a Gypsy and Traveller Transit Site.
- 1.2 The former Taunton Deane Borough Council (TDBC) had granted approval to purchase the site (pre formation of the new Somerset West and Taunton Council and as part of a previous administration) – however considerable time has elapsed since this was granted.
- 1.3 Site has extant planning for 6 pitches (12 vans in in total) as a transit site.
- 1.4 SWT have a grant of £150K for Capital Expenditure (CAPEX) to purchase the site and to complete additional works.

2 Recommendations

The Executive:

- **To purchase the property with vacant possession for development as a transit site at a cost of £35,000**
- **To seek an operator/management service for the site as outlined in the report**
- **Appoint a professional team to advise on:**
Development of the site: ensuring quality, cost control and developed to an

agreed specification with detailed programme timescales and budget.

3 Introduction

- 3.1 Somerset West and Taunton Council (SWT) are reviewing the opportunity to purchase the County Council owned Otterford B Gypsy Transit Site near Culmhead in the Parish of Otterford. This site has extant planning permission for 6 transit sites with associated services and facilities which have been partially implemented. This has been a Transit site since 2005 and was valued at between £20 and £25k in 2013. A re-valuation of the site was undertaken in November 2019 and the revised value of £35,000 was determined.
- 3.2 SWT are interested in purchasing this site to serve a significant planning function, both as a deterrent to, and option available for dealing with, unauthorised encampments - to deal with unauthorised encampments the Council must have an appropriate 'move on' facility which SWT currently doesn't have. SWT cannot therefore apply to move illegal encampments on as detailed in the Historic Context at Section 3 below.
- 3.3 A Gypsy and Traveller Accommodation Assessment carried out by De Montford University and updated in in 2013, highlighting that SWT were short of 83 permanent pitches and 5 transit pitches - this need has not yet been met.
- 3.4 This breaks down as the former TDBC requiring 75 residential and 5 transit; former WSC 8 residential and 0 transit.
- 3.5 There is an important distinction between the two geographical areas. Requirements are low in the former WSC area. This is potentially due to a number of factors:
- the G&T resident population is low in number (10 Caravans) and not increasing;
 - No traditional or historic G&T travelling routes pass through the area nor is it a regular destination for the community. As such there have been very few unauthorised encampments in the area and the last planning application for pitches was in 1976.
 - In the former TDBC area there is a larger resident population of Travellers (126 caravans across 20 privately owned sites and 1 publicly owned) but only one showpeoples group, numbers have remained relatively constant through the years. There are those who come to the area for short periods of time; the larger towns of Taunton and Wellington, are close to the strategic road network, persons are, in the main, passing through the area – pausing in a long journey or attending events locally such as funerals.

- There has been no planning applications since 2015 for Travellers sites. The Travelling Showpersons population is small (13 caravans in total on 1 site) with 1 yard in the former TDBC area, and the last planning permission was for extending residency in 2018.

3.6 The Council has no in-house management expertise to run a site. A partnership arrangement with an adjacent authority, housing association or other body is a preferred solution. However if this is not forthcoming this would default to SWT.

4 Historic Background

4.1 Otterford B is owned by Somerset County Council who are seeking to dispose of it after taking the decision in April 2011 to disband its Gypsy and Traveller service in light of the removal of its obligation to provide pitches under The Criminal Justice and Public Order Act 1994.

4.2 The County Council sold its Gypsy & Traveller residential sites and leased the transit site in Sedgemoor to a private company, Somerset Travellers Ltd, in December 2011. The then TDBC was made aware of The County Council's wishes to dispose of the remaining transit sites in its ownership, of which one - Otterford B - resides in the new SWT area, initially in 2010 and again in August 2012.

4.3 The site has an extant planning permission for 6 transit pitches with associated services, facilities and landscaping. The permission is partially implemented. The then TDBC paid for the planning permission, installation of mains water, electric and a Klargestar (sewage waste disposal system) sufficient for six pitches and a hard standing for one pitch.

4.4 Formerly, Taunton Deane Borough Council leased Otterford B from 2005 until 2010 when Somerset County Council revoked its lease agreement. Legal services made enquiries about TDBC continuing to lease the site (with or without County Council managing it), which were rejected.

4.5 In 2012 the County Council placed the site on the open market with a value of c£75,000. They were unsuccessful in securing a buyer. In 2013 SWT and SCC agreed a value of £25,000 with vacant possession or £20,000 if taken with the current resident who was placed on the site by the County Council. Legal Services recommendation is for vacant possession.

- 4.6 The County Council had received an Expression of Interest from Otterford Parish Council who wished to obtain the site for an unspecified "Community Use". The County Council issued Otterford Parish Council Heads of Terms (HoTS) The current position of Otterford Parish Council is appended at Appendix 1, where they have declared no further interest in acquiring the site.
- 4.7 At the time of this report, there were no lands for sale with permission for small amount of pitches. The nearest comparison was a gipsy site in Radford, 8 miles south west of Bath, where 1.3 acres of land is for sale for £100,000 comprising of a paddock and planning permission for one mobile home and a touring caravan.
- 4.8 SWT has no access to publicly owned Transit Pitches in Somerset. The Transit site in Sedgemoor, leased to Somerset Travellers Ltd, is closed and it is estimated that £200,000 is required to bring it back into active use. The other transit sites in the County Council's ownership are closed and they are seeking to dispose of them. The nearest Transit site is in Plymouth.
- 4.9 The Council has no in-house management expertise or funding for running the Otterford Site. A partnership arrangement with an adjacent authority, appointment of a shared traveller liaison post, housing association or other body could be a solution. Longer term there may be potential for a countywide management company to be formed between adjacent Districts, however there needs to be investigation into current appetite for this venture. Management of a Gypsy & Traveller site is intensive; trusting individual relationships have to be established with each of the residents, regular maintenance inspections would be required during periods of site occupation and security when unoccupied. An adjacent authority has a part-time officer who manages its residential sites.

5 Pros/Cons Of The Otterford B Site

- 5.1 There are advantages and disadvantages in operational, reputation and financial terms for the Council.
- 5.2 One concern for the suitability of the location of the Otterford site is the 2011 make-up of the G&T community. In 2011 Census identified that there are 733 residents in Somerset who describe their ethnicity as Gypsy or Irish Traveller, with one in three aged under 16 and almost half under 25. To clarify the settled Travellers have a higher education attainment levels than those who permanently travel. There is significant low levels of education attainment among those who permanently travel. The same is true for the health equalities, those who have a permanent residential base have higher health outcomes. The Dept. of Health funded exercise in 2011 highlighted that the G&T community in Somerset

experience notable health inequalities with one in six having long term health problems or disabled and 15% of the population in bad or very bad health. Given this information, the location of Otterford which is not close to schools or health facilities must be a considered factor to the purchase of the site. Although the health facilities could be improved by a mobile health unit when caravans are on site, or an information surgery signposting to services, if this option was explored and a mobile unit was available in the area.

Site options

The site options are set out briefly below:

Action	Pro's	Con's
Do Nothing	No capital, maintenance or management costs for SWT.	No provision: Identified GTAA needs not met, High risk and costs of unauthorised encampments. No accommodation for homeless or emergency cases. Reputation risk with G&T community, press, general public, Planning Inspectorate. Risk of legal action under Equalities/Human Rights.
Rely on private sites	No capital, maintenance or management costs for SWT.	No guarantee enough sites will come forward to meet need or that private landlords will rent pitches to aforementioned cases. Identified GTAA need not met, High risk and costs of unauthorised encampments. No accommodation for homeless or emergency cases. Reputation risk with G&T community, press, general public and Planning Inspectorate.

		Risk of legal action under Equalities/Human Rights.
Look for land for new site	<p>Sustainable location; in or adjacent to settlement.</p> <p>Addresses identified need.</p> <p>Deterrent, aid dealing with unauthorised encampments, emergency provision and homeless.</p>	<p>Difficulty in identifying sites (willing landowners).</p> <p>Reputation with general public, local opinion.</p> <p>Capital cost of land, cost of Planning App, implementation, maintenance and management.</p>
Buy Otterford B subject to valuation (with VP)	<p>Deterrent, aid dealing with unauthorised encampments, emergency provision, homelessness.</p> <p>Established site with planning permission.</p> <p>Vacant Possession.</p> <p>Mains utilities, internal road, one hard standing constructed on site.</p> <p>Addresses some of transit need in GTAA.</p> <p>Opportunity to offer pitches to adjacent authorities for a fee.</p>	<p>Capital cost of land, cost of improvements and additional pitches, maintenance, management and removing unauthorised people. Lack of wider community services and facilities in area (Bus, GP's, School).</p> <p>Concern over standard of adjacent residential site.</p> <p>Some G&T community members wouldn't chose to go to Otterford.</p>

6 Capital Costs

- 6.1 Please note all figures are provisional, as they're based on costs from construction and running of Gypsy sites elsewhere in the Country.
- 6.2 The 1.7acre/0.69ha Otterford site is valued at £35,000 with vacant possession. DCLG Designing Gypsy & Traveller Site: Good Practice Guidance published in 2008 sets out the minimum requirements for a transit site. Mains water, electric and a Klargester sufficient for six pitches and a hard standing for one pitch was installed in 2005. Improvements may be required to the existing elements to provide secure boundaries (soft and hard landscaping) with a clear 3m inside the perimeter for Fire Safety, defined public and private areas, screening of

unpleasant adjacent uses (scrap yard, tetra-mast, public road), access road of adoptable standard (3.7m wide for dual traffic with 5.5m passing places and drainage) which enables manoeuvring of a 15m trailer (see Department of Transport Manual for Streets published in 2007 & 2010), fire safety signage, refuse and recycling facilities and a non-combustible utility building (toilet, sluice, wash basin, shower, hot and cold water supply – for personal hygiene and laundry) for the existing pitch. Pitches must be clearly defined and able to accommodate 2 touring caravans (which could be up to 25m long), 2 parking spaces (2.4m x 4.8m) and a utility building.

- 6.3 Additional pitches and facilities could be implemented in phases as required or full planning permission implemented at once. Additional pitches must ensure 6m distance between separately occupied caravans, a non-combustible structure i.e. day room can be used to achieve separation. The DCLG guidance recommends designing out crime and designing in community, with safety of residents and children paramount. As transit pitches can be unoccupied for long periods adequate security is required to prevent vandalism to facilities and unauthorised occupancy.
- 6.4 An affordable housing provider constructed a Gypsy Site in October 2011 at a cost of £55,000 per pitch (mains electric, water and sewerage mains metered to each pitch, day rooms (kitchen, bathroom and laundry), playing facilities, CCTV, roads, hard standing, landscaping, etc).
- 6.5 SWT has a ring fenced fund of c £150,000 (£100,000 grant, £50,000 SWT reserve) for the provision on Gypsy & Traveller sites within the SWT Area (including the acquisition of the site).
- 6.6 Government periodically opens Gypsy & Traveller Sites Capital Grant programs which are administered through DCLG and HCA. These are for improvements or extensions to existing sites or provision of new pitches. However, currently, at the time of writing this brief, there is no funding or grants available to local authorities for this purpose.

7 Operating Costs of Sites and Managing Illegal Encampments

- 7.1 The same affordable housing provider estimated the running costs at £900 per pitch per year plus £1,800 per year for major repairs. They charge rent £64.26 per week per pitch. An adjacent authorities running cost for 14 pitches in 2012/13 were £44,563 for the 14 pitches (£3183 per pitch), the income from rent was £55,704 (avg of £76.52 per pitch per week). The same adjacent Local Authority has a part time Liaison Officer on Band D. Rents from their 14 Gypsy pitches pay for maintenance and contribute towards the employment of that Officer. DCLG collated national figures on annual maintenance costs range from £3,274 to £17,000 per pitch with management costs of between £15 and £17 per

week per pitch. Across the Country rents range from £26 to £105, depending on the size of the pitch and its services and facilities. DCLG figures demonstrate there is no established standardised rent or costs for Gypsy & Traveller sites.

7.2 Across the country pitch rents range from £58 to £105.83 depending on whether a single or double pitch and covers services and facilities although some do have council tax and water as additional charges. The pitch rent will cover the maintenance and management costs for most of the sites however, these are permanent pitches compared with transit sites. There is no guarantee that the site will be full all year and therefore forecasting any income could be difficult.

7.3 The cost of dealing with unauthorised encampments is significant. Somerset County Council paid out the following for clearing the sites following unauthorised encampments.

2016 £37,242

2017 £18,249

2018 £27,755

7.4 In the Taunton area of SWT in 2018, the costs to our parks service for 8 visits to clear Wellsprings and Blackbrook pavilion was £9,314 however this does not include legal, property or staff costs relating to these occasions along with the clearance of other traveller sites in our area for 2018 and previous years. Unfortunately these figures are not available at the time of this report.

7.5 National figures for 2011 estimated the average cost for minor incursions at £6,500 per site plus officer time. For major protracted incursions, like Oxen Lane North Curry, this figure rises to an average of £4.6 million. Costs for Dale Farm unauthorised encampment published by Basildon Council are £7 million, with additional Police cost of £2.4million.

8 Good Practice Managing Sites

8.1 Good management of a site requires knowledge of the different Gypsy & Travelling cultures and communities. Options include:

- a) do nothing,
- b) an onsite resident-manager/caretaker (free of charge pitch and nominal retainer),
- c) recruit an officer (c.£20000 including on costs - £4k per Council),
- d) tender for cost neutral site management (pre-tender then full tender process), this will likely be more cost effective if Somerset wide, Officers can explore interest for such a structure with Somerset Housing Officers Group, Home Space Sustainable Accommodation Community Interest Company and an affordable housing provider).

e) Researchers at De Montfort University looked at the problem of managing and delivering Gypsy and Traveller sites in 2016 and offered 12 key recommendations to housing bodies, local authorities and government agencies:

1. Recognise that site provision is the key to resolving continuous unauthorised encampments in an area.
2. Where sites are not already in existence, consider 'negotiated stopping', rather than eviction, as a more resource-efficient and humane approach to unauthorised encampments.
3. Understand unauthorised encampments and lack of permanent sites as housing issues reflecting unmet accommodation needs.
4. Have robust Gypsy and Traveller Accommodation Assessment data based on open channels of communication with residents.
5. Identify sites in Local Plans and consult with Gypsies, Travellers and other residents on location of sites.
6. Encourage elected members to play a key role in leading local debates on managing and delivering sites, supported through training and by national political leadership.
7. Recognise a duty to promote equality in this area; challenge discriminatory discourse about Gypsies and Travellers as part of this.
8. Plan for a mixture of tenure, size and location for new Gypsy and Traveller sites, as with general housing stock.
9. Bring in Gypsy and Traveller accommodation alongside other social housing, in terms of policies, administration and standards of management.
10. Recognise that a well-run site will not cost money in the long term (income can cover costs) but capital funding is needed initially to support delivery.
11. See information sharing as key to good management: inefficiencies occur when lines of accountability between departments and agencies are blurred.
12. Pay careful consideration to future management and ownership issues when undertaking reviews of local authority sites.

8.2 This research was based on interviews that took place with 122 G&T residents on 54 sites, as well as interviews with 95 public service professionals and local politicians across the UK to find out more about site delivery and management.

9 SWT Site Management Options:

Action	Pro's	Con's
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Do Nothing	No capital, maintenance or management costs of SWT owned site.	No provision: Identified GTAA need not met, High risk and costs of unauthorised encampments. No accommodation for homeless or emergency cases. Reputation risk with G&T community, press, general public, Planning Inspectorate. Risk of legal action under Equalities/Human Rights.
Onsite-manager/caretaker	Onsite 24/7 to provide security, manger residents and undertake minor repairs, likely to be member of Gypsy or Traveller community and know cultures.	May have issues with members of different cultural or ethnic group. SWT pay for retainer, maintenance materials, may undertakes significant maintenance repairs.
Employ Officer via a joint approach across other Councils	Development of in-house management expertise, oversee maintenance, coordinator and focus for all G&T matters. SWT retains rent receipts.	C. £30,000 incl. on-costs, SWT Officer – may be distrusted by community. SWT responsible for all management and maintenance of site.
Countywide or adjacent Districts management company.	Shared risk and cost, SWT retains a proportion of the rent receipts or this funds maintenance and management. Utilise existing management expertise in adjacent authorities.	Dealing with multiple Councils with differing priorities and resources, SWT responsible for a proportion of maintenance and management costs.
Tender for site management	Cost neutral solution for SWT, company responsible for all site management and maintenance.	May not be based in the Borough. May not get interest in running single Otterford B site.
Other options Specialist companies offer 3 options: 1. Managing sites on LA's behalf	Either of these options are on the face of it ideal given the lack of experience SWT has in managing G&T sites	To date only one company that provides this service is available.

2. Leasing sites (peppercorn) sites on their behalf 3. Developing the sites and leasing them		
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All options will have a cost implication in terms of the revenue account.

10 Relevant Legislation

- 10.1 The various Gypsy & Travellers communities are officially recognised as distinct ethnic group under the Race Relations Act.
- 10.2 SWT has a statutory duty regarding Gypsies, Travellers and Travelling Showpeople under Planning Policy for Travellers 2012 and Housing Act 2004 to; identify the accommodation need (transit and residential), set criteria-based policy to guide development, identify sites and provide appropriate accommodation for those presenting as homeless. Local Authorities may also be required, under Section 87 of the Local Government Act 2003 (as amended), to produce a strategy that addresses identified need.
- 10.3 The Housing Acts of 1977 and 1996, as well as the Homelessness Act 2002 and the Homeless Reduction Act 2017, placed statutory duties on local housing authorities to provide appropriate accommodation for those presenting as homeless. They are also required to ensure that advice and assistance available free of charge.
- 10.4 Under the Human Rights Act 1998 a Local Authority offering homeless Gypsy or Traveller people conventional housing accommodation if they had a strong “aversion to bricks and mortar”, may contravene their personal beliefs and cultural way of life. Serious weight should be given to the strength of the aversion and the local authority must see if they can facilitate the Gypsy way of life through serious and extensive consideration of land/pitches/sites in the area.
- 10.5 Some consideration has been given as to Court decisions sought by other UK local Authorities who have sought district wide injunctions preventing illegal encampments where they had a transit site in place. SWT’s Legal advice currently is that it would not be prudent for SWT to make an application for a “borough-wide” injunction prohibiting persons unknown from prohibiting unauthorised occupation on land owned or managed by the Somerset West and Taunton Council as it is unlikely to be successful given recent case law in Bromley.

11 Risk Management

- 11.1 Financial: SWT is at risk of unauthorised encampments, permitting development in undesirable locations and Planning by Appeal; with their associated costs. Actively addressing the need requirements also reduces the risk of discrimination and exposure to claims under European Court of Human Rights legislation. There is an unknown financial cost to the council of owning and managing a Transit Site.
- 11.2 Reputation: Media and public opinion is closely linked to the Councils ability to deal with any incursions. The Councils reputation at Planning Appeals and Legal Proceedings will be damaged if it has no access to public sites and cannot demonstrate it is addressing the identified need. The Council's reputation amongst the Gypsy & Travelling community is strongly linked to its handling of unauthorised encampments, inappropriate applications, human rights, homelessness and site provision. Inappropriate management of a site would damage the Councils reputation in the local media, with local residents and other local authorities.
- 11.3 Community Health: The Council is at risk of not being able to discharge its homelessness obligations and offer alternative accommodation to illegal encampments. Provision of sites is key in tackling issues of deprivation and ill health that are prominent within sections of the Gypsy & Travelling community. Established sites enable significantly better access to education and health services.

11.4 Risk Assessment

	Risk Description	Likelihood	Impact	Overall	Risk Mitigation Measures	Likelihood	Impact	Overall
i	Financial: SWT is at risk of unauthorised encampments, permitting development in undesirable locations and Planning by Appeal; with their associated costs.	4	4	16	<i>By providing a transit site the SWT have the ability to have illegal encampments moved on more quickly</i>	3	3	9
ii	Failure to actively addressing the need requirements of G&T groups increases the risk of discrimination claims and exposure to claims under European Court of Human Rights legislation	4	4	16	<i>By providing a transit site the SWT reduces this risk but does not eliminate it.</i>	3	3	9
iii	There is an unknown financial cost to the council of owning and managing a Transit Site.	3	3	9	<i>A procurement exercise will be carried out to ensure best value and to secure a company to manage the site.</i>	2	2	4
iv	Reputation: Media and public opinion is closely linked to the Councils ability to deal with any incursions. The Councils reputation at Planning Appeals and Legal Proceedings will be damaged if it has no access to public sites and cannot demonstrate it is addressing the identified need.	3	3	9	<i>By providing a transit site the SWT reduces this risk but does not eliminate it.</i>	3	3	9

	Risk Description	Likelihood	Impact	Overall	Risk Mitigation Measures	Likelihood	Impact	Overall
v	The Council's reputation amongst the Gypsy & Travelling community is strongly linked to its handling of unauthorised encampments, inappropriate applications, human rights, homelessness and site provision. Inappropriate management of a site would damage the Councils reputation in the local media, with local residents and other local authorities	3	3	9	<i>By providing a transit site the SWT reduces this risk but does not eliminate it.</i>	3	3	9
vi	Community Health: The Council is at risk of not being able to discharge its homelessness obligations and offer alternative accommodation to illegal encampments. Provision of sites is key in tackling issues of deprivation and ill health that are prominent within sections of the Gypsy & Travelling community. Established sites enable significantly better access to education and health services.	3	3	9	<i>By providing a transit site the SWT reduces this risk but does not eliminate it.</i>	3	3	9
	Mean score	5	5	68 /5 = 13 .6				

All investment carries risk which we assess as an average score of 5 using the convention of Likelihood x average impact i.e. $(68/6) / \text{number of risks} = 13.6$ i.e. med

12 Due Diligence

12.1 All purchases of this nature will require due diligence to be undertaken as follows:

- Red Book Valuation
- Site Inspection
- Title search
- Assessment of the current lease
- Schedule of condition
- Pre-Acquisition survey
 - health and safety file;
 - licences for alterations;
 - planning approvals;
 - listed building or conservation area status;
 - building control approvals and completion certificates;
 - contamination
 - access audits;
- Any restrictive covenants or legal constraints associated with the site (e.g. sterilised wayleaves, charges on the asset by third parties etc.)

13 Links to the New Corporate Strategy

- Reduce anti-social behaviour, through working with residents and our partners as well as tackle economic, social and health inequalities within the groups and communities that need extra support.
- Work to end homelessness and rough sleeping in the District.

14 Conclusion

14.1 SWT has the opportunity to purchase the County Council owned Otterford B Gypsy Transit Site near Culmhead in the Parish of Otterford. The site would serve a significant planning function; both as a deterrent to and option available for dealing with unauthorised encampments. There is an identified need for Transit pitches. However some improvements are required for the site to meet Government guidance on standards for transit sites, however these could be phased as required. Capital is available and there is the opportunity to source future grant funding.

14.2 The Council has no in house management expertise to run a site. Options could include an onsite manager/caretaker, employing an Officer directly or working with a Community Interest or Management Company. A partnership arrangement with an adjacent authority, housing association or other body is a preferred solution. Longer term there may be potential for a countywide management company to be formed between adjacent Districts. There exists an opportunity and use rent receipts to cover site maintenance and management.

- 14.3 The recommendation to purchase the site at Otterford B is not a panacea – it is only part of a blended solution which will involve further liaison with the travelling community and the potential acquisition of permanent traveller’s sites across Somerset in conjunction with other local authorities.

15 Finance / Resource Implications

- 15.1 There is an existing capital budget for this project, which will be financed from an existing reserve as part of the capital expenditure programme.
- 15.2 A recurring revenue cost is likely to be incurred depending on the management solution agreed upon, which is still being determined and will be included in the annual budget setting process.

16 Legal Implications

- 16.1 These are set out in the report at section 6.1

17 Environmental Impact Implications

- 17.1 None directly related to this report.

18 Safeguarding and/or Community Safety Implications

- 18.1 None related directly to this report.

19 Equality and Diversity Implications

- 19.1 These are set out in the report

20 Social Value Implications

- 20.1 At this stage we have not carried out a detailed analysis in this area.

21 Partnership Implications

- 21.1 None related directly to this report.

22 Health and Wellbeing Implications

- 22.1 No known implications in this report.

23 Asset Management Implications

This will depend upon the management option chosen.

24 Consultation Implications

25 Scrutiny Comments / Recommendation

Democratic Path-:

- Executive 22-01-20
- Full Council 26-02-20

Reporting Frequency: Once only

List of Appendices

Appendix 1 Otterford Parish Council view submitted to SWT

Contact Officers

Name	Gerry Mills
Direct Dial	01823 217559
Email	g.mills@somersetwestandtaunton.gov.uk

Appendix 1 Submission from Otterford Parish Council

OTTERFORD PARISH COUNCIL

OTTERFORD B: AN UPDATE OF THE COUNCIL'S POSITION - OCTOBER 2019

1. The Site

1.1 'Otterford B' is a field in Culmhead, (still?) owned by SCC. It is immediately adjacent to the Otterford A permanent gypsy/traveller site.

2. Otterford Parish Council Position

2.1 In October 2013 the Parish Council ended its interest in acquiring the site

2.2 The Parish Council agreed in 2012 that any additional temporary or permanent pitches needed in the TDBC area should be sourced and located in other areas/ parishes.

- > with 15 permanent pitches already in the parish, Otterford hosted an exceptionally high percentage of pitches in TDBC in 2011 (unlikely to have changed substantially, although not updated)
- > with no local facilities, and almost non-existent public transport, Culmhead is not a suitable location for additional gypsy/traveller pitches

3. The Attempt to Acquire the Site in 2011/12/13

3.1 In 2011 the Parish Council expressed an interest in acquiring Otterford B from SCC under the Community Asset Transfer scheme (introduced in the Localism Act 2011). At that time our outline intention was to create a Community Diamond Jubilee Orchard - to be opened during the Diamond Jubilee weekend as part of a large programme of activities organised jointly with Buckland St Mary Parish Council (in SSDC).

3.2 In December 2011 SCC wrote to the Parish Council enclosing draft Heads of Terms for a possible transfer. The Parish Council responded to this on 18th February 2012.

3.3 After that there was absolutely no response from SCC - not even an acknowledgment for eight months - until someone on Cllr David Huxtable's behalf emailed on 10th September 2013 to (finally) advise "SCC have been liaising with another party who has shown an interest in acquiring the site. When all of the necessary information regarding this has been made available to us, we will be in a position to weigh up both expressions of interest and come to a final decision."

3.4 Cllr John Williams the ex-Leader of TDBC attended our Parish Council meeting on 10th September 2013 to talk about Otterford B and (per the minutes) 'emphasised that TDBC were not in detailed negotiations with SCC to acquire the site'.

3.5 From both principal authorities, who was trying to fool who? Who was being very economical with the truth? By that time it didn't really matter. Our original request had dragged on for almost two years, the Diamond Jubilee was long gone, and it appeared that neither SCC nor TDBC were willing to be honest to us. The following month - October 2013 - we ended our interest in acquiring the site.

4. Otterford - Not a Suitable Location for Additional Pitches

4.1 A copy of the Parish Council's Statement of December 2013 is attached. This explains why we thought (and continue to think) no further pitches should be located in Culmhead/Otterford. To the earlier points raised we would now add concerns about density of pitches.

4.2 Spreading The Provision. From our Statement you will note that Otterford's population was 0.35% of the TDBC total population: pitches already in Otterford were 13.89% of the total number of pitches in TDBC. There has been no time to locate any more recent figures or update other information, but the number of pitches in Otterford remain unchanged, and it is extremely unlikely that a huge increase in numbers elsewhere has dramatically changed the earlier position.

4.3 Pitch Density. From at least the 1980s onwards central government, and bodies such as the former Housing Corporation, have urged - and sometimes required - local authorities and housing associations not to overdevelop any one

'type' of housing in any one area, and to ensure that community facilities are available or co-developed with any new housing. Although primarily targeted at social housing developments this should be seen as applying equally to the provision of gypsy and traveller pitches (sometimes considered part of the social housing supply). The SCC-sponsored de Montfort University report *Somerset Gypsy and Traveller Accommodation Assessment* in 2010 showed the preference of many gypsies and travellers was for a site with 10 or fewer pitches (Page 76). There are already 13 pitches at Otterford A.

4.4 Local Facilities & Transport. The position regarding lack of facilities and poor public transport has, in fact, deteriorated since 2011/12. There are still no local facilities - schools, shops, POs, GP surgeries or churches - within walking distance or served by public transport. There remains one daily weekday return bus service to Taunton (for a very long day in the town!) from Churchinford Road, but the Sidmouth/Taunton bus service (from the same location) has reduced to just two weekday return services to Taunton per week.

5. Looking Forward

5.1 The Parish Council would welcome the opportunity to see and understand

- > the current population of SWATDC, and of Otterford Parish.
- > the current number of approved gypsy/traveller pitches (permanent and, separately, temporary) in SWATDC - broken down to show 'host parishes'.
- > the current level of demand for permanent pitches, and (separately) temporary pitches
- > areas requested by gypsy/traveller households applicants - again split to show which requests are for temporary pitches and which are for permanent pitches.

5.2 If we understand correctly TDBC/SWATDC has looked continually for land for additional sites/pitches over the last 7-8 years without any success - but has limited the search to land already owned (or owned by SCC), or land voluntarily offered by landowners. Given the level of statutory demand we understand SWATDC is facing we are surprised that no thought has been given to using Compulsory Purchase Orders to acquire suitable land for pitches. We hope SWATDC will now do so - this would allow a spread of sites/pitches, and give

the Council the opportunity to consider addressing demand/need in the areas requested.

**OTTERFORD PARISH COUNCIL
A STATEMENT**

Otterford B – Gypsy & Travellers’ Site

In November 2011, when we first heard that Somerset County Council (SCC) was planning to dispose of this site, Otterford Parish Council expressed an interest in acquiring it under the Community Asset Transfer scheme (introduced in the Localism Act 2011). At that time our outline intention was to create a Community Diamond Jubilee Orchard – keeping the site as public space for the use and enjoyment of parishioners and others.

Soon after that we became aware that Taunton Deane Borough Council (TDBC) might also be interested in acquiring the site, for use as another gypsy and traveller site (for which it has had temporary planning permission for the last several years, although just about never used).

We were much concerned about this. Not only did we want to acquire the site, we equally did not want to see another gypsy and traveller site in Otterford (the Otterford A site next door has 13 pitches, and there are 2 at Daneswell).

TDBC statistics provided in 2012 show there are a total of 108 permanent pitches, plus 23 transit pitches at Stoneyhead, in Taunton Deane.

Summarised, this indicates:

- > **Otterford’s % of pitches in TDBC, excluding transit, is 15 out of 108 = 13.89%**
- > Otterford’s % of pitches in TDBC, including transit, is 15 out of 131 = 11.45%

And comparing populations:

- > We believe Otterford’s population is approximately 385 (298 on Register of Electors 2012, plus vacant properties, plus children)
- > TDBC population is 110,187 (2011 Census)
- > **Otterford’s population as a % of TDBC population is $(385 \div 110,187 \times 100) = 0.35\%$**

Thus Otterford, a small rural parish in the heart of the Blackdown Hills Area of Outstanding Natural Beauty, is providing nearly 14% of the permanent pitches in Taunton Deane: our permanent resident population (including those gypsy and traveller households living in Otterford A and Daneswell) is just 0.35% of Taunton Deane’s population.

36 of the 49 parishes in Taunton Deane appear to have no provision for gypsies and travellers whatsoever.

We believed it was not logical for TDBC to consider placing yet more pitches in Otterford, given the AONB and the total lack of facilities. This lack of facilities means that sites here are simply not in the interest of travellers - present and future. There are no schools, shops, post-offices, GP surgeries or churches within walking distance; and there is only very occasional public transport close-by. TDBC appeared to be targeting Otterford simply because it is an easy option.

We must stress this is not simply a case of ‘NIMBYism’. We were/are not complaining about the existing Otterford A site or Daneswell – they have been in existence for some years now and residents are as involved with local parish matters as they want to be. Over the last few months, in consultation with Somerset Country Parks Ltd who own Otterford A, residents on both sites have been invited to contribute to the first Otterford Parish Plan.

So we first asked to acquire the site in November 2011. In the intervening time we believe we have frequently been largely ignored by both TDBC and SCC when we have tried to pursue the matter – bureaucratic, neutral and

sometimes unhelpful responses were received weeks later (sometimes only after chasing), information from either SCC or TDBC sometimes contradicted what the other was saying etc. Throughout there was never a willing, open and constructive dialogue.

One SCC response – to our letter replying to the draft Heads of Terms they offered us – took almost 8 months!! **YES – SCC ACTUALLY GOT AS FAR AS SENDING US DRAFT HEADS OF TERMS FOR US TO ACQUIRE THE SITE, ONLY TO COMPLETELY IGNORE OUR REPLY FOR NEARLY EIGHT MONTHS AND THEN SELL IT TO ANOTHER ORGANISATION!!**

On 5th November 2013 – exactly two years after we first expressed an interest in acquiring the site – TDBC agreed, in a confidential meeting, to purchase it. A month earlier we had concluded that, whilst we still wished to acquire the site, there was little point in continuing to pursue the issue actively; we were simply not going to win. As a very small Parish Council with limited resources we simply had to spend our time more productively.

We are pleased to acknowledge that Councillor David Reed (our Taunton Deane Borough Councillor) and Councillor Ross Henley (our Somerset County Councillor, who is also a Taunton Deane Borough Councillor for another ward) have supported our position throughout.

We had high hopes of the Localism Act 2011 all dashed.

We believe Somerset County Council and Taunton Deane Borough Council should be ashamed of themselves.

Otterford Parish Council
December 2013

Report Number: SWT 16/20

Somerset West and Taunton Council Executive – 22 January 2020

East Quay Wall, Watchet - Maintenance

Report of Localities Manager – Chris Hall

(This matter is the responsibility of Executive Councillor Marcus Kravis)

1. Executive Summary

This report sets out the current situation with the East Quay wall, Watchet and the options that the Council have to maintain this asset into the future. It does not seek approval of a permanent solution for the repair at Splash Point, this will be dealt with separately once possible design options have been established, but does request financial approval of the design work for this permanent repair.

For the East Quay wall survey works have identified that the wall is not at imminent risk of failure but would benefit from maintenance with some reinforcing in the central and northern sections to ensure that operations can continue here into the future, and that a programme of monitoring be put in place for the entire length of the wall. The report challenges the economic advantage of undertaking the reinforcing work to the northern section and proposes alternative options.

The East Quay wall serves as part of the structure to create the marina, protects Watchet as a sea defence, and stabilises the East Quay itself. This area is used for boat storage, as a lifting facility for the marina, and a tourism offering.

The timing of this report is unrelated to the granting of the lease to the Onion Collective as the report identifies that this development has a negligible impact on the wall structure and no works to the wall are required to enable the development.

The report identifies a budget need for design work and a maintenance solution, therefore a budget request is made for £740k to design a permanent solution to the Splash Point failure and reinforce the central section of the East Quay wall with the associated professional costs.

2. Recommendations

- 2.1 It is recommended that the Executive request Full Council approve the following additions to the Capital Programme, which will be funded through borrowing:
- i) Add the following to the Capital Programme for 2019/20
 - a. The sum of £100k be allocated to the wall design works at Splash Point and
 - b. The sum of £100k be allocated to the wall design works at East Quay

- ii) Add the following to the Capital Programme for 2020/21
 - a. The sum of £500k be allocated to reinforce the East Quay wall in the central section and
 - b. The sum of £40k for project management resource to deliver this project to its conclusion.

3. Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
Risk: Failing to maintain the East Quay in a timely fashion could result in deterioration with greater costs at a later date	Possible (3)	Moderate (3)	Medium (9)
<i>Mitigation: Investigations and proposals presented in this report seek approval to undertake improvement works in the central section with limited restrictions to operations in the northern section.</i>	Unlikely (2)	Moderate (3)	Low (6)
Risk: The wall fails unexpectedly resulting in a risk to public and greater costs in reacting to this as an emergency.	Possible (3)	Moderate (3)	Medium (9)
<i>Mitigation: Survey and modelling identify a theoretical risk area in the central section, the construction type here would likely lead to a bend in the structure rather than a collapse. Recommendation is to reinforce this section.</i>	Unlikely (2)	Moderate (3)	Low (6)
Risk: Failing to maintain the asset to meet the terms of the lease to the Marina Operator. Breach of these terms could place the council at risk of challenge, or at least place further strain on the relationship	Possible (3)	Moderate (3)	Medium (9)
<i>Mitigation: The Marina operator has been provided with report on condition and offered a meeting to discuss its content. We do not consider any of the restriction options to have a negative impact on their operation.</i>	Unlikely (2)	Moderate (3)	Medium (6)
Risk: Reinforcing the wall will remove a small amount of space from the Marina and increase, by that same amount the side of the East Quay, this additional land will increase the cost of the roadway surfacing which is a responsibility of the OC development. If there is an identifiable increase in cost we would anticipate the OC seeking a contribution from the council for this.	Possible (3)	Minor (2)	Low (6)

<i>Mitigation: Whilst there may be an increased area for surfacing there may be less sub base construction works needed in creating the roadway reducing the costs. Council officers will negotiate the cost changes and seek to offset OC savings on the roadway against any increased cost for surfacing.</i>	Unlikely (2)	Minor (2)	Low (4)
Risk: In order to expedite delivery of the works Members are being asked to approve a project based on estimates of costs, there is a risk that these could be incorrect once put to market	Moderate (3)	Possible (3)	Medium (9)
Mitigation: Member approval would allow the project team to undertake the design works and go to market with a tender, this will only then be converted into a contract where the overall costs of the project fall within the estimates. Should they not then a revised report will be provided for Members to reconsider.	Moderate (3)	Possible (3)	Medium (9)

4. Project Governance

- 4.1 The Project was initially being managed under the Commercial Investment functional area but with such close links to Localities, the operations of the Marina, and the Onion Collective, the Localities Manager is now overseeing this with initial project management support being provided through Localities.
- 4.2 The Project Team is made up of internal and external contributors. The internal Project Manager is Steve Hughes, with a range of others providing their technical support as required. Pick Everard and Crouch Waterfall have been providing specialist survey works and modelling.
- 4.3 The likely scale of spend and complexity of the works means that we will continue to need engineering expertise to design and potentially support the procurement process.

5. Background

- 5.1 This report does not attempt to resolve the issues that have recently been encountered with the wall at Splash Point, there are a range of options at that location that require further consideration before a design can be put to market. Therefore a budget is requested to undertake the design works at Splash Point. The design options for East Quay are less variable with the likely solution being a sheet piled front to reinforce the existing wall. However to meet our obligations under the Construction Design and Management Regulations 2015 a principle

designer still needs to be appointed and a solution drawn up by competent engineers.

- 5.2 The Authority has responsibility for the East Quay wall which has been repaired in different places at a different times over its life. There have been concerns raised about the structural integrity and the lifecycle for maintenance. In response the council commissioned a range of surveys from specialists in the industry.
- 5.3 The survey response from Pick Everard was presented to the Asset Management Group of West Somerset Council back in 2018. It was clear at this point that whilst there was no immediate risk to the public from the wall its maintenance needs to be planned for and its current condition better understood.
- 5.4 The council had previously undertaken a procurement activity to seek a contractor to deliver a maintenance scheme in advance of the OC development. The rationale for this was to complete any work necessary and be off site prior to the OC work starting, it was felt that this would minimise complexity. In reality contractors considered that this posed increased challenges in the timeframe available. It was also apparent that contractors needed additional information on the wall construction which was not available at that time.
- 5.5 Officers commissioned surveys to establish the condition of the wall ties and finite material analysis. Both of these would support the design of the maintenance scheme required as well as provide a greater understanding of the current factor of safety. These surveys were undertaken and the outcomes of these provide the most up to date information available, further reducing concerns over the East Quay wall structure.
- 5.6 The British Standard minimum factor of safety is 1.25. This means meeting the basic requirements for the wall for pedestrians, vehicles movements, and crane operations with a safety factor of 0.25 or 25%. Therefore any score below 1.25 is a fail.
- 5.7 A quay wall would normally be built to take activities with a loading of 10 kilopascals (kpa), kilopascals being a common measure of pressure. Due to the lease with the marina operator and their known use of the crane this has been increased to 20 kpa to ensure that our factor of safety relates to the known activities on site.
- 5.8 The Onion Collective's project does not include maintenance of the wall but it is clear that we will need to work with the OC and Watchet Harbour Marina Ltd to ensure that each parties operational needs are met when works are underway. Undertaking the work after the development may result in damaging the new surfaces put down by them, this could invalidate any warranties that they have for the buildings. This could also impact on warranties for the provision of the roadway which is being provided at OC's cost but will remain an asset of the council, their warranty for this is therefore to the benefit of SWaT. Reputational damage could also occur for the council where newly laid surfaces need to be lifted (or are damaged) for the wall maintenance.

- 5.9 Information that is pertinent to the OC's development has been shared with their engineers, to help inform their design and working practices. Their contractors are required to consider this information and undertake their own assessment to inform their design. The assessment of the OC engineers have been provided to the council.
- 5.10 As a point of clarity the council are not undertaking these repairs to enable the Onion Collectives development, the wall is the responsibility of the council and it serves as a structure that not only creates the East Quay, which is also part leased by the Marina Operator, but is also a sea defence for Watchet.
- 5.11 There has been no historical programme of monitoring or maintenance in place and only reactive works have been undertaken. Regardless of any recommendations to make repairs or reinforce sections a monitoring and maintenance programme must be put in place.

6. Survey works

- 6.1 A range of surveys have been undertaken over a period of time, these include but are not limited to core hole sampling, wall tie condition, location of dead man's anchors, and finite materials analysis. The Surveyors have also looked at wall construction and repairs, and life expectancy of the materials. These have all provided information for the modelling assessments.
- 6.2 The modelling has considered the likely means of failure of the wall and provided a factor of safety (fos) on each of these. These include bend moments, wall slip from the toe and overturning of the head. All results in table 1 are represented as the lowest factors of safety from any of this analysis, i.e. worst case scenarios.
- 6.3 The surveys undertook a range of modelling based on a sectional analysis of the wall. These sections were derived by the construction type and therefore the loadings required to achieve failure. This is then converted into a factor of safety with fos of 1.25 being the minimum needed for the activities and loading that are undertaken. Crane operations have the greatest weight impact on the wall exerting 20 kpa in close proximity to the wall. All outcomes assume the greatest weight loading unless stated otherwise.
- 6.4 A key message from the survey works, and one of the reasons the council were comfortable in signing off the lease to the Onion Collective, is that the surveys identify a negligible impact of the development on the wall. Therefore development, or no development, the factor of safety for the wall is unaffected. This is due to the distance of the development from the wall edge.
- 6.5 The wall for the purposes of the report is considered in the three sections. The southernmost section which adjoins The Esplanade, the central section which is the steel piled area, and the northernmost section beyond the steel piles but before the pier. These can be seen in appendix A, a diagram of the East Quay
- 6.6 In all scenarios modelled by the consultants the **southernmost** section **exceeds** the minimum factor of safety of 1.25. This may come as a surprise as visually it

looks to be in the worst condition, however due to its lower height, and a number of other factors, the wall here is stable and has the highest factor of safety rating of the three sections.

- 6.7 At high tide the **central** section of the wall **exceeds** the minimum factor of safety of 1.25. However at low tide the wall **fails** to meet the minimum requirements, this means that in theory the wall should fail but in practice it has shown no signs of doing so. Due to the construction of this section failure would most likely be seen by a bending of the sheet piles rather than a collapse. The modelling gave a range of factors of safety based on assumptions about the sheet pile types and their embedment into the bedrock. The table below takes the worst case scenario and it is therefore possible that the assumptions are predicting a situation that is worse than reality. It is nevertheless recommended to Members that this section is reinforced.
- 6.8 It is clear from the site investigation works that the central part of the structure is nearing the end of its life and were there to be no maintenance then it will inevitably fail at some point in the future.
- 6.9 With the current mud and silt level the **northern** section of the wall **exceeds** the minimum factor of safety of 1.25 at high and low tide for pedestrian and vehicle traffic, but **fails** for crane operations at **low tide only**. Officers will be advising the marina operator of this however in practice with the current marina mud levels crane operations would not occur at low tide anyway.
- 6.10 The council have a choice to reinforce this section of wall, or place a restriction on crane operations at low tide, or restrict any future dredging operation within this immediate area. The cost of including the northernmost section in the procurement is estimated to be in excess of £400k it is therefore economical to look at alternatives. It is recommended that this is excluded from the reinforcing programme and officers are instructed to work with the marina operator to limit the impact of this decision.
- 6.11 Results of the modelling shown in Table 1 below differ between low and high tide. This is caused by the volume of water at high tide placing a positive pressure on the wall front and increasing the factor of safety.

Table 1: Factor of Safety Outcomes.

No	Surcharge	kpa loading	Northern section		Central section		Southern section	
			Low Tide	High Tide	Low Tide	High Tide	Low Tide	High Tide
1	Current	10 kpa	1.3 (1.1 with silt removed)	4.0	0.7	2.7	1.8	10+
2	Current inc. crane	20 kpa	1.06	2.5	0.7	2.7	1.4	4.0
3	Current + OC	60 kpa	Outside of OC development area		Negligible effect of OC development so not modelled		1.8	10+
4	Crane + OC	70 kpa					1.4	4.0

- 6.12 As part of the analysis we sought to understand if water that entered into the structure of the East Quay at high tide washed out material as the tide fell. This finite element modelling identified no loss of fine material being washed out from the rear of the wall. In terms of the wall integrity this is a good result as it reduces the opportunity for voids to be created behind the wall.

7. The Maintenance options

- 7.1 From the survey information provided it is clear that the southern section requires no substantial maintenance works, however a plan for monitoring is required.
- 7.2 It is recommended that the central section is reinforced to allow for vehicle movements into the boat storage area and crane operations which are a condition of the lease to the marina operator. These can continue at high tide but advice will be provided to the marina operator and Onion Collective concerning low tide. Undertaking this work will also provide for longer term stability for the operation of the marina.
- 7.3 It is recommended that the northern section is excluded from the reinforcing programme and officers are instructed to work with the marina operator to limit the impact of this decision.

8. Procurement process

- 8.1 The Authority will undertake a robust procurement activity to ensure that the best options and value are established. We recommend to Members that we further instruct specialists to create the necessary engineering designs for both Splash Point and the central section of East Quay.
- 8.2 We then recommend that the design is put to market with a minimum lifespan requirement. With this quality aspect already set we can then run a procurement activity weighted in favour of price.
- 8.3 Upon approval of the recommendations the design and procurement will begin, with works being undertaken on site in 2020 / 21, and completed to a timeline that avoids further disruption on site following the conclusion of the OC development.

9. Financial resource implications

- 9.1 The financial requests of this report are currently based on estimates and cannot therefore be considered as fixed, this creates a risk in terms of the known costs, however the councils responsibility for delivery are unchanged by the costs of the project. Any further changes to the costs will be reported through the budget monitoring process.
- 9.2 The total cost requested to be added to the Capital Programme is £740k, which will

be funded from borrowing, with a revenue cost of £44k per annum to be included in the budget from 2021/22 onwards.

10. Legal Implications

- 10.1 The council have a responsibility to maintain the assets at Splash Point and East Quay, any failure of the asset caused by the council's negligence would likely expose the council to challenge and financial risk.
- 10.2 Any failure of the asset caused by the negligence of others would expose that party to challenge and financial risk and the Council would take action against them to recover all associated costs.
- 10.3 Any restrictions imposed for the northern section of the wall are not considered to be unreasonable given the known operating restrictions caused by the marina's mud.

12. Environmental Impact

- 12.1 There are no detrimental implications associated with supporting the recommendations of this report. Environmental implications could exist where Members are unable to support the necessary maintenance of this asset. With no maintenance the asset could fail in time creating pollution within the Harbour.
- 12.2 It is anticipated that an Environmental Impact Assessment will be required making reference to the reinforcing solutions proposed by contractors.

13. Safeguarding and/or Community Safety Implications

- 13.1 There are no implications resulting from the recommendations of this report being approved.

14. Asset Management Implications

- 14.1 The Asset Management Team have been involved throughout the process and support the recommendations of this report. A programme of monitoring would fall to this team to manage.

15. Data Protection Implications

- 15.1 There are no identified implications of this report on data protection.

16. Consultation Implications

- 16.1 There has been and will continued to be a need for close working with the Onion

Collective and Watchet Harbour Marina Ltd, although there is no formal consultation process.

17. Equalities Impact

17.1 There are no detrimental impacts on any of the protected groups as a result of this report and its recommendations.

18. Partnership Implications

18.1 There are no formal partnerships impacted by the content of this report.

19. Climate Change implications

19.1 Climate change will impact on the sea levels in the coming years. This report does not evaluate the effects of rising sea levels but does seek to secure funding to maintain the integrity of the sea wall for the foreseeable future.

Democratic Path:

- **Executive – 22nd January 2020**
- **Full Council – 27th January Date 2020**

Reporting Frequency: One off

Appendices:

- A) Plan of the East Quay, Watchet**
- B) Site investigations report**

Contact Officer

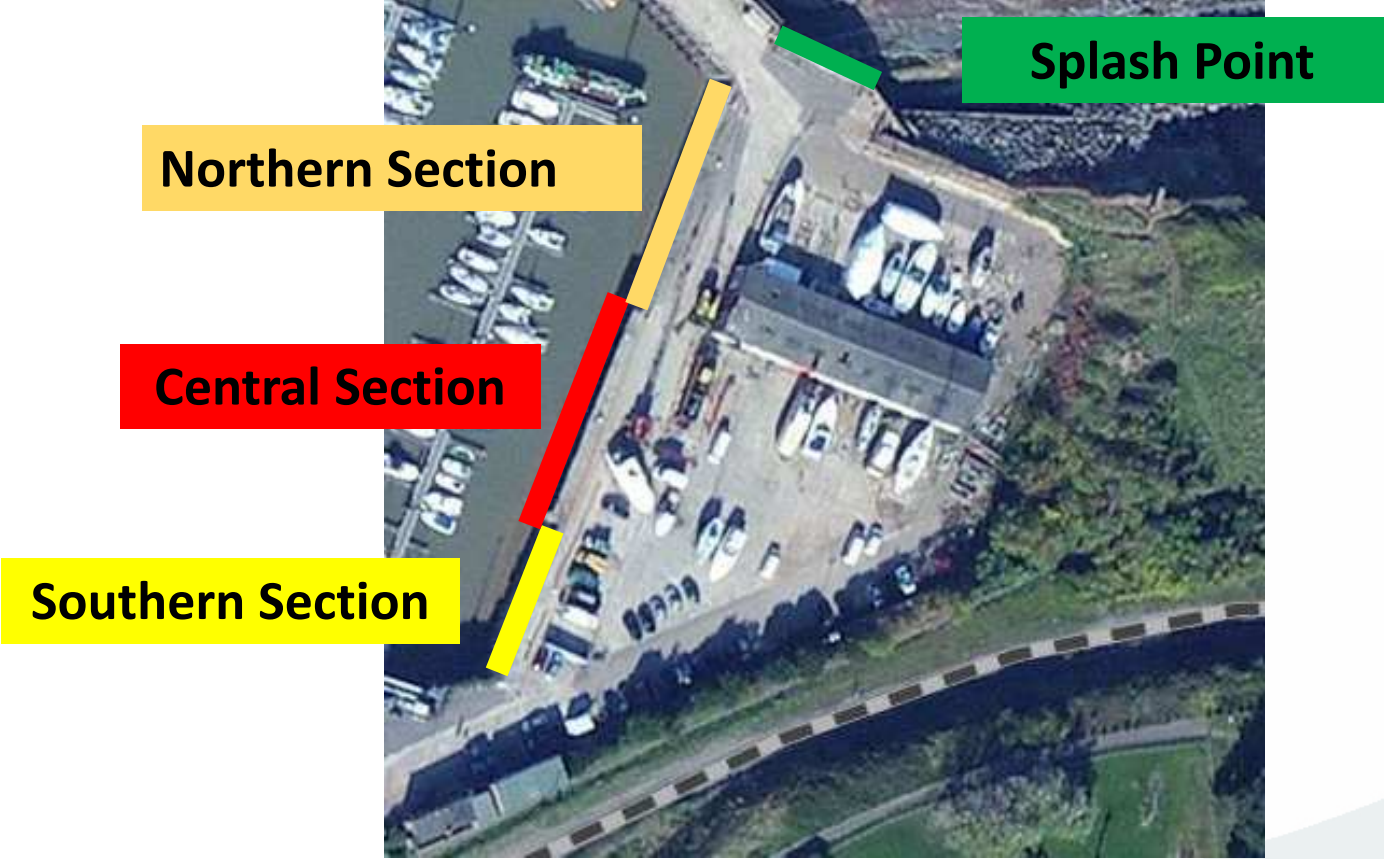
Name	Chris Hall
Direct Dial	01823 356499
Email	c.hall@tauntondeane.gov.uk

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

East Quay Watchet



WATCHET HARBOUR

GEOTECHNICAL ANALYSIS REPORT

CLIENT: PICK EVERARD

DOCUMENT REFERENCE: 19-272B-REP-001 – WATCHET HARBOUR – GEOTECHNICAL ANALYSIS REPORT

REVISION: ISSUE 06

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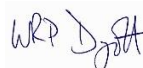


DOCUMENT TITLE: GEOTECHNICAL DESIGN REPORT

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06 DECEMBER 2019

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Executive Summary

The report summarises a modelling exercise carried out on the existing harbour wall at Watchet Harbour; this exercise has been undertaken to gain an understanding of the effect of loading on the existing structure as a result of various scenarios.

The east quay harbour wall at Watchet, West Somerset comprises three distinct sections of wall:

- Northern section – masonry/concrete wall;
- Central section – sheet pile wall supported by deadman anchors;
- Southern section – masonry/concrete wall;

Each section of the harbour wall has been modelled using various tidal loading scenarios, detailed below:

- High tide with harbour silt;
- Low tide with harbour silt;
- Low tide with harbour silt removed (dredged);

Due to the proximity of Hinkley Point (located 14km to the east) to the site, the tide levels for Hinkley have been adopted for Watchet Harbour (from the UK National Tidal & Sea Level Facility).

Surcharge loading scenarios have been detailed by the Client, as per the following:

- A **10kPa** load is placed over a 10-wide strip immediately behind the wall. This simulates a generic load for day-to-day use of the quay/harbour wall – it represents the ‘current’ situation;
- A **20kPa** load replaces the 10kPa load mentioned above. This 20kPa load is applied over a 10m-wide strip immediately behind the wall and simulates the operation of a mobile crane used to lift boats in to/out of the marina;
- Static (dead) load of **50kPa** imposed by the proposed new development, located 14.5m (minimum) away from the harbour wall;

Load combinations have been analysed for all three sections of the wall and all tidal situations as follows:

Load Scenario 1: 10kPa loading – ‘current’ situation;

Load Scenario 2: 20kPa loading – potential crane loading;

Load Scenario 3: 10kPa + 50kPa loading – ‘current’ load + development load;

Load Scenario 4: 20kPa + 50kPa loading – crane load + development load

Northern Section – Masonry Wall

Analysis of the northern section of wall has concluded that, under ‘current’ marina conditions (ie: silt present), using Load Scenarios 1 and 2, the wall has a minimum Factor of Safety of 1.06. This figure, albeit greater than 1.0, already represents a reduced Factor of Safety, as the minimum acceptable FoS was set at 1.25. Analysis was carried out to SLS conditions of the Eurocode for gauging of the current condition of the wall. This being said, should the silt be dredged from the base of the marina then the Factor of Safety drops below 1.0.

Central Section – Sheet Piled Wall

Detailed sensitivity analysis has been completed on Larssen 22 and Larssen 25 sheets with varying thicknesses (as requested by the Client) and steel grades. This has given some insight into how much degradation/loss of section is required, at differing steel grades, before the Factor of Safety falls below 1.25. Determination of the steel grade (through chemical testing) would give valuable insight into predicting the performance of the sheet piles.

Load Scenarios 1 and 2 have been determined as having significant impacts on the harbour wall, enough to reduce the FoS to <1.0. Based on the Limit Stage analysis, the addition of the development surcharge (Load Scenarios 3 & 4) is not deemed significant enough to affect the harbour wall.

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The fact that the model predicts failure but the wall remains standing is believed to be (partly) due to the cyclical nature of the tides and the limited length of time that the wall is left exposed to excessive bending moments. Once the tide starts rising again, so returns the stabilising force of the high tide, and thus the Factor of Safety rises in turn.

Southern Section – Masonry Wall

Analysis of the southern section of wall has concluded that, under ‘current’ marina conditions (ie: silt present), using Load Scenarios 1 and 2, the wall has a minimum Factor of Safety of 1.4. This Factor of Safety remains unchanged should the silt be dredged from the marina.

When the development load is applied to the wall, the Factor of Safety does not change, suggesting that the development has little to no effect on this section of the harbour wall.

Summary of East Quay Harbour Wall Scenarios, Watchet Harbour

Load Scenario	Surcharge	Loading (kPa)	North Section		Central Section				South Section	
			Low Tide + Silt	High Tide + Silt	Low Tide + Silt		High Tide		Low Tide + Silt	High Tide + Silt
					Larssen Sheet Pile* Equivalent – Bending Moment FOS - in mms					
					22mm	25mm	22mm	25mm		
1	Current Loading	10kPa	1.3 - 7	4 - 10+	0.7	1.1	2.7	4.1	1.8 - 10+	10+
2	Crane Loading	20kPa	1.06 - 1.3	2.5 - 10+	0.7	1.1	2.7	4.1	1.4 - 6	4 - 10+
3	Current + OC Building	10kPa + 50kPa	No impact on Northern wall from development.		As there were no changes from Load Scenario 1 to Load Scenario 2 it is concluded that there will be no further changes as a result of Load Scenarios 3 and 4.				1.8 - 10+	10+
4	Crane + OC Building	20kPa + 50kPa							1.4 - 6	4 - 10+

Assumed Onion Collective development to generate 50kPa silt 14.5m+ from the edge of the Central and Southern Harbour Walls. No impact on Northern wall section hence discounted from calculations.

All numbers are Factor of Safety (FoS) numbers. FoS = 1.25 is the minimum required by British Standards. As this is an existing structure it has not been analysed against Eurocode 7 partial factors.

Central Section assumed 240 MPa Yield Strength Steel – weakest

Megapascal (MPa) is the mega-unit used to measure the intensity of pressure. MPa in these works can be summarised as the capacity of a material, such as a structure or ground, to ‘resist pressure’ – the higher the number, the more resistance.

The overall Factor of Safety for each scenario should be taken as the lowest figure for the pile and tidal situation. Numbers in red fail the Factor of Safety assessment or fall outside the margin of safety required.

**Larssen 22/25 are the types of sheet piles at Watchet Harbour – modelling has been done on equivalent sheets to estimate likely current performance depending on the grade of steel (this is unknown at this stage).*

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1. Introduction

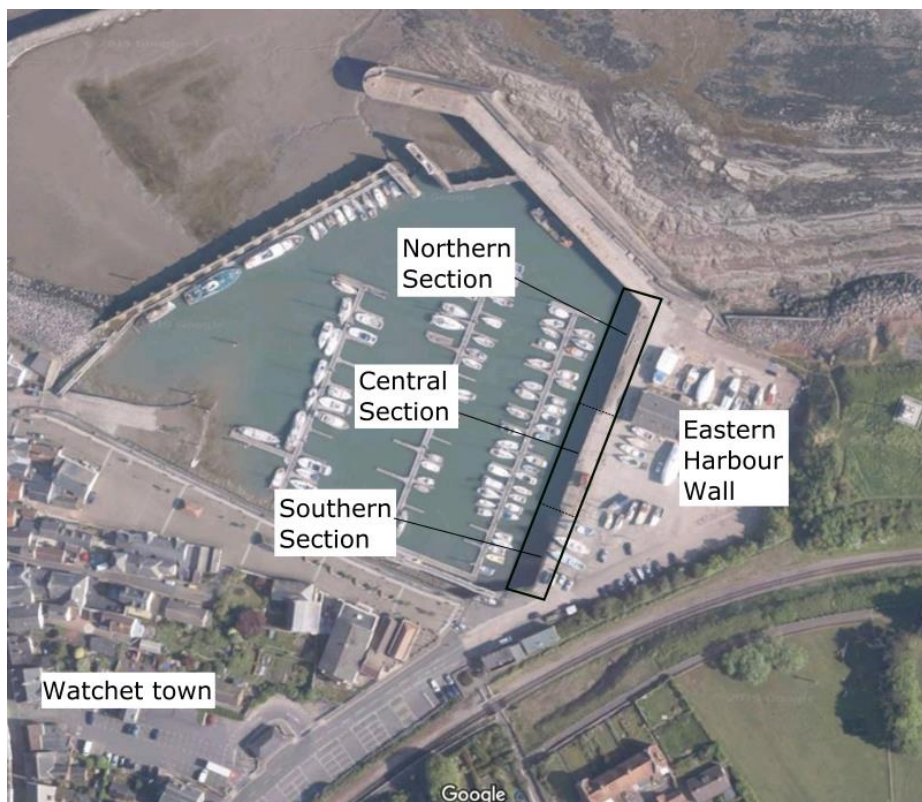
Crouch Waterfall have been commissioned by Pick Everard ('the Client') to undertake detailed geotechnical analysis of the existing east quay wall ('the asset') at Watchet Harbour, West Somerset, TA23 0AQ. The ultimate client and owner of the harbour and quay is Somerset West & Taunton Council.

The town of Watchet is located in south-west England, on the northern Somerset coast, 15 miles to the west of Bridgwater. The town is home to a marina which is contained by a combination of concrete/masonry and sheet piled harbour walls to the north and east, with the town of Watchet lying to the south (see Figure 1 of Watchet Harbour, below).

The eastern harbour wall backs onto the east quay which is currently used as a boat park and storage area. The east quay fulfils a number of functions including flood defence for the town and a working quay for the marina (including boat parking and storage area). It is proposed to redevelop this area with a community arts centre that will lie 14.5m from the harbour wall at its closest point. The proposed redevelopment will be serviced by an access road from the Esplanade, that runs immediately behind the edge of the harbour wall. The proposed development is to be designed and constructed by others.

The focus of this report is to look in detail at the make-up of the eastern harbour wall along its length and attempt to determine the state of this asset and how it might react to proposed future loading scenarios.

Figure 1: Overview of Eastern Harbour Wall, Watchet



2. Existing Information

2.1. Report References

The following reports were supplied by the Client and used during the analysis:

- Scope Document, issued by Pick Everard, June 2019, JRBB/MGA/190315/17-3/R102 Issue 1;
- Assessment of Potential Lateral Loads on the Quay Wall due to Raft Loads, issued by Red Rock Geo, June 2019, RP7090/C001;
- Watchet Harbour – Sea Wall Investigation, issued by Henderson Thomas Associates, December 2018, L/1748/18/WDT Rev 2;
- Quay Wall Survey – Watchet Marina, issued by Marine & Civil Solutions, November 2018;
- Geotechnical and Geoenvironmental Assessment of Watchet Harbour, issued by South West Geotechnical, January 2019, Ref 10501 Issue 2;

2.2. Eastern Harbour Wall

The eastern harbour wall comprises two distinct forms of construction, as per Figures 2-4, and summarised in Table 1 (levels/thicknesses taken from dive survey report provided by the Client) below:

- Stone masonry / in-situ concrete (believed to be unreinforced);
- Sheet piles supported by deadman anchors;

The stone masonry / in-situ concrete make up the northern and southern sections of the harbour wall, with the sheet piles located in the central section.

A thickness of soft silt has built up over the base of the marina. The thickness of this silt was found to fluctuate along the line of the harbour wall, varying from 1.55m to 3.35m at the time of the survey. The variation in thickness of silt deposits within the marina is predominantly believed to come from the proximity to the marina entrance: i.e.: thickest in the north which is closest to the marina entrance. Other factors might include tidal scour from an outgoing tide. In addition to these, Watchet Harbour Marina have proposed dredging the silt from the marina, in order to increase the draft under boats that use the marina.

TABLE 1: EASTERN HARBOUR WALL DETAILS

Section ID & Make-up	Full wall height (excl. embedment)	Thickness of silt
Northern – masonry/concrete	10.05m	3.35m
Central - sheet pile circa 1970's High level ties/northern half	9.70m	3.1m
Central - sheet pile circa 1950's Low level ties/southern half	9.70m	3.1m
Southern – masonry/concrete	8.45m	1.55m

Figure 2: Indicative Cross-Section through Northern Section of Harbour Wall

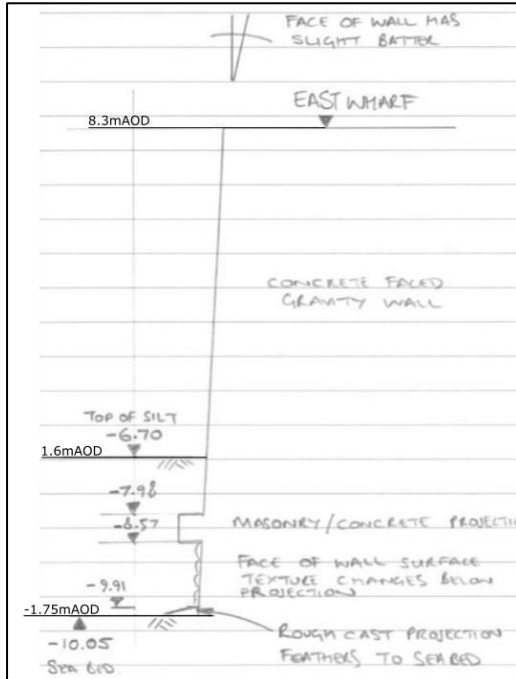


Figure 3: Indicative Cross-Section through Central Section of Harbour Wall

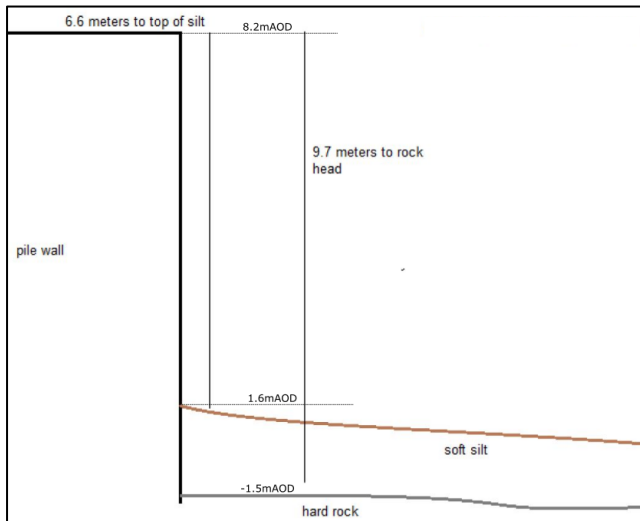
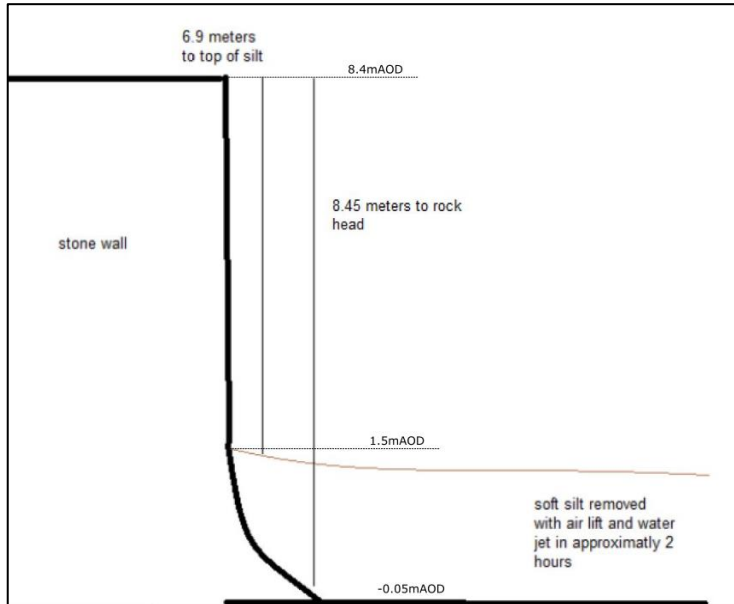


Figure 4: Indicative Cross-Section through the Southern Section of Harbour Wall



2.2.1. Central Section – Sheet Piled Wall

It is understood that the sheet piles were installed on two separate occasions: the first in the 1950s and the second in the 1970s. Installation of sheet piles on both occasions is believed to have been as a result of collapse or failure of the masonry wall, but no as-built information or details of the construction methodology has been made available. These two separate installations can be identified by the anchor heads located at two distinct levels: the 1970s installation having high-level anchors (located in the northern half of the central section), and the 1950s installation using low-level anchors (located in the southern half of the central section).

The selection of the sheet-pile sections is based on measured/estimated dimensions. Larssen 22 sheets have been identified in the northern half of the Central Section (installed in 1970s), utilising high level anchor ties. Larssen 25 sheets are believed to be present in the southern half of the Central Section (installed in 1950s), utilising low level anchor ties.

Based on dive survey findings, a 3.1m-thick layer of silt was encountered in front of the sheet pile wall. The diver was not able to tell how far the piles penetrated into the underlying bedrock. The length of the sheet piles, to the point where they enter the bedrock, have been measured at 9.7m.

The thickness of the existing sheet piles has been estimated based on the published parameters of the Larssen 22/Larssen 25 sheets. However, from dive surveys commissioned by the Client, it is understood that the sheets have developed large areas of rust, and therefore the loss of thickness due to corrosion is uncertain and could be significant.

Following a ground investigation, the two different sets of anchors were discovered lying at 2.0m/6.2m AOD (northern half, installed in 1970s) and 3.5m/4.7m AOD (southern half, installed in 1950s) below the top of the sheet pile wall. The horizontal spacing of the anchors has been estimated at 0.77m-1.0m based on photographs provided by the Client. The anchor bars have been measured at 14.3m to 14.4m long and 63.5mm diameter. The anchor ends are set into concrete blocks of varying sizes.

2.2.2. Northern & Southern Sections – Concrete/Masonry Wall

The masonry/concrete sections of the harbour wall were surveyed using ground penetrating radar (GPR) as well as cored sections taken from multiple points on the face of the walls. Based on the GPR results the wall thicknesses have been estimated at 1.0m to 1.3m for both sections. However, the cored sections for each of the

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walls give varying thicknesses of intact concrete, ranging from 170mm to 1260mm. For the purposes of simplicity in the modelling exercise, the masonry walls have been modelled as 1.0m thick, as per the GPR survey.

The full wall height in the northern section has been measured as 10.05m, with 3.35m of silt at its base. The full wall height in the southern section has been measured at 8.45m, with 1.55m of silt at its base. The foundations for each of the masonry wall sections are unknown. The dive survey did not find any evidence of a shear key binding the wall to the underlying bedrock.

2.3. Ground Model

A ground model has been produced based on the information within the Geotechnical Investigation Report (GIR) produced by South West Geotechnical (Ref. 10501). This investigation comprised 5 No. boreholes, 2 No. plate load tests and assorted lab testing. Individual ground profiles were produced for each of the Northern, Central and Southern sections of the harbour wall, based on the closest boreholes. These are summarised in the tables below.

TABLE 2: NORTHERN SECTION

Level top (mAOD)	Level base (mAOD)	Soil Description	Comments
8.3	2.3	MADE GROUND: clayey GRAVEL	Based on BH101
2.3	1.3	Clayey GRAVEL	
1.3	-4.2	Weak-medium strong Mercia MUDSTONE	

TABLE 3: CENTRAL SECTION

Level top (mAOD)	Level base (mAOD)	Soil Description	Comments
8.2	1	MADE GROUND: clayey GRAVEL	Based on BH103
1	-4.3	Extremely weak Mercia MUDSTONE	

TABLE 4: SOUTHERN SECTION

Level top (mAOD)	Level base (mAOD)	Soil Description	Comments
8.4	3.3	MADE GROUND: clayey GRAVEL	Based on BH105. Limestone bands encountered in BH105 have been ignored in the design
3.3	-2	Very weak Blue Lias MUDSTONE	

In the above tables, the Blue Lias Mudstone and Mercia Mudstone will be treated as one and the same.

A table summarising the ground parameters assigned to these soil types is presented below.

TABLE 5: SOIL PARAMETERS

Soil Type	Unit Weight γ (kN/m ³)	Young's Modulus E (MPa)	Poisson's Ratio ν	Angle of Shearing Resistance ϕ (° deg)	Cohesion c' (kPa)
MADE GROUND: clayey GRAVEL	18	16 *	0.4	34 [^]	16 [^]
Clayey GRAVEL	19	16	0.35	33 [^]	1
MUDSTONE	22	30	0.45	0	400 ⁺
Harbour SILT	18	5	0.3	20	1
Masonry wall FILL	22	100	0.1	-	-

Notes:

* This figure is based upon the results from the 2 No. plate load tests completed on site. Two stiffness values were calculated for the Made Ground material, and the more conservative value has been used in this analysis.

[^] This figure is based on shear-box testing results (Taken from South West Geotechnical GIR, Ref 10501)

⁺ This value is based upon in-situ SPT testing.

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* This value is based upon the unconfined compressive strength (UCS) laboratory testing. The most conservative test result produced a UCS of 0.8MPa ($UCS/2 \approx c'$).

Based on the borehole information and particle size laboratory testing, Crouch Waterfall have concluded that the risk of the soils/foundations degrading due to freeze/thaw action is negligible.

2.4. Tide Levels

Historic tide level data was not available for the site at the time of writing; however, long term monitoring has been taking place at Hinkley Point since 1990. Due to the proximity of Hinkley Point (located 14km to the east) to the site, the tide levels for Hinkley have been adopted for Watchet Harbour. The highest and lowest tide levels for the period 2008 – 2026 are listed in the table below (taken from the UK National Tidal & Sea Level Facility <https://www.ntsfl.org>).

It is understood that the marina is partially impounded and therefore never completely empties at low tide (thus ensuring that the boats always remain afloat). This impounded level has been estimated at +1.5mAOD. For the purposes of this modelling exercise, the impounded level (+1.5mAOD) has been used instead of the *actual* low tide level (-6.09mAOD).

TABLE 6: TIDE LEVELS

Scenario	Level (Tidal Datum)	Level (Ordnance Datum mAOD)
High Tide	13.02m	+7.12mAOD
Low Tide	-0.19m	-6.09mAOD
Low Tide - Impounded Level	-	+1.5mAOD

2.5 Assumptions, Exclusions and Caveats

Modelling has been undertaken with due regard to the available information. However, there are significant areas in which information is not available and has had to be assumed for the purposes of modelling, and are as follows:

- Sheet-pile embedment is assumed to be 0.5m;
- Based on investigative surveys completed by the Client, the deadman anchors, supporting the sheet pile wall, are determined to be free from corrosion and are not detrimentally affecting the structural integrity of the harbour wall;
- The presence of a shear key has been discounted;
- The thickness of the masonry wall has been assumed as being 1.0m;
- The masonry and concrete wall is assumed to be unreinforced;
- The steel grade (yield strength) of the sheet pile wall has been assumed as 240MPa;
- Ground strength information is based on available information and published data;
- Accurate limits for the high tide and low tide levels were not available for Watchet Harbour, and so the tide levels have been taken from the nearby tidal measuring station at Hinkley Point power station;

3. Modelling Results and Interpretation

3.1 Introduction

Both finite element modelling (FEM) and limit-state modelling has been carried out on all three structural sections. Initially, FEM modelling has been carried out to gain an understanding of the forces acting on the existing structures. These forces have then been incorporated into limit-state models in order to provide Factor of Safety (FoS) values for the structures.

3.2. Finite Element Modelling

Finite element models for the northern, central and southern sections were produced using the profiles and parameters mentioned above. In addition, three tidal situations were chosen by the Client, namely:

- High Tide with harbour silt present in front of the existing structures;
- Low Tide (impounded) with harbour silt present in front of the existing structures;
- Low Tide (impounded) with the harbour silt dredged/removed to harbour floor level;

Various surcharges to accurately model the possible future development of the quay were chosen by the Client, namely:

- A **10kPa** load is placed over a 10m-wide strip immediately behind the wall. This simulates a generic load for day-to-day use of the quay/harbour wall – it represents the ‘current’ situation;
- A **20kPa** load replaces the 10kPa load mentioned above. This 20kPa load is applied over a 10m-wide strip immediately behind the wall and simulates the operation of a mobile crane used to lift boats in to/out of the marina.
- Static (dead) load of **50kPa** imposed by the development, located 14.5m (minimum) away from the harbour wall;

Load combinations (as specified by the Client) have been analysed for all three sections of the wall and all tidal situations as follows:

Load Scenario 1: 10kPa loading – ‘current’ situation;

Load Scenario 2: 20kPa loading – proposed crane loading;

Load Scenario 3: 10kPa + 50kPa loading – ‘current’ load + proposed development load;

Load Scenario 4: 20kPa + 50kPa loading – crane load + proposed development load

GEO5 Finite Element Modelling (FEM) software was used to perform the analysis for all three sections of the harbour wall.

A detailed drawing showing the layout of the harbour and locations of the crane operating area and proposed development is appended to this report.

3.2.1. Central Section – Reduced Thickness Sheet Pile Wall

Crouch Waterfall were advised by the Client on the types of sheet piles used in the Central section of the wall. However, following the findings of the dive survey, it was necessary to take into account corrosion and subsequent loss of section of the sheet piles. This was completed by following guidance in BS EN 1993-5:2007 Eurocode 3 – Design of Steel Structures – Piling. The following values have been generated following a reduction in the sheet-pile section based on this guidance:

TABLE 7: SHEET PILE - REDUCED THICKNESSES

Sheet Pile ID	Original thickness (mm)	Loss of thickness on Soil Side (mm)		Loss of thickness on Seawater Side (mm)		Reduced Sheet Pile Thickness (mm)	
		After 45yrs	After 65yrs	After 45yrs	After 65yrs	After 45yrs	After 65yrs
Larssen 22	10	0.55	0.75	3.5	5.0	5.95	4.25
Larssen 25	25					20.95	19.25

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Following the guidance in BS 1993-5, the corrosion values for the Low Water/Splash Zone have been used as these are most onerous case. It should be noted that if it is assumed that Larssen 22 sheets were installed in the 1970s, then these sheets will be approaching the end of their design life, with potentially only ~6mm of thickness remaining in the most corroded parts of the piles.

In order to model the performance of a 45yr/65yr old Larssen 22 or 25 sheet pile, a sheet pile with the appropriate thickness must be modelled in its place (i.e.: 5.95mm or 4.25mm for a Larssen 22 and 20.95mm or 19.25mm for a Larssen 25). Larssen 25 sheets were replaced with Larssen 605 sheets, with a thickness of 12.5mm. However, a comparable sheet for the Larssen 22 could not be found; therefore, a GU6N pile was used in its place.

Following the application of reduced section values, modelling was undertaken to evaluate the performance of the harbour wall after 45yrs/65yrs of corrosion has reduced the thickness of the piles. In the following sections, only the reduced thickness sheet piles will be analysed (GU6N and Larssen 605) and the original, full thickness sheets (Larssen 22 and 25) have been ignored in the analysis.

3.2.2. Central Section – Sheet Pile Wall

Computations covering the various tidal scenarios and surcharges (Loading Scenarios 1-4) were completed for the central section of the harbour wall. A pile embedment depth of 0.5m into the underlying bedrock was assumed. This figure was chosen following analysis into the minimum embedment depth required to ensure stability of the wall, under the low tide without silt condition. This resulted in a total length of sheet pile of 10.2m. Given the nature of the underlying Mercia/Blue Lias mudstone a maximum embedment value is expected to be in the order of 2.0m. This depth is based on engineering judgement and working knowledge of the Mercia/Blue Lias mudstone.

The following results were achieved:

TABLE 8: SHEET PILED WALL (10.2M LONG SHEETS) – HORIZONTAL DISPLACEMENTS & BENDING MOMENTS

Model	Sheet Pile ID & Section	Max Bending Moment (Capacity) of Sheet (kNm)	Load Scenario 1		Load Scenario 2		Load Scenario 3		Load Scenario 4	
			Disp (mm)	Bending Moment (kNm)	Disp (mm)	Bending Moment (kNm)	Disp (mm)	Bending Moment (kNm)	Disp (mm)	Bending Moment (kNm)
High Tide + Silt	GU6N (6mm)	150	39	87	41	89	51	88	53	90
Low Tide + Silt			42	45	44	47	55	47	56	49
High Tide + Silt	Larssen 605 (12.5mm)	484	31	172	33	178	43	178	45	183
Low Tide + Silt			40	136	41	142	52	142	53	148

Load Scenario 1: This gives some indication as to how the wall is reacting to the ‘current’ applied load.

Load Scenario 2: With the addition of the crane load, the sheet pile wall is noted to displace an extra 1-2mm, with minor increases in bending moment.

Load Scenario 3 & 4: Once the development load is added to the ‘current’ situation, the displacements were noted to increase by ~12mm. The same can be said when the development load is applied in addition to the crane loading.

The significant increase in bending moment for the High Tide with Silt scenario is believed to be due to the increased water pressure acting on the back of the sheet pile wall.

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In general terms, Table 8 shows that the sheet piles do not exceed their bending moment capacity in any of the Load Scenarios, despite experiencing some significant horizontal displacements.

3.2.3. Northern & Southern Sections – Masonry/Concrete Wall

Computations covering the various tidal scenarios and surcharges were completed for the northern and southern sections of the harbour wall. Due to the difficulties in accurately modelling a masonry wall in finite element software, only the horizontal displacements have been computed.

The results of the analysis are tabulated below.

TABLE 9: NORTHERN MASONRY WALL - HORIZONTAL DISPLACEMENTS

Scenario	Load Scenario 1	Load Scenario 2
	Horizontal Displacement (mm)	
Low Tide + Silt	41	43
High Tide + Silt	62	66

For the Northern masonry wall analysis, Load Scenarios 3 & 4 were ignored under direction from the Client. The northern masonry wall is located far enough from the proposed development for it to lie outside the zone of influence.

A small increase of 2-4mm is noted in the transition from the 'current' situation (Load Scenario 1) to the addition of the crane load (Load Scenario 2).

As with the Central section, the increased displacements during the High Tide with Silt scenario are believed to be caused by the increased water pressure acting on the back of the masonry wall. It is not clear why this is only evident in the analysis of the Northern section.

TABLE 10: SOUTHERN MASONRY WALL - HORIZONTAL DISPLACEMENTS

Scenario	Load Scenario 1	Load Scenario 2	Load Scenario 3	Load Scenario 4
	Horizontal Displacement (mm)			
Low Tide + Silt	38	39	50	51
High Tide + Silt	32	36	43	47

As with the central sheet pile section above, only minor increases in displacements are noted when moving from Load Scenario 1 to 2. More substantial displacements are noted when the development load is included in Scenarios 3 and 4.

3.3. Limit State Modelling

Limit State models were employed in an to attempt to assess the predicted performance of the harbour wall in terms of a Factor of Safety (FoS) value.

In the following analyses, Eurocode 7 partial factors were ignored, in order to have greater parity with the original British Standard design methods that would have been used at the time.

3.3.1. Central Section – Sheet Pile Wall

The Central section of the harbour wall was modelled using Larssen 22 and Larssen 25 sheet piles with progressively reduced thicknesses (a product of corrosion). In addition to this, a sensitivity analysis was carried out on the effect of steel grade on the performance of the sheet piles. The piles were assigned an embedment depth of 0.5m (total pile length of 10.2m)

In order to complete this analysis, typical sections of Larssen 22 and Larssen 25 sheets were modified to reduce the thickness of the sheet (as though being corroded), and in doing so compute the reduced structural parameters that would accompany the loss of section. A steel grade of 240MPa was chosen for the yield

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strength. It should be noted that changing the thickness and grade of steel only affects the Factor of Safety on the bending moment of the sheet piles. The following tabulated results were calculated for Load Scenario 1 (10kPa surcharge behind the wall). The addition of the development load (Load Scenarios 3 & 4) has been determined to have no effect on the Central Section of the harbour wall, due to the location of the development.

The same analysis was completed for Load Scenario 2 (20kPa crane load), and separately, for the Low Tide with silt dredged scenario, but neither of these resulted in a significant change in the bending moment factors of safety shown below, and therefore the results have not been replicated here.

TABLE 11: LIMIT STATE ANALYSIS - 240MPA YIELD STRENGTH STEEL – LOAD SCENARIO 1

Scenario	Sheet Pile ID & Thickness (mm)	Bending Moment FoS	Scenario	Sheet Pile ID & Thickness (mm)	Bending Moment FoS
Low Tide + Silt	Larssen 22 – 6mm	0.7	High Tide + Silt	Larssen 22 – 6mm	2.7
	Larssen 25 – 15mm	1.1		Larssen 25 – 15mm	4.1

In Table 11 above, the bending moment factors of safety have been calculated for both Larssen 22 and Larssen 25 sheet piles, with varying levels of reduced thickness. The calculated factors of safety which fall below 1.25 have been highlighted in red. For the basis of this investigation, a Factor of Safety greater than 1.25 is deemed 'acceptable' (the minimum Factor of Safety required by British Standards is 1.25). The stated thicknesses (6mm for Larssen 22 and 15mm for Larssen 25) were advised by the Client.

3.3.2. Northern & Southern Sections – Masonry/Concrete Wall

The same Limit State analysis was performed for the northern and southern sections of masonry wall. During the analysis, there was a degree of uncertainty around the dimensions of the foundations for the walls, as well as the presence of any kind of shear key. To maintain simplicity of analysis, the foundation dimensions (on the seawater side) that were recorded during the dive survey have been mirrored on the soil side of the wall.

The following Overturning (OVT) and Sliding (SLI) Factor of Safety values were recorded:

TABLE 12: NORTHERN SECTION - LIMIT STATE ANALYSIS – FACTOR OF SAFETY

Scenario	Load Scenario 1		Load Scenario 2	
	SLI	OVT	SLI	OVT
Low Tide + Silt	7	1.3	1.3	1.06
High Tide + Silt	10+	4	10+	2.5

For the Northern masonry wall analysis, Load Scenarios 3 & 4 were ignored under direction from the Client. The northern masonry wall is located far enough from the proposed development for the increased loading to be insignificant.

From the table above it is apparent that under 'current' conditions (Load Scenario 1) the lowest FoS the northern masonry wall might experience is FoS=1.3. Should Somerset West & Taunton council decide to dredge the silt from the marina then this would drop to FoS=1.1. Factors of Safety that are <1.25 have been highlighted in red.

Should the proposed crane be used within the 10m-wide strip immediately behind the northern harbour wall, the FoS drops to FoS=1.06 (under current marina conditions). Again, should Somerset West & Taunton council decide to dredge the marina silt, the FoS drops to less than unity (FoS=<1).

TABLE 13: SOUTHERN SECTION - LIMIT STATE ANALYSIS – FACTOR OF SAFETY

Scenario	Load Scenario 1		Load Scenario 2		Load Scenario 3		Load Scenario 4	
	SLI	OVT	SLI	OVT	SLI	OVT	SLI	OVT
Low Tide + Silt	10+	1.8	6	1.4	10+	1.8	6	1.4
High Tide + Silt	10+	10+	10+	4	10+	10+	10+	4

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The southern section of masonry wall is not as tall as the northern section, and this is reflected in the higher Factors of Safety.

Load Scenario 1: The lowest safety factor values produced by the analysis occurred during the low tide scenario (FoS=1.8).

Load Scenario 2: When the crane load was applied to the model, the FoS dropped to FoS=1.4, for the low tide scenario.

Load Scenario 3 & 4: When the development load was applied in Load Scenarios 3 & 4, the FoS did not change, suggesting that the construction of the development will not have an effect on the southern section of masonry wall.

4. Conclusions & Recommendations for Additional Works

4.1. Conclusions

Following detailed geotechnical analysis into the different sections of the harbour wall, and the various loading scenarios / tidal scenarios that are being applied to the wall, it is possible to comment on the 'robustness' of the harbour wall.

Northern (Masonry) Section

Only a minimal increase (1-2mm) in horizontal displacement was recorded during FEM analysis when moving from the current situation (Load Scenario 1) to operating with the crane immediately behind the wall (Load Scenario 2). However, when this analysis was conducted using Limit State methods, this transition from Scenario 1 to 2 resulted in the Factor of Safety falling to FoS=1.06.

Central (Sheet Pile) Section

As with the northern section, only small increases in horizontal displacement were recorded during FEM analysis when moving from Scenario 1 to 2. Larger increases of 10-13mm were recorded when the development load was applied to the model.

In terms of Limit State analysis: calculations were completed on varying thicknesses of both Larssen 22 and 25 sheet piles, for both the high tide- and low tide- with silt scenarios. The factor of safety remained >1.25 for all of the high tide with silt scenarios (ie: both Larssen 22 and 25 sheets). The low tide with silt scenario produced some factors of safety <1.25 for Larssen 22 and 25 sheets, as shown in Table 11. Determining the steel grade and sheet pile thickness would give considerable confidence towards predicting the sheet pile capacity.

It is often difficult to reconcile hypothetical results from analysis of an existing situation, where the analysis predicts failure (FoS<1.0), and yet the structure remains standing. The reasoning behind this is believed to be (partly) due to the continuous, cyclical action of the tides. It is likely that the unstable low tide condition does not last long enough to bring about failure of the sheet piles, before the tide, and the Factor of Safety, start rising again. The excessive bending, and ultimate failure, of the sheet piles, would be a progressive process rather than a singular catastrophic event. It is believed that if the harbour were left dry for any significant period of time then there is a distinct possibility of bending failure of the wall.

Southern Section

Limit State modelling of the southern section did not produce any situations where the Factor of Safety dropped below 1.0. This is believed to be partly due to the fact that the southern wall has the smallest retained height, and therefore the lateral forces are less.

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4.2. Recommendations for Additional Works

Whilst every attempt has been made to use realistic assumptions and not impose undue conservatism into the models, there are still some key areas of uncertainty.

4.2.1. Sheet Pile Walls

Several significant uncertainties still surround the central sheet piled section of the harbour wall. These include:

- The sheet piles were modelled as either Larssen 22 or 25 sheets, with reduced (assumed) thicknesses/strength parameters as appropriate due to corrosion.
- Detailed sensitivity analysis has been completed on the effect of reducing the thickness of the sheet and also reducing the grade of steel. If either/both of these parameters could be established, then it would give greater confidence in predicting the behaviour of the sheet pile wall. Determination of steel grade is possible through chemical testing of samples of the steel.
- Depth of embedment into bedrock: this could potentially be achieved through the use of geophysical surveys;

4.2.2. Masonry Walls

- Significant uncertainties surround the base of walls and their foundations: are the foundations embedded to any extent? The thickness/dimensions of the walls is also key to ensuring the existing situation is modelled accurately;
- Based on the investigations completed to date there appears to be some variation over the thickness of the masonry/concrete;

However, notwithstanding the above recommendations there is a strong possibility that further investigation work would **not** necessarily result in significantly better/improved model outputs that reduce the perceived risk to the harbour walls. Therefore, it may be prudent to consider other options that could reduce the impact on the harbour walls, such as: limiting the extent of the crane operating area, effecting repairs, or strengthening the harbour wall.

Consideration must also be given to the fact that theoretical reduction of section as a result of corrosion, coupled with the results of the dive survey, suggests that the sheet-piled section of the development is nearing the end of its working life. While improvements such as propping could be considered to increase the capacity of these structures, this is not seen as a workable solution in the medium – long term.

Drawings

Report Number: SWT 17/20

Somerset West and Taunton Council

Executive – 22 January 2020

Draft 2020/21 Budget Progress and Initial Budget Options

This matter is the responsibility of Executive Councillor Henley

Report Author: Emily Collacott, Finance Business Partner and Deputy S151 Officer

1 Executive Summary / Purpose of the Report

- 1.1 The purpose of this report is to provide the Executive with an update on progress with regard to Budget Setting for 2020/21, the latest Medium Term Financial Plan (MTFP) forecasts and the areas to be finalised.
- 1.2 The Council's current MTFP projects a budget gap for 2020/21 of £686k. Following the proposed MTFP bids and savings identified the Budget Gap is a small surplus of £39k for 2020/21, but a significant deficit remains in subsequent years rising to £1.514m by 2024/25.
- 1.3 There remain a number of areas where budget forecasts are to be finalised therefore there is potential for the estimated Gap to change, and this will be reported to Members as the budget process is finalised in advance of February Full Council. The Executive is due to recommend its final budget proposals at its meeting on 10 February 2020.
- 1.4 An earlier version of this report was presented to the Scrutiny Committee on 8 January 2020. At that meeting the S151 Officer provided the committee with a verbal update regarding the detail of the funding Provisional Settlement for 2020/21 which was published after the Scrutiny report had been finalised. This report updates the position incorporating the Settlement information, and includes feedback from the Scrutiny 8 January meeting on the draft budget.

2 Recommendations

- 2.1 Executive Committee notes and considers the latest Draft Budget and Medium Term Financial Plan forecasts and the areas to be finalised.
- 2.2 Executive Scrutiny is requested to support the MTFP bids and savings

targets/proposals, considering feedback from the Scrutiny Committee, and resolve to finalise balanced budget proposals for presentation to Scrutiny, Executive and Full Council in February 2020.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
Risk: The Council fails to set a balanced budget and maintain adequate reserves, and cannot fund its priorities and objectives.	Feasible 3	Major 4	Medium 12
<i>Mitigation: The Leadership Team and Executive is committed to presenting a balanced budget for 2020/21, subject to Council decisions in February 2019, which includes Council Tax assumptions and fees and charges increases.</i>	<i>Slight</i> 2	<i>Moderate</i> 3	<i>Low</i> 6

Risk Scoring Matrix

Likelihood	5	Very Likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Slight	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Very Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic

Impact		
Likelihood of risk occurring	Indicator	Chance of occurrence
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Overview of 2020/21 Draft Budget Estimates and MTFP

- 4.1 The Financial Strategy for Somerset West and Taunton Council (SWT) was approved by the Executive on 18 September 2019. This report also provided Members with a provisional Medium Term Financial Plan (MTFP) position.
- 4.2 A further update on any significant changes to the MTFP was provided to the Scrutiny Committee on 6 November 2019. This was showing a budget gap in 2020/21 of £358k rising to £2.699m by 2024/25.
- 4.3 There are still some items which are unknown at this stage of the budget process. These are covered in section 10.
- 4.4 The **Provisional Settlement**, which provides the level of funding set by Government through business rates retention and general grants, was announced on 20 December 2019. The information arising is broadly in line with our previous expectations, with the main headlines being:
- (a) **Council Tax** – Government has confirmed district councils may increase council tax by up to the greater of £5 or 1.99%. The draft budget currently assumes a 1.99% increase. If the Executive is minded to recommend a £5 increase on a Band D property this would represent a 3.17% increase and improve the Council's income baseline within the draft budget by £103,000.
 - (b) **Revenue Support Grant** – Confirmed as £6,444, slightly higher than our previous estimate of £6,340 due to an inflation factor being applied. Government has again mitigated the potential “negative RSG” which would have reduced our funding by £128,000.
 - (c) **Rural Services Delivery Grant** – Confirmed as £241,506, no change to our previous estimates.
 - (d) **New Homes Bonus** – provisional grant for 2020/21 confirmed as £3,253,289, which is £38,529 higher than previous estimates. Information included with the Settlement confirms the 2020/21 ‘increment’ within the NHB calculation will be for one year only – not four years as per previous years. It also indicates the legacy payment from the 2018/19 and 2019/20 allocations will apply for four years, therefore the S151 Officer is minded to add the projected income back into the MTFP forecasts for 2021/22 and 2022/23, totalling £2.5m over the two years.
 - (e) **Business Rates Retention** – Baseline and Tariff allocations in line with our previous estimates. Local estimates for total business rates income are due to be completed in January 2020 which will determine the net income retained by SWT included growth above the baseline and potential Pooling gains.
- 4.5 There have been some changes to the budget gap to incorporate known unavoidable pressures and some savings identified. The table below summarises the changes to the Budget Gap since 6 November, including a small increase in New Homes Bonus estimates following the Provisional Settlement:

Table 1 - Summary 2020/21 Budget Gap Reconciliation

	£k	£k
2020/21 Budget Gap reported to Scrutiny 6 November 2019		358
<i>Service Cost Pressures:</i>		
Additional B&B Homelessness Costs	82	
Additional Telephony Operating Costs	108	
Review of Base Budgets	280	
Subtotal – Service Cost Pressures		470
<i>Service Cost Savings:</i>		
Reduction in Revenue Contribution to Capital	-96	
IEG4 Revs and Bens Licence no longer required	-34	
Increase in Treasury Investment Income (meets Savings Target)	-200	
Review of Fees and Charges	TBC	
Subtotal – Service Cost Savings		-330
Collection Fund deficit revised estimate		14
Lower Council Tax Base (estimate of Band D Equivalents)		174
2020/21 Latest Budget Gap Estimate December 2019 (reported to Scrutiny 8 January 2019)		686
<i>Changes following Provisional Settlement:</i>		
New Homes Bonus (NHB) Grant estimate increased	-38	
Amended Transfer of NHB to Growth Reserve	38	
2020/21 Latest Budget Gap Estimate January 2020		686

- 4.6 The following table sets out an updated summary of the Medium Term Financial Plan for Somerset West and Taunton. This is based on the current estimate of costs and predicted funding, updated following the Provisional Settlement, before MTFP bids and savings proposals below.

Table 2 – MTFP Summary 2019/20 – 2024/25

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Services Costs	14,752,279	14,892,828	16,130,146	16,910,436	17,500,866	18,192,659
Net Financing Costs	356,540	389,900	464,260	627,370	410,480	403,590
SRA Contribution	99,090	98,787	99,775	100,773	101,780	102,798
Special Expenses	46,399	0	0	0	0	0
Earmarked Reserves-Growth	3,089,150	2,853,289	1,509,342	851,411	0	0
Earmarked Reserves-Other	2,834,631	988,638	0	0	0	0
Economic Growth and Prosperity Fund	1,200,000	0	0	0	0	0
General Reserves	0	0	0	0	0	0
Net Expenditure	22,378,089	19,223,442	18,203,523	18,489,990	18,013,126	18,699,047
Retained Business Rates	-7,787,783	-5,910,158	-3,989,206	-4,067,579	-4,145,952	-4,224,325
Business Rates prior year deficit	-1,331,905	0	0	0	0	0
Revenue Support Grant	-6,340	-6,444	0	0	0	0
Rural Services Delivery Grant	-241,506	-241,506	-241,506	-241,506	-241,506	-241,506
New Homes Bonus	-3,809,150	-3,253,289	-1,709,342	-851,411	0	0
Council Tax	-8,939,605	-9,091,252	-9,366,321	-9,650,005	-9,941,917	-10,242,820
Council Tax–SRA	-99,090	-98,787	-99,775	-100,773	-101,780	-102,798
Council Tax–Special Expenses	-46,399	0	0	0	0	0
Council Tax prior year surplus	-116,311	63,877	0	0	0	0
Net Funding	-22,378,089	-18,537,559	-15,406,150	-14,911,274	-14,431,155	-14,811,449
Budget Gap	0	685,883	2,797,373	3,578,716	3,581,971	3,887,598
Gap – Change on Previous Year	0	685,883	2,111,490	781,343	3,255	305,627

Note: The 2019/20 figures are based on the Original Budget approved in February 2019.

5 MTFP Bids

- 5.1 The Executive propose that the following MTFP proposals are considered to be included within the budget. The total amount of additional spending proposed for 2020/21 is £3.956m.

Table 3 – MTFP Bids Summary 2020/21 – 2024/25

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Staffing Budget	2,450	750	0	0	0
Asset Management	200	200	400	400	400
Park and Ride	230	235	240	245	250
Climate Change	75	75	75	75	75
Local Plan	82	36	60	60	60
CAB - further contribution	33	0	0	0	0
Dredging - outer harbour at Watchet	43	18	18	18	18
Clean Sweep	40	40	40	40	40
Network Support from SCC	25	25	25	0	0
Taunton BID - if successful SWT contribution	15	15	15	15	15
Additional 8*8 licences (150 more users)	13	13	13	13	13
IT ongoing costs from the Change Programme	TBC	TBC	TBC	TBC	TBC
Borrowing Costs of Capital Bids (section 12)	0	75	75	75	75
Contingency	50	0	0	0	0
Contribution to investment risk reserve	400	0	0	0	0
Contribution to General Reserves	300	0	0	0	0
Total	3,956	1,482	961	941	946

5.2 Below is a short description for each bid:

- a) **Staffing Budget:** As reported to Full Council on the 3rd December 2019, the Council's leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The Council is requested to support a continuation of additional staff capacity for a longer period (12-18 months) to ensure services continue and standards are maintained during a longer transition period. A cost reduction is required in future years as the Change Programme drives forward to deliver the service process efficiencies and demand management benefits anticipated.
- b) **Asset Management:** Following a review of assets additional funding is required, for reactive work needed, to maintain the Council's assets.
- c) **Park and Ride:** Proposed funding to maintain the Park and Ride (a separate report was considered by the Executive on 18th December 2019). The MTFP includes a forecast for this cost continuing on an ongoing basis, however formal approval is sought at this stage for 2020/21 budget only.
- d) **Climate Change:** To enable the Council to progress its climate and environmental commitments whilst the strategy is being progressed, this

budget allocation provides additional capacity to deliver early progress on strategy development and development of plans and business cases for further consideration. This stand-alone allocation does not represent the entirety of the Council's investment in services and projects that seek to further the Council's environmental objectives.

- e) **Local Plan:** To enable the Local Plan work to be undertaken (a separate report was considered by the Executive on 20th November 2019).
- f) **Citizens Advice Bureau (CAB) - further contribution:** A one-off additional contribution for 2020/21 only (a separate report with more detail is being presented to the Executive on 28 January 2020).
- g) **Dredging – outer harbour at Watchet:** The current budget is £7k per annum. The increase to £50k would allow for two dredges next year and then one dredge per annum, when the base budget is proposed to reduce to £25k per annum. In future the ambition is to increase the ongoing budget to £50k if affordable.
- h) **Clean Sweep:** To enable a regular “spring clean” of the larger towns within the district.
- i) **Network Support from SCC:** it has proved difficult to recruit for the skill set required for this essential work, therefore it is recommended to procure this support from SCC.
- j) **Taunton BID:** If the ballot for the BID is successful Somerset West and Taunton's levy is estimated to be £15k per annum.
- k) **Additional 8*8 Licences:** there is currently only budget for 450 licences whereas approximately 600 are required. This will be reviewed in future in line with the staffing budget above.
- l) **IT ongoing costs from the Change Programme:** work is currently underway to determine the costs, which will be included in the final budget report in February.
- m) **Borrowing Costs of Capital Bids:** If the capital schemes for the Replacement Play Equipment, Wellington Sports Centre Handling Units and East Quay Wall are approved the Council will need to borrow to finance these schemes which would cost £55k per annum from 2021/22 onwards.
- n) **Contingency:** A small contingency of £50k is included, pending finalisation of the budget plan for 2020/21.
- o) **Contribution to Investment Risk Reserve:** The Commercial Strategy was

approved by Full Council on 17 December 2019. Therefore work can start to be prepared with regards to commercial investments. An estimate of the income is included in the savings proposals below though it is prudent to set aside £400k to mitigate any shortfall in income, which will be monitored through the Council's budget monitoring process.

- p) **Contribution to General Reserves:** the estimated GF General Reserves position for 31st March 2019 is £2.756m, which is below the recommended operational limit of £3m. Therefore it is proposed to contribute £300k from next year's Revenue Budget to bring reserves above the limit. Options to increase this further will be considered as part of the 2019/20 end of year reporting, as it is prudent to maintain as much flexibility and resilience as possible whilst the Council implements plans to fully meet the current savings targets and further underlying budget gap projections.

6 Savings Targets/Proposals

- 6.1 The following table summarises the saving targets which were included within the financial strategy plus additional savings and funding proposals to meet the additional spending in the draft budget proposals. It is proposed to include these now within the MTFP alongside other savings proposals. The current MTFP includes a revenue contribution towards funding recurring capital items (RCCO) and it is proposed to fund these for the next two year using a mixture of borrowing and capital receipts. This is also summarised in the table below.

Table 4 – Savings Targets/Proposals Summary 2020/21 – 2024/25

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
<i>Funding/Reserves allocations:</i>					
BRR Pooling Gain (20/21 one-off)	-1,000				
New Homes Bonus Reserve	-1,750	-1,000			
<i>Financial Strategy Targets:</i>					
Investment income (Commercial Strategy)	-840	-1,625	-2,000	-2,000	-2,000
Commercialisation and Service Income	-60	-125	-225	-225	-225
Service Efficiency	0	-100	-100	-100	-100
Procurement	-200	-250	-500	-500	-500
<i>Other options:</i>					
Parking Strategy	-500	-500	-500	-500	-500
Borrowing to replace RCCO (net of borrowing costs)	-56	-53	6	6	6
Capital receipts to replace RCCO	-275	-275	0	0	0
Total	-4,681	-3,928	-3,319	-3,319	-3,319

- 6.2 Below is a short description for each bid:

- a) **Business Rates Retention Pooling Gain:** Planned use of business rates retention income to fund additional service costs (staffing).
- b) **New Homes Bonus Reserve:** Planned use of new homes bonus reserve to fund additional service costs (staffing and other costs).
- c) **Investment Income (Commercial Strategy):** Following the approval of the Commercial Strategy it is proposed to build this income estimate into the MTFP. There is a degree of risk as investments will need to be progressed prudently but at pace to meet this target.
- d) **Commercialisation and Service Income:** Following the approval of the Financial Strategy this target can be built into the MTFP and will be considered alongside the information for Fees and Charges currently being reviewed.
- e) **Service Efficiency:** It is proposed that the savings target included within the Financial Strategy is slipped to start in 2021/22 rather than 2020/21 to align with the Change Programme.
- f) **Procurement:** Whilst renewing contracts any savings will be captured towards this target. The 2020/21 target will essentially be met by the insurance savings delivered in 2019/20.
- g) **Parking Strategy:** The Council is developing a parking strategy as part of the overall work on the Climate Emergency. It is currently estimated that the proposals would be to increase parking fees by approximately 20% which would initially result in an increase in income of roughly £500k. Any increase in fees would need to be agreed by Full Council. This income enables the Council to progress measures under Section 55 of the Road Traffic Regulation Act 1984.
- h) **Borrowing/Capital Receipts to replace RCCO:** The MTFP included a revenue contribution to capital (RCCO) to fund ongoing capital schemes. It is proposed to fund the majority of these from either borrowing or capital receipts for both 2020/21 and 2021/22, as the revenue resources are needed to meet revenue budget proposals.

7 General Reserves

- 7.1 General Reserves are currently estimate to be at £2.756m at 31st March 2020, which is below the minimum operational target set out within the financial strategy of £3m. It is recommended that £300k is transferred from the NHB reserves to General reserves to bring these back up above the minimum level.
- 7.2 The S151 Officer will review the minimum reserve requirement in February 2020 as part of the final budget recommendations.

8 Impact On MTFP of Bids and Savings

- 8.1 If all of bids and savings proposed are agreed the Draft Budget Gap has an estimated surplus of £39k for 2020/21, but rises to £1.514m by 2024/25.

Table 5 – Impact on MTFP 2020/21 – 2024/25

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Current MTFP	686	2,797	3,578	3,581	3,887
MTFP Bids	3,956	1,482	961	941	946
Savings	-4,681	-3,928	-3,319	-3,319	-3,319
Gap After Bids and Savings	-39	351	1,220	1,203	1,514

- 8.2 As highlighted in the financial strategy, the forecast is predicated on savings and income generation being delivered as planned. The funding position remains uncertain, however without an improvement in funding it is clear there is a significant challenge to balance the budget in future years, even if the planned savings are delivered.

9 Council Tax

- 9.1 The assumptions used in the previous report have not changed for Council Tax Charge increases. For financial planning purposes it has been assumed Council Tax Charges will increase by 1.99% each year from 2020/21. This is subject to consideration by the Executive through the budget process, which will formally recommend its Council Tax proposals to Council in February as part of the Budget report. As confirmed within the Provisional Settlement, there is the option to increase Council Tax (Band D) by up to £5 or 3.17% - see 4.4a above.
- 9.2 The Council Tax Base has been approved by the s151 officer on 13th December 2019, which has resulted in reduction in the assumptions compared to the previous update to Scrutiny on 6th November, and increases the Budget Gap for 2020/21 by £174k (shown in Table 2 above). The reduction in the base is mainly due to slower housing growth and increased Council Tax Support Scheme costs.

10 Areas Still to be Completed

- 10.1 Budget Holders have been asked to put forward their proposals for Fees and Charges. The impact of these is currently being reviewed by Finance. The S151 Officer has delegated authority to agree these (with the exception of Parking Charges) and an update will be provided within the next budget update report.
- 10.2 The **Business Rates Retention** provisional estimates will be completed soon – the deadline for the budget return (NNDR1) to Government is 31 January 2020. This is a complex calculation which could result in significant changes to the overall BRR income forecast. At this stage for financial planning purposes it is proposed that any changes compared to current estimates are offset by a transfer to/from

the BRR Smoothing Reserve reflecting prudent practice to manage volatility.

- 10.3 A review of the New Homes Bonus (NHB) funding for capital schemes is required, see section 12 below.

11 Business Rates Pooling

- 11.1 The 75% pilot scheme was for one year only in 2019/20. The Somerset Business Rates Pool continues under the 50% retention scheme in 2020/21. Indicative estimates at this stage show a potential gain of between £1m and £1.4m. The budget proposal above prudently includes £1m towards funding services in 2020/21. There is an element of risk as the actual income will not be confirmed until the end of 2020/21. This will be monitored through the budget monitoring process and if the £1m is exceeded options for allocating additional funds can be considered at that time.

12 New Homes Bonus (NHB)

- 12.1 NHB is a non-ring-fenced grant designed to incentivise housing growth. A contribution of £2.75m from NHB across 2020/21 and 2021/22 is recommended towards balancing the budget in order for the proposed spending plans to be affordable. As stated above, following the Provisional Settlement the NHB income forecast has been increased by £2.5m across 2021/22 and 2022/23. This provides greater confidence that current plans for the Growth Programme remain affordable, however this will need to be kept under review as it is a risk and if the funding position changes the Council might need to reduce spending plans or borrow to finance part of the Growth Programme, instead of using NHB, which will have an impact on future revenue costs.
- 12.2 Future NHB funding assumptions have been included within the MTFP, with no grant assumed after 2020/21. The table below show the indicative grant income projection:

Table 6 – NHB Grant Income Indicative Projection

Annual settlement:	Actual 2019/20 £k	Estimate 2020/21 £k	Estimate 2021/22 £k	Estimate 2022/23 £k	Estimate 2023/24 £k	Estimate 2024/25 £k
2016/17	841					
2017/18	1,259	1,259				
2018/19	858	858	858			
2019/20	851	851	851	851		
2020/21		285				
2021/22						
Total Annual Grant	3,809	3,253	1,709	851	0	0

- 12.3 The Government confirmed with the Settlement that the 2020/21 'increment' is for one year only, and that the Government will be reviewing the NHB scheme this year. It is prudent at this stage to assume this source of funding will not be available

to district councils beyond the estimates shown above.

13 Risk, Opportunities and Uncertainty

13.1 Ongoing risks and uncertainty for the budget at this stage include:

- a) **Not achieving the savings targets:** It is essential that work progresses to meet the savings targets included above and that the Change Programme delivers efficiencies to mitigate the temporary increase in costs. This is vital to ensure a sustainable budget position can be secured for the medium and long term.
- b) **Commercial Strategy:** The commercial strategy seeks to deliver significant additional income. The performance of investments will be critical to the affordability of service spending plans in future.
- c) **Local Government Finance Settlement (LGFS):** The Final Settlement is expected late January or early February. It is considered unlikely there will be any significant changes compared to the Provisional Settlement for 2020/21 however future years remains uncertain.
- d) **New Homes Bonus (NHB):** New Homes Bonus grant is at risk with Government confirming the 2020/21 allocation is one year only and there are plans to review the scheme. The Provisional Settlement indicates previous years' legacy payments will continue to 2022/23 however this is subject to confirmation of future Settlements for those years. The MTFP has assumed no NHB funding is available beyond 2022/23, which is considered prudent for financial planning.
- e) **Business Rate Retention (BRR):** The annual budget estimate return is due to be completed in January and therefore the forecast for BRR income could change for 2020/21.
- f) **BRR NHS Trusts:** A judge considering the claim for NHS trusts to be treated as a charity for the purposes of section 43(6) of the Local Government Finance Act 1988 has determined that NHS Trusts are not a charity. As such 80% mandatory relief is not applicable on NHS business rates accounts. This may be subject to appeal.
- g) **Council Tax:** MTFP is based on an assumption of an increase of 1.99% on the 2019/20 tax rate and future tax base growth of 1%. Any variation from these assumptions will affect Council Tax income estimates.
- h) **Fees & Charges:** These are currently being reviewed by Finance and the impact of these will be included in future budget reports. The proposed increase in parking fees is subject to Full Council approval and legal advice.

- i) **Business rates pooling:** The Somerset business rates pool continues under the 50% retention scheme in 2020/21. There is still a risk that income could fall below the £1m budgeted in the MTFP.
- j) **Brexit:** There may be unforeseen cost or service pressures.
- k) **Review of minimum reserves:** The S151 Officer will review reserves as part of the budget setting process in February to ensure reserves remain robust.
- l) **Collection Fund Surplus/deficit –** This will be finalised in mid-January and therefore the estimates included in the MTFP could change.
- m) **Minimum Revenue Provision (MRP):** This is being reviewed and will be addressed in the final budget report.
- n) **B&B Homelessness:** The inception of the Homelessness Reduction Act has result in a marked increase in approaches for advice and assistance and has extended the timescales under the relief stage of the act. This has placed further financial burden upon the Council and an increase within this budget has been included in the MTFP. Though there is a risk that this increase is not sufficient and any further impacts will be update in future reports.

14 2020/21 General Fund Capital Programme

- 14.1 The current General Fund Capital Programme in 2019/20 includes approved projects totalling £56.7m and is shown in Appendix A.
- 14.2 The recommended the approved General Fund Capital Programme is increased for capital bids totalling £3.04m, with £0.2m added to 2019/20 and £2.84m added to 2020/21. Table 7 below summarises the General Fund Capital bids that have been presented by services for consideration.
- 14.3 As mentioned in section 12 above Officers are currently reviewing commitments against the capital programme for which NHB funding was previously assumed. These will be updated in future reports. Similarly, the CIL-funded programme will also be included in the next budget report.
- 14.4 Funding of capital investment by the Council can come from a variety of sources (see below), table 7 below summarises the proposed funding of the Capital Bids for 2020/21:
 - Capital Receipts
 - Grant Funding
 - Capital Contributions (e.g. from another Local Authority / s.106 Funding)
 - Revenue budgets/reserves (often referred as RCCO – Revenue Contributions to Capital Outlay)

- Borrowing

Table 7 – 2020/21 Capital Bids

Scheme	2019/20 Cost £	2020/21 Cost £	Proposed Funding			
			RCCO £	Grants/ S106 £	Capital Receipts £	Borrowing £
Leisure Grants to Clubs and Parishes		15,000	15,000			
Vehicle Replacement		152,000			152,000	
Plant and Equipment		23,000			23,000	
New/Replacement Waste Containers		100,000			100,000	
Lifeline Equipment		25,000				25,000
Refresh of End User Devices		30,000				30,000
Members IT Equipment Replacement		4,000				4,000
Replacement Play Equipment		64,000				64,000
Wellington Sports Centre Air handling Units		253,000				253,000
East Quay Wall*	200,000	540,000				740,000
Tech – Microsoft 365 Migration		TBC				
Tech –Finance System Upgrade		TBC				
Resources for Change Programme		360,000			360,000	
DFGs		1,274,000		1,274,000		
Total	200,000	2,840,000	15,000	1,274,000	635,000	1,116,000

*Approval for this scheme sought Executive 22 January 2020 and Full Council 27 January 2020

14.5 The proposal to switch funding from a revenue contribution of £59k per annum to borrowing and £275k from capital receipts, for 2 years, has an increased cost of borrowing of £3k for 2020/21 and then £6k per annum from 2021/22 onwards, which is included table 3 in section 5.

14.6 It is proposed to fund the Replacement Play Equipment, Wellington Sports Centre Handling Units and East Quay Wall from borrowing with a cost to revenue of £55k per annum from 2021/22 onwards. Therefore this has been included within table 3 in section 5.

14.7 Below is a short description for each scheme:

- Leisure Grants to Clubs and Parishes:** These grant schemes allow us to award funds towards projects they are facilitating within their local communities. Voluntary Village Halls and Community Centre and Sports Clubs are awarded up to 33% of the project costs and Parish Councils are awarded up to 50% of the project costs.
- Vehicle Replacement:** The cost of a rolling programme to replace vehicles used by the locality champions.
- Plant and Equipment:** To replace plant and equipment items of small capital

value used by the locality champions.

- d) **New/Replacement Waste Containers:** To purchase new and replacement waste and recycling containers (bins and boxes) as part of the ongoing costs of the Somerset Waste Partnership.
- e) **Lifeline Equipment:** Lifeline units have a useful life of approximately 7 years, this is the cost to replacement the equipment on a rolling basis with approximately 1/7th replaced per annum.
- f) **Refresh of End User Devices:** Annual refresh budget which plans for laptops and tablets to be replaced on a rolling five year basis and smart devices every three years.
- g) **Members IT Equipment Replacement:** An annual budget for replacement of IT equipment for members.
- h) **Replacement Play Equipment:** To maintain the Council owned playgrounds within the Somerset West and Taunton Council area.
- i) **Wellington Sports Centre Air Handling Units:** Responsibility of plant remains with SWT. The current plant is more than 40 years old and as part of the recent procurement for a new Operator SWT committed to replacing the equipment following a condition survey recommending the replacement.
- j) **East Quay Wall:** This bid has been revised since the report to Scrutiny on 8 January 2020, reflecting updated cost estimates. Overall cost estimates are reduced from £910k to £740k, and approval is sought to allocate £200k of the revised sum in the 2019/20 budget as work is planned to commence before April 2020. A detailed report will be presented to the Executive on 22 January 2020.
- k) **Tech – Microsoft 365 Migration:** Officers are currently assessing the full cost of this project and an update will be provided in future reports.
- l) **Tech – Finance System Upgrade:** Officers are currently assessing the full cost of this project and an update will be provided in future reports.
- m) **Resources for Change Programme:** It is recommended to fund the resources required for the Change Programme from flexible capital receipts.
- n) **Disabled Facilities Grants (DFGs):** Enabling people to remain in their own homes by having access to facilities in and around the home. The Council has a statutory duty to deliver the grants under the Housing Grants, Construction and Regeneration Act 1996. The Regulatory Reform (Housing Assistance) Order 2002, and the Housing Act 2004.

15 Links to Corporate Strategy

- 15.1 The Council's MTFP underpins the planning of resources needed to meet the priorities and objectives within the Corporate Strategy and related plans

16 Finance / Resource Implications

- 16.1 The Council's financial position is set out above within the body of this report.
- 16.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term.

17 Legal Implications

- 17.1 S.32 of the Local Government Finance Act 1992 sets out in detail how the Council must calculate its budget by estimating gross revenue expenditure, net income, and the council tax needed to balance the budget; s.25 of the Local Government Act 2003 requires the Chief Finance Officer (S151 Officer for this Council) to report on the robustness of the budget-setting estimates and the adequacy of the proposed financial reserves.

18 Climate and Sustainability Implications

- 18.1 It is proposed to include a budget of £75k per annum to enable the Council to progress its climate and environmental commitments whilst the strategy is being progressed.
- 18.2 The proposed increase in parking fees would enable the Council to progress measures under Section 55 of the Road Traffic Regulation Act 1984 towards reduction of environmental pollution and/or improving and maintaining the appearance or amenity of roads, land, open land or water.

19 Safeguarding and/or Community Safety Implications

- 19.1 None for the purpose of this report.

20 Equality and Diversity Implications

- 20.1 Officers have assessed the MTFP Bids and Savings targets/proposals and at present the only Bid for which it is considered an Equality Impact Assessment is required is the local plan.

- 20.2 Link to the District Wide EIA for the Local Plan:

<https://democracy.somersetwestandtaunton.gov.uk/documents/s7352/District%20Wide%20Local%20Plan%20EIA.pdf>

21 Social Value Implications

21.1 None for the purpose of this report.

22 Partnership Implications

22.1 The Council's budget includes significant expenditure on services provided by other key partners such as Somerset Waste Partnership, SHAPE Legal Partnership and Somerset Building Control Partnership.

23 Health and Wellbeing Implications

23.1 None for the purposes of this report. Any relevant information and decisions with regard to health and wellbeing will be reported as these emerge through the financial planning process.

24 Asset Management Implications

24.1 If the proposed bid of £200k for asset management is not approved this will impact upon the asset maintenance programme and could result in higher costs being incurred in the future. Any further financial implications associated with asset management will be reflected within the Council's corporate and financial planning arrangements.

25 Data Protection Implications

25.1 None for the purposes of this report.

26 Consultation Implications

26.1 None for the purposes of this report

27 Scrutiny Comments

27.1 An earlier version of this report was presented to the Scrutiny Committee on 8 January 2020. At that meeting the S151 Officer provided the committee with a verbal update regarding the detail of the funding Provisional Settlement for 2020/21 which was published after the Scrutiny report had been finalised. Having considered the report and latest estimates, the feedback from the Committee was that it is broadly in support of the approach and items included in the current Draft Budget. It was also recognised by the Committee that if it is minded to suggest additional spending increases this will need to the Council to identify mitigating savings in order that a balanced budget can be maintained.

27.2 Specific comments and questions included:

- (a) Members of the committee recognised that the Council delivers resources in many ways and through many budgets across the Council towards the Climate Change priority. In respect of the specific additional budget bid of £75,000, the purpose of this was explained in more detail by the Portfolio Holder, Cllr

Pilkington, in that it will provide some additional resources to progress with plans and projects that emerge and he reassured the Committee this would be in addition to other resources that already positively impact on the Climate Change objectives. Scrutiny encouraged the Executive to consider increasing this budget provision if affordable and properly costed. It was also suggested the Climate Change Working Group be engaged in considering priorities that would most benefit from these funds.

- (b) In terms of budget bids, it was noted that most of the bids there was no inflation added in to future years. This is a fair observation and will be considered as the MTFP projections are finalised.
- (c) Further information was requested about the DLO vehicle fleet and whether this will include the use of electric vehicles. Cllr Pilkington assured the Committee that the Council is looking into the potential use of electric vehicles within the vehicle fleet.
- (d) The Committee welcomed the planned investment in the East Quay wall in Watchet.
- (e) The Committee noted that some aspects of the budget are still to be completed, including essential technology investment for which costs are being finalised. In addition the Committee noted that
- (f) The Committee were reassured that the budget proposals aligned with Council priorities.

Democratic Path:

- **Scrutiny – 8 January 2020**
- **Executive – 22 January 2020**
- **Full Council – No (final budget to be presented to Council 19 February 2020)**

Reporting Frequency: Ad-hoc

List of Appendices (delete if not applicable)

Appendix A	Capital programme
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Contact Officers

Name	Emily Collacott
Direct Dial	01823 218742
Email	e.collacott@somersetwestandtaunton.gov.uk
Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	p.fitzgerald@somersetwestandtaunton.gov.uk

SOMERSET WEST & TAUNTON COUNCIL - GENERAL FUND - CAPITAL PROGRAMME 2019/20 - FUNDING

		Funding (£)																	
Director	Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	Capital Grants	Section 106 Agreements	Capital Receipts	General Fund RCCO	New Homes Bonus	Capital Financing Reserve	Other Earmarked Reserves	Unallocated Capital resources	Borrowing	TOTAL
Growth Programme																			
	GF C Town Centre Improvements		170,360		170,360				170,360					170,360					170,360
	GF C Firepool Land Assembly		2,535		2,535	35,622			38,157					38,157					38,157
	GF C Major Transport Schemes		1,693,910		1,693,910		(193,910)	(1,500,000)						0					0
	GF C Flooding Alleviation	500,000	482,846		982,846		(981,500)		1,346					1,346					1,346
	GF C Town Centre Regeneration	991,000	30,000		1,021,000		(1,004,016)		16,984					16,984					16,984
	GF C Emp Site Enabling Innova	536,000	1,355,000		1,891,000		(1,855,750)	(35,250)						0					0
	TD C Broadband SEP		380,000		380,000				380,000					380,000					380,000
	TD C Parking, Access & Signage		9,577		9,577				9,577					9,577					9,577
	Firepool Development		55,543		55,543	825,000			880,543					880,543					880,543
	Lisieux Way Site Masterplaning		9,750		9,750			35,250	45,000					45,000					45,000
	Firepool Master Planning								275,000					275,000					275,000
	Total Growth Programme	2,027,000	4,189,521		6,216,521	1,135,622	(4,035,176)	(1,500,000)	1,816,967					1,816,967					1,816,967
IT Projects																			
	GF C Members IT Equipment	4,000	3,205		7,205				7,205				4,000		3,205				7,205
	GF C PC Refresh Project	50,000			50,000				50,000				50,000						50,000
	GF C Cemetery IT System		24,950		24,950				24,950					24,950					24,950
	GF C Transformation		440,734	313,004	753,738				753,738			227,004		11,861		86,000	440,734		753,738
	GF C IT Offsite Backup Facilit				11,861				11,861				11,861						11,861
	GF C IT Annual Hardware Replac				8,857				8,857			2,857	6,000						8,857
	GF C IT Server Refresh				20,000				20,000				20,000						20,000
	GF C Committee Rooms AV Kit		75,000		75,000				75,000								75,000		75,000
	Microsoft Migration	100,000			100,000				100,000			100,000							100,000
	Total IT Projects	154,000	543,889	353,722	1,051,611							329,861	91,861		28,155	86,000	515,734		1,051,611
Major Projects																			
	GF C PT Coal Orchard		10,727,650		10,727,650	3,683,000		(1,407,013)	13,003,637									13,003,637	13,003,637
	GF C Lisieux way		957,212		957,212				957,212										957,212
	GF C Blackbrook Swimming Pool		62,869		62,869				62,869						62,869				62,869
	GF C SCC Waste Vehicle Loan		3,500,000	3,500,000	7,000,000				7,000,000									7,000,000	7,000,000
	GF C Paul Street Car Park Maj		421,779		421,779				421,779						232,873		188,906		421,779
	GF C Creech Castle Improvement (Toneway Corridor Phase 1)		375,000		375,000				375,000					375,000					375,000
	GF C Firepool Hotel		15,712,627		15,712,627		(15,705,526)		7,101									7,101	7,101
	GF C Waiting Room		205,616		205,616				205,616										205,616
	GF C Seaward Way			2,862,074	2,862,074				2,862,074										2,862,074
	Coal Orchard Development Costs							1,407,013	1,407,013					1,407,013					1,407,013
	Watchet - East Quay Development	1,500,000			1,500,000				1,500,000										1,500,000
	Great Western Railway	5,000,000			5,000,000				5,000,000										5,000,000
	Leisure	1,000,000			1,000,000				1,000,000										1,000,000
	Gaumont Palace Theatre (Mecca Bingo)					2,277,000			2,277,000										2,277,000
	J25 Improvement Scheme Contribution							1,500,000	1,500,000					1,500,000					1,500,000
	Total Major Projects	7,500,000	31,962,753	6,362,074	45,824,827	5,960,000	(15,705,526)	1,500,000	37,579,301					3,282,013	295,742		188,906	33,812,640	37,579,301
Housing																			
	GF C Grants to RSLs	495,000	1,822,988		2,317,988				2,317,988										2,317,988
	GF C DFAs Private Sector	1,200,000	880,336	566,525	2,646,861				2,646,861	2,550,210	1,137,000	416,906			96,651	19,897	744,185		2,646,861
	GF C Decent Homes																		
	Total Housing Projects	1,695,000	2,703,324	566,525	4,964,849				4,964,849	2,550,210	1,137,000	416,906			96,651	19,897	744,185		4,964,849
Other Projects																			
	GF C Special Expenses grants		11,000		11,000				11,000						11,000				11,000
	GF C Youth Project Cap Grants		20,030		20,030				20,030			20,030							20,030
	GF C Gypsy Site		108,502		108,502				108,502						108,502				108,502
	GF C PT Longrun Meadow Bridge		4,200		4,200			(4,200)											0
	GF C DLO Vehicles Acquisition	152,000	138,143		290,143				290,143				152,000	0		138,143			290,143
	GF C Waste Containers	100,000	8,590		108,590				108,590				100,000		8,590				108,590
	GF C Grants to Halls & Sports		30,367		30,367				30,367										30,367
	GF C Grants to Parishes Play	15,000	27,830		42,830				42,830				15,000						42,830
	GF C Replacement Play Equipme	76,740	7,308		84,048				84,048			76,740							84,048
	GF C GF Community Alarms	31,000	17,982		48,982				48,982				31,000						48,982
	GF C DLO Plant	23,000			23,000				23,000				23,000						23,000
	GF C Brewhouse		37,328		37,328				37,328					37,328					37,328
	GF C Crematorium Project		6,991		6,991				6,991							6,991			6,991
	GF C Norton Fitzwarren Millfor		17,472		17,472			(13,368)	4,104						4,104				4,104
	GF C West Monkton Country Park		50,726		50,726				50,726										50,726
	GF C East Wharf			66,611	66,611				66,611				66,611						66,611
	GF C Superfast Broadband		170,000		170,000				170,000				170,000						170,000
	GF C 7 The Esplanade		15,000		15,000				15,000				15,000						15,000
	GF C Steam Coast Trail		114,604		114,604				114,604	114,604									114,604
	GF C Stair Lift Recycling								0										0
	GF C Cuckoo Meadow Play Area		1,103		1,103				1,103			1,103							1,103
	GF C CAsA		78,165		78,165			(78,165)						0					0
	GF C Minehead Esplanade		17,563		17,563				17,563										17,563
	Total Other Projects	397,740	486,469	463,046	1,347,255		(95,733)		1,251,522	133,270		348,381	321,000	88,054	215,683	145,134			1,251,522
GF C S106 Various				271,136	271,136	331,438			602,574		602,574								602,574
S106 Funded - Hinkley Schemes																			
	HK C Westfield Street Caf			3,000	3,000				3,000		3,000								3,000

Director	Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates	2019/20 Budget Returns	2019/20 Budget Virements	2019/20 Current Budget	Funding (£)										
										Capital Grants	Section 106 Agreements	Capital Receipts	General Fund RCCO	New Homes Bonus	Capital Financing Reserve	Other Earmarked Reserves	Unallocated Capital resources	Borrowing	TOTAL	
	HK C South B/W & North Pethert			250,500	250,500				148,426											148,426
	HK C Bridgewater Town Centre Su			54,278	54,278				54,278											54,278
	HK C Holford & Dis VH - Ft fo			76,092	76,092				76,092											76,092
	HK C Minehead TC - New Changin			382,047	382,047				382,047											382,047
	Watchet Bowling			150,000	150,000				150,000											150,000
	Williton Shooting Club			23,000	23,000				23,000											23,000
	Cheddar PC			320,000	320,000				320,000											320,000
	Bos & HB Council			350,000	350,000				350,000											350,000
	Victoria Ward Green			51,428	51,428				51,428											51,428
	North Petherton RFC Gym			300,000	300,000				300,000											300,000
	Empty Homes & LOTS			90,000	90,000				90,000											90,000
	Stogursey Leisure			1,301,125	1,301,125				1,301,125			1,301,125								1,301,125
	Enterprising Minehead			187,672	187,672	30,000			217,672			217,672								217,672
	Cannington Traffic																			
	Total S106 Funded - Hinkley Schemes			3,539,142	3,539,142	30,000	(102,074)		3,467,068			3,467,068								3,467,068
	Externally Funded Projects																			
	SF - CIL Grant																			
	CIL - Cycle & Pedestrian Improvements	1,000,000			1,000,000				1,000,000			1,000,000								1,000,000
	CIL - Education Provision	4,000,000			4,000,000				4,000,000			4,000,000								4,000,000
	CIL - Public Transport Improvements	1,000,000			1,000,000				1,000,000			1,000,000								1,000,000
	Total Externally Funded Projects	6,000,000			6,000,000				6,000,000			6,000,000								6,000,000
	General Fund Total	17,773,740	39,885,956	11,555,645	69,215,341	7,457,060	(19,938,509)		56,733,892	8,683,480	5,206,642	1,095,148	412,861	5,187,034	636,231	251,031	1,448,825	33,812,640		56,733,892

Report Number: SWT 18/20

Somerset West and Taunton Council

Executive – 22 January 2020

Financial Monitoring – 2019/20 as at 30 November 2019

This matter is the responsibility of Executive Councillor Henley, Corporate Resources

Report Author: Emily Collacott (Finance Business Partner and Deputy S151 Officer)

1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council for the financial year 2019/20 (as at 30 November 2019).
- 1.2 Monitoring the budget is an important part of the Council's performance management framework. Reporting is undertaken regularly to the Senior Leadership Team, with periodic reporting to Scrutiny and the Executive Committee. Reporting is primarily 'by exception' and focusses on the forecast position for the year as a whole compared to the Annual Budget. Forecasts are compiled by budget holders, with support and advice as appropriate from finance specialists (accountants) and case officers. Forecasts will take into account known / committed items as well as assumptions about future performance and demand.
- 1.3 The current revenue forecast outturn for the financial year 2019/20 is summarised as follows. These are the best estimates at month 8 of the financial year based on information currently available:
 - a) General Fund (GF) Revenue Budget = forecast net overspend of £36k.
 - b) Housing Revenue Account (HRA) Revenue Budget = forecast net underspend of £378k.
- 1.4 The current Capital Programme forecast position for 2019/20 is as follows:
 - (a) The General Fund Capital Programme budget is £56.734m. No significant variations to budget are currently reported.
 - (b) The HRA Capital Programme budget for 2019/20 is £23.093m. As previously reported, it is expected costs will be phased over more than one year so a proportion of the budget will need to be carried forward at the end of the financial year.

The Capital Programmes are shown in detail in Appendices A and B.
- 1.5 The General Fund general reserves balance as at 31 March 2020 is projected to be

£2.756m (subject to risks identified). The opening balance has been adjusted due to an accounting error correction in last year's accounts, as explained in this report. The balance is below the operational target of £3m, but above the financial resilience target of £2.4m as approved in the Council's Financial Strategy in September 2019.

- 1.6 The General Fund earmarked reserves balance at the beginning of the year was £18.242m. The net movement in year is currently an increase of £3,954m, mainly contributions to the New Homes Bonus (less the agreed contribution of £747k to fund staff costs) and Business Rates Smoothing earmarked reserves. A number of allocations from reserves are applied at the end of the financial year and will be included in the Outturn report at that stage.
- 1.7 The Housing Revenue Account (HRA) general reserve balance as at 31 March 2020 is projected to be £3.07m (subject to risks identified). This is above both the current recommended operational target level (£2.4m) and financial resilience target level (£1.8m) set within the Council's Finance Strategy and HRA Business Plan.
- 1.8 The HRA earmarked reserves balance at the beginning of the year was £2.719m, with £1.369m committed to be spent within the next three years and the remaining £1.340m for the Social Housing Development Fund will be used as required to fund social housing development.

2 Recommendations

- 2.1 It is recommended that Executive notes the Council's forecast financial performance and projected reserves position for 2019/20 financial year as at 30 November 2019.

3 Risk Assessment

- 3.1 Financial forecasts are based on known information and projections based on assumptions. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable, and based on experience it is feasible the year end position could change, where it is reasonable to assume volatility of say +/- £100k compared to the mid-year forecast.
- 3.2 Salient in year budget risks are summarised in sections 8 and 11 in this report. The Council manages financial risk in a number of ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, operating robust financial procedures, and so on. The Council also holds both general and earmarked reserves which include contingencies to manage budget risk.

4 Background and Full details of the Report

- 4.1 This report provides the Council's forecast end of year financial position for revenue and capital expenditure as at 30 November 2019 for the Council's General Fund (GF) and Housing Revenue Account (HRA).
- 4.2 The regular monitoring of financial information is a key element in the Council's Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also

provides the opportunity to assess any consequent impact on reserves and the Council's Medium Term Financial Plan.

- 4.3 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas.
- 4.4 Budget Holders, with support and advice from their accountants, regularly review the position and update their forecasts based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the year-end, and a number of risks and uncertainties are highlighted within this report. However, the following forecast is considered to be reasonable based on current information.

5 General Fund Revenue Budget – 2019/20 Forecast Outturn

- 5.1 The Council is currently forecasting an overall net overspend of £36k (0.2% of £22.3m Net Budget), as summarised below. The previous forecast as at Month 6 was a net overspend of £795k. This included £747k of additional staffing costs for which the Council subsequently approved a supplementary budget increase in December 2019, and is therefore no longer reported as a variance.

Table 1 - General Fund Revenue Outturn Summary 2019/20

	Current Budget £'000	Outturn £'000	Variance	
			£'000	%
Performance and Governance	14,247	14,172	-74	-0.3%
Communication and Engagement	562	562	0	0.0%
Customer	-3,761	-3,542	219	1.0%
Localities	4,051	4,140	89	0.4%
Commercial Investment	2,005	2,166	161	0.7%
Strategy	687	687	0	0.0%
Transition and service resilience	747	747	0	0.0%
Net Cost of Services	18,538	18,933	394	1.8%
Interest and Investment Income	-969	-1,327	-358	-1.6%
Transfers from Earmarked Reserves	6,309	6,309	0	0.0%
Transfers from General Reserves	-65	-65	0	0.0%
Transfers from HRA	-10	-10	0	0.0%
Capital and Other Adjustments	-1,471	-1,471	0	0.0%
Net Budget	22,332	22,368	36	0.2%
Funding	-22,332	-22,332	0	0.0%
Variance	0	36	36	0.2%

- 5.2 The table below provides more detail on the significant variances forecast for the year.

Table 2 - Summary of Significant Forecast Variances for the Year

	Staffing £'000	Other Expenditure £'000	Income £'000	Total £'000
Members allowances	n/a	21	0	21
Operational Rota	16	0	0	16
Operation Clean Sweep	n/a	50	0	50
Phase 2 Information Project	n/a	20	0	20
B&B/Homelessness	n/a	130	0	130
Performance & Governance	n/a	50	0	50
Pest Control	n/a	-17	46	29
Community Grants	n/a	10	0	10
Insurance	n/a	-295	0	-295
IT Comms	n/a	170	0	170
Community Safety	n/a	10	0	10
Pollution Control	n/a	10	0	10
Welfare Funerals	n/a	0	19	19
Shopmobility	n/a	-20	0	-20
Car parking	n/a	-193	240	47
Asset Management and Facilities	n/a	161	0	161
Council Tax Collection	n/a	0	-100	-100
Deane Helpline	n/a	0	29	29
Visitor Centres	n/a	0	7	7
Building Control	n/a	0	-40	-40
Housing Partnership	n/a	69	0	69
Interest Receivable	n/a	0	-61	-61
Interest Payable	n/a	-297	0	-297
TOTAL – over / (-)underspend	0	-103	139	36

5.3 The main variances to budget are explained as follows:

- a) **Members Allowances:** The allowance scheme agreed in March 2019 and executive arrangements approved by Members in May 2019 is projected to cost £21k more than the original budget assumptions and estimate set by the Shadow Council in February 2019.
- b) **Operational Rota:** An increase in the standby payments has been applied to ensure that we have the necessary skills and resources available. The payment had not be altered for some time and had fallen behind what is reasonable for the commitment required when undertaking this role.
- c) **Operation Clean Sweep:** Additional costs associated with an intensive clean up, repair and refurbishment of Taunton's street scene and wider public areas, carried out during Spring 2019. The intensive cleaning equipment used as part of this work has also been deployed in other parts of the district.
- d) **Phase 2 Information Project:** This work is required for GDPR compliance and will cost an additional £20k.

- e) **B&B Homelessness:** The cost of Bed and Breakfast expenditure is forecast to exceed the budget by £130k which is an increase of £48k from the last report.

Questions were raised at Full Council on 3rd December about B&B costs. A full written response has been provided on this. However we have provided a detailed summary of that response below to better explain the budget pressures.

Homelessness has risen nationally in England by around 25% between 2016 and 2018 and with it, the rise of B&B accommodation bookings and elongated stays. Some of the reasons for this increased demand and cost are:

- Increased timescales in the Homeless Reduction Act
- Legislation which states we have to place clients who are suspected to be homeless and have a priority need in emergency accommodation pending investigation has caused the need for B&B use to rise.
- General increase in rents alongside increase in private landlords serving s21 notices to end private tenancies.
- Resistance of landlords both social and private, to accept clients who are on Benefits, this has been exacerbated by the uncertainty for landlords with Universal Credit.

The introduction of the Homelessness Reduction Act in April 2018 has disproportionately affected our district and resulted in an overall increase in cases for advice and assistance of 130% in Somerset West and Taunton. Last year we overspent our B&B budget by £330,000 and this year we have much stronger control over this but are still heading for a £130k overspend. Reasons why our district has higher demand include the attraction and access of having a mainline train station, good support accommodation such as that provided by ARC and Open Door, a major hospital, additional demand due to the Hinkley project and a council with its own housing stock (and the perception of being able to get a council house). This year so far we have had 111 application clients in B&B accommodation. The service is very demand led and many landlords are reluctant to accept anyone with a chaotic history or on benefits, which lengthens time in B&B and runs up costs. The current cost of booking a room is around £80 per night. This works out at around average £560 a week per application however we often have larger families who require two rooms. The cost could be a possible £3360 if the booking is for the full 6 weeks period till we move the client on or £6720 if a two room family.

We have put in place a number of steps to better control this budget including training to ensure more consistent application of the policy by staff; increasing number of units of temporary accommodation and turning these around quicker; utilisation of tenancy sustainment officers to prevent tenancy breakdown and a private sector officer to work with letting agents to increase supply of private rented accommodation we can use. We have also recently negotiated better deals for B&B accommodation from one of our main suppliers. We are working hard to try and prevent the overspend increasing any further and we are planning to review the budget for B&B accommodation for 2020/21 to ensure it is realistic.

- f) **Performance & Governance:** As previously reported, a budget error has been identified that will be corrected for 2020/21 base position but results in a variance this year.
- g) **Pest Control:** The discretionary Pest Control service was previously operated with a subsidy as the cost of delivering it exceeded the income. The historic income budget of £29k was not removed when the budget was set, despite the service ceasing. This will be corrected for 2020/21.
- h) **Community Grants:** Grants offered have marginally exceeded the budget.
- i) **Insurance:** Following procurement of updated insurance arrangements for the new authority, premiums have significantly reduced. Insurance cover levels have been maintained so this represents a significant saving. The total savings for the General fund are £295k.
- j) **IT Comms:** BT costs account for the majority of the projected overspend, most of which is due to lines no longer being recharged out to individual areas. In addition there are 200 more mobile phone contracts than originally budgeted, and the requirement for 8x8 licences was underestimated with 150 more 8x8 standard users than budgeted. Officers are currently reviewing mobile phone usage with the aim of reducing the number of phones in use as well as working with Vodafone to review contracts to control and reduce costs. We are also updating our policies on the use of mobile phones for different roles and on ICT usage generally. This will help to reduce costs in-year.
- k) **Community Safety:** This is mainly the result of insufficient inflation costs estimate within the budget for the CCTV contract.
- l) **Pollution Control:** Private water sampling income is lower than budget as at the end of September as we are a bit behind on our expected delivery of work at the mid-year point. This will be impacted further in the near future due to staff turnover.
- m) **Welfare Funerals:** This is mainly due to income held awaiting a probate claim by relatives which wasn't carried forward from last year.
- n) **Shopmobility:** The contract is below the amount budgeted for and no further costs are anticipated, providing a net underspend for the year.
- o) **Car parking:** Income is currently forecast to be under budget and parking enforcement contract costs are also expected to exceed the budget estimate. This is partly offset by a net underspend on maintenance and business rates.
- p) **Asset Management and Facilities:** The overspend is mainly due to additional security implemented at West Somerset House in Williton for health and safety reasons, costs of business rates negotiations which will yield savings in the longer term, and professional advice on asset based projects and cases such as valuations as backlog cases are addressed and key projects progressed.

- q) **Council Tax Collection:** Income is expected to overachieve by £100k. An increase in courts held this year has resulted in a £43k overachievement against annual budget. A further 2 courts are planned later in the year. Some of this income over-recovery is a one-off which is catching up on a backlog from the previous year when fewer courts were held whilst Transformation took place. The income to date is currently showing in CIVICA and is the income due (i.e. that will be collected via council tax bills). The income forecast is a conservative estimate and as such should allow for any debt not recovered
- r) **Deane Helpline:** Income is expected to underachieve the budget by £29k. Customer numbers are remaining constant and charges have been increased in line with RPI, resulting in higher income than last year. However, the income target was increased by £94k from 18/19, which was above RPI and therefore the income budget set was unrealistic.
- s) **Visitors Centre:** Income is expected to under recover against budget by £6.5k. This may be recoverable depending on Christmas sales results, however ticket sales for concerts are expected to be lower due to the artists representing a younger more online demographic.
- t) **Building Control:** This is a result of an expected £40k refund from previous years' surpluses from the Partnership.
- u) **Housing Partnership:** The charge to the General Fund from the Partnership is £102k. The budget for 19/20 is only £58k and although the staffing budget was removed there was no increase in the budget for the staffing charges from Sedgemoor. In addition it appears the 18/19 charge was not accrued for and this adds a further £25k.

Officers are reviewing this budget to better understand the charges as there have been significant changes since 2018/19. Further clarity will be provided for the next report.

- v) **Interest Receivable:** Treasury investment income is forecast to exceed the budget by £61k. The S151 Officer plans to exercise further placement of cash balances in strategic funds planned to be held for the long term and producing higher returns than very low risk alternative investment options. This approach is in line with the approved Treasury Strategy.
- w) **Interest Payable:** The General Fund has had minimal need to externalise its borrowing requirement this year and continues to prioritise use of 'internal borrowing'. The current forecast assumes no additional external borrowing this year, however this may change depending the scale of capital expenditure in the second half of the year. It is likely that any external borrowing will focus on short term inter-authority lending which would keep costs to a minimum.

6 General Fund (GF) Reserves

- 6.1 Following the completion of the audit for the final accounts for Taunton Deane Borough Council, and accounting adjustment has been recorded in 2018/19 which amends the General Reserves balance transferred to SWTC on 1 April 2019. This amendment corrects an accounting error in respect of the debtors balance on 31 March 2019, which has reduced by £347k. The reserves balance transferred from Taunton Deane and West Somerset Councils on 1 April is therefore corrected to £2.857m.
- 6.2 The Financial Strategy approved in September 2019 introduced a new measure which provides an operational minimum reserve target as well as a minimum financial resilience balance. This recognises that reserves can provide resources during the year to address emerging costs and priorities not identified through the annual budget process.
- 6.3 As agreed in the Financial Strategy approved by the Executive in September 2019, we measure reserves against two targets – (i) a financial resilience minimum balance that should not be breached, and (ii) an operational target minimum balance that provides resources during the year if needed to address emerging costs and priorities not identified through the annual budget planning process. Table 3 below summarises the movement in GF General Reserves to 30 November 2019. The forecast balance as at 31 March 2020 is £2.756m, this would be £245k below the recommended operational minimum balance of £3m. The balance is only a forecast and can change which means it must be caveated at this stage. If the position at the end of the financial year remains below the recommended operational balance, plans will need to be implemented to increase reserves in future years.

Table 3 - General Reserve Balance

	£000
Balance Brought Forward 1 April 2019 (as corrected per 6.1 above)	2,857
Approved Transfers to date	-65
2019/20 Projected Outturn Variance – Month 8 Forecast	-36
Projected Balance 31 March 2020	2,756
Operational Minimum Balance	3,000
Projected Balance below recommended minimum	-245
Financial Resilience Minimum Balance	2,400
Projected Balance above recommended minimum	356

- 6.4 The projected balance remains above the minimum requirement for financial resilience purposes, but is projected below the operational target. It is important that the leadership team and Members consider the need to increase reserves in the short to medium term when considering financial decisions. The Draft 2020/21 Budget Progress and Initial Budget Options report on this agenda (see section 7) recommends transferring £300k to General reserves from the NHB reserves in 2020/21 to bring these back up above the minimum level. Advice from the S151 Officer is that Leadership should plan to allocate any General Fund underspend at the end of this financial year also to general reserves to improve financial resilience.

Earmarked Reserves

- 6.5 The General Fund Earmarked Reserves brought forward balance for 2019/20 is £18.242m. In-year movements to date amount to an additional £3.954m, which included the recent approvals to fund the new Director posts, continued subsidy to the park and ride service in Taunton and funding of general fund staff costs from the new homes bonus. The current balance is £22.196m.
- 6.6 The following table details those reserves with balances greater than £500,000.

Table 4 - GF Earmarked Reserves

	Opening Balance	Transfers To/From	Closing Balance
	£'000	£'000	£'000
New Homes Bonus	6,168	2,342	8,510
Business Rates Smoothing	3,547	2,869	6,416
General Funds General Carry Forwards	1,135	-1,135	0
Garden Town	944	0	944
Transformation	728	0	728
Transition	648	0	648
Affordable housing community land grant from MHCLG	576	0	576
Revenue Reserves held for Capital Projects	889	0	889
Other; with an individual balance less than £500k	3,608	-122	3,486
TOTAL	18,242	3,954	22,196

- 6.7 Earmarked reserves are reviewed during the year. This is in order to confirm they align to current priorities, and to identify any surplus balances that can be redirected to mitigate in-year financial risks or be returned to general reserves.

7 General Fund - Risk and Uncertainty

- 7.1 Budgets and forecasts are based on known information and the best estimates of the Council's future spending and income. Income and expenditure over the 2019/20 financial year is estimated by budget holders and then reported through the budget monitoring process. During this process risks and uncertainties are identified which could impact on the financial projections, but for which the likelihood, and/or amount are uncertain. The Council carries protection against risk and uncertainty in a number of ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.
- 7.2 The following general risks and uncertainties have been identified:
- Fluctuation in demand for services:** We operate a number of demand-led services and the levels of demand do not always follow a recognisable trend. We therefore have to caveat the forecasts in these areas to account for fluctuations.
 - Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all of their budget, experience shows we could see

underspends of £50k-£100k by year-end caused by the cumulative effect of minor underspends in a number of service areas.

- c) **Year-end Adjustments:** Certain items are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts, and final allocations of support service recharges. These can result in potentially significant differences to current forecasts.
- d) **Business Rates:** There are inherent risks and uncertainties within the Business Rates Retention system. The Council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area, which can fluctuate throughout the year and be affected by the result of Rateable Value changes e.g. as a result of Appeals.
- e) **Recruitment costs:** There is a risk of no savings within salary budgets to take into account these costs – these costs are normally covered by vacancy savings in-year.
- f) **Interest receivable:** This has been forecast on the basis that interest rates will remain as they are currently. However, interest rates are unpredictable and there is a risk that interest rates could decrease further, and investment fund performance is susceptible to financial markets.
- g) **Asset Management:** The budgets for maintaining our assets do not hold any contingency for significant unforeseen repairs or improvement works. Therefore if an event like the breach of the wall at Watchet Harbour occurs then these costs will need to be funded from reserves.

8 General Fund Capital Programme

- 8.1 The current capital programme budget is £56.7m, which is to be funded by a combination of Capital Grants and Contributions, Capital Receipts, Revenue Funding, Reserves and Borrowing. No potential overspends have been identified at this stage.
- 8.2 The major growth and regeneration projects account for £39.4m of the total capital budget. Due to the nature of capital projects the costs are likely to be incurred over more than one financial year. Budget Holders are projecting that £12.7m will be spent during 2019/20 with the remainder due to be spent in future years. Within this total, the largest projects are: Coal Orchard regeneration, Great Western Railway development loan, Seaward Way development, Employment Site Enabling, Major Transport Schemes and Watchet East Quay development loan. There is also an amount of up to £7m identified in respect of planned loans to Somerset Waste Partnership, however it is probable that only £5m will be needed in practice.
- 8.3 The following table summarises the current capital programme and more detail is shown in **Appendix B**.

Table 5 - GF Capital Programme Summary

	SWTC Approved Budget 19/20	TDBC Schemes Brought Forward	WSC Schemes Brought Forward	19/20 suppleme ntary estimates /returns	Total
	£'000	£'000	£'000		£'000
Growth Programme	2,027	4,190	0	-4,400	1,817
IT Projects	154	544	354		1,052
Major Projects	7,500	16,257	6,362	7,460	37,579
Housing	1,695	2,703	567		4,965
Other Projects	398	486	463	-96	1,252
S106 – General			271	331	603
S106 – Hinkley Funded			3,539	-72	3,539
CIL – Infrastructure Projects	6,000				6,000
TOTAL	17,774	24,180	11,556	3,224	56,734

9 Housing Revenue Account (HRA)

- 9.1 The HRA is a ring fenced account used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.
- 9.2 Since April 2012, under the Localism Act 2011, the HRA has been a 'self-financing' account. This enables the Council to retain all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and voluntary repayment of one-off debt of £85.12m incurred to become a 'self-financing' authority.
- 9.3 The HRA budget for 2019/20 is budgeted to break-even (net of approved transfers to/from HRA Reserves).
- 9.4 The current year end forecast outturn position for the Housing Revenue Account for 2019/20 is an underspend £378k. The Month 4 forecast was a £17k overspend and the Month 6 forecast was a £19k underspend.

Table 6: HRA Outturn Summary

	Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Gross Income	(26,217)	(26,389)	(171)	0.7%
Service Expenditure	13,834	13,558	(277)	-2.0%
Other Operating Costs and Income	9,382	9,452	70	0.7%
Unearmarked Reserve Transfers	-	-	-	0.0%
Capital Financing and Debt Repayment	2,991	2,991	-	0.0%
Total	(10)	(388)	(378)	-1.5%

- 9.5 The variances forecasted for the year are described below.
- 9.6 **Interest Receivable:** the actual interest receivable in 2018/19 was nil due to internal borrowings exceeding investments. The expectation is that this situation will arise again and therefore a variance of £70k is now being reported.
- 9.7 **Right To Buy:** the original budget estimated that 46 properties would be sold to existing tenants under the RTB scheme. However the current forecast is that there will be only 36 RTB sales (34 sales in 2018-19; 53 sales in 2017-18). Therefore an under recovery of RTB admin fee grant income is being reported of £13k.
- 9.8 **Insurance:** following an authority wide re-tender exercise for insurance premiums the new authority has been successful at significantly reducing their annual premiums. It is estimated that a saving against budget of £180k will be seen across the HRA including leaseholders, shops and meeting halls.
- 9.9 **Rental and Service Charge Income:** an estimated over recovery of rental and service charge income of £171k has been identified based on extrapolating 35 weeks (out of 53 weeks) of invoicing data. These figures represent the amount invoiced to tenants (and not the amount of income collected) and is affected by levels of void properties and amounts of discounts applied to tenants accounts.
- 9.10 **Repairs and Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. cold winters causing burst pipes), condition of properties when returned (e.g. void refurbishments), consumer demand on minor internal / external repairs (e.g. broken door or fence) and the type of repair work required. The current forecast is an underspend of £110k based on 8 months' worth of data, however it is highly likely this forecast will change and consequently this variance should be regarded with caution.

HRA - Risk and Uncertainty

- 9.11 Budgets and forecasts are based on known information and the best estimates of the Council's future income and expenditure activity. Income and expenditure over the financial year is estimated by budget holders and then reported through the budget monitoring process. During this process any risks and uncertainties are identified which could impact financial projections, but for which the likelihood and/or amount are uncertain.
- 9.12 There are also a number of areas where the financial impact is not known until the end of the financial year such as depreciation charges and change in provision for bad debt.
- 9.13 The current areas of risk and uncertainty being reported include:
- 9.14 **Tenancy Management:** The current year spend to date is low against budget due to the embedding of a new team in a new operating model. There may be an underspend but this will not be known with certainty until later in the year to allow the service time to explore

the demands of this service against current budget provision.

- 9.15 **Interest Payable:** There is a risk that the HRA may need to externalise its internal borrowings from the general fund if the general fund needs to borrow internally from itself for any major schemes. The HRA may also need to take on more borrowing to finance capital schemes such as buybacks. As a consequence the interest payable may increase on any additional loans taken.
- 9.16 **Staffing Costs:** As reported to Full Council on the 3rd December 2019, the Council's leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The HRA's share of these transition and service resilience cost pressures for this financial year are estimated to be £339k. It is expected that this can be offset by underspends in other budget areas within the HRA.

10 HRA Capital Programme

- 10.1 The HRA approved Capital Programme is £23.093m. This consists of £9.586m of new schemes approved for 2019/20 plus £13.507m of slippage from prior years. In addition, a supplementary budget was approved by Full Council on the 16 July 2019 for Laxton Road for £331k funded by RTB Receipts. The Capital Programme relates to schemes which will be completed over the next five years.
- 10.2 The Council is supporting this investment through the use of the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing.
- 10.3 **Appendix A** provides a breakdown of the HRA Capital Programme Outturn by scheme and the actual spend incurred within the first eight months of the year.
- 10.4 **Delegated Authority:** On the 8 Oct 2019 Full Council approved the request for the Housing Director / Head of Function in consultation with the Housing Portfolio Holder to be granted delegated authority to make changes to the profile of budgeted spend for all of the HRA capital schemes, whilst remaining within the approved Capital Programme for 2019-20. Any virements will be reported as part of Appendix A to SLT on a bi-monthly basis and to Members on a 4-monthly basis.
- 10.5 The capital programme can be split into three distinct areas:
- 10.6 **Major Works:** The original budget of £7.322m is funded by the Major Repairs Reserve and relates to spend on major works on existing dwellings such as kitchens, bathrooms, heating systems, roofs, doors and windows. Spend to date is £1.477m with a total spend projected to be £4.191m.
- 10.7 **Improvements:** The original budget of £2.710m is funded by the Major Repairs Reserve and relates to spend on improvements such as disabled facilities adaptations, asbestos removal and environmental improvements. Spend to date is £508k with a total spend projected to be £2.05m.

- 10.8 The estimated underspend or rather slippage of budget into 2020-21 seen for Major and Improvement Works at the end of the current financial year is £3.747m. This is due to the substantial disruption caused by transformation – implementing a new the staffing and operational model – and also due to the number of significant contracts for works coming to the end of their contract period during 2019-20 making it is necessary to review the delivery of capital works and improvements schemes in the future as part of the HRA Business Plan review.
- 10.9 **Social Housing Development Programme:** The original budget of £13.061m is for the provision of new housing through schemes such as North Taunton Regeneration, Weavers Arms and other buybacks to increase the Council’s housing stock. Spend to date is £4.632m with a total spend projected to be £7.112m. The estimated underspend at the end of the year is £5.503m, which will be carried forward into next year for further spend on existing schemes. There is an estimated underspend of £929k that is no longer required for completed schemes which will be returned, although approximately £152k of this will be requested to fund projected overspends on other schemes.

11 HRA Earmarked Reserves

- 11.1 The HRA Earmarked Reserves (EMR) at the beginning of 2019/20 were £2.719m (see **Table 2** below). Of this, half the funds have been have been specifically committed to be spent within the next three financial years. The other half relates to the Social Housing Development Fund which will be used as required to fund social housing development feasibility studies and usage approved through the Housing Programme Board.

Table 7: Balance of EMR held at 1 April 2019

Description	Balance b/f (£'000)
HRA Carry Forwards	186
HRA Electrical Testing	474
HRA Employment and Skills Dev	102
HRA One Teams	50
Leasehold Schemes HRA Advanced Payments	9
Social Housing Development Fund	1,340
HRA Contribution to Transformation	380
HRA Contribution to Transition	178
HRA Total	2,719

12 HRA General Reserves

- 12.1 The HRA reserves at the start of the year were £2.718m. This is £918k above the minimum recommended reserve level of £1.800m, providing a comfortable level of resilience in light of the significant contractual risk in relation to North Taunton.
- 12.2 **Approved In-Year Transfers** - On the 30 July 2019 Full Council approved a Structural Change to the Senior Leadership Team and one-off additional funding of £26k from HRA general balances for 2019-20.

- 12.3 **Forecast Outturn** - The current outturn position is forecast to be an under spend of £378k. If this is the position at year end then this will be added to general balances, increasing them to £3.07m

Table 8: HRA Reserve Balance

	£k
Balance Brought Forward 1 April 2019	2,718
Approved In-Year Transfers	-26
Forecast Outturn 2019/20 (as at 30 Nov 2019)	378
Forecast Balance Carried Forward 31 March 2019	3,070
Operational Minimum Balance	2,400
Projected Balance below recommended minimum	670
Financial Resilience Minimum Balance	1,800
Projected Balance above recommended minimum	1,270

13 Links to Corporate Aims / Priorities

- 13.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

14 Partnership Implications

- 14.1 A wide range of Council services are provided through partnership arrangements e.g. SLM for leisure services and Somerset Waste Partnership for Waste and Recycling services. The cost of these services is reflected in the Council's financial outturn position for the year.

15 Other Implications

- 15.1 None for the purpose of this report.

16 Scrutiny Comments / Recommendations

- 16.1 During the discussion of this item Members made comments, statements and asked questions on a number of areas. These will be included within the minutes of the Scrutiny Committee. At the time of writing this report officers are following up on some of the questions/queries raised at Scrutiny and a verbal update will be provided at the meeting. The main Scrutiny comments are:
- a) A request for more clarification on the £20k spend for the phase 2 information project.
 - b) Clarification on the Welfare Funerals overspend.
 - c) An explanation of the Housing Partnership budget and spend.
 - d) Why is Car Parking income forecast to be under budget and why are the contract costs exceeding the budget?

Democratic Path:

- Scrutiny – 8 January 2020
- Executive – 22 January 2020
- Full Council – No

Reporting Frequency: 4 Monthly**List of Appendices**

Appendix A	Housing Revenue Account Capital Programme
Appendix B	General Fund Capital Programme

Contact Officers

Name	Emily Collacott
Direct Dial	01823 218742
Email	e.collacott@somersetwestandtaunton.gov.uk

Name	Jackie Evans
Direct Dial	01823 219483
Email	j.evans@somersetwestandtaunton.gov.uk

Name	Kerry Prisco
Direct Dial	01823 218758
Email	k.prisco@somersetwestandtaunton.gov.uk

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	p.fitzgerald@somersetwestandtaunton.gov.uk

APPENDIX A

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

AS AT END OF NOVEMBER 2019

Project	Slippage from 2018-19	Original Approved Budget for 2019-20	Final Budget for 2019-20 (ROUNDED)	Supplements / Returns in 19-20	Proposed Virements in 19-20	Revised Budget for 2019-20	Spend YTD	Total Forecast	Slippage	Returns	Overspend / (Underspend)
Major Works											
HRA C Major Repairs & Improvem	68,489		68,490		1,301,980	1,370,470	450	0	1,370,470		0
HRA C Kitchens	5,312		5,310		344,690	350,000	(20,628)	352,000	(2,000)		0
HRA C Bathrooms	421	1,400,000	1,400,420		(950,420)	450,000	(13,403)	450,000	0		0
HRA C Roofing	61,638		61,640		38,360	100,000	1,961	99,080	920		0
HRA C Windows	4,678		4,680		95,320	100,000	0	69,625	30,375		0
HRA C Heating Improvements	9,401	1,625,000	1,634,400		(29,400)	1,605,000	484,357	739,795	865,205		0
HRA C Doors	160,052		160,050		(160,050)	0	8,383	0	0		0
HRA C Fire Safety Works Commun	590,615	1,172,000	1,762,620		(1,452,620)	310,000	194,008	230,365	79,635		0
HRA C Cladding	0		0		0	0	0	0	0		0
HRA C Fascias and Soffits	122,603	1,200,000	1,322,600		(572,600)	750,000	389,448	751,801	(1,801)		0
HRA C Air Source Heat Pumps	51,747		51,750		28,250	80,000	37,522	119,710	(39,710)		0
HRA C Door Entry Systems	2,107		2,110		434,890	437,000	173,250	436,766	234		0
HRA C Community Alarms	2,297		2,300		(2,300)	0	0	0	0		0
HRA C Insulation	1,775	800,000	801,780		(251,780)	550,000	76,807	551,807	(1,807)		0
HRA C Ventilation	39,567		39,570		60,430	100,000	57,454	97,552	2,448		0
HRA C Kitchen rep'd due to dam	2,834		2,830		197,170	200,000	55,038	185,038	14,962		0
HRA C Bathroom rep'd due to da	1,503		1,500		123,500	125,000	32,331	107,331	17,669		0
HRA C Underground Drainage	0		0		10,000	10,000	0	0	10,000		0
Total Major Works	1,125,039	6,197,000	7,322,050	0	(784,580)	6,537,470	1,476,979	4,190,870	2,346,600	0	0

Project	Slippage from 2018-19	Original Approved Budget for 2019-20	Final Budget for 2019-20 (ROUNDED)	Supplements / Returns in 19-20	Proposed Virements in 19-20	Revised Budget for 2019-20	Spend YTD	Total Forecast	Slippage	Returns	Overspend / (Underspend)
Improvements											
HRA C Building Services Vehicl	105,879	121,000	226,880		0	226,880	0	200,000	26,880		0
HRA C Environmental Improvemen	100,624	321,000	421,620		(31,620)	390,000	26,838	226,527	163,473		0
HRA C Extensions	38,928	502,000	540,930		0	540,930	3,588	0	540,930		0
HRA C Electrical Testing	0	0	0		300,000	300,000	10,863	284,863	15,137		0
HRA C Parks	0	0	0		150,000	150,000	0	110,000	40,000		0
HRA C Meeting Halls	77,349		77,350		(27,350)	50,000	14,887	48,887	1,113		0
HRA C Garages	5,054		5,050		94,950	100,000	2,215	85,106	14,894		0
HRA C Sewerage Treatment Plant	20,000		20,000		(20,000)	0	0	0	0		0
HRA C Unadopted Areas	30,000		30,000		(30,000)	0	0	0	0		0
HRA C Related Assets	80,000		80,000		(80,000)	0	0	0	0		0
HRA C Scaffolding	0		0		200,000	200,000	49,106	199,513	487		0
HRA C Asbestos Works	221,406		221,400		228,600	450,000	207,612	424,813	25,187		0
HRA C Aids and Adaptations	28,272	61,000	89,270		0	89,270	2,791	65,000	24,270		0
HRA C DFGs	311,791	315,000	626,790		0	626,790	147,110	315,000	311,790		0
HRA C IT Development	371,046		371,050		0	371,050	43,182	135,000	236,050		0
Total Improvements	1,390,349	1,320,000	2,710,340	0	784,580	3,494,920	508,191	2,094,710	1,400,210	0	0
Social Housing Development Programme											
HRA C Social Housing Developme	3,048,020	2,069,000	5,117,020		(5,117,020)	0	0	0	0	0	0
HRA C Creechbarrow Road	246,202		246,200		0	246,200	(1,596)	(1,596)	0	247,796	0
HRA C Buybacks	3,920		3,920		4,241,510	4,245,430	2,580,500	4,373,000	0	0	127,570
HRA C Weavers Arms	493,804		493,800		0	493,800	(1,200)	39,756	0	454,044	0
HRA C TD North Taunton Phase A	6,923,307		6,923,310		0	6,923,310	453,190	1,979,883	4,943,427	0	0
HRA C North Taunton Phases B-E	0		0		0	0	1,430,596	0	0	0	0
HRA C 12 Moorland Close	227,951		227,950		0	227,950	0	0	0	227,950	0
HRA C Outer Circle	45,106		45,110		102,640	147,750	131,878	144,500	3,250	0	0
HRA C Laxton Road	61		60	331,230	772,870	1,104,160	10,236	547,900	556,260	0	0
HRA C Oake	3,601		3,600		0	3,600	27,990	28,335	0		24,735
Total Social Housing Development	10,991,972	2,069,000	13,060,970	331,230	0	13,392,200	4,631,594	7,111,778	5,502,937	929,790	152,305
HRA TOTAL	13,507,360	9,586,000	23,093,360	331,230	0	23,424,590	6,616,764	13,397,358	9,249,747	929,790	152,305

SOMERSET WEST & TAUNTON COUNCIL - GENERAL FUND - CAPITAL PROGRAMME 2019/20

Appendix B

Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	2019/20 Actual YTD £	2019/20 Dec - March Forecast £	2019/20 Total Forecast £	C/F to Future Years
Growth Programme												
GF C Town Centre Improvements		170,360		170,360				170,360	154,618	0	154,618	15,742
GF C Firepool Land Assembly		2,535		2,535	35,622			38,157	30,214	7,943	38,157	(0)
GF C Major Transport Schemes		1,693,910		1,693,910		(193,910)	(1,500,000)		0	0	0	0
GF C Flooding Alleviation	500,000	482,846		982,846		(981,500)		1,346	1,346	0	1,346	(0)
GF C Town Centre Regeneration	991,000	30,000		1,021,000		(1,004,016)		16,984	(0)	4,369	4,369	12,615
GF C Emp Site Enabling Innova	536,000	1,355,000		1,891,000		(1,855,750)	(35,250)		0	0	0	0
TD C Broadband SEP		380,000		380,000				380,000	0	0	0	380,000
TD C Parking, Access & Signage		9,577		9,577				9,577	(0)	0	(0)	9,577
Firepool Development		55,543		55,543	825,000			880,543	342,010	50,000	392,010	488,533
Lisieux Way Site Masterplaning		9,750		9,750			35,250	45,000	0	0	0	45,000
Firepool Master Planning					275,000			275,000	13,035	31,068	44,103	230,897
Total Growth Programme	2,027,000	4,189,521		6,216,521	1,135,622	(4,035,176)	(1,500,000)	1,816,967	541,223	93,380	634,603	1,182,364
IT Projects												
GF C Members IT Equipment	4,000	3,205		7,205				7,205	5,994	1,211	7,205	0
GF C Refresh Project	50,000			50,000				50,000	0	50,000	50,000	0
GF C Cemetery IT System		24,950		24,950				24,950	0	24,950	24,950	0
GF C Transformation		440,734	313,004	753,738				753,738	93,147	660,591	753,738	0
GF C IT Offsite Backup Facilit			11,861	11,861				11,861	0	11,861	11,861	0
GF C Annual Hardware Replac			8,857	8,857				8,857	8,857	0	8,857	0
GF C Server Refresh			20,000	20,000				20,000	0	20,000	20,000	0
GF C Committee Rooms AV Kit		75,000		75,000				75,000	27,603	45,500	73,103	1,897
Microsoft Migration	100,000			100,000				100,000	0	100,000	100,000	0
Total IT Projects	154,000	543,889	353,722	1,051,611				1,051,611	135,602	914,112	1,049,714	1,897
Major Projects												
GF C PT Coal Orchard		10,727,650		10,727,650	3,683,000		(1,407,013)	13,003,637	1,422,934	3,083,175	4,506,109	8,497,528
GF C Lisieux way		957,212		957,212				957,212	884,368	72,844	957,212	(0)
GF C Blackbrook Swimming Pool		62,869		62,869				62,869	0	62,869	62,869	0
GF C SCC Waste Vehicle Loan		3,500,000	3,500,000	7,000,000				7,000,000	0	7,000,000	7,000,000	0
GF C Paul Street Car Park Maj		421,779		421,779				421,779	0	421,779	421,779	0
GF C Creech Castle Improvement (Toneway Corridor Phase 1)		375,000		375,000				375,000	0	0	0	375,000
GF C Firepool Hotel		15,712,627		15,712,627		(15,705,526)		7,101	7,101	0	7,101	0
GF C Waiting Room		205,616		205,616				205,616	900	204,716	205,616	0
GF C Seaward Way			2,862,074	2,862,074				2,862,074	4,641	250,000	254,641	2,607,433
Coal Orchard Development Costs							1,407,013	1,407,013	69,087	50,000	119,087	1,287,926
Watchet - East Quay Development	1,500,000			1,500,000				1,500,000	42,248	1,457,752	1,500,000	0
Great Western Railway	5,000,000			5,000,000				5,000,000	0	4,000,000	4,000,000	1,000,000
Leisure	1,000,000			1,000,000				1,000,000	0	1,000,000	1,000,000	0
Commercial Investments					2,277,000			2,277,000	2,203,192	6,740	2,209,932	67,068
J25 Improvement Scheme Contribution Wellington Station							1,500,000	1,500,000				0

Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	2019/20 Actual YTD £	2019/20 Dec - March Forecast £	2019/20 Total Forecast £	C/F to Future Years
Total Major Projects	7,500,000	31,962,753	6,362,074	45,824,827	5,960,000	(15,705,526)	1,500,000	37,579,301	4,634,471	17,609,875	22,244,346	13,834,955
Housing												
GF C Grants to RSLs	495,000	1,822,988		2,317,988				2,317,988	70,000	2,247,988	2,317,988	0
GF C DFs Private Sector	1,200,000	880,336	566,525	2,646,861				2,646,861	0	2,646,861	2,646,861	0
GF C Decent Homes									0	0	0	0
Total Housing Projects	1,695,000	2,703,324	566,525	4,964,849				4,964,849	70,000	4,894,849	4,964,849	0
Other Projects												
GF C Special Expenses grants		11,000		11,000				11,000	0	11,000	11,000	0
GF C Youth Project Cap Grants		20,030		20,030				20,030	0	20,030	20,030	0
GF C Gypsy Site		108,502		108,502				108,502	0	108,502	108,502	0
GF C PT Longrun Meadow Bridge		4,200		4,200		(4,200)			0	0	0	0
GF C DLO Vehicles Acquisition	152,000	138,143		290,143				290,143	24,500	265,643	290,143	0
GF C Waste Containers	100,000	8,590		108,590				108,590	58,331	50,259	108,590	0
GF C Grants to Halls & Sports		30,367		30,367				30,367	1,518	28,849	30,367	0
GF C Grants to Parishes Play	15,000	27,830		42,830				42,830	0	42,830	42,830	0
GF C Replacement Play Equipme	76,740	7,308		84,048				84,048	5,682	78,366	84,048	0
GF C Community Alarms	31,000	17,982		48,982				48,982	7,404	41,578	48,982	0
GF C DLO Plant	23,000			23,000				23,000	0	23,000	23,000	0
GF C Brewhouse		37,328		37,328				37,328	0	228	228	37,100
GF C Crematorium Project		6,991		6,991				6,991	0	6,991	6,991	0
GF C Norton Fitzwarren Hillfor		17,472		17,472		(13,368)		4,104	4,104	1	4,104	0
GF C West Monkton Country Park		50,726		50,726				50,726	0	50,726	50,726	0
GF C East Wharf			66,611	66,611				66,611	0	66,611	66,611	0
GF C Superfast Broadband			170,000	170,000				170,000	0	0	0	170,000
GF C 7 The Esplanade			15,000	15,000				15,000	0	15,000	15,000	0
GF C Steam Coast Trail			114,604	114,604				114,604	9,490	105,114	114,604	0
GF C Stair Lift Recycling									0	0	0	0
GF C Cuckoo Meadow Play Area			1,103	1,103				1,103	0	1,103	1,103	0
GF C CASA			78,165	78,165		(78,165)			0	0	0	0
GF C Minehead Esplande			17,563	17,563				17,563	17,563	0	17,563	0
Total Other Projects	397,740	486,469	463,046	1,347,255		(95,733)		1,251,522	128,591	915,831	1,044,422	207,100
GF C S106 Various			271,136	271,136	331,438			602,574	602,574	0	602,574	(0)
S106 Funded - Hinkley Schemes												
HK C Westfield Street Caf			3,000	3,000				3,000	0	3,000	3,000	0
HK C South B/W & North Pethert			250,500	250,500		(102,074)		148,426	94,350	54,076	148,426	0
HK C Bridgwater Town Centre Su			54,278	54,278				54,278	22,062	27,476	49,538	4,740
HK C Holford & Dis VH - Fit fo			76,092	76,092				76,092	0	76,092	76,092	0
HK C Minehead TC - New Changin			382,047	382,047				382,047	121,270	0	121,270	260,777
Watchet Bowling			150,000	150,000				150,000	0	0	0	150,000
Williton Shooting Club			23,000	23,000				23,000	0	9,000	9,000	14,000
Cheddar PC			320,000	320,000				320,000	0	0	0	320,000
Bos & HB Council			350,000	350,000				350,000	50,000	100,000	150,000	200,000

Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	2019/20 Actual YTD £	2019/20 Dec - March Forecast £	2019/20 Total Forecast £	C/F to Future Years
Victoria Ward Green			51,428	51,428				51,428	51,428	0	51,428	0
North Petherton RFC Gym			300,000	300,000				300,000	250,000	50,000	300,000	0
Empty Homes & LOTS			90,000	90,000				90,000	0	15,000	15,000	75,000
Stogursey Leisure			1,301,125	1,301,125				1,301,125	209,237	600,000	809,237	491,888
Enterprising Minehead			187,672	187,672	30,000			217,672	217,672	0	217,672	0
Cannington Traffic											0	0
Total S106 Funded - Hinkley Schemes			3,539,142	3,539,142	30,000	(102,074)		3,467,068	1,016,018	934,644	1,950,662	1,516,406
Externally Funded Projects												
GF C CIL Grant										0		0
CIL - Cycle & Pedestrian Improvements	1,000,000			1,000,000				1,000,000		1,000,000	1,000,000	0
CIL - Education Provision	4,000,000			4,000,000				4,000,000	0	4,000,000	4,000,000	0
CIL - Public Transport Improvements	1,000,000			1,000,000				1,000,000	0	1,000,000	1,000,000	0
Total Externally Funded Projects	6,000,000			6,000,000				6,000,000	0	6,000,000	6,000,000	0
General Fund Total	17,773,740	39,885,956	11,555,645	69,215,341	7,457,060	(19,938,509)		56,733,892	7,128,479	31,362,692	38,491,170	16,742,722

Report Number: SWT 19/20

Somerset West and Taunton Council

Executive 22nd January 2020

Housing Revenue Account (HRA) - Business Plan Review

This matter is the responsibility of Executive Councillor Member Francesca Smith

**Report Authors: James Barrahan – Director of Housing
Kerry Prisco – Finance Specialist
Paul Fitzgerald – Strategic Finance Advisor and Section 151 Officer
Stephen Boland – Housing Specialist**

1 Executive Summary / Purpose of the Report

- 1.1** The Housing Revenue Account (HRA) Business Plan contains the financial model of the service for the next 30 years. A number of largely external changes has meant that a full refresh of the Business Plan is necessary. This report identifies the changes and the impact of these. The report also sets out a new vision for the Housing Service and plans for growth in the number of new homes we plan to build. Lastly the report also proposes a new rent policy following the end of a period of four years of imposed rent reduction, this will provide a refreshed income position on which to build future plans set out in this report.
- 1.2** Officers have worked with external housing and business planning advisers Savills to create a new structure and approach to modelling future financial planning. The proposed Business Plan represents the current established position, it also incorporates assumptions concerning future projected substantial growth and gearing primarily to invest in new homes, that have been accommodated within the plan. This substantially increased level of investment is possible due to the imposed debt cap on the business having been removed, and so represents higher levels of investment and borrowing than the service has previously undertaken. This creates substantial opportunity to do more, but also will increase risk, factors which will need to be balanced carefully by the Council in the coming years.
- 1.3** In summary, the assumptions made within the business plan are prudent without being excessively restrictive; they provide for inflation on income and costs at prevailing rates which are aligned, allow a considerable investment in existing stock, a substantial investment in new homes leading to a net increase in properties, whilst debt forecast at elevated levels to today at the end of 30 years. The peak debt of the plan is £164.4 million in year 11, which would not have been possible under the previous HRA regime with a debt cap of £115.8million.

2 Recommendations

Executive recommends to Council to:

- 2.1** Approve the revised 30 year Housing Revenue Account (HRA) Business Plan as set out in this report.
- 2.2** Approve the proposed vision for the Housing service along with three new service Objectives.
- 2.3** Approve the proposed Housing Revenue Account Rent Setting policy 2020.

3 Risk Assessment

- 3.1** A review of key sensitivities and stress testing of the proposed plan is contained in section 16 of this report.

4 Background and Full details of the Report

- 4.1** Somerset West and Taunton Council owns and manages affordable housing of over 5700 homes mostly at social rent levels. This “business” within the Council has a turnover of £26M. Income is derived mostly from rents from our tenants but also from service charges and other fees. Expenditure is made up of Council staff delivering services to tenants along with repairs and maintenance and other improvements to existing homes and investment in new much needed homes, and the repayment of borrowing.
- 4.2** The finances of our Housing Service is held within a ringfenced account called the Housing Revenue Account (HRA) which is separate from all other Council finances in that the money is only to be used for providing services to tenants.
- 4.3** In 2012 the Council moved away from a national subsidy system, which meant an annual payment from the HRA to central government, to be ‘self-financing’. As part of the self-financing agreement, a mandatory one-off payment of £85.12m was made to government, in return for being able to retain all income locally to manage and maintain the housing stock. The total debt in the HRA at the start of self-financing was £99.7m. Financially this was a positive step for the Council and it released more resources to be invested locally on additional services and new homes.
- 4.4** In order to manage the freedoms gained by the HRA through self-financing, a new 30 year Business Plan (2012-2042) was introduced. This set out the Council’s overall aims and objectives for Housing Services, as well as laying out plans to manage the increased risks and opportunities. The HRA Business Plan has been reviewed and updated regularly since 2012, but recently there have been many changes in national policies and local aspiration that means a full update of the Business Plan is once again required.

5 Changes in our operating environment.

- 5.1 Debt Cap removal.** Since 2012 the HRA has been subject to an imposed notional debt cap, essentially setting a limit on the borrowing the service could undertake which

provided a constraint on growth of the service in terms of investment in new homes. The HRA debt cap was £116M. Following many years of lobbying by the sector, the debt cap has now been removed, which heralds a new era of growth opportunity, as the business can afford to prudently borrow significantly more to allow more investment in existing and new homes.

- 5.2 Rent Reduction.** The Council along with all Registered Providers (RPs) of social housing was subject to a four year period of enforced rent reduction. This step imposed in 2016 essentially removed £185M from the 30 year business plan at this time. Measures were taken at this stage to reduce costs and manage this reduction in revenue whilst continuing to invest in our properties and in services for tenants. The period of rent reduction is now at an end and this gives the opportunity to once again apply appropriate and modest rent increases to ensure the business keeps track of increases in its operating costs. This issue is addressed in more detail later in the report.
- 5.3 Post Grenfell issues.** The Grenfell tragedy continues to rightly have a profound impact on the housing sector ensuring that improvements to how housing stock is maintained and managed are implemented. Key themes around investment in landlord compliance issues, scrutiny and regulation of social landlords and ensuring that resident's voices are heard and acted on are key drivers. These issues feature in the thinking behind some of the changes proposed in this report, particularly around roles and responsibilities in a new Housing Structure.
- 5.4 Climate Change and Fuel Poverty.** The Council has declared a climate emergency, we also know that many of our tenants struggle to be able to afford to heat their homes, particularly as many of our homes are hard to heat due to poor thermal performance. The ability of the HRA to invest in communities especially with regard to the built infrastructure creates an opportunity for funding to be targeted at these issues.

6 Housing Vision and Objectives

6.1 We have created a new vision statement for the housing service to amplify the ambition of the Councils new Corporate Plan, which gives Housing a greater corporate focus. We are also proposing new service objectives and supporting customer commitments to describe how we will deliver these priorities. This will be supported by a new Comprehensive Service Action Plan. A summary of the new vision and objectives is set out below, the full document is attached at Appendix 1.

6.2 SWT Housing – “Great Homes for Local Communities”

6.3 Corporate Strategy:

“A district that offers a choice of good quality homes for our residents whatever their age and income, in communities where support is available for those who need it.”

6.4 SWT Housing:

“Our homes will be safe and secure and we will build many more in which our tenants will thrive. To do this we will develop a great team to provide excellent and modern services. We will compare ourselves with the best and match their performance, and seek to win awards to recognise our progress and give assurance we are doing a good job. We will work hard to deliver the following objectives.....”

6.5 SWT Housing - Our Objectives Our work and resources will be directed to help people to lead healthy and fulfilling lives and even more people to access better homes in Somerset West and Taunton by:

1. Delivering more new homes

Our purpose is to run a highly efficient business to enable us to build more new homes.

2. Providing great customer service

Our purpose is to ensure our customers consistently experience great service and community support.

3. Improving our existing homes and neighbourhoods

Our purpose is to invest in homes and the places where people want to live.

7 Rental Income

7.1 A new Somerset West and Taunton rent setting policy from April 2020.

In 2016 Government required councils to reduce rents by 1% against the 2015 levels annually for 4 years (part of the Welfare Reform and Work Act 2016). This, time limited, rent reduction meant significantly less money with which to manage and maintain properties and provide services to tenants. In the Summer Budget 2015 the Government’s Impact Assessment of this policy change estimated that by the end of the 4 year reduction period average rents will be 12% lower than they would have been had the existing rent formula of Consumer Price Index (CPI) plus 1% continued to apply throughout the period.

Table 1 below sets out the impact on our rental levels of the rent reduction period and a comparison with rents that are now proposes.

Table1

	Baseline	1% reduction each year for 4 years				CPI+1% for 5 years				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22	2020/23	2020/24	2020/25
Actual / Proposed	84.15	83.32	82.50	81.68	80.87	83.05	85.30	87.60	89.96	92.39
If increased by 1%	84.15	85.00	85.85	86.70	87.57	88.45	89.33	90.22	91.13	92.04
If increased by CPI at 2%	84.15	85.84	87.55	89.30	91.09	92.91	94.77	96.67	98.60	100.57

From 2020 Government has restored the rent policy and regulatory arrangements that were in place before the 2016 rent reduction came into effect.

7.2 The Regulator of Social Housing’s new Rent Standard from April 2020 reverts back to the original social formula rate with increases not exceeding the limit CPI plus 1% for a period of 5 years. All affordable rate rents are to be reviewed annually with any increases set so as not to exceed a limit of CPI plus 1%. The Rent Standard also includes the continued ability for landlords to apply rent flexibility, which as set out below the Council now intends to implement.

7.3 In addition to applying the above inflationary plus 1% increase the Council’s own new rent setting policy is proposing to apply an upward tolerance (rent flexibility), on an individual basis, to new social formula rents (new tenants only) of 5% on general needs

and 10% on sheltered/supported housing. In the past the Council has not applied such tolerances, however, the Council has an increasingly important role to play in housing and having the necessary rental income with which to maintain and manage existing homes, support the delivery of new homes and invest in a range of enabling activities will be a great benefit to the council, its tenants and local communities.

7.4 Note: 3265 (58%) of our tenants are in receipt of Housing Benefit and Universal Credit (where available) this will help mitigate the impact of rent increases on households. (For Sheltered Housing resident and Extra Care residents this percentage increases to 75% and 83% respectively).

7.5 The Council's use of rental income is subject to the Housing Revenue Account (HRA) ring fence which prevents council rents from subsidising council tax and the General Fund. The rental income generated through the Council's new rent setting policy is to be used to deliver its future plan:

7.6 Invest in building more desperately needed new homes:

- We will deliver over a 1000 new homes over the next 30 years, the life of the plan, through a range of housing options to support our vision.

Within the Somerset West and Taunton area 4,408 (at 07/11/19) households have applied and are waiting for housing on the council's register for accommodation (Homefinder Somerset). Between 1 January and 30 October 2019 a total of 119,112 bids for accommodation were placed by 7,801 households on homes across Somerset. For the Somerset West and Taunton area, of the 141 homes advertised during July to September 2019, the average number of bids received per property was 82. The highest number of bids received 296 was for a 1 bed bungalow in central Taunton.

7.7 Make significant investment into carrying out major repairs and improvements to existing homes:

- Recognising the importance of decent accessible homes for people with support needs we will enhance our current sheltered housing stock so that people living in their homes are safe and well. We will invest in disabled adaptations to support people to remain living in their home. Such works will aid the viability of our existing sheltered housing schemes.
- Help disabled customers with adaptations or to find a more suitable property.

7.8 Invest in activities that support tenants and communities:

- To help tenants sustain their tenancies we will continue to invest in improving access to debt and welfare benefit advice, skills development and training.
- We are committed to tackling anti-social behaviour in the neighbourhoods for which we are responsible and will make investment in services that will support our tenants and communities where these incidents occur.

- To prevent tenancy breakdown and promote independent living we will continue to invest in mental health and well-being support services.
- Where we have council housing we will invest in a range of local projects and groups that have a positive impact, enabling our tenants and communities to thrive.

The Council has the power and duty to set its own rent. Dwelling rents for more than 5,700 properties provide annual income of over £24m for the HRA. The tables below show the various rents for 2020/21 calculated from the formula. The tables also show the effect of the proposed increases.

Table 2: Social Rents - General Needs

Social Rents - General Needs							
	FY 2019/20	FY 2020/21					
Property Bedroom Size	Social Rent Rate (GN)	Social Rent Rate (GN)	Difference: Social rent 2019/20 (GN) verses Social rent 2020/21 (GN) - £'s	Social rent including flexibility level 2020/21 (GN) – relets only	Difference: Social rent 2020/21 (GN) verses Social rent 2020/21 including flexibility level (GN)	Rent Cap 2019/20	LHA Rate 2019/20
		Sept CPI+1%		General Needs (GN) @ 5%			
1 and bedsits	73.23	75.20	1.98	78.96	3.76	141.43	92.05
2	79.98	82.14	2.16	86.24	4.11	149.74	120.82
3	88.91	91.32	2.40	95.88	4.57	158.06	145.67
4	99.34	102.02	2.68	107.12	5.10	166.37	184.11
5	116.93	120.08	3.16	126.09	6.00	174.69	
6 or more	158.84	163.13	4.29	171.29	8.16	183.00	

Table 3: Social Rents - Sheltered Housing

Social Rents - Sheltered Housing (including Extra care)							
	FY 2019/20	FY 2020/21					
Property Bedroom Size	Social Rent Net Rate (GN)	Social Rent Net Rate (GN)	Difference: Social rent gross 2019/20 (GN) verses Social rent gross 2020/21 (GN) - £'s	Social rent gross including flexibility level 2020/21 (GN) – relets only	Difference: Social rent gross 2020/21 (GN) verses Social rent gross 2020/21 including flexibility level (GN)	Rent Cap 2019/20	LHA Rate 2019/20
		Sept CPI+1%		Sheltered Housing (SH) @ 10%			
1 and bedsits	73.23	75.20	1.98	82.72	7.52	141.43	92.05
2	79.98	82.14	2.16	90.35	8.21	149.74	120.82
3	88.91	91.32	2.40	100.45	9.13	158.06	145.67
4	99.34	102.02	2.68	112.22	10.20	166.37	184.11
5	116.93	120.08	3.16	132.09	12.01	174.69	
6 or more	158.84	163.13	4.29	179.44	16.31	183.00	

7.9 Even with the proposed rent increases the Council's rents are among the lowest in the Taunton Deane area. For example the Council's average rent was £80.87 in 2019/20 compared to an estimated rent of £94.19 in 2019/20 for Housing Associations based on 2017/18 data.

7.10 Appendix 2 of this report contains a proposed rent policy for 2020-2025. It describes in more detail the how Somerset West and Taunton Council is proposing to calculate and charge rent from April 2020 for its HRA owned properties.

8 Management Costs

8.1 Following the Council decision to establish a structure of four Directorates, a new Housing staff structure will be implemented. Whilst most roles will “lift and shift” from the current structure some vacancies will arise where we require a new focus to meet the housing business objectives. The new structure contains growth and new emphasis in relation to development and regeneration to meet our current and future aspirations in this regard, along with landlord safety and compliance, tenant engagement and customer experience, and performance and finance to oversee a more highly geared business.

8.2 The Housing Directorate staff structure will incorporate direct staff costs relating to both the HRA and the General Fund (GF), the latter in relation to the Homelessness function. The HRA will also receive the benefit of central support services delivered by staff in the GF, such as procurement, accounts payable, facilities management, HR/Payroll, etc. The HRA will fund a proportion of these costs for the central support services received.

8.3 As reported to Full Council on the 3rd December 2019, the Council’s leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The HRA will need to take on a share of these transition and service resilience cost pressures in year 1, but will see a cost reduction going forwards as the Change Programme drives forward to deliver the service process efficiencies and demand management benefits anticipated.

8.4 We have also added an efficiency target of £150k as we aspire to driving improvements in the service to realise cash benefits. We have three Lean reviews underway in the “big three” processes of income management, voids and response repairs. With more reviews planned.

9 Stock Capital Investment.

9.1 As part of the business plan review we have undertaken a review of the current stock investment data. This results in a refresh of our 30 year capital investment requirements. Adjustments have been made for example for the stock that will be removed because of the North Taunton project. The stock investment of £159.1million, is an average £28,032 per property over 30 years, is in line with benchmarks for similar authorities. This data drives the planning for our Major Works capital programme.

10 Right to Buy (RTB) Receipts

10.1 The RTB scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The scheme saw the maximum discount increase significantly in 2012 to up to £75,000 followed by a steady increase year on year to up to £82,800 in April 2019.

- 10.2** In 2012 Taunton Deane Borough Council signed up to a “1-4-1 Agreement” with the Treasury/MHCLG to retain a higher proportion of RTB the additional receipts on the proviso, and agreed that these receipts would be used to fund new social housing. This agreement continues now under SWT until such time as the Council decides to opt out. Only a small percentage of receipts from RTB sales are retained by the Council. These additional RTB receipts can only account for 30% of spend on new social housing costs, with the remaining 70% coming from other funds such as revenue funding or borrowing.
- 10.3** The RTB receipts cannot be used in the same scheme as other Government funding such as grants from Homes England. They must also be spent within three years of the capital receipt, or must be returned to Government with interest at 4% over base rate from the date of the original receipt. Receipts can be returned to Government in the quarter in which they are received with no interest payable.
- 10.4** Alternatively, the 30% RTB funding could be granted to and used by Housing Associations in the area, providing they meet the same match funding requirements. The new housing doesn't need to be provided by the Council.
- 10.5** To date, the Council has successfully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/MHCLG.
- a. **RTB Receipts Year to Date:** Table 4 below shows the number of RTB sales, the total (capital) receipts received under the new RTB discount scheme, the Council retained 1-4-1 receipts to be used for new social housing, and the total amount that would need to be spent by the Council in order to fully retain them.

Table 4: Right to Buy receipts

	Total 2012/13	Total 2013/14	Total 2014/15	Total 2015/16	Total 2016/17	Total 2017/18	Total 2018/19
Sales	37	47	35	38	44	53	34
Total Receipts (£k)	2,330	2,705	2,317	2,666	3,568	3,971	2,576
1-4-1 Receipts (£k)	1,234	1,230	1,005	1,193	1,864	2,069	1,149
1-4-1 Receipts Spend - Per Year (£k)				1,234	1,230	1,005	1,193
Match Funding Spend - Per Year (£k)				2,879	2,871	2,345	2,783
Total Spend Required - Per Year (£k)	-	-	-	4,112	4,102	3,350	3,976
Total Spend Required - Cumulative (£k)	-	-	-	4,112	8,214	11,563	15,539
Average number of units per year				25	25	20	24

	Total 2019/20	Total 2020/21	Total 2021/22	Total 2022/23
Sales	35	32	32	32
Total Receipts (£k)	2,317	2,576	2,576	2,576
1-4-1 Receipts (£k)	1,005	1,149	1,149	1,149
1-4-1 Receipts Spend - Per Year (£k)	1,864	2,069	1,149	1,005
Match Funding Spend - Per Year (£k)	4,349	4,829	2,681	2,345
Total Spend Required - Per Year (£k)	6,213	6,898	3,830	3,350
Total Spend Required - Cumulative (£k)	21,752	28,650	32,480	35,829
Average number of units per year	38	42	23	20

[Note that the grey data is estimated.]

Forecast Spend of RTB Receipts: The estimated spend on approved schemes, such as Outer Circle and Laxton Road, together with additional open market buybacks, will be sufficient to meet the RTB match funding requirements to quarter 4 of 2019/20.

- b. Looking forwards over the next three years, there are a number of new build and off-the-shelf buybacks being investigated that, if approved by Full Council, together with a minimal amount of open market buybacks, will see our RTB match funding requirements achieved for the next three years.
- c. This will support the aspiration for an additional 1000 homes in the next 30 years, being able to achieve this with 30% match funding from RTB Receipts, whilst ensuring we do not have to return our RTB receipts (plus interest) back to the Government.
- d. However this will require significant borrowing, which is now possible since the removal of the debt cap, and will have to be managed carefully within the overall 2020 Business Plan to ensure that the revenue account can fund the interest payments and principal loan repayment.

11 Welfare Reform

- 11.1** The 2012 HRA Business Plan made a provision for Welfare Reform, as there was an expectation that the changes would lead to an increase in non-payment of rent and other charges. The Provision for Bad Debt was increased from 0.5% to 2% (c£500k) for three years.
- 11.2** The 2016 HRA Business Plan extended this provision to cover the delayed roll out of Universal Credit, again with the expectation that the changes would lead to an increase in non-payment of rent and other charges. The Provision for Bad Debt was maintained at 2% (c£500k) for a further three years.
- 11.3** Whilst new claimant's moved to the new Universal Credits scheme from 2016, the migration of existing claimants has experienced continued delays. It is also worth noting that the Universal Credit scheme pays claimants in arrears and not in advance, as we currently expect our rental payments to be made.
- 11.4** The 2020 Business Plan includes a new two year provision at 0.75% (£180k) of dwelling rental income, dropping to 0.5% thereafter, to mitigate the financial risk associated with a possible increase in unrecoverable rental income due to the forthcoming "managed migration" to the Universal Credit scheme that is indicated to be completed by March 2023.
- 11.5** Under the Council's wider Financial Strategy the Executive has agreed a new Operational Target of £2.4m for the minimum HRA general reserve balance. Remaining at or above this target provides added financial resilience to bad debt (and other) financial risk if needed.

12 Business Growth – Development of New Homes

- 12.1** The Business Plan has previously included significant annual contributions of £1m (from 2015/16) towards the development of housing schemes. In line with the introduction of a Development Strategy, the Business Plan in 2016 instead included an average annual addition of 15 dwellings, which would include a combination of new development, redevelopment and acquisitions. This level of investment was what was affordable at this time.
- 12.2** Since this time we have delivered 108 units via new build and over 50 acquisitions to date. This is an average of 20 units per year since self-financing in 2012.
- 12.3** However as described above the removal of the debt cap allows for more investment in housing growth, we aspire to do more, so are proposing a target of delivering 1000 new homes over the next 30 years, the life of this plan. In order to deliver this number of new homes (an increase of 140% of our current rate of development) will require us to diversify our new homes delivery approach, seek other forms of funding for example from Homes England and to cultivate an extensive new scheme pipeline.
- 12.4** This growth will require a significant increase in borrowing, which will place greater stress on the business, this is discussed in later sections of this report. The need for the business to drive efficiency, achieve consistent levels of strong performance across key processes and closely monitor new metrics will be vital to safely manage this higher level of gearing.
- 12.5** With this increased provision, but due to losses through RTB and regeneration of defective stock, the total stock numbers are set out in the table below:-

Table 5: Forecast General Needs Stock Numbers

Financial Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025-2050
Opening Stock	5,750	5,747	5,730	5,724	5,755	5,761
RTB Sales	-32	-28	-24	-20	-19	-364
Demolition	-13	-12	-22	-11	-25	-79
Development Gains	42	23	40	62	50	832
Closing Stock	5,747	5,730	5,724	5,755	5,761	6,150
Net Gain Over 30 Years						400
Total Development Gains Over 30 Years						1,049

13 Treasury Management and Repayment of Borrowing

- 13.1** The Business Plan incorporates significant capital expenditure which is to be funded from capital receipts, the Major Repairs Allowance (depreciation charges reinvested in assets), revenue contributions to capital, capital grants and borrowing.
- 13.2** The funding and cash flow implications will be managed in line with the Council's Capital, Investment and Treasury Strategies which is approved alongside the annual budget each year.
- 13.3** Although the Government abolished the HRA Debt Cap established in 2012 (£115m) it is proposed to set a prudent debt cap for the HRA.
- 13.4** In the first 5 years of the business plan the Provisional Debt Cap is at £135m in Year 1 rising to £148m by Year 5 of the Plan. Then rising further in future years to a peak of £266m in Year 30. The cap will need to be kept under review and be adjusted to reflect performance against plan. It is proposed to use the Debt Cap as the Operational Boundary for Debt within the Capital Strategy. Allowing for some temporary refinancing or financing in advance of need (where it is prudent to do so for treasury purposes), it is proposed to set the Authorised Limit based on the Debt Cap + £20m.

Table 6 –HRA Borrowing Limits

Borrowing Limits for the HRA	2020/21 Estimate £k	2021/22 Estimate £k	2022/23 Estimate £k	2023/24 Estimate £k	2024/25 Estimate £k
Debt Cap / Operational Boundary	135	135	135	139	148
Authorised Limit	155	155	155	159	168

- 13.5** The capital investment proposed within the plan forecasts a borrowing requirement rising year on year from £110m in 2020/21 (Yr1) to a peak of £164m in 2030/31 (Yr11), before reducing back to £129m by 2048/49 (Year 29). This forecast incorporates borrowing for projected capital investment spending and amounts set aside from revenue resources to repay debt based on affordable MRP costs, whilst maintaining reserves at the operational target.
- 13.6** Existing maturity loans undertaken in March 2012, as part of the transition to the HRA operating on a self-financing basis, are due to be redeemed each year between 2020 and 2030. In order to meet the capital financing requirement in the plan these loans will need to be refinanced. The business plan forecasts assume a degree of internal borrowing from HRA reserves and working capital cash balances. It will be necessary to utilise external borrowing facilities and the business plan is modelled on a basket of fixed term maturity loans only where needed to meet cash flow requirements, at an average interest rate of 3.5%. This is currently considered to be a prudent assumption for the business plan.
- 13.7** The Section 151 Officer will work with Arlingclose, the Council's treasury advisor, to explore appropriate sources of finance which may include PWLB but other options

such as banks and other capital markets will be explored to optimise debt costs and risk.

14 New Capacity Indicator

14.1 The proposition within this analysis is that, whilst there is theoretically now no limit to borrowing within the HRA, the existing asset and operating base generates a net income stream that does offer a logical limit on sustainable borrowing levels. In other words future operating surpluses created within the HRA can be used to fund the interest on additional borrowing.

We have utilised the Interest Cover Ratio (ICR) as the main metric for assessing capacity and is used to derive the provisional debt cap figure 3 below.

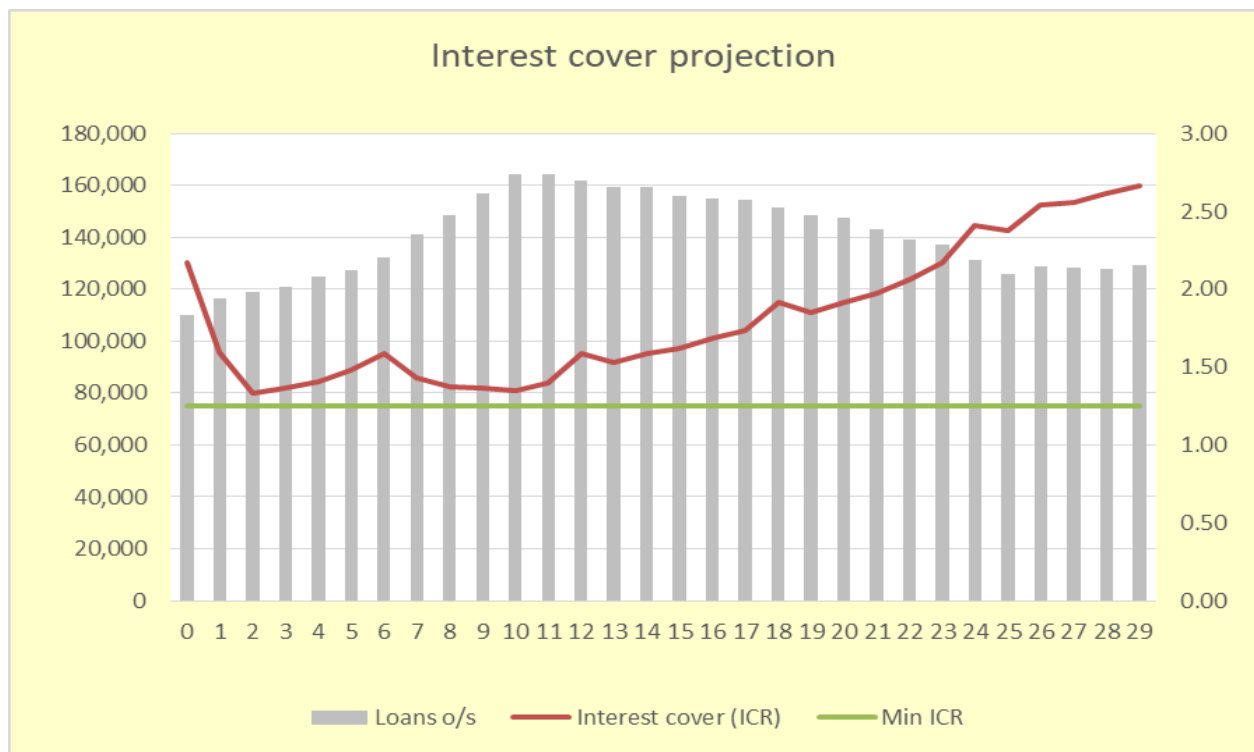
14.2 This is the ratio of operating surplus divided by interest costs, and represents the cover that the HRA has against its interest cost liabilities in any year; the ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest. For housing associations (HA), the usual definition of operating surplus is EBITDA (Earnings before Interest, Tax, Depreciation and Appropriations). Typical lending covenants vary between 1.10 and 1.50 depending on the size and nature of the HA, with 1.25 being a typical expectation.

14.3 Using the budgets for 2020.21 the ICR is forecast at 1.60 meaning that the HRA can cover the current interest charges with headroom for a further 60% of the value of interest charges (subject to other cost/income variances). By setting the minimum ICR at 1.25 the available headroom for additional interest is 28% of current interest charges or £0.762million. This translates to additional borrowing capacity of £32million.

14.4 As the plan does in fact increase the need to borrow in the short to medium term it utilises the borrowing capacity to the point where the ICR falls to 1.33 in 2021.22 but with the benefit of projected rent increases it rises to 1.37 and then gradually increases after year 10 to a ratio of 2.66 at the conclusion of the plan.

14.5 Therefore the borrowing projected in this plan is below the level of borrowing where the ICR is at the 1.25 minimum level set and is therefore forecast to remain within affordable limits. The chart below shows the annual ICR set against the minimum 1.25 and the actual borrowing forecast in the plan.

Figure 1: Interest Cover Projection



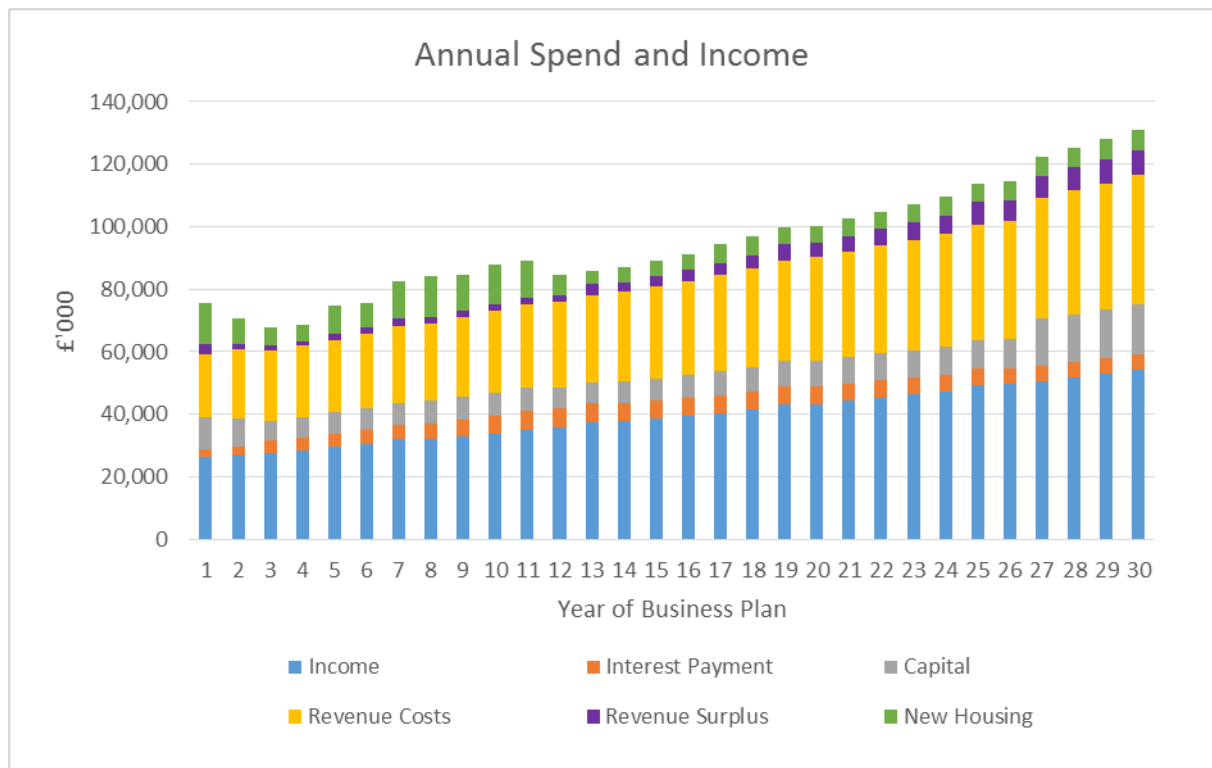
15 Financial Review and Appraisal

- 15.1 As described above there are a number of changes, driven by both internal and external factors, which have substantially impacted on the financial position of the Business Plan. Overall indications are that planned service and capital investment is affordable in the medium and long term providing actual performance remains similar to the assumptions made.
- 15.2 The increased ambitions for capital investment require a significant increase in borrowing over the next 10 years, taking advantage of the increased flexibility through the abolition of the debt cap. There is a clearly a related impact on overall debt costs which must be managed throughout the life of the business plan.
- 15.3 The strategy applied in the financial model is that HRA general balances will be maintained at the operation target level, with all available operating surpluses applied to meeting interest costs, protecting reserves balances, reducing capital financing requirements and debt repayment. This works on the principle that debt will be repaid at the earliest opportunity, which is a change to the current approach of a fixed annual debt repayment charge based on borrowing over 60 years. This approach should reduce total debt costs in the long run, benefiting the business plan.
- 15.3 The key underlying assumptions within the Business Plan are that rents and service charges will increase by CPI + 1% for the first five years (20/21 to 24/25) then reducing down to CPI (estimated at 2%) only thereafter, with expenditure inflating in line with government forecasts by 2% (management costs at 2.5%) and borrowing costs at

3.5%. These rates are only estimated and risk changing due to the global economic environment.

15.4 A summary of the projected annual expenditure and income is shown in graph below.

Figure 2 -Annual Expenditure and Income within the Business Plan



15.5 Income

The HRA is self-contained from the General Fund and fully funded in the main by rental and service charge income from tenants. Members need to consider the cumulative financial impact of their decisions surrounding the change in rental and service charge income year on year.

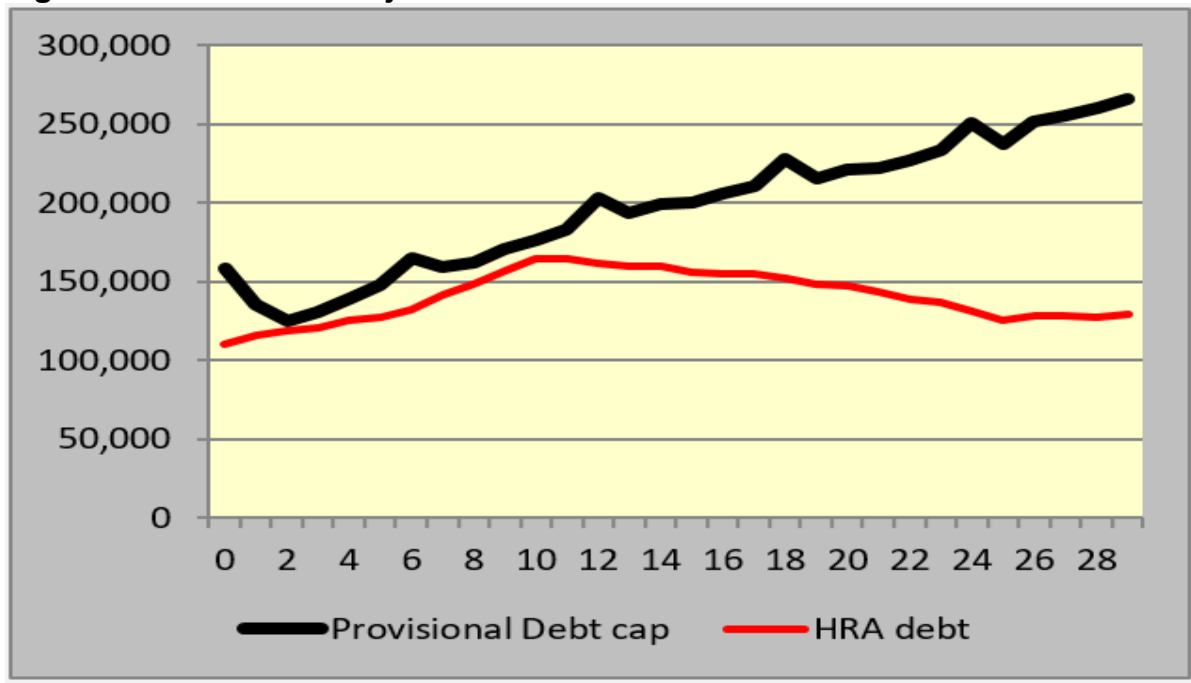
15.6 The new Rent Policy provides the option to make a one-off 5% or 10% increase in rents for new tenants which would provide an estimated additional income of £100k in year 1 assuming 450 new tenancies. Where options are presented to increase rents within the boundaries of national policies these should be considered in order to optimise income to meet the costs of operating the service and capital investment.

15.7 Rental income forecasts are based on prudent assumptions for rental growth and changes in housing stock both through RTB sales and additions through investment. There is not a direct like for like relationship between income and costs therefore material changes in income levels cannot necessarily be offset by managed changes in costs without affecting service standards.

15.8 Experience shows that housing income estimates can be susceptible to national policy changes, which can have a material impact on long term cash flows. The current business plan forecasts assume the current policy will be fully applied with rent increases returning to CPI only from April 2025.

- 15.9 Members are advised to carefully consider long term impact on the affordability of the business plan when making decisions regarding local rent policy and budgetary decisions, and also to note the inherent risk of interest rate volatility on income assumptions and related impact of affordability of planned spending and investment, and meeting debt repayment obligations.
- 15.10 It is good to see changes within the debt recovery team seeing immediate effects on recovering debts due from tenants thus reducing the financial risk and enabling a lower allowance for bad debt risk within income forecasts. This will clearly need to be carefully monitored to ensure prudent provisions are made each year.
- 15.11 Expenditure**
- 15.12 The borrowing cap has been removed enabling the HRA to increase borrowing to fund the national and local ambitions to increase the provision of affordable homes. The overall 30-year Business Plan projects a total capital investment of c£159m on Major Works, £16m on exceptional and extensive works which primarily relate to asbestos removal and works to non-traditional properties, £9m on Disabled Adaptations, £6.5m on improvements and fire safety works, £3m on related assets and £3.6m on vehicles.
- 15.13 The Business Plan model suggests that this is viable and affordable, and that the HRA maintains a level of interest cover above 1.25% over the 30 years. To put this into context, the average interest cover for the Housing Association (HA) sector in 2018/19 typical lending covenants varying between 1.10 and 1.50 depending on the size and nature of the HA, with 1.25 being a typical expectation.
- 15.14 These ambitions will need to be managed closely to ensure that the interest cover is not breached and that the HRA revenue account can cope with the impact of financing debt, as current levels of surplus funds in earmarked reserves and general balances (minimum balances now at £2.4m to mitigate financial risk) are minimal.
- 15.15 The business plan assumes that there will be no net reduction in debt during the first 10 years (between 2020 and 2030) as capital investment grows and debt is increased, with the overall debt balance starting to reduce in 2030/31. However, revenue contributions to capital will still be made during the period reducing the requirement for additional borrowing.
- 15.16 Those loans maturing within the next 10 years total of £77.5m with an average interest rate of 2.49% (ranging from 0.92% to 3.21%). The current cost to finance these loans is approximately £2.122m, when refinanced at an assumed 3.5% this will create an additional cost pressure of c£589k. The Business Plan assumes that new borrowing will be at 3.5%, therefore for every £10m borrowed this creates an interest payable cost pressure of £350k. Options to reduce the capital financing costs / interest burden will be explored through the Council's treasury management arrangements.
- 15.17 After the peak in capital investment in 2029/30 (year 9), the Business Plan prioritises the repayment of debt at earliest opportunity, as seen by the reducing debt shown in graph below.

Figure 3 – HRA Debt Projection



15.18 The HRA is seeing increased demands from the increased costs of direct and shared support service staff, to fund a share of future corporate change programmes, increased interest costs and risk, and the increase in depreciation costs from the additional 1,000 homes over the next 30 years. The revenue account will need to realise cost efficiency savings (currently at £150k ongoing within the first 2 years) to redirect into other cost pressures. This ambition to find efficiency savings may have to be increased where possible to provide further headroom in order to deliver future ambitions such as carbon retrofit.

15.19 Reserves

The HRA 2020 Business Plan has, under the Council’s wider Financial Strategy, agreed a new Operational Target of £2.4m for the minimum HRA general reserve balance to mitigate financial risk are minimal. The current levels (19/20) of general balances are in excess of £2.4m, though surpluses above this are minimal.

15.20 Earmarked reserves surpluses are also minimal with 50% of the 19/20 opening balances committed to be spent by 2021/22 and the other 50% committed to social housing development feasibility studies as part of the aspiration to build new homes. Whereas previous business plans projected large increases in reserves in the long term, the increased capital investment and related borrowing, and the priority to repay debt at the earliest opportunity means that reserves are projected to remain ‘only’ at the operational target throughout the life of the Plan.

16 Key Sensitivities and Stress Testing

16.1 The baseline Business Plan has been subject to a standard range of stress testing to test the sensitivity of the outputs to changes in key assumptions. These are summarised in the table below. It is important to understand what external influences could have on the plan.

16.2 The table below shows the key assumptions within the business plan before sensitivities are applied:

Table 7

CPI (Base Inflation)	2 throughout from 2021.22
Rents Inflation	CPI +1% 4 years from 2021.22 then CPI only
Service Charge Income	CPI +0.5% throughout from 2021.22
Non-Dwelling Income	CPI -0.5% throughout from 2021.22
Other Income	CPI only
Management Costs	CPI+0.5% throughout from 2021.22
Repairs Inflation	CPI only
Improvements	CPI only
Interest Rate	3.5% on new borrowing
Right To Buys	33 reducing to 11 gradually over a 30-year period
Buy-Back Values	£165,000 per unit (30% of total notional programme)
New Developments	£145,000 per unit (70% of total notional programme)

The table below compares a range of scenarios against the impact and the consequent impact on our ICR level.

Table 8 Key Sensitivities

	30 yr Reserves		Closing Debt		Min/Max ICR	
Baseline plan	£4.3m		£129.1m		1.33 / 2.66	
1.Inflation CPI - 1% / 3%	£3.2m	£5.6m	£156.4m	£95.9m	1.22/2.17	1.36/4.46
2.Management Costs & Service Charges increase CPI+0.25% pa	£4.3m		£108.2m		1.34/3.42	
3.Management Costs & Service Charges increase CPI+0.75% pa	£4.3m		£151.1m		1.29/2.17	
4.Repairs & Investment increase CPI+1% pa	£4.3m		£220.2m		1.25/2.17	
5.Repairs & Investment increase CPI+1% and Management Costs & Service Charges at 0.75% pa	£4.3m		£242.4m		1.06/2.17	
6.Rents CPI+0.5% all years from 2024	£4.6m		£47.1m		1.33/8.6	
7.Right to Buys at 20 per Year throughout	£4.3m		£119.6m		1.33/2.72	
8.Interest Rate Increase 1%	£4.3m		£194.8m		1.02/2.17	
9.Bad Debt Provision	£4.3m		£137.4m		1.31/2.47	

1% of rents			
10. Development & Buy Back Costs +10%	£4.3m	£153.0m	1.30/2.27

16.3 The main headlines from the tables are:

- The plan is generally resilient to changes in its key inflationary and expenditure drivers.
- The plan does not rely upon the management of revenue expenditure in line with rent income.
- The plan relies upon the management of the capital programme within the inflationary drivers provided.
- If rent policy was to be extended to CPI+1% increases in **all** years from 2020, including from 2024, the outlook for the plan would be much improved.

16.4 In sensitivity 1 where inflation is greater than the 2% factored in presents a more viable plan where forecast debt could be reduced to 74% of the projected level. Whilst a reduction in inflation has a negative impact to the plan where debt would increase by c21% and the ICR lowest point is 1.22, below the minimum 1.25. For business planning purposes it is considered appropriate at this stage to assume that long-term inflation will be in-line with Government estimates of 2%.

16.5 In sensitivities 2&3 the plan demonstrates how reactive it is to increases above CPI for management costs, which form a major part of the overall HRA expenditure. By reducing the management increases to 0.25%+CPI the plan improves with greater comfort with the ICR well above the minimum mark and will lower residual debt. Increases the costs to 0.75%+CPI puts pressure on the plan with a higher closer debt by c17% and the lowest ICR close to the 1.25 minimum.

16.6 An increase in repair and capital costs year on year would also impact on the plan significantly against the backdrop of CPI only rent increases in the longer-term as demonstrated in sensitivity 4. The Council would to review the delivery of the repairs service but also could reduce the level of its future development programme to compensate. It would be most likely that if such costs increase the impact would likely to be national rather than locally and therefore pressure from the housing sector would probably result in rent increases above CPI to compensate. This sensitivity does cause the lowest ICR to equal the minimum level of 1.25.

16.7 In sensitivity 5 we have demonstrated a worst case scenario of both management costs and repairs increasing as per sensitivities 3 & 4 combined, with the ICR lowest point well below the minimum ICR.

16.8 Obviously rent increases above will bring a huge benefit to the HRA which rather than using entirely for debt repayment could be used to facilitate further borrowing for additional house building and acquisition as demonstrated in sensitivity 6.

16.9 The increase of right to buys does impact upon the plan in that there is a loss of rental income as shown in sensitivity 7 but also increased sales provides for more right to buy receipts to be facilitate subsidising the development programme.

- 16.10** A key risk to the plan is the cost of borrowing as shown in sensitivity 8 where an increase of 1% causes the lowest ICR to go below the minimum level. It is likely that new borrowing will be at fixed rates determined at the point of drawdown to provide protection against future increases. The business plan will become an important tool in determining if the new build programme could be afforded in light of higher interest costs.
- 16.11** In sensitivity 9 an increase in the level of bad debts has a negative impact to the plan but does not impact upon the minimum ICR.
- 16.12** Sensitivity 10 shows that a 10% increase to the allowance for buy-backs and cost of new development will have an adverse impact on long-term borrowing.
- 16.13** With regards to the above sensitivities there are mitigating factors that the Council can apply, for example reducing the level of new builds and acquisitions, in the face of adverse impacts from scenarios identified above.

17 Achieving Affordable Warmth & Carbon Neutrality

- 17.1** The UK has committed to reduce greenhouse gas emissions and have set legally binding targets to achieve net zero emissions by 2050. Somerset West & Taunton Council (SWT) have published their draft framework “SWT Carbon Neutrality and Climate Resilience Plan”. The Housing service has drafted a strategy which sets the ambition and initial focus for the Housing service and would be intended to support the corporate framework with a strategic approach for achieving these objectives within the managed housing portfolio of SWT. In summary we would seek to provide low carbon, energy efficient housing for our tenants, that are both affordable and warm to live in and in doing so we will aim to achieve net zero emissions in our housing stock by 2050. This will also provide the platform required to eradicate fuel poverty. We would do this by delivering a package of affordable warmth retrofit works to our properties.
- 17.2** However in order to achieve this alongside our ongoing Decent Homes capital programme a further investment commitment is required, to date it has not been possible to safely develop this capacity in the business plan. However officers will continue to work on this issue and investigate how we might fund such works and report back to members in due course and as a priority.

18 Links to Corporate Strategy

- a. The Housing Revenue Account compliments the Council’s Corporate Strategy 2020 - 2024 - Homes and Communities – to offer a choice of good quality homes for our residents, whatever their age and income, in communities where support is available for those in need.
- b. As set out above the service will significantly increase the number of affordable homes in the District, alongside substantial investment in existing homes and providing essential support to our residents many of whom experience significant hardship.

19 Legal Implications

No direct implications arising from this report.

20 **Safeguarding and/or Community Safety Implications**

None directly relating to this report.

21 **Equality and Diversity Implications**

An Equality Impact Assessment (EIA) and some associated actions has been included at Appendix 3.

22 **Social Value Implications**

Social Value forms an important part of the selection criteria for the procurement of works in particular, the Housing Service will continue to seek ways in which its investment can have the widest possible reach.

23 **Partnership Implications**

The Housing service will continue to work with key partners to deliver its objectives and benefit our communities.

24 **Health and Wellbeing Implications**

The Housing service makes a substantial contribution to improving community health and wellbeing.

25 **Asset Management Implications**

A review of Asset data has been included in the main body of this report for the purposes of future investment planning. The Housing (HRA) Asset Management Strategy 2016 reflects the challenges the Council faces and improving its focus on value for money for the Council and for our residents:

- **To promote sustainable local communities** through coordinated capital investment and housing management.
- **To work closely with residents** to ensure that their homes meet their needs and aspirations.
- **To invest in stock**, to achieve good quality and environmental standards and to ensure that all statutory obligations are met.
- **To ensure that stock secures and strengthens the financial viability** of the business plan and safeguards its long term future and the income stream it generates.
- **Deliver Value for Money** through targeting investment where it will have the best financial and social return.
- **To carry out options appraisals** on stock that does not meet the above criteria, exploring the widest range of alternative options to improve outcomes for residents and for our business plan.
- **To deliver investment programmes in an effective way**, achieving agreed quality

and value for money.

26 Data Protection Implications

None directly from this report.

27 Consultation Implications

No external consultation implications.

28 Scrutiny Comments / Recommendation(s)

Democratic Path

- Tenants Strategic Board – 15 January 2020
- Scrutiny Committee – 20 January 2020
- Executive – 22 January 2020
- Full Council – 19 February 2020

Reporting Frequency: Once only Ad-hoc Quarterly
 Twice-yearly Annually

List of Appendices (delete if not applicable)

Appendix 1	Housing Vision Statement - PPT
Appendix 2	SWT Proposed Rent Policy
Appendix 3	Equalities Impact Assessment

Contact Officers

Name	James Barrah	Name	Kerry Prisco
Direct Dial	01823 217553	Direct Dial	01823 218758
Email	j.barrah@somersetwestandtaunton.gov.uk	Email	k.prisco@somersetwestandtaunton.gov.uk

Name	Stephen Boland	Name	Paul Fitzgerald
Direct Dial	01823 219503	Direct Dial	01823 217557
Email	s.boland@somersetwestandtaunton.gov.uk	Email	p.fitzgerald@somersetwestandtaunton.gov.uk

SWT Housing – Great Homes for Local Communities

Somerset West and Taunton
Housing Revenue Account Business Plan
2020 - 2050

SWT Housing – “Great Homes for Local Communities”

Corporate Strategy:

A district that offers a choice of good quality homes for our residents whatever their age and income, in communities where support is available for those who need it.

SWT Housing:

Our homes will be safe and secure and we will build many more in which our tenants will thrive. To do this we will develop a great team to provide excellent and modern services. We will compare ourselves with the best and match their performance, and seek to win awards to recognise our progress and give assurance we are doing a good job. We will work hard to deliver the following priorities....

SWT Housing - Our Priorities

Our work and resources will be directed to help people to lead healthy and fulfilling lives and even more people to access better homes in Somerset West and Taunton by:

- Page 281 → Delivering more new homes
- Providing great customer service
- Improving our existing homes and neighbourhoods

Delivering more new homes

Our purpose is to run a highly efficient business to enable us to build more new homes

We will:

- Deliver 1000 new homes over the next 30 years
- Build new homes that will help to combat climate change through their fabric and design.
- Implement exemplar regeneration in North Taunton.
- Incorporate further regeneration into our new build programme targeting the worst performing stock.
- Support the development of new homes in our rural communities.

Our customers will:

- Have greater choice and access to new social and affordable housing in the Council's area.
- When having their community regenerated have opportunities to relocate or move back into new homes which will be more comfortable and cheaper to run.

Providing great customer service

Our purpose is to ensure our customers consistently experience great service and community support

We will:

- Improve customer satisfaction through stronger processes and clear responsibility and ownership.
- Make it easier for our customers to engage with us and access the information they need, through introducing and promoting new technology and offering a wide choice of access options
- Ensure the voices of our customers are heard and influence the service we offer, by improving how tenants and leaseholders are engaged and represented
- Improve how we keep our customers updated on what is happening and how we are performing and ensure there are effective routes for customers to contact us and know their view will be taken into account.
- Provide enhanced support for families and communities experiencing hardship

Our customers:

- Can expect their needs to be resolved quickly, efficiently and with care and be able to self serve for an increasing range of services.
- Will receive prompt acknowledgement and action if things do not go to plan.
- Will be supported to manage their tenancy.
- Feel well informed about what is going on and know where to go to have their say and confidence this will be heard.
- Will need to play their part by looking after their home, paying their rent and helping us to build strong neighbourhoods.

**Somerset West
and Taunton**

Improving our existing homes and neighbourhoods.

Our purpose is to invest in homes and the places where people want to live

We will:

- Continue to invest in the safety of our homes
- Investigate ways to increase our investment in the energy efficiency of existing stock.
- Look after our estates and ensure the service charge is spent wisely, we will investigate ways to better manage our open spaces to reduce our carbon footprint and support nature.

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Our customers can expect:

- To live in good quality homes where they feel safe, warm and secure and where they can thrive.
- Their communities to be attractive places where they choose to live, work and stay.
- To live in homes that are cheaper to run and that reduces our impact on the environment.

Somerset West
and Taunton

Somerset West and Taunton Council

Housing Revenue Account Rent Setting Policy from April 2020

Policy number	1.0
Title	Housing Revenue Account Rent Setting Policy from April 2020
Author	Stephen Boland
Responsible Officer	Stephen Boland
Equality Impact Assessment	7 th January 2020
Date agreed by Tenant Services Management Board	15 th January 2020
Date agreed by Housing Portfolio Holder	
Council approval date	
Next review date	Nov 2025
Version	1.0

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 - 2.0 Background information**
 - 3.0 Types for rent**
 - 3.1 The new Rent Standard - 2020 Limit**
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 - 3.3 Affordable rent**
 - 4.0 Garages**
 - 5.0 Pay to stay**
 - 6.0 Notification to tenants**
 - 7.0 Notification to the Regulator of Social Housing**
 - 8.0 Review of this policy**
- Appendix 1**
Glossary of terms
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1.0 Introduction

This policy sets out how Somerset West and Taunton (the Council) will calculate and charge rent from April 2020 for its Housing Revenue Account (HRA) owned properties and also complies with the Rent Standard April 2020 (part of the regulatory framework for social housing in England).

The purpose of this rent setting policy is to:

- Ensure that the setting and management of rents is clear and easy to understand;
- Ensure that the Council adheres to legislation and regulations when setting rents for HRA properties;
- Help the Council to plan for future investment in services, existing housing stock and new build properties;
- Establish how rents are varied annually; and
- Ensure that all tenants are made aware of the weekly rent payment due to the Council in respect of their property both at the beginning of their tenancy and when it is reviewed in April every year.

The Council strives to ensure that its rents are affordable to tenants, while raising sufficient funds to manage and maintain its properties to a high standard, build new properties, deliver relevant services, and meet the commitments of the HRA Business Plan, within constraints of government policy.

It is the responsibility of the Council to review and adjust HRA rents on an annual basis and this forms part of the Council's budget and policy framework.

The Director of Housing has responsibility for ensuring that all associated processes are followed, including compliance with legislation and directions from Government on the setting of rents. This responsibility is delegated to appropriate officers in the housing service.

This policy does not apply to service charges that contribute to the overall charge for a property. These service charges are calculated separately.

This policy does not apply to certain categories of property in the Council's HRA. These exempt categories of property are:

- Temporary social housing; and
- Shared ownership housing.

Note: The Council part owns a small number of shared ownership properties. Rents on these properties are, and will continue to be governed by rental agreements with tenants, specific to their properties.

2.0 Background information

In 2016 Government required councils to reduce rents by 1% against the 2015 levels for 4 years (part of the Welfare Reform and Work Act 2016). For the council, this step essentially removed £185M from its 30 year business plan.

From 2020 Government has restored the rent policy and regulatory arrangements that were in place before the 2016 rent reduction came into effect.

The Regulator of Social Housing's new Rent Standard from April 2020 reverts back to the original social formula rate for a period of 5 years. All affordable rate rents are to be reviewed annually with any increases set so as not to exceed a limit of Consumer Price Index (CPI) plus 1%.

3.0 Types of rent

The Council operates two rent types for its social accommodation under this policy:

- Social rent is set with reference to the social formula rate; and
- Affordable rent is set at a proportion of the market rate.

3.1 The new Rent Standard - 2020 limit

In the year following the end of the social rent reduction period i.e. 2020/21 the maximum weekly rent for an existing tenant is the 2020 limit. In the 4 years that follow i.e. years 2 – 5 formula rates will be applied. The formula for calculating the 2020 limit applies to both social rent and affordable rent housing.

The “2020 limit” means the amount that is found by:

- a. Determining the average weekly rent for the tenant's accommodation in the fourth relevant year specified in section 23(6) of the Welfare Reform and Work Act 2016, and
- b. Increasing that amount by CPI + 1%
- c. In the above paragraph an “average weekly rent” means:
 - i. In a case where the weekly rent changes because the accommodation is re-let after the start of the fourth year, the weekly rent payable by that tenant for that accommodation in respect of the most recent period for which rent was payable at that changed rate provided that that change complies with the requirements of the of

- the social housing provisions of the Welfare Reform and Work Act 2016 and any Regulations made under those provisions; or
- ii. In any other case, the average weekly rent payable by the tenant of that accommodation in respect of the fourth year.

3.2 Social rent

- Existing tenant or existing tenant – new tenancy agreement

In accordance with the measures set out in the Government's Direction on the Rent Standard (Feb 2019), the Government's policy statement on rents for social housing (Feb 2019) and the Regulator of Social Housing's Rent Standard 2020, social rents for existing tenancies will be reviewed annually. Any increases will not exceed the limit of Consumer Price Index (CPI) plus 1% from April 2020 up to the year 2025. The social rent will be subject to a rent cap.

- New tenant

When a social rent property is let to a new tenant, the rent will be set at the social rent formula rate level, exclusive of any service charges and will include an upward tolerance i.e. rent flexibility, subject to a rent cap (see below).

- Rent flexibility level

The Rent Standard April 2020 allows an upward tolerance on individual social formula rate rents of 5% on general needs and 10% on sheltered and supported housing. This is the limit of the rent flexibility level.

We will apply this flexibility in full and our social formula rate rents will be 5% higher for general needs and 10% higher for sheltered and supported housing than the level established under the prescribed calculation.

We have consulted with our tenants' strategic board and ensured there is a clear rationale for doing so which takes into account local circumstances and affordability.

A copy of the record of the consultation can be found in Appendix 1.

If the rent for a property of an existing tenant exceeds the rent flexibility level, the existing tenant's rent will be governed by an increase of not more than CPI in any year. Where such a property comes up for re-let, the new rent will not exceed social formula rate (plus the rent flexibility level – if applied).

- Annual rent review

Social rents will be reviewed and adjusted annually during the course of a tenancy and will be in line with Government policy on rents for social housing.

3.3 Affordable rent

- Existing tenant or existing tenant – new tenancy agreement

In accordance with the measures set out in the Government's Direction on the Rent Standard (Feb 2019), the Government's policy statement on rents for social housing (Feb 2019) and the Regulator of Social Housing's Rent Standard 2020, affordable rents for existing tenancies will be reviewed annually and any increases will not exceed the limit of CPI +1% from April 2020 up to the year 2025.

Note: 'Existing tenant' in this context means an existing tenant of the specific property concerned.

- New property

The Council wishes to retain flexibility over setting affordable or social rents to ensure homes are truly affordable to those in housing need whilst ensuring new housing schemes are financially viable.

The Council has the option to charge an affordable rent for all new build properties. Affordable rents are set at up to 80% of the market rate inclusive of service charges. Affordable rents need to be periodically rebased to ensure they continue to reflect the market rent.

The market rate will vary from property to property, but cannot exceed 80% of the equivalent market rent for the property. In determining the market rate, we will consider affordability in the local area and viability of any new build housing schemes. The market rate will typically range between 60% and 80%.

We will not set an affordable rent at a level lower than the equivalent social rent, exclusive of service charges, for the property. If the social formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the tenant's accommodation, the maximum weekly rent is social formula rent, and would be exclusive of service charges.

Any decision to apply an affordable rent at less than 80% of market rate will be made after completion of an affordability and viability review and will be subject to approval by the Director of Housing.

We will not set the combined rent and eligible service charge for an affordable rent at a level higher than the relevant local housing allowance for the property.

- **New tenant**

The Council will rebase the affordable rent, using a new market valuation, when letting a property to a new tenant. Thus ensuring that the property continues to reflect the market rent.

The Council may change the market rate percentage. This requirement, which overrides the annual rent increase limit, is designed to ensure that the rent set at the beginning of each new tenancy is no higher than 80% of the market rent.

We will not set an affordable rent for a new tenant at a level lower than the equivalent social rent, exclusive of service charges, for the property. If the social formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the new tenant's accommodation, the maximum weekly rent is social formula rent, and would be exclusive of service charges.

Any decision to apply an affordable rent at less than 80% of market rate will be made after completion of an affordability and viability review and will be subject to approval by the Director of Housing.

We will not set the combined rent and eligible service charge for an affordable rent at a level higher than the relevant Local Housing Allowance rates for the property.

- **Annual rent review**

Affordable rents will change in the course of the tenancy in line with the annual rent charge determined by Government. Rents will not be rebased or refactored during the tenancy term.

4.0 Garages

Garage rents are not subject to central government directives. The Council will set the rental charge of garages annually; this will be approved at Full Council under a separate reporting cycle.

5.0 Pay to stay

The Council has the discretion to charge higher income social tenants a rent equivalent to full market rent; this model is known as Pay-to-Stay. The Council does not currently operate nor wish to implement the model.

6.0 Notification to tenants

The Council will set rents annually by giving tenants at least 28 calendar days notification of a variation to their rent charge. This is in accordance with the terms of their tenancy agreement and legislation.

The Council will record rent data on its housing management system. All of the Council's key performance indicators related to rent will be closely monitored and reported against routinely through the Council's performance management framework.

7.0 Notification to the Regulator of Social Housing

The Council will communicate with the Regulator in an accurate and timely manner providing all data and information required in respect of compliance with the Rent Standard 2020.

8.0 Review of this policy

This policy will be reviewed in five years, unless legislative or regulatory changes require an earlier review. It is envisaged that the next review will be carried out for the 2024/25 rent year.

Glossary of terms

Affordable rent

A tenure introduced by the Government to charge rents up to 80% of market rates, inclusive of service charges.

Consumer price index

A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Housing Revenue Account

A ring fenced account held by local authorities funded by rents to provide landlord services.

Market rent

The amount of rent that can be expected for the use of a property, in comparison with similar properties in the same area, calculated using the Royal Institution of Chartered Surveyors approved valuation methods.

Shared ownership

Part rent/ part buy housing schemes.

Social formula rate

A formula to enable social landlords to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock and continue to function as financially viable organisation. The formula-based approach is to ensure that similar rents are paid for similar social rent properties. The basis for the calculation of a social formula rate rent is:

- 30% of a property's rent is based on relative property values;
- 70% of a property's rent is based on relative local earnings; and
- A bedroom factor is applied so that, other things being equal, smaller properties have lower rents.

Rent caps

A maximum ceiling on the social formula rate rent set by Government.

Rent caps apply as a maximum ceiling on the social formula rate rent, and depend on the size of the property. Where the formula rate rent would be higher than the rent cap, the rent cap will be used instead.

The formula rate rent caps for 2019/20 have been set by Government and will increase by CPI (at September of the previous year) plus 1.5% each year.

In the case of an existing tenant whose social formula rate rent is above the rent cap the property will continue to be governed by the CPI plus 1% annual rent change. However, where such a property comes up for re-let, the new rent will be set at up to the rent cap level.

Rent flexibility level

Flexibility to set rents at up to 5% above social formula rate rent on general needs housing and up to 10% for sheltered and supported housing. In applying the flexibility a housing provider should ensure there is a clear rationale for doing so which takes into account local circumstances and affordability.

References

Legislation and Guidance:

- Secretary of State for Housing, Communities and Local Government – The Direction on the Rent Standard. Feb 2019 (final form).
- Ministry of Housing Communities and Local Government: Policy statement on rents for social housing. Feb 2019 (final form).
- Regulator of Social Housing Rent Standard. April 2020 (Decision statement).

APPENDIX 1

Record of the consultation with our tenants on the new rent setting policy

The government's policy statement on rents for social housing recognises that registered housing providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the policy statement contains flexibility for registered housing providers to set rents at up to 5% above formula rent for general needs housing (10% for sheltered/supported housing). If applying this flexibility, registered housing providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.

Somerset West and Taunton's new rent setting policy states that it will apply this flexibility in full and our social formula rate rents will be 5% higher for general needs and 10% higher for sheltered and supported housing than the level established under the prescribed calculation.

The council has an increasingly important role to play in housing and having the necessary rental income with which to maintain and manage existing homes, support the delivery of new homes and invest in a range of enabling activities will be a great benefit to the council, its tenants and local communities.

The council's use of rental income is subject to the Housing Revenue Account (HRA) ring fence which prevents council rents from subsidising council tax and the council's General Fund. The rental income generated through the council's new rent setting policy is to be used to deliver its future plan:

- Invest in building more desperately needed new homes:

We will deliver over 1000 new homes over the next 30 years through a range of housing options to support our vision.

Within the Somerset West and Taunton area 4,408 (at 07/11/19) households have applied and are waiting for housing on the council's register for accommodation (Homefinder Somerset), representing 40% of total applicants registered. Between 1 January and 30 October 2019 a total of 119,112 bids for accommodation were placed by 7,801 households on homes across Somerset. For the Somerset West and Taunton area, of the 141 homes advertised during July to September 2019, the average number of bids received per property was 82. The highest number of bids received 296 was for a 1 bed bungalow in the centre of Taunton.

- Make significant investment into carrying out major repairs and improvements to existing homes:

We will be making significant investments to provide energy efficient housing for our tenants that are both affordable and warm to live in.

Recognising the importance of decent accessible homes for people with support needs we will enhance our current sheltered housing stock so that people living in their homes are safe and well. We will invest in disabled adaptations to support people to remain living in their home. Such works will aid the viability of our existing sheltered housing schemes.

- Invest in activities that support tenants and communities:

To help tenants sustain their tenancies we will continue to invest in improving access to debt and welfare benefit advice, employment and training.

To prevent tenancy breakdown and promote independent living we will continue to invest in mental health and well-being support services.

Where we have council housing we will invest in a range of local projects and groups that have a positive impact, enabling our tenants and communities to thrive.

Somerset West and Taunton Council's Tenants' Strategic Board at their meeting on the 15th January 2020 were consulted on applying rent flexibility to individual social formula rents (on the re-letting of a property to a new tenant). The Board were provided with a table of information on the amounts of increases, with comparisons being made with other rents available in the local area. Information on the Local Housing Allowance rates was also provided.

At their meeting on the 15th January 2020 the Tenants' Strategic Board approved/did not approve the applying of rent flexibility levels to social formula rate rents.

Somerset Equality Impact Assessment

Organisation prepared for	Somerset West and Taunton Council		
Version	1	Date Completed	January 2020

Description of what is being impact assessed

Somerset West and Taunton Council (SWT) Housing Revenue Account (HRA) Business Plan 2020 – 2050

The strategic objectives of the business plan are to: Deliver more new homes; Provide great customer service; and Improve existing homes and neighbourhood.

HRA budget setting 2020/21

The HRA budget setting report enables the council to set a balanced budget for 2020/21 that reflects SWT’s HRA business plan and takes into account councillor’s priorities. The report provides an overview of the finances for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two.

Council housing rent setting policy from April 2020 for a period of up to 5 years

To ensure continued investment in the management, maintenance and development of council housing stock to ensure the needs of existing and potential tenants are met, and to provide enhanced support for families and communities experiencing hardship.

HRA fees and charges for 2020/2021

To increase the fees and charges from April 2020 for the HRA to ensure sufficient financial resources are in place to deliver the services.

Evidence

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

Data:

Major changes in national housing finance and housing policy – 2019/20

Somerset West and Taunton's Corporate Strategy 2020 – 2024

The most current available data on our tenants and our housing stock.

(Note: Further work will continue in this area as tenant engagement resources are increased)

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

Engagement:

Consultation and regular meetings with the SWT Tenants Strategic Board during 2019/20

Wider engagement with councillors in the development of the HRA Business Plan 2020–2050 throughout 2019/20

Analysis of impact on protected groups

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

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<p>People will benefit from the overall investment in council housing.</p> <p>The increased choice of affordable housing type, size and tenure provides housing options for all age groups.</p> <p>Improvements in energy efficiency will help to protect tenants, whatever their age or the hardships they experience, from fuel poverty.</p> <p>The rent setting policy and the increase to fees and charges will be applied across our housing stock. This increase in the gross rental charge for existing tenants and new tenants moving into our housing will have a neutral effect on protected groups. The cost rise to tenants is a relatively modest one and follows four years of rent reductions for tenants. The rise will enable the council to continue to provide an excellent range of services.</p> <p>Note: A total of 3,265 (58%) of our existing tenants are in receipt of help with housing costs i.e. Housing Benefit or Universal Credit.</p> <p>The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.</p>	□	⊗	⊗

	Communications on any complex changes may disproportionately worry tenants in sheltered/supported housing.			
Disability	<p>People will benefit from the overall investment in council housing.</p> <p>Specific provision for a range of new adapted properties will be made to provide a housing choice for those with a disability.</p> <p>Eligible tenants will particularly benefit from the provision of disabled adaptations (major and minor) to existing council housing.</p>	□	□	☒
Gender reassignment	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	□	□	☒
Marriage and civil partnership	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	□	□	☒
Pregnancy and maternity	<p>People will benefit from the overall investment in council housing.</p> <p>Within the business plan there is potential for investment in better quality and additional family housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	□	□	☒

<p>Race and ethnicity</p>	<p>People will benefit from the overall investment in council housing.</p> <p>Wider tenant participation and engagement will increase the proportion of tenants providing feedback to inform service improvements.</p> <p>Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location.</p> <p>Communication about the business plan may not fully reach those for whom English is not their first language.</p>	☒	☒	☒
<p>Religion or belief</p>	<p>People will benefit from the overall investment in council housing.</p> <p>Developing and supporting staff to provide great customer service will ensure appropriate and sensitive services are delivered to the religious or belief requirements of tenants.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	☐	☐	☒
<p>Sex</p>	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	☐	☐	☒
<p>Sexual orientation</p>	<p>People will benefit from the overall investment in council housing.</p> <p>Investment in our communities will ensure information about our services is accessible so that people can benefit from all our activities. People experiencing alarm, distress and harassment will benefit from</p>	☐	☐	☒

	<p>investment being made into providing great customer services which will be community inclusive.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>			
<p>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</p>	<p>Property lettings will be allocated via the choice based lettings system - Homefinder Somerset, which has equality and diversity policies in place to ensure protected groups are not disadvantaged.</p> <p>The rent setting policy and the increase to fees and charges will be applied across our housing stock. This increase in the gross rental charge for existing tenants and new tenants moving into our housing will have a neutral effect on protected groups. The cost rise to tenants is a relatively modest one and follows four years of rent reductions for tenants. The rise will enable the council to continue to provide an excellent range of services.</p> <p>The application of rent tolerances for certain individual properties will take account of local factors and concerns, in consultation with tenants.</p> <p>To help support tenants on low incomes the housing service will continue to provide a number of initiatives to enable them to manage their finances and maximise their income:</p> <ul style="list-style-type: none"> • Publish clear information on rent which helps tenants to manage their own finances; • Signpost tenants to a relevant benefit agency to help ensure they are maximising their income to meet their living costs; • Take action to raise the awareness of accessing a range of welfare benefits; and 	<p>□</p>	<p>⊗</p>	<p>⊗</p>

	<ul style="list-style-type: none"> • Provide the opportunity to access direct support in checking they are in receipt of the welfare benefits they are entitled to claim. <p>The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.</p>			
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Negative outcomes action plan

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

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Communications on any complex changes may disproportionately worry tenants in sheltered/supported housing. We will communicate with all tenants to explain any significant changes affecting them and what we are investing in.	2020 - ongoing	Case Management Leads	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
There is potential to alienate specific ethnic groups when housing is identified for regeneration/redevelopment. We will consider re-supply of appropriate housing to meet the needs of ethnic groups as part of any future regeneration/redevelopment.	2020 - ongoing	Development and Regeneration Lead	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
Those for whom English is not their first language are not made fully aware of changes. We will offer translation of communication into alternative languages. We will engage	2020 - ongoing	Case Management Leads	Regular meetings and wider	<input type="checkbox"/>

with minority groups using existing tenant involvement channels.			engagement with stakeholders.	
There is potential to alienate religious or belief groups when housing is identified for regeneration/redevelopment. We will consider re-supply of appropriate housing to meet the needs of any religious or belief groups as part of any future regeneration/redevelopment scheme.	2020 - ongoing	Development and Regeneration Lead	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
<p>The rent setting policy and the increase to fees and charges will be applied across our housing stock. This increase in the gross rental charge for existing tenants and new tenants moving into in our housing will have a neutral effect on protected groups. The cost rise to tenants is a relatively modest one and follows four years of rent reductions for tenants. The rise will enable the council to continue to provide an excellent range of services.</p> <p>To help support tenants on low incomes the housing service will continue to provide a number of initiatives to enable them to manage their finances and maximise their income:</p> <ul style="list-style-type: none"> • Publish clear information on rent which helps tenants to manage their own finances; • Signpost tenants to a relevant benefit agency to help ensure they are maximising their income to meet their living costs; • Take action to raise the awareness of accessing a range of welfare benefits; and • Provide the opportunity to access direct support in checking they are in receipt of the welfare benefits they are entitled to claim. 	2020 – ongoing	Case Management Leads	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>

<p>As the report states, it is acknowledged that there may be an increase in the level of rent arrears. The proposed budgets for rental income in 2020/21 make a provision for an increase in arrears/bad debt.</p> <p>The impact of both investment prioritisation and improvements to service delivery will be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan.</p>	<p>2020/21</p> <p>2021 – ongoing</p>	<p>Case Management Lead – Finance</p> <p>Director of Housing</p>	<p>Regular meetings. Annual review of the HRA financial model.</p> <p>Annual review of the HRA business plan.</p>	
<p>If negative impacts remain, please provide an explanation below.</p>				
<p>Completed by:</p>	<p>Stephen Boland</p>			
<p>Date</p>	<p>7th January 2020</p>			
<p>Signed off by:</p>				
<p>Date</p>	<p>January 2020</p>			
<p>Equality Lead/Manager sign off date:</p>				
<p>To be reviewed by: (officer name)</p>	<p>Stephen Boland</p>			
<p>Review date:</p>	<p>31st March 2021</p>			

Report Number: SWT 20/20

Somerset West and Taunton Council

Executive – 22 January 2020

Housing Revenue Account (HRA) Budget Estimates 2020/21 (Including Rent Setting and Fees and Charges)

This matter is the responsibility of Executive Councillor Francesca Smith

Report Author: Kerry Prisco, Finance Specialist

1 Executive Summary

- 1.1 This report updates Members on the proposed HRA Annual Revenue Budget and Capital Programme for 2020/21, the proposed Rent Setting for the average weekly rent for 2020/21 and the proposed Fees and Charges for 2020/21.
- 1.2 The proposals included in this report would enable the Council to set a balanced budget for the HRA for 2020/21.

2 Recommendations

- 2.1 The Executive and Full Council are asked to approve the following recommendations:
- 2.2 In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for existing tenants will be an increase of CPI+1% to the average weekly rent, from £80.87 per week to £83.05 per week.
- 2.3 In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 5% for general needs to the average weekly rent, from £80.87 per week to £87.21 per week.
- 2.4 In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 10% for sheltered/supported and extra care dwelling rents to the average weekly rent, from £80.87 per week to £91.36 per week.
- 2.5 To increase non-dwelling rent and service charges in line with national policy by CPI+1% for 2020/21, with the exception of garages for private and shared ownerships tenants which would increase from £10.32 (including VAT) to £12.00 (including VAT).
- 2.6 To approve the HRA Annual Revenue Budget for 2020/21.

2.7 To approve the HRA Capital Programme for 2020/21.

3 Risk Assessment

3.1 The purpose of this section is to highlight the key external risks that may pose a threat to the successful delivery of the HRA 2020 Business Plan. The Council will need to be alert to the following issues:

3.2 Welfare Reform: The HRA has already taken steps to try and prevent loss of income where possible. The potential impact of existing and further welfare reform measures will need careful management in order to protect our rental income. Universal Credit remains the greatest potential risk to our income for us and most other providers.

3.3 Exiting the EU: The process of exiting the European Union remains in a state of uncertainty about what is exactly going to happen. This could affect the cost of goods/materials, services, development and funding.

3.4 Housing Policy: On the 14 August 2018 the government published its Social Housing Green Paper in response to the tragedy at Grenfell Tower. Whilst the initial consultation has now closed, we are still awaiting the outcome of this consultation and any regulatory changes that this may bring.

3.5 Independent Review of Building Regulations and Fire Safety: The final report sets out over 50 recommendations for government as to how to deliver a more robust regulatory system to ensure that the buildings residents live in are safe and remain so. We are awaiting the final regulatory changes, but know that the Council will need to respond to the evolving requirements following the tragedy at Grenfell Tower and incorporate any financial impacts into the Business Plan once known.

3.6 The Regulator of Social Housing has published (October 2019) their Sector Risk Profile¹ highlighting the common strategic and operational risks that pose a threat to housing providers.
(https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/848158/Sector_Risk_Profile_2019.pdf)

4 Background

4.1 The purpose of this report is to present the proposed Housing Revenue Account (HRA) Annual Budget and Capital Programme for 2020/21, as well as the Rent Setting and the Fees and Charges proposals for 2020/21.

4.2 The HRA is a ring fenced account used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.

4.3 In April 2012, under the Localism Act 2011, the HRA (under the administration of Taunton Deane Borough Council (TDBC)) moved away from a national subsidy system

(which required an annual payment from the HRA to Central Government) to become 'self-financing'. This enabled the Council to retain all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of debt. As part of the self-financing agreement, a one-off payment of £85.198m was made to Government.

- 4.4 In order to manage the freedoms gained by the HRA through self-financing, a new 30-Year Business Plan (2012-2042) was introduced. This set out the Council's overall aims and objectives for Housing Services, as well as laying out plans to manage the increased risks and opportunities.
- 4.5 The HRA Business Plan has been reviewed and updated annually since 2012, with a full review undertaken in 2016. In response to recent changes in national policies and local aspiration, another full and comprehensive 30-year Business Plan from 2020/21 onwards has recently been undertaken, with the support of consultants Savills, and can be found as a separate report called "HRA Business Plan Review". The key changes in revenue budget from 2019/20 to 2020/21 are summarised from paragraph 5.6 below.
- 4.6 The HRA continues to face a number of risks and uncertainties, many of which could be significant but the actual financial impact is not yet known. These are discussed in section 3 above.
- 4.7 As part of the self-financing agreement, an individual housing revenue borrowing cap of £116m was implemented for TDBC. This meant that the HRA was unable to exceed a capital borrowing requirement of £116m within the HRA Business Plan. In October 2018 this borrowing cap was officially removed.

5 The HRA 2020 Business Plan and Annual Revenue Budget for 2020/21

- 5.1 The 2020 Business Plan review was undertaken as a direct result of a number changes in both national policies and local aspiration; we have seen the debt cap removal in October 2018, the introduction of the Regulator of Social Housing's new Rent Standard from April 2020 and a new Somerset Housing Strategy published in March 2019. The Grenfell tragedy has prioritised landlord compliance such as fire and safety, the declaration of a climate emergency and a new leadership aspiration to build 1000 new homes in 30 years.
- 5.2 The HRA 2020 Business Plan review was undertaken to assess the affordability and viability of these aspirational schemes and the financial impact of regulatory changes, to determine what schemes could actually be delivered and when.
- 5.3 The current assumptions within the Business Plan indicate that the new build aspirations are affordable and viable but require the maximisation of future rental income through the application of options available within the boundaries of national policy, as this will require significant capital investment and borrowing over the next 10 years.
- 5.4 The HRA 2020 Business Plan aims to deliver 1,000 new homes over the next 30 years with a net gain of 400 homes as a result of tenants purchasing their homes through estimated RTB sales.

- 5.5 In response to the HRA 2020 Business Plan, table 1 below provides a summary of the main proposed changes to the annual revenue budget estimates from 2019/20 to 2020/21.
- 5.6 A summary of the overall HRA Revenue Budget for 2020/21 and 5-year Medium Term Financial Plan (MTFP), as a result of planned changes within the HRA 2020 Business Plan and other changes, is included in Appendix A.

Table 1: HRA Budget Setting 2019/20 to 2020/21 Changes

	Reference Paragraph	£'000
Original Budget 2019/20 – balanced budget		
<u>Income</u>	5.8	(555)
<u>Service Expenditure</u>		
Repairs & Maintenance	5.11	(10)
Grounds Maintenance	5.12	78
Insurance	5.13	(145)
Management Costs – salaries	5.14	1,533
Management Costs – other	5.18	(97)
Efficiency Savings	5.19	(100)
<u>Central Costs / Movement in Reserves</u>		
Provision for Bad Debt	5.20	120
Interest Payable	5.22	126
Interest Receivable	5.24	70
Provision for Depreciation	5.25	229
Provision for Repayment of Borrowing	5.27	0
Revenue Contribution to Capital (SHDF)	5.28	(1,170)
Movement in Reserves	5.29	(79)
Proposed Original Budget for 2020/21 i.e. net transfer to reserves		0

- 5.7 The main changes include:
- 5.8 **Rental Income:** between April 2016 and March 2020 all social housing landlords were required to reduce the rent payable by tenants by 1% each year in accordance with the Welfare Reform and Work Act 2016 Social Rent Reduction. The introduction of the Regulator of Social Housing's new Rent Standard from April 2020 states that social housing landlords can now increase the rent payable by tenants by CPI+1% annually for a period of five years. This rate also applies to service charges. More information can be found in section 6 below.

- 5.9 It is also being proposed to apply “rent flexibility” from April 2020 which could generate approximately £100k in the first year. However the financial impact is not being budgeted for until 2021/22 due to the application of this rent flexibility to new tenants only.
- 5.10 This also includes a realignment of the RTB Admin Grant and GF Contribution under ‘income’ instead of ‘expenditure’.
- 5.11 **Repairs & Maintenance:** an additional £50k has been included for Standard Assessment Procedure (SAP) energy performance certificates and stock validation as well as £42k to service 600 air source heat pumps. The repairs and maintenance service is also hoping to achieve a reduction in cost of £50k from contract savings and another £52k cost saving through the capitalisation of scaffolding costs.
- 5.12 **Grounds Maintenance Service Charges:** Tenants pay a weekly service charge towards the costs of maintaining the grounds around the area within which they live, for example grass cutting, shrub pruning, weeding, etc. The Service Level Agreement (SLA) for 2020/21 has been increased to £778k in line with the increase in the proposed Grounds Maintenance Service Charge from £1.90 to £1.95 per week.
- 5.13 **Insurance:** following an authority wide re-tender exercise for insurance premiums the new authority has been successful at significantly reducing their annual premiums. It is estimated that a saving against budget of £145k will be seen across the HRA including leaseholders, shops and meeting halls.
- 5.14 **Management Costs – salaries:** Following the Council decision to establish a structure of four Directorates, a new Housing staff structure will be implemented. Whilst most roles will “lift and shift” from the current structure some vacancies will arise where we require a new focus to meet the housing business objectives. The new structure contains growth and new emphasis in relation to development and regeneration to meet our current and future aspirations, along with landlord safety and compliance, tenant engagement and customer experience, performance and finance.
- 5.15 The Housing Directorate staff structure will incorporate direct staff costs relating to both the HRA and the general fund (GF) homeless function. The HRA will also receive the benefit of central support services delivered by staff in the GF, such as procurement, accounts payable, facilities management, HR/Payroll and finance, etc. The HRA will fund a proportion of these costs for the central support services received.
- 5.16 As reported to Full Council on the 3rd December 2019, the Council’s leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The HRA will need to take on a share of these transition and service resilience cost pressures in year 1, but will see a cost reduction going forwards as the Council works to deliver the service process efficiencies. The HRA will also need to fund a share of the temporary staff delivering the corporate change programme.

5.17 In table 1 above you can see an increase in budget of £1.533m relating to staffing costs for 2020/21 with table 2 below providing a breakdown of this cost and high level projections for future years.

Table 2: HRA Staffing Costs for 2020/21 and Future Year Projections

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Housing Directorate - HRA Direct Staff Costs		6,323	6,481	6,643	6,809	6,979
Housing Directorate - GF Direct Staff Costs		960	984	1,009	1,034	1,060
Central Support Service Costs		845	866	888	910	933
Central Support Service Costs - One Off		315	-	-	-	-
Central Support Service Costs - Change Programme		140	72	-	-	-
	7,050	8,583	8,403	8,539	8,753	8,972
Inflation @ 2.5%			205	208	213	219

5.18 **Management Costs – other:** there has been some reduction in budget requirements through the reassessment of budget needs across tenancy and management delivering savings of £97k.

5.19 **Efficiency Savings:** an efficiency target of £100k in 2020/21 rising to £150k per year from 2021/22 has been included within the Business Plan, as we aspire to drive forward improvements in service delivery to realise cash benefits. We have “lean” reviews underway in the “big three” processes of income management, voids and response repairs. With more reviews planned.

5.20 **Change in Provision for Bad Debt:** the previous two iterations of the Business Plan, in 2012 and 2016, made a provision at 2% for the expectation that the changes in Welfare Reform would result in increased levels of non-payment of rent and service charges. Whilst new claimant’s moved to the new Universal Credits scheme from 2016, the migration of existing claimants has experienced continued delays. It is also worth noting that the Universal Credit scheme pays claimants in arrears and not in advance, as we currently expect our rental payments to be made.

5.21 The 2020 Business Plan includes a new two year provision at 0.75% (£180k in 2020/21) of dwelling rental income, dropping to 0.5% thereafter, to mitigate the financial risk associated with a possible increase in unrecoverable rental income due to the forthcoming “managed migration” to the Universal Credits scheme that is indicated to be completed by March 2023. Provision for bad debt is a year-end accounting

adjustment that cannot be forecast with certainty prior to closing the final accounts. Any un-used provision for bad debt will be transferred into an earmarked reserve at the end of the year to manage any further timing differences in the implementation of the Universal Credits scheme.

- 5.22 **Interest Payable:** The majority of existing external borrowing is based on fixed interest rates for the term of the loan, with only two loans based on variable rates of interest. Therefore we are able to predict the interest payment for these elements with a high degree of certainty. The HRA has also increased internal borrowing from the General Fund which is charged at the average borrowing rate across the authority. The estimated budget for 2020/21 is £2,744,700 which is an increase of £125,900.
- 5.23 The HRA is investigating taking on additional external borrowing to fund the North Taunton regeneration scheme to reduce internal borrowing. The Section 151 Officer is seeking advice from Arlingclose, the Council's Treasury advisors, to identify the optimum route that minimises debt costs and risk to finance these loans. Consequently budgets will be revised during the year to accommodate this cost with funding available, for example from repayment of borrowing.
- 5.24 **Interest Receivable:** with internal borrowing exceeding investments there is no expectation to obtain any interest receivable payments.
- 5.25 **Provision for Depreciation:** Depreciation is transferred to the Major Repairs Reserve (MRR) and is used to fund the capital programme and/or repay debt. From 2017/18 depreciation has been required to be included within the HRA accounts on a component accounting basis. This means depreciation will need to be calculated on each of the major components of each house e.g. kitchen, bathroom, rather than being based on the Major Repairs Allowance (MRA), an estimation of the works needed to maintain the stock in good condition.
- 5.26 Depreciation is a year-end accounting adjustment that cannot be forecast with certainty prior to closing the final accounts. The estimated depreciation for 2020/21 is based on those calculations made for 2018/19 plus an allowance for sales and purchases during the year. This is an increase of £227,580.
- 5.27 **Provision for Repayment of Borrowing:** The current voluntary revenue provision (VRP) to repay debt is £1.821m. The Business Plan proposes to continue to use this amount to reduce future capital financing requirements for the next 10 years. Thereafter all surplus funds will be prioritised to repay debt at the earliest opportunity.
- 5.28 **Revenue Contribution to Capital:** a revenue budget of £1.17m has previously been used to help fund the Social Housing Development Capital Schemes. It is proposed to remove a budgeted revenue allocation entirely as a source of funding for capital schemes in order to provide more revenue resources for direct service delivery capacity.
- 5.29 **Movement in Reserves:** the social housing development fund earmarked reserve will be used to fund the development team ahead of becoming part of the base budget.

5.30 Other changes not directly influenced by the Business Plan include:

5.31 **Minimum general reserve balance:** under the Council's wider Financial Strategy the Executive has agreed a new minimum Operational Target of £2.4m and a new minimum Financial Resilience Target of £1.8m, for the HRA general reserve balance. Remaining at or above these targets provides added financial resilience to risks such as bad debt, if needed.

5.32 **Inflation:** Staffing costs have been inflated by 2.5% (0.5% for increments and 2% for pay inflation). Income has been inflated at Consumer Price Index (CPI) plus 1% where CPI is 1.7% at September 2019.

6 Income

6.1 Dwelling Rental Income (including Shared Ownership)

6.1.1 The Government introduced the Welfare Reform and Work Act 2016 Social Rent Reduction, which required all social housing landlords to reduce the rent payable by tenants by 1% each year for 4 years between April 2016 and April 2019 (excluding shared ownership homes and temporary accommodation). This superseded the Government's previous 10 year rent increase policy implemented in April 2015.

6.1.2 On 26 February 2019 the Ministry of Housing, Communities and Local Government confirmed that increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020. The September 2019 CPI figure is 1.7% as published by the Office for National Statistics on the 16 October 2019.

6.1.3 The Regulator of Social Housing has now issued a new Rent Standard for 2020 under the direction of the Government. This new Rent Standard will now apply to all housing associations, whereas previously Local Authorities were excluded from such standards.

6.1.4 A separate Rent Setting Policy, covering the content and those elements proposed to be adopted by the Council contained within the Regulator of Social Housing's Rent Standard 2020, is also being presented to the Strategic Tenants Board and the Council to recommend the Dwelling Rental Income and Shared Ownership Rent for 2020/21, as part of the HRA 2020 Business Plan report.

6.1.5 The Rent Setting Policy recommends that social rents for existing tenancies will be reviewed annually and any increases will not exceed the limit of Consumer Price Index (CPI) plus 1% for 5 years from April 2020.

6.1.6 *Therefore in accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the recommended Dwelling Rent for 2020/21 for existing tenants will be an increase of CPI+1% to the average weekly rent, from £80.87 per week to £83.05 per week.*

6.1.7 The new Rent Standard also provides the option to apply a one-off rent flexibility allowance to increase rents further. Therefore, in addition to applying CPI+1%, the

Council's new Rent Setting Policy provides an additional option to apply this one-off increase of 5% on general need and 10% on sheltered/supported housing. This would be applied to rents for new tenants only. This would provide an estimated additional income of £100k per year, which we would budget to see the benefit of this from 2021/22 onwards.

6.2 *Therefore in accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the recommended Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 5% for general needs to the average weekly rent, from £80.87 per week to £87.21 per week.*

6.3 *Therefore in accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the recommended Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 10% for sheltered/supported and extra care dwelling rents to the average weekly rent, from £80.87 per week to £91.36 per week.*

6.3.1 Whilst in the past the Council did not apply such tolerances, the Council now has an increasingly important role to play in providing great homes for local communities. This will require having the necessary rental income with which to fund the maintenance and management of existing homes, whilst also supporting the delivery of new homes and to supporting tenants within their communities. This is emphasised and explained further within the Business Plan and Rent Policy.

6.3.2 This ability to increase rents also enables the Council to play catch-up following the last 4 years imposed 1% reduction in rents. Table 3 below shows what the average weekly rent would have been if rents had been increased by 1% or 2% each year from a base line of 2015/16 (e.g. before the 4 year 1% rent reduction was imposed).

Table 3 – Average Weekly Rents Comparison

	Baseline	1% reduction each year for 4 years				CPI+1% for 5 years				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22	2020/23	2020/24	2020/25
Actual / Proposed	84.15	83.32	82.50	81.68	80.87	83.05	85.30	87.60	89.96	92.39
If increased by 1%	84.15	85.00	85.85	86.70	87.57	88.45	89.33	90.22	91.13	92.04
If increased by CPI at 2%	84.15	85.84	87.55	89.30	91.09	92.91	94.77	96.67	98.60	100.57

6.3.3 Therefore where options are presented to increase rents within the boundaries of national policies these should be considered carefully. These decisions will have a long term impact on the 30-year Business Plan, with regards to the affordability of operating the service, planned capital investment, and meeting debt repayment obligations.

6.3.4 **Void Loss:** Rent lost through void periods continue to be lower than the 2% allowed in the original Business Plan. Therefore it has been deemed appropriate to reduce the expected void rate to 1.25% for a five year period, reducing to 1% thereafter, and to also consider voids as a result of regeneration needs.

6.4 **Non-Dwelling Rental Income and Service Charges Income**

- 6.4.1 This incorporates income from non-dwelling rents (mainly garages but also shops, land access and meeting halls), charges for services and facilities, and contributions to HRA costs from leaseholders and council tenants. This accounts for approximately 8% (c£2m) of total HRA income.
- 6.4.2 **Service Charges:** Housing Service Charges are made to housing tenants for the services that they use. Service Charges are set locally each year and are in addition to the Rent Charges.
- 6.4.3 Charges to leaseholders will continue to be based on actual costs incurred.
- 6.4.4 The Government issued a direction to the Regulator of Social Housing to set a new Rent Standard to be effective from April 2020. The proposed Policy Statement recommends registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI+1%, to help keep charges affordable. The September 2019 CPI figure is 1.7% as published by the Office for National Statistics on the 16 October 2019.
- 6.4.5 The Council is proposing to increase service charges by CPI+1% for 2020/21, as shown in Appendix B - Table 1 and 2, to ensure they remain affordable for the tenants.
- 6.4.6 **Garage Rents:** The proposal is to increase garage rents for private tenants and owner occupier so that they are in line with the open market value rental rate at £12 (including VAT) per week for 2020/21. Thereafter, these will be increased on an annual basis using CPI+1%. The increase for garage rents for council tenants will be CPI+1%. Please see Appendix B - Table 3.
- 6.4.7 This means for council tenants the weekly rent will increase from £6.37 per week to £6.54 per week – an increase of £0.17 per week or 2.7% (last year 3.3%). For private tenants and owner occupiers the weekly rent will increase from £10.32 (including VAT) per week to £12 per week (including VAT) – an increase of £1.68 per week or 16.3% (last year 3.3%). This equates to additional income of approximately £54k.
- 6.4.8 **Meeting Halls:** The fees levied for 2020/21 for meeting room hire will be increased by CPI+1% and then rounded to the nearest 10p as requested by tenants during feedback provided in 2017/18. Please see Appendix B - Table 4.
- 6.4.9 **Guest Rooms:** The fees levied for 2020/21 for meeting room hire will be increased by CPI+1% and then rounded to the nearest 50p as requested by tenants during feedback provided in 2017/18. Please see Appendix B - Table 5.
- 6.4.10 **Temporary Accommodation:** The fee for temporary accommodation is broken down into two elements: the licence fee and the service charge. The proposed licence fee and service charge for 2020/21 are summarised in Appendix B – Table 6.
- 6.4.11 **Licence Fee:** Whilst the Housing Benefit (HB) subsidy is regulated, the amount social landlords can charge for temporary accommodation is not. Temporary accommodation is also exempt from the new Rent Standard. The proposal for 2020/21 is to continue

setting the temporary accommodation licence fee at 100% of the permitted Local Housing Allowance (LHA) ordinary rate as of April 2020.

- 6.4.12 The LHA for 2020/21 will not be published until approximately January 2020, so therefore the rates shown in table 6 state the current 2019/20 LHA rates and these will change in accordance with the rates officially published by the LHA.
- 6.4.13 This will result in an increase of £1.56 per week on a 3 bedroom, a £0.98 per week on a 2 bedroom and a £0.12 per week increase on either a 1 bedroom or studio.
- 6.4.14 **Service Charge:** The proposal for 2020/21 is to increase service charges by CPI+1%.
- 6.4.15 **Exceptions:** Charges for properties not on mains sewerage. These properties charges for sewerage will be increased in line with the Wessex Water increases for 2020/21 once known. Wessex Water rates for sewerage standing charge per annum and poundage charges are used in the system calculation. For 2019/20 these are £7.00 per annum for unmetered sewerage standing charge and £1.6379 for the poundage charge payable per £ of rateable value of the property. Wessex Water will publish their new charges in February 2020 (available from their website) for 2020/21.

7 Housing Revenue Account Capital Programme for 2020/21

- 7.1 The HRA 2020 Business Plan proposes significant levels of capital investment to deliver the aspiration of 1000 new homes within the next 30 years whilst maintaining a decent homes standard.
- 7.2 The HRA Capital Programme for 2020/21, that will deliver the capital investment proposed within the Business Plan, is shown in table 4 below.
- 7.3 The 5-Year HRA Capital Programme from 2020/21 to 2024/25, that will deliver the capital investment proposed within the Business Plan, is shown in Appendix C.
- 7.4 This report does not include social housing development schemes that have been previously approved where the spending is planned to be incurred in 2020/21 onwards, for example North Taunton Regeneration.

Table 4: HRA Capital Programme for 2020/21

Capital Investment	Total Cost £000
Major Works	5,379
Improvements	2,150
Related Assets	100
Exceptional Extensive	350
Disabled Adaptations	300
Vehicles	121
ICT	546
Social Housing	6,898
Total Proposed HRA Capital Programme 2020/21	15,844

- 7.5 The estimated capital investment per scheme and the scheme itself is explained in more detail below. Whilst Officers have estimated the planned spend based on information currently available to them, these estimates are subject to change depending on contract negotiations, contractor availability, demand on the business, the condition of voids returned to the council and changing business priorities. Therefore any changes to the profile of spend between schemes will be subject to approval by the Housing Director and the Housing Portfolio Holder, and reported as part of the 4-monthly budget monitoring reports.
- 7.6 It is proposed that the HRA Capital Programme for 2020/21 shown above in table 4 will be funded from an appropriate combination of Major Repairs Reserves (from depreciation), revenue contributions (RCCO), capital receipts (Right to Buy), capital grants and borrowing.
- 7.7 A summary of the estimated funding profile for the 2020/21 capital programme is shown in the table 5 below. The final funding profile will be agreed by the Section 151 Officer as per the financial procedure rules.

Table 5: Capital Investment Funding Estimates

Capital Investment	Total Funding £000
Major Repairs Reserve	6,759
Revenue (RCCO)	0
Capital (RTB) Receipts	2,069
Capital Grant Receipts	187
Borrowing	6,829
TOTAL Funding	15,844

7.8 Major Works

- 7.8.1 These schemes will be focusing on ensuring that a decent homes standard is maintained and that the housing stock major components are replaced periodically as per our capital works programme for 2020/21. This will also include unplanned major works on voids where the property is returned in a poor condition and requires a full re-work ahead of the capital works programme.
- 7.8.2 The Major Works capital programme will be broken down into component schemes, with table 6 below showing the estimated amount to be spent on each scheme.

Table 6: Major Works

Capital Scheme	Total Cost £000
Kitchens	100
Bathrooms	100
Roofing	50
Windows	1,000
Heating (Open Vented)	1,050
Doors	100
Fasciae and Soffits	750
Door Entry Systems	400
Voids Kitchens and Bathrooms	150
Drainage	50
Scaffolding	979
Heating for Warmer Homes	262
Insulation	388
Total	5,379

7.9 Improvements

7.10 The Improvements capital programme will be focusing on ongoing fire safety works and ensuring all housing stock continues to adhere to the fire safety regulations. The one-off fire safety works will focus on the replacement of key components.

7.10.1 The Improvements capital programme will be broken down into component schemes, with table 7 below showing the estimate amount to be spent on each scheme.

Table 7: Improvements

Capital Scheme	Total Cost £000
Fire Safety (ongoing)	150
Fire Safety (one off)	2,000
Total	2,150

7.11 Related Assets

7.11.1 The Council also owns a number of related assets in addition to the housing stock. These include garages, meeting / community halls and shops. The proposed capital investment of £100k will ensure that these assets are maintained as required.

7.12 Exceptional Extensive Works

7.12.1 This capital investment of £350k will be used primarily for asbestos removal and works to the Council's non-traditional properties.

7.13 Disabled Facilities and Aids and Adaptations

7.13.1 This is an annual recurring budget for small and large scale home aids and adaptations in tenants' homes where there are mobility issues. This budget is demand led by requests from tenants or through recommendations by occupational therapists or other healthcare professionals. Applications are made through the Somerset West Private Sector Housing Partnership.

7.13.2 The demand for adaptations has been historically lower than budget and provision has been made in the 2020 Business Plan to reduce this to £300k per annum. This will be achieved with a number of steps being taken, such as moving towards more cost effective installations of wet floor shower rooms through a new fixed price contract; switching from concrete ramps to better value metal modular ramps; and a move toward stairlift loans and recycling, rather than purchases. These measures will ensure that the service stays within reduced budgets without impacting tenants.

7.14 Vehicles

7.14.1 The service uses a combination of both owned and leased vehicles depending on the complex nature of the vehicle requirements, to deliver services to our tenants. This capital investment of £121k per year is to cover the replacement cost of owned vehicles on a cyclical basis.

7.15 IT Systems and Software Improvements

7.15.1 There are a number of business critical IT systems and software applications used to run the HRA. These include Academy, Open Contractor, Codeman, Abritas and e5. This capital investment of £546k is to support the Housing Technology Programme which is planning to deliver the replacement of Academy into the Open Housing as well as the implementation of Open Assets.

7.15.2 The HRA will also need to fund a share of the future corporate technology change programme which includes renewing contracts / licence agreements and upgrading to Microsoft 365, as well as e5 contractual upgrades and the implementation of new accounts payable invoicing software.

7.15.3 All of the above will also require IT infrastructure upgrades to add additional server capacity into the data centre to allow us to create the new services that these projects required.

7.16 Social Housing Development

7.16.1 A budget of £6.898m has been included within the capital programme as a back stop to ensure that we are able to meet our total spend requirements for 2020/21 under the RTB "1-4-1 Agreement" (explained in section 9 below). This would be funded 30% from retained RTB capital receipts.

7.16.2 This equates to approximately 42 new social housing units and directly delivers on the aspiration for an additional 500 homes in the next 10 years

7.16.3 There are a number of individual social housing schemes that are currently being developed. As individual schemes are presented to Full Council for approval, the need

for the notional amount of £6.898m would reduce as RTB spend is met through specific schemes.

8 HRA Borrowing

- 8.1 In 2012 the Council took out additional external borrowing of £85.198m as part of the self-financing settlement with the Government. This meant that the total debt owed by the HRA at the start of self-financing was £99.649m (which included £9m of pre self-financing loans and £5.451m of internal borrowing).
- 8.2 As part of the self-financing agreement, an individual housing revenue borrowing cap of £116m was implemented for TDBC. This meant that the HRA was unable to exceed capital borrowing of £116m within the HRA Business Plan. Although the Government abolished the HRA Debt Cap in October 2018, it is proposed to set a prudent debt cap for the HRA.
- 8.3 The total capital borrowing requirement (debt balance) owed by the HRA at the start of 2019/20 was £103m.
- 8.4 The HRA 2020 Business Plan assumes that there will be a significant increase in new borrowing over the next 10 years to meet the increased ambitions for capital investment. This will result in additional cost pressures to cover the financing of this new investment and refinancing of existing loans.
- 8.5 The budgeted annual provision of £1.821m for the repayment of debt will be used to repay existing debt, finance any new external borrowings as required or to reduce the year-on-year capital financing requirement. Any surplus funds from the revenue account will be used to protect reserves in the first instance but will then be used to reduce future capital financing requirements.
- 8.6 Whilst this report is focusing on the budget for year 1 of the HRA 2020 30-Year Business Plan, it is important to consider the impact that decisions taken now have on the entirety of the plan, for example the cumulative impact of future rental income and the future financing requirements of borrowings.
- 8.7 The one-off application of the rent flexibility allowance for new tenants only, if approved, will provide more headroom against our internal debt cap which means that there is less risk and more interest cover available, and enables the Business Plan to deliver the new build aspirations and reduce debt back down to approximately £129m over the 30 years.
- 8.8 The S151 Officer is working with Arlingclose, the Council's Treasury advisors, on how best to refinance the existing loans as they fall due over the next 10 years and how to take out new external borrowing to fund approved schemes such as the North Taunton Regeneration scheme, in a way that minimises debt costs and risk.
- 8.9 The funding and cash flow implications of the HRA 2020 Business Plan will be managed in line with the Council's Capital, Investment and Treasury Strategies which is approved alongside the annual budget each year.

9 Right to Buy (RTB) Receipts

- 9.1 The RTB scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The scheme saw the maximum discount increase significantly in 2012 to up to £75,000 followed by a steady increase year on year to up to £82,800 in April 2019.
- 9.2 Taunton Deane Borough Council signed up to a “1-4-1 Agreement” with the Treasury/MHCLG to retain a higher proportion of RTB the additional receipts on the proviso, and agreed that these receipts would be used to fund new social housing. This agreement continues now under SWT until such time as the Council decides to opt out. Only a small percentage of receipts from RTB sales are retained by the Council. These additional RTB receipts can only account for 30% of spend on new social housing costs, with the remaining 70% coming from other funds such as revenue funding or borrowing.
- 9.3 The RTB receipts cannot be used in the same scheme as other Government funding such as grants from Homes England. They must also be spent within three years of the capital receipt, or must be returned to Government with interest at 4% over base rate from the date of the original receipt. Receipts can be returned to Government in the quarter in which they are received with no interest payable.
- 9.4 Alternatively, the 30% RTB funding could be granted to and used by Housing Associations in the area, providing they meet the same match funding requirements. The new housing doesn’t need to be provided by the Council.
- 9.5 To date, the Council has successfully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/MHCLG.
- 9.6 **RTB Receipts Year to Date:** Table 8 below shows the number of RTB sales, the total (capital) receipts received under the new RTB discount scheme, the Council retained 1-4-1 receipts to be used for new social housing, and the total amount that would need to be spent by the Council in order to fully retain them.

Table 8: Right to Buy Receipts

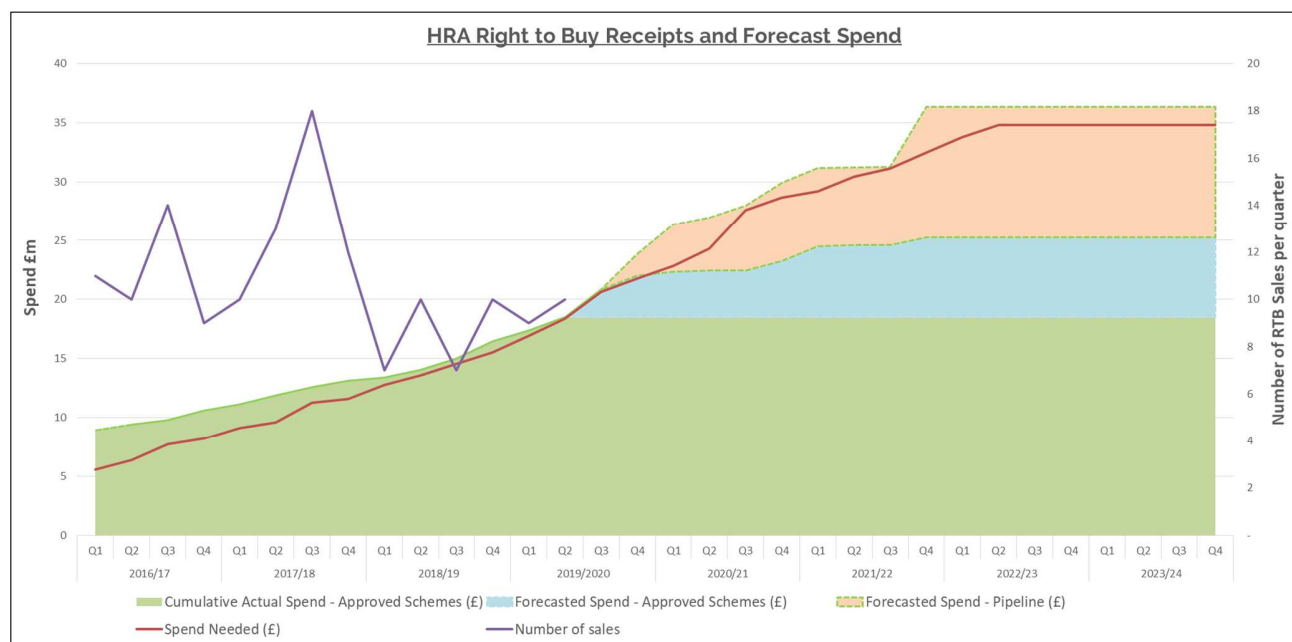
	Total 2012/13	Total 2013/14	Total 2014/15	Total 2015/16	Total 2016/17	Total 2017/18	Total 2018/19
Sales	37	47	35	38	44	53	34
Total Receipts (£k)	2,330	2,705	2,317	2,666	3,568	3,971	2,576
1-4-1 Receipts (£k)	1,234	1,230	1,005	1,193	1,864	2,069	1,149
1-4-1 Receipts Spend - Per Year (£k)				1,234	1,230	1,005	1,193
Match Funding Spend - Per Year (£k)				2,879	2,871	2,345	2,783
Total Spend Required - Per Year (£k)	-	-	-	4,112	4,102	3,350	3,976
Total Spend Required - Cumulative (£k)	-	-	-	4,112	8,214	11,563	15,539
Average number of units per year				25	25	20	24

	Total 2019/20	Total 2020/21	Total 2021/22	Total 2022/23
Sales	35	32	32	32
Total Receipts (£k)	2,317	2,576	2,576	2,576
1-4-1 Receipts (£k)	1,005	1,149	1,149	1,149
1-4-1 Receipts Spend - Per Year (£k)	1,864	2,069	1,149	1,005
Match Funding Spend - Per Year (£k)	4,349	4,829	2,681	2,345
Total Spend Required - Per Year (£k)	6,213	6,898	3,830	3,350
Total Spend Required - Cumulative (£k)	21,752	28,650	32,480	35,829
Average number of units per year	38	42	23	20

[Note that the grey data is estimated.]

- 9.7 **Forecast Spend of RTB Receipts:** The spend year to date and the current forecast spend can be shown in graph 1 below. The estimated spend on approved schemes, such as Outer Circle and Laxton Road, together with additional open market buybacks, will be sufficient to meet the RTB match funding requirements to quarter 4 of 2019/20.
- 9.8 Looking forwards over the next three years, there are a number of new build and off-the-shelf buybacks being investigated that, if approved by Full Council, together with a minimal amount of open market buybacks, will see our RTB match funding requirements achieved for the next three years.
- 9.9 This will support the aspiration for an additional 1000 homes in the next 30 years, being able to achieve this with 30% match funding from RTB Receipts, whilst ensuring we do not have to return our RTB receipts (plus interest) back to the Government.
- 9.10 However this will require significant borrowing, which is now possible since the removal of the debt cap, and will have to be managed carefully within the overall 2020 Business Plan to ensure that the revenue account can fund the interest payments and principal loan repayment.

Graph 1: Right to Buy Receipts and Forecast Spend



10 Links to Corporate Strategy

10.1 The budget proposals for 2020/21 have been prepared in line with the HRA 2020 Business Plan and newly adopted Corporate Strategy². (<https://www.somersetwestandtaunton.gov.uk/your-council/corporate-strategy/>)

11 Finance / Resource Implications

11.1 This is a finance report and therefore no further finance comments are required.

12 Legal Implications

12.1 The HRA is governed by the following legislations:

- Housing Act 1985 (Part II)
- Housing Act 1988
- Local Government and Housing Act 1989 (section 74)
- Local Government Act 2003
- Localism Act 2011

12.2 The introduction of the Local Government and Housing Act 1989 meant that the HRA was now required to become a 'ring-fenced' account, completely separated from the GF. As a consequence local authorities can only include items in the HRA for which there is statutory provision, and transfers of income and expenditure between the HRA and the General Fund are only allowed in very specific circumstances. In essence, rents cannot be subsidised by transfers from the General Fund, and Council Tax cannot be subsidised by transfers from the HRA.

12.3 The introduction of the Localism Act 2011 reformed local authority housing financing with the abolition of the national subsidy system and a move to 'self-financing' from April 2012. This meant that local authority housing revenue accounts are able to retain all rental income to meet the costs of managing and maintaining their housing stock.

13 Climate and Sustainability Implications

13.1 As part of the HRA 2020 Business Plan review a "Strategic Asset Investment Proposal For Housing In Relation to Achieving Affordable Warmth & Carbon Neutrality (Retrofit Strategy)" report was commissioned. This report was produced to inform the Council on how they could achieve carbon neutrality within the housing stock by 2050 as recommended within the "SWT Carbon Neutrality and Climate Resilience Plan".

13.2 As part of the Major Works capital programme, the HRA will be looking to replace components in a thermally efficient way where possible, for example installing air source heat pumps, external wall insulation and thermally efficient windows.

14 Safeguarding and/or Community Safety Implications

14.1 The HRA has an ongoing responsibility for the safeguarding of vulnerable people within its communities. There are no changes proposed within this report.

15 Equality and Diversity Implications

15.1 The Housing Specialist has assessed the proposals presented within this report as driven by the HRA 2020 Business Plan and Rent Policy. An equality impact assessment form can be found in Appendix D.

16 Social Value Implications

16.1 Our approach to social value will encompass the full procurement and commissioning cycles, service planning and review, decision making and policy development as described in the Council's Social Value Statement (Social Value within Procurement - June 2018).

17 Partnership Implications

17.1 The HRA budget includes significant expenditure on services provided by MIND, citizen's advice, Inspire to Achieve, Taunton East Development Trust, North Taunton and Wiveliscombe Area partnership.

18 Health and Wellbeing Implications

18.1 None for the purposes of this report. Any relevant information and decisions with regard to health and wellbeing will be reported as these emerge through the financial planning process.

19 Asset Management Implications

19.1 This report includes a section relating to the capital programme for 2020/21 and therefore no further comments are required.

20 Data Protection Implications

20.1 None for the purposes of this report.

21 Consultation Implications

21.1 Consultation will be undertaken with tenants through the Strategic Tenants Board.

22 Scrutiny Comments / Recommendation(s)

22.1 Due to the timing of publishing the report for the Executive Committee meeting on 22 January, a verbal update will be provided on any comments and/or recommendations arising from the Strategic Tenants Board and Scrutiny Committee.

Democratic Path:

Committee / Board	Yes / No	Date
Informal Executive	Yes	6 Jan 2020
Strategic Tenants Board	Yes	15 Jan 2020
All Members Briefing	Yes	16 Jan 2020
Scrutiny	Yes	20 Jan 2020
Executive	Yes	22 Jan 2020
Full Council	Yes	19 Feb 2020

Reporting Frequency: Annually

List of Appendices (delete if not applicable)

Appendix A	HRA Revenue Budget and Medium Term Financial Plan
Appendix B	Proposed Fees and Charges 2020/21
Appendix C	Five Year Capital Programme
Appendix D	Equality Impact Assessment Form

Contact Officers

Name	Kerry Prisco
Direct Dial	01823 218758
Email	k.prisco@somersertwestandtaunton.gov.uk

Name	James Barrah
Direct Dial	01823 217553
Email	j.barrah@somersetwestandtaunton.gov.uk

Name	Stephen Boland
Direct Dial	01823 219503
Email	s.boland@somersetwestandtaunton.gov.uk

APPENDIX A

HRA Revenue Budget for 2020/21 and Medium Term Financial Plan

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Dwelling Rents	(24,013)	(24,225)	(24,979)	(25,779)	(26,558)	(27,442)
Non Dwelling Rents	(649)	(719)	(734)	(750)	(765)	(781)
Service Charges	(1,424)	(1,457)	(1,495)	(1,534)	(1,574)	(1,615)
Other Income	(132)	(371)	(366)	(361)	(355)	(354)
Total Income	(26,217)	(26,773)	(27,575)	(28,423)	(29,252)	(30,192)
Expenditure						
Repairs and Maintenance	3,549	3,617	3,722	3,796	3,872	3,950
Management	8,492	7,649	7,834	8,023	8,216	8,415
Rents and Rates	484	320	328	336	345	354
Special Management	1,187	3,394	3,079	3,076	3,147	3,220
Bad Debt Provision	60	180	186	128	131	135
Debt Management Expenses	9	-	-	-	-	-
Total Expenditure	13,780	15,160	15,148	15,359	15,712	16,074
Other Expenditure						
Depreciation - dwellings	6,346	6,790	6,920	7,053	7,189	7,327
Depreciation - non dwellings	176	210	214	217	220	223
RCCO	250	-	-	-	-	-
Contribution to CDC	229	229	229	229	229	229
Interest Payable	2,619	2,745	3,877	4,124	4,353	4,503
Investment Income	(70)	-	-	-	-	-
Social Housing Development Fund	1,170	-	-	-	-	-
Provision for repayment of debt	1,821	1,821	1,187	1,441	1,550	1,836
Movement in Reserves	(104)	(183)	-	-	-	-
Total Other	12,437	11,613	12,427	13,065	13,540	14,119
Total - (surplus) / deficit	-	-	-	-	-	-

APPENDIX B

Proposed Fees and Charges 2020/21

Displayed below is the table of fees and charges, comparing 2019/20 to 2020/21 indicative prices (CPI of 1.7% + 1% has been applied).

Housing Service Charges	Actual 2019/20	% increase	Actual 2020/21
Table 1: Service Charges (VAT not applicable) – Per Week			
Communal areas	£0.65	CPI+1%	£0.67
Grounds maintenance	£1.90	CPI+1%	£1.95
Heating charge (Broomfield House only)	£5.23	CPI+1%	£5.37
Laundry charge (Broomfield House only)	£1.59	CPI+1%	£1.63
Table 2: Combined Service Charges (VAT not applicable) – Per Week			
Sheltered Housing Service Charge	£11.96	CPI+1%	£12.28
Sheltered Piper Charge	£5.05	CPI+1%	£5.19
Extra Care Housing Service Charge	£22.44	CPI+1%	£23.05
Extra Care Piper Charge	£5.84	CPI+1%	£6.00
Table 3: Garage Rents - Per Week			
Council Tenants (VAT not applicable)	£6.37	CPI+1%	£6.54
Private Tenants and Owner Occupiers (exc. VAT)	£8.60	16.3%	£10.00
Private Tenants and Owner Occupiers (inc. VAT)	£10.32	16.3%	£12.00
Table 4: Hire Charges for Sheltered Scheme Meeting Halls (ex VAT)			
First hour	£10.80	CPI+1%	£11.10
Each half hour thereafter	£5.40	CPI+1%	£5.60
6 hours plus	£64.40	CPI+1%	£66.20
Total charge for residents in a scheme and community organisations	£14.80	CPI+1%	£15.20
Table 5: Hire Charges for Sheltered Scheme Guest Rooms (ex VAT) Taunfield, Middleway, Hope Corner Lane, Kilkenny and Lodge			
No. of nights per person -1 st night per person per night	£22.00	CPI+1%	£23.00
No. of nights per person -2	£32.00	CPI+1%	£33.00
No. of nights per person -3	£43.00	CPI+1%	£44.50
No. of nights per person -4	£54.00	CPI+1%	£55.50
No. of nights per person -5	£64.00	CPI+1%	£66.00
No. of nights per person -6	£75.50	CPI+1%	£78.00
No. of nights per person -7	£86.00	CPI+1%	£88.50

APPENDIX B (CONT.)

Table 6: Temporary Accommodation (rent per day, VAT not applicable)	Daily Service Charge 2019/20	Gross Daily Licence Fee & Service Charge 2019/20	Daily Service Charge 2020/21	Gross Daily Licence Fee & Service Charge 2020/21
9b School Road (2 bedroom)	£1.00	£17.31	£1.03	£18.29
57 Priors (3 bedroom)	£1.26	£20.54	£1.29	£22.10
40 Humphreys Road (2 bedroom)	£1.00	£17.31	£1.03	£18.29
1 Gay Street (2 bedroom)	£1.00	£17.31	£1.03	£18.29
10 Duke Street (3 bedroom)	£1.26	£20.54	£1.29	£22.10
12 Moorland Close annex (1 bedroom)	n/a	n/a	£0.77	£13.92
Outer Circle				
96 Outer Circle (2 bedroom)	£1.00	£17.31	£1.03	£18.29
113 (studio)	£0.75	£13.80	£0.77	£13.92
113a (studio)	£0.75	£13.80	£0.77	£13.92
115 (3 bedroom)	£1.26	£20.54	£1.29	£22.10
115a (3 bedroom)	£1.26	£20.54	£1.29	£22.10
119 (studio)	£0.75	£13.80	£0.77	£13.92
119a (studio)	£0.75	£13.80	£0.77	£13.92
Snedden Grove				
Unit 1 (2 bedroom)	£1.00	£17.31	£1.03	£18.29
Unit 2 (2 bedroom)	£1.00	£17.31	£1.03	£18.29
Unit 3 (2 bedroom)	£1.00	£17.31	£1.03	£18.29
Unit 4 (3 bedroom)	£1.26	£20.54	£1.29	£22.10
Unit 5 (3 bedroom)	£1.26	£20.54	£1.29	£22.10
Unit 6 (2 bedroom)	£1.00	£17.31	£1.03	£18.29
Unit 7 (3 bedroom)	£1.26	£20.54	£1.29	£22.10
Unit 8 (2 bedroom)	£1.00	£17.31	£1.03	£18.29
Wheatley Crescent				
5a (2 bedroom)	£1.00	£17.31	£1.03	£18.29
30 (1 bedroom)	£0.75	£13.80	£0.77	£13.92
32 (1 bedroom)	£0.75	£13.80	£0.77	£13.92
34 (1 bedroom)	£0.75	£13.80	£0.77	£13.92
36 (1 bedroom)	£0.75	£13.80	£0.77	£13.92
Howard Road (Magna)				
43a (1 bedroom)	n/a	£13.05	n/a	£13.15
43b (1 bedroom)	n/a	£13.05	n/a	£13.15
43c (1 bedroom)	n/a	£13.05	n/a	£13.15
43d (1 bedroom)	n/a	£13.05	n/a	£13.15

Discounts

Discounts do not apply to service charges.

APPENDIX C

HRA Five Year Capital Programme from 2020/21

<u>HRA Capital Programme</u>	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Major Works	5,379	5,379	5,379	5,379	5,379
Improvements / Fire Safety	2,150	150	150	150	150
Related Assets	100	100	100	100	100
Exceptional Extensive	350	350	350	350	350
Disabled Adaptations	300	300	300	300	300
Vehicles	121	121	121	121	121
ICT	546	-	-	-	-
Total	8,946	6,400	6,400	6,400	6,400

APPENDIX D

Equality Impact Assessment Form



Clinical Commissioning Group



Musgrove Park Hospital



Somerset Partnership



Yeovil Hospital Healthcare

Somerset Equality Impact Assessment

Organisation prepared for

Somerset West and Taunton Council

Version

1

Date Completed

January 2020

Description of what is being impact assessed

Somerset West and Taunton Council (SWT) Housing Revenue Account (HRA) Business Plan 2020 – 2050

The strategic objectives of the business plan are to: Deliver more new homes; Provide great customer service; and Improve existing homes and neighbourhood.

HRA budget setting 2020/21

The HRA budget setting report enables the council to set a balanced budget for 2020/21 that reflects SWT's HRA business plan and takes into account councillor's priorities. The report provides an overview of the finances for the HRA. It covers both HRA revenue and housing capital spending, highlighting the inter-relationships between the two.

Council housing rent setting policy from April 2020 for a period of up to 5 years

To ensure continued investment in the management, maintenance and development of council housing stock to ensure the needs of existing and potential tenants are met, and to provide enhanced support for families and communities experiencing hardship.

HRA fees and charges for 2020/2021

To increase the fees and charges from April 2020 for the HRA to ensure sufficient financial resources are in place to deliver the services.

Evidence

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

Data:

Major changes in national housing finance and housing policy – 2019/20

Somerset West and Taunton's Corporate Strategy 2020 – 2024

The most current available data on our tenants and our housing stock.

(Note: Further work will continue in this area as tenant engagement resources are increased)

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

Engagement:

Consultation and regular meetings with the SWT Tenants Strategic Board during 2019/20

Wider engagement with councillors in the development of the HRA Business Plan 2020–2050 throughout 2019/20

Analysis of impact on protected groups

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

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<p>People will benefit from the overall investment in council housing.</p> <p>The increased choice of affordable housing type, size and tenure provides housing options for all age groups.</p> <p>Improvements in energy efficiency will help to protect tenants, whatever their age or the hardships they experience, from fuel poverty.</p> <p>The rent setting policy and the increase to fees and charges will be applied across our housing stock. This increase in the gross rental charge for existing tenants and new tenants moving into our housing will have a neutral effect on protected groups. The cost rise to tenants is a relatively modest one and follows four years of rent reductions for tenants. The rise will enable the council to continue to provide an excellent range of services.</p> <p>Note: A total of 3,265 (58%) of our existing tenants are in receipt of help with housing costs i.e. Housing Benefit or Universal Credit.</p> <p>The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.</p>	□	⊗	⊗

	Communications on any complex changes may disproportionately worry tenants in sheltered/supported housing.			
Disability	<p>People will benefit from the overall investment in council housing.</p> <p>Specific provision for a range of new adapted properties will be made to provide a housing choice for those with a disability.</p> <p>Eligible tenants will particularly benefit from the provision of disabled adaptations (major and minor) to existing council housing.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender reassignment	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and civil partnership	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and maternity	<p>People will benefit from the overall investment in council housing.</p> <p>Within the business plan there is potential for investment in better quality and additional family housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Race and ethnicity	<p>People will benefit from the overall investment in council housing.</p> <p>Wider tenant participation and engagement will increase the proportion of tenants providing feedback to inform service improvements.</p> <p>Any proposed re-development of the housing stock could potentially have a negative impact on a specific group of tenants, depending upon the location.</p> <p>Communication about the business plan may not fully reach those for whom English is not their first language.</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	<p>People will benefit from the overall investment in council housing.</p> <p>Developing and supporting staff to provide great customer service will ensure appropriate and sensitive services are delivered to the religious or belief requirements of tenants.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<p>People will benefit from the overall investment in council housing.</p> <p>There is not expected to be any particular negative impact on this specific group.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual orientation	<p>People will benefit from the overall investment in council housing.</p> <p>Investment in our communities will ensure information about our services is accessible so that people can benefit from all our activities. People experiencing alarm, distress and harassment will benefit from investment being made into providing great customer services which will be community inclusive.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<p>There is not expected to be any particular negative impact on this specific group.</p>			
<p>Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.</p>	<p>Property lettings will be allocated via the choice based lettings system - Homefinder Somerset, which has equality and diversity policies in place to ensure protected groups are not disadvantaged.</p> <p>The rent setting policy and the increase to fees and charges will be applied across our housing stock. This increase in the gross rental charge for existing tenants and new tenants moving into our housing will have a neutral effect on protected groups. The cost rise to tenants is a relatively modest one and follows four years of rent reductions for tenants. The rise will enable the council to continue to provide an excellent range of services.</p> <p>The application of rent tolerances for certain individual properties will take account of local factors and concerns, in consultation with tenants.</p> <p>To help support tenants on low incomes the housing service will continue to provide a number of initiatives to enable them to manage their finances and maximise their income:</p> <ul style="list-style-type: none"> • Publish clear information on rent which helps tenants to manage their own finances; • Signpost tenants to a relevant benefit agency to help ensure they are maximising their income to meet their living costs; • Take action to raise the awareness of accessing a range of welfare benefits; and • Provide the opportunity to access direct support in checking they are in receipt of the welfare benefits they are entitled to claim. 	<p>□</p>	<p>⊗</p>	<p>⊗</p>

	The impact of both investment prioritisation and improvements to service delivery need to be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan on this specific group.			
Negative outcomes action plan Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Communications on any complex changes may disproportionately worry tenants in sheltered/supported housing. We will communicate with all tenants to explain any significant changes affecting them and what we are investing in.	2020 - ongoing	Case Management Leads	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
There is potential to alienate specific ethnic groups when housing is identified for regeneration/redevelopment. We will consider re-supply of appropriate housing to meet the needs of ethnic groups as part of any future regeneration/redevelopment.	2020 - ongoing	Development and Regeneration Lead	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
Those for whom English is not their first language are not made fully aware of changes. We will offer translation of communication into alternative languages. We will engage with minority groups using existing tenant involvement channels.	2020 - ongoing	Case Management Leads	Regular meetings and wider engagement with stakeholders.	<input type="checkbox"/>
There is potential to alienate religious or belief groups when housing is identified for regeneration/redevelopment. We	2020 - ongoing	Development and	Regular meetings and	<input type="checkbox"/>

The impact of both investment prioritisation and improvements to service delivery will be assessed in more detail as part of an annual planning process in order to identify more precisely the potential for both negative and positive of the business plan.	2021 – ongoing	Director of Housing	Annual review of the HRA business plan.	
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If negative impacts remain, please provide an explanation below.

Completed by:	Stephen Boland
Date	7 th January 2020
Signed off by:	
Date	January 2020
Equality Lead/Manager sign off date:	
To be reviewed by: (officer name)	Stephen Boland
Review date:	31 st March 2021

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 15

Document is Restricted

