



EXECUTIVE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE EXECUTIVE TO BE HELD IN THE JOHN MEIKLE ROOM, THE DEANE HOUSE, BELVEDERE ROAD, TAUNTON ON WEDNESDAY 16TH JULY 2008 AT 18:15.

AGENDA

1. Apologies.
2. Minutes of the meeting of the Executive held on 18 June 2008 (attached).
3. Public Question Time.
4. Declaration of Interests. To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
5. Building Control Service - Creating efficiencies and improving service delivery by sharing management and professional staff resources. Report of the Building Control Manager (attached). Brian Yates
6. A Review into Affordable Housing in Taunton Deane. The final report of the Affordable Housing Task and Finish Group is attached for consideration and approval. Alastair Higton
7. A Review into Renewable Energy and Energy Efficiency. The final report of the Renewable Energy and Energy Efficiency Task and Finish Group is attached for consideration and approval. Alastair Higton
8. Approval of the Annual Report 2007/2008. Joint report of the Corporate Performance Officer, the Scrutiny Officer and Policy Support Co-ordinator (attached). Michelle Hale
9. Local Authority Business Growth Incentives Scheme. Report of the Economic Development Manager (attached). Phil Sharratt
10. Taunton Unparished Fund (TUF) - Proposal. Report of the Strategic Director (BC) (attached). Brendan Cleere
11. Medium Term Financial Strategy of the Council. Report of the Strategic Director (SA) (attached). Shirlene Adam
12. Southwest One General Progress Update 2007/2008 and Performance Management 2008/2009. Report of the Acting Head of Client (attached). Jill Sillifant
13. Somerset Waste Board Business Plan 2008-2013. Report of the Strategic Director (JW) (attached). Joy Wishlade

The following item is likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

14. Procurement Category Plans Update. Report of the Procurement Change Manager (attached). Simon Lewis
Clause 7 - Financial or business affairs.

Tonya Meers
Legal and Democratic Services Manager
08 July 2008

Executive Members:-

Councillor Henley (Chairman)

Councillor Brooks

Councillor Coles

Councillor Horsley

Councillor R Lees

Councillor Mullins

Councillor Prior-Sankey

Councillor Mrs Smith

Councillor A Wedderkopp



Members of the public are welcome to attend the meeting and listen to the discussion. Lift access to the main committee room on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is a time set aside at the beginning of the meeting to allow the public to ask questions



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact Greg Dyke on:



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Executive – 18 June 2008

Present: Councillor Henley (Chairman)
Councillors Coles, Horsley, R Lees, Mullins, Mrs Smith and
A Wedderkopp.

Officers: Penny James (Chief Executive), Brendan Cleere (Strategic Director),
Joy Wishlade (Strategic Director), Tonya Meers (Legal and
Democratic Services Manager), Paul Carter (Financial Services
Manager), Michelle Hale (Corporate Performance Officer),
Sarah Cooper (Policy Support Officer), Philip Sharratt (Economic
Development Manager), Mark Green (Project Taunton) and
Richard Bryant (Democratic Services Manager)

Also present: Councillors Bishop, Critchard, Edwards, Farbahi, Morrell, Stuart-
Thorn, Ms Webber and Williams

(The meeting commenced at 6.15 pm.)

161. Apologies

Councillors Brooks and Prior-Sankey.

162. Minutes

The minutes of the meeting held on 22 May 2008, copies of which had been circulated, were taken as read and were signed.

163. Declaration of Interests

The Chairman (Councillor Henley), declared a personal interest as a Member of Somerset County Council. Councillor Coles declared personal interests as a Director of Southwest One and a Member of Somerset County Cricket Club. Councillor Mrs Smith declared a personal interest as an employee of Somerset County Council.

164. Somerset Local Area Agreement 2008-2011

Considered report previously circulated, concerning the new Somerset Local Area Agreement (LAA) which was due to be signed off by Government Ministers before the end of the month.

The draft LAA had previously been considered by the Overview and Scrutiny Board at its meetings held in January and April 2008.

The final version comprised 34 issues and appropriate indicators from the National Indicator Set, together with 16 statutory education indicators. A "supporting tier" of indicators would also be included which would be used to

measure whether the issues in the LAA relating to Somerset were being achieved.

Noted that the Government Office for the South West (GOSW) had requested the inclusion of certain indicators such as:-

- People killed and seriously injured on the roads;
- Climate change;
- Affordable housing; and
- Improved efficiency through enhanced two-tier working in line with the Pioneer Somerset proposals in lieu of unitary status.

Baselines and targets for the chosen indicators had been negotiated with GOSW over recent months.

Reported that each of the public sector parties who had a duty to co-operate in delivering the LAA had stated the level to which they would contribute to the delivery of each of the indicators. The levels of co-operation were:-

- Level 1 - A leading or key partner;
- Level 2 - A contributory role; and
- Level 3 - The indicator was not particularly relevant to the organisation but support would be provided where required.

In the LAA, Taunton Deane was annotated as a named partner for the indicators to which it had indicated delivery at either Levels 1 or 2.

Further reported that the LAA had implications for the residents of Taunton Deane. It sought to address priorities for all age groups, the economy, the environment and community safety. It was seen as the means for marshalling the collective efforts of public sector agencies in Somerset to deliver an agreed set of outcomes and targets. The Government had introduced a “duty to co-operate” in the LAA which meant that the Council had to co-operate in delivering the targets in the LAA.

The LAA was all about delivery across agencies. It would therefore be important to extend partnership working across areas of Council activity where little currently existed. This could involve greater pooling of budgets between agencies.

Reported that there was no specific LAA funding from the Government. The Council would therefore have to decide how to fund LAA priorities.

Resolved that sign up to the delivery of the Somerset Local Area Agreement be agreed.

165. **Performance Monitoring - Outturn report on 2007/2010 Corporate Strategy, 2007/2008 Financial Outturn and 2007/2008 Performance Indicators.**

Reported that the monitoring of budgets, the Corporate Strategy Objectives and Performance Indicators was an important part of the Council's overall performance management framework. Submitted report previously circulated, which outlined the final data for 2007/2008.

In respect of budget monitoring, the General Fund Revenue outturn showed an overspend of £49,000 or 0.37% when compared with the current budget.

The General Fund Capital Programme expenditure for the year amounted to £3,762,000 against a total budget for the year of £4,655,000. This underspend was due to slippage in capital schemes and would be rolled forward into the 2008/2009 budget.

The Housing Revenue Account outturn showed a working balance carried forward into 2008/2009 of £3,046,000 which was £236,000 less than predicted in the most recent budget monitoring report. Members noted the reasons for this variance.

The Deane Helpline had made a deficit of £20,000 which was in line with budget monitoring predictions. The balance on the Deane Helpline Trading Account at 31 March 2008 amounted to £2,741.

Housing Revenue Account Capital expenditure amounted to £4,399,000 against the current budget of £5,656,000. This underspend had been identified via budget monitoring and would be slipped into 2008/2009 increasing the programme available.

During the year, the Deane DLO made an overall trading deficit of £3,000. The balance on the DLO Reserve as at 31 March 2008 would be £469,000. A summary of performance for both 2006/2007 and 2007/2008 was submitted.

The draft 2007/2008 outturn for the Somerset Waste Partnership (SWP) showed a net underspend of £295,000. As much of this amount related to waste disposal (a County Council function), Taunton Deane was due a repayment of only £22,000. However, it was proposed that this sum be retained by SWP specifically to be used to assist with the roll out of the "Sort It +" programme.

With regard to the Corporate Strategy 2007-2010, the Objectives of the Council together with the Key Actions to attain them had been listed within the Corporate Strategy which had previously been approved by the Executive.

Progress for the year against the 20 objectives was good and details were submitted. 50% of the Corporate Strategy objectives were on course with 45% either partially completed or with action pending.

Also reported that 59% of 90 statutory and local Performance Indicators for 2007/2008 were also on target.

Resolved that:-

- (1) The draft outturn positions on revenue and capital for both the General Fund and Housing Revenue Account for 2007/2008 be noted;
- (2) The retention of the Taunton Deane share of the Somerset Waste Partnership underspend within the partnership for use in the roll out of the "Sort It +" Programme be approved; and
- (3) The performance against targets for both the Corporate Strategy and Performance Plan for 2007/2008 be noted.

166. Treasury Management Outturn 2007/2008 and 2008/2009 update

Submitted report previously circulated, on the outturn position for Treasury Management Activities for 2007/2008 and the current position to date for the 2008/2009 Financial Year on Treasury Management issues.

The main points detailed in the report were:-

- External debt and temporary borrowing had increased by approximately £4,900,000 to just over £23,000,000;
- Economic worries and the "Credit Crunch" continued to impact on interest rates, with the Bank of England reluctant to move with any haste;
- Levels of investment (£22,482,000 as at 6 June 2008), and investment returns remained stable despite the economic turmoil;
- Refinancing opportunities were now limited by changes to the Public Works Loan Board lending arrangements; and
- Uncertainty was likely to remain until the economic horizon became clearer and market nervousness eased.

Resolved that the Treasury Management outturn for 2007/2008 be noted together with the position to date for 2008/2009.

167. Applications to register land as "Town Greens"

Reported that notification had been received from Somerset County Council that applications had been submitted by local residents for the registration of two areas of open space within Taunton and in the ownership of this Council to be registered as "Town Greens".

The two areas in question were an area of land at Holway known as Holway Green and an area of open space at Enmore Road, Taunton, to the south of Wellsprings Road.

The applications sought to have both areas of land registered as Town Greens on the basis that “a significant number of local inhabitants had indulged in lawful sports and pastimes on the land for at least 20 years”.

The effect of registration would be to protect the land from future development although, in certain circumstances, it was possible to apply to “de-register” land.

Resolved that the Solicitor to the Council be authorised to:-

- (1) Raise no objection in respect of the proposed registration of the land at Holway Green as a Town Green; and
- (2) Raise no objection in respect of the proposed registration of the land at Enmore Road as a Town Green.

168. **Parking Strategy**

Reference Minute No 59/2006, reported that the company Parsons Brinkerhoff had recently been requested to update the Taunton Parking Strategy review to take into account the revised estimates of the timing of closures of town centre car parks within the Project Taunton Regeneration areas.

The following table summarised the revised predictions for the years when the car parks would be fully closed:-

| Car Park | Predicted year of closure | Current capacity | Unused spaces | Number of used spaces lost | |
|--|---------------------------|------------------|---------------|----------------------------|-------------------|
| | | | | Commuters | Shoppers/Visitors |
| Old Gas Works | 2007 | 350 | 151 | 150 | 50 |
| Private Somerset County Council Car Park | 2007 | 60 | 0 | 60 | 0 |
| Castle Green | 2009 | 64 | 0 | 0 | 64 |
| Greenbrook Terrace | 2009 | 155 | 31 | 34 | 90 |
| Livestock Market | 2009 | 95 | 35 | 60 | 0 |
| Coal Orchard | 2012 | 198 | 0 | 25 | 173 |
| Crescent | 2012 | 243 | 0 | 0 | 243 |
| Cricket Ground | 2012 | 200 | 42 | 105 | 53 |
| High Street | 2012 | 276 | 36 | 35 | 205 |
| Old Market Centre | 2012 | 600 | 120 | 168 | 312 |
| Priory Bridge Road | 2012 | 464 | 357 | 41 | 66 |
| Tangier | 2012 | 246 | 0 | 178 | 68 |
| Castle Street | 2015 | 76 | 0 | 42 | 34 |
| Enfield | 2015 | 188 | 51 | 97 | 40 |
| Total | - | 3215 | 822 | 995 | 1398 |

Noted that the redistribution of parked vehicles from the car park closures had been analysed by assuming that the “unused” spaces in the town centre would be utilised by vehicles that usually parked in the car parks that were proposed to be closed.

No allowance had been made for different car park charges, for the unused spaces being in an alternative location or in respect of modal shift. It was likely that a shortfall in town centre parking spaces would only come into effect in 2012.

The car park improvement proposals had been assumed to be the same as described in the document “Taunton Parking Strategy Review (2007)” apart from the following assumptions:-

- 1,500 parking spaces would be provided at the new multi-storey car park on Paul Street when it opened in 2015;
- Cambria Farm Park and Ride site would provide 1,000 spaces when it was completed in 2010; and
- 400 temporary parking spaces would be provided in the town centre during the years 2012, 2013 and 2014 whilst the new Paul Street Multi-Storey Car Park was being constructed.

Parsons Brinkerhoff had therefore concluded that:-

- (1) Under the current phasing plan, there was sufficient car parking for both commuters and shoppers until 2012.
- (2) A temporary solution for the years when the development of the retail area was taking place needed to be found. Phasing of the closure of the multi-storeys would need to be considered within the development plan.
- (3) The phasing of the developments on each site would need to be considered in the light of the impact of parking.
- (4) The building of a further car park, perhaps on one of the Tangier sites, needed to be considered for 2015 onwards.

Reported that the assessment of the Parking Manager on the predicted closure plan was that income from car parking in Taunton would remain stable until 2012. However, if all the closures then took place, the worst case scenario would be an on-going loss of income of £1,200,000 per annum.

The inevitable conclusion to this scenario would be for the Council to build further car parks and to take the income from them.

Although a ring of new multi-storey car parks was what was envisaged at the start of the Vision for Taunton, there were a number of reasons why this was

not now the answer, including the requirement to provide shopper spaces (not car parks on the periphery of the town) and the cost, which would be in the region of £10-£20m for a new multi-storey car park.

Further reported that the development appraisals of the retail area to date had shown that these would only be viable if the developer took the income from parking. However, with a much larger area for the development, it was felt the financial appraisals might look very different.

As part of the brief to developers, it would need to be made clear that one of the objectives would be to ensure that the Council received as much as possible of the parking income. Whilst this objective would need to be tested it would be correct, in the meantime, to assume that there was unlikely to be a return of income.

Reported that in order to give an on-going income to the Council, of £1,200,000 per annum, an investment in property of approximately £24,000,000 on a low risk type of investment would be required. There were a number of options which could be taken:-

- Taunton Deane had a property portfolio which could be used to generate further income. This would be mainly via sales of pieces of land for development and reinvesting the money in property that would bring an income;
- The Council could use some of the sites in Project Taunton differently than envisaged to bring in the highest receipt rather than achieving the current objective of employment development;
- An interest in a completed building on Firepool could be taken to give an ongoing income rather than taking the receipt;
- A further option would be to look at who and when we charged for parking; and
- A decision could be taken not to go forward with Project Taunton and, in particular, the retail development. However, the consequence of this decision would be very serious. With the housing growth that Taunton was expected to take during the period up to 2026 and without an improved and increased retail offer, Taunton would face the risk of its town centre slowly degenerating. It would also become increasingly difficult to attract the major employers into Taunton and this would put the Firepool development at risk in the longer term.

The above options all needed to be explored. The strategy to use some of the Council's current assets to produce income for the future was challenging as it would mean that the funds released would have to be "ring fenced" for this purpose and not used to meet other Council priorities. The Delivery Team would also need to work on the objectives for the retail development so

that the Council could go to the market with the brief and from there assess what the real impact on the parking income would be.

Resolved that:-

- (1) The Project Taunton Delivery Team be requested to prepare a brief for the retail development, for subsequent approval by the Executive, so that the assumptions around viability could be tested;
- (2) The Delivery Team, in conjunction with the Property Section of the Council, and as part of the asset management of the Council, be requested to prepare a list of sites in the current ownership of Taunton Deane that could be developed and the income ring fenced for re-investment to cover the shortfall in parking income in the future;
- (3) The phasing and impact on car parking be considered as each site was brought forward; and
- (4) The Delivery Team be requested to actively explore the opportunity for locating a new multi-storey car park in the Tangier Area of Taunton.

169. **Exclusion of the Press and Public**

Resolved that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 7 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.

170. **Proposed Three Year Savings Plan for Tone Leisure (Taunton Deane) Limited**

Considered report previously circulated, which set out Tone Leisure's proposals to deliver the annual revenue savings required by the Council over the next three years.

Reported in detail on one of the proposals which involved working with a funding partner. This proposed arrangement would enable investment works to be carried out, would make a major contribution to the savings required of Tone Leisure and would also assist the company's need to remain competitive. This arrangement also represented a low risk to the Council.

Noted that if this aspect of the Savings Plan was supported the Council, as owners of the Leisure Centres, would need to provide a "letter of security" giving consent for the work and agreeing to underwrite it.

Resolved that:-

- (1) The Savings Plan set out in the report be approved;

- (2) It be agreed that a “letter of security” be signed by an authorised representative of the Council; and
- (3) The potential financial benefits to the Council of Tone Leisure’s proposed arrangement with a funding partner be further reviewed and built into budget setting deliberations for 2009/2010 and the Council’s three year grant to Tone Leisure for the period 2009/2010 to 2011/2012.

(The meeting ended at 7.43 pm.)

Taunton Deane Borough Council

Report of the Building Control Manager to the Executive – 16 July 2008

(These recommendations are also being presented to the Executive Committee of Sedgemoor District Council)

Building Control Service – creating efficiencies and improving service delivery by sharing management and professional staff resources.

(This matter is the responsibility of Executive Councillor Simon Coles)

1 **Executive Summary**

The business case for providing Building Control services in partnership has been well made and is not repeated here (Helm Corporation report and presentation 9 June 2008).

Partnership proposals will be brought forward under the Pioneer Somerset programme as a strategic priority, but the implementation programme is such that it may be 12 months or more before detailed recommendations can be put to the respective Councils.

Strategic Directors are aware of the increasing commercial pressures on the Building Control Service, and have suggested that shared management may be a way of providing at least some of the benefits of partnership in the short term.

This paper proposes immediate customer and service improvements through shared management as an intermediate step towards a fully partnered service.

2 **Background**

- 2.1 A formal Building Control Partnership project has been set up under the control of Strategic Directors in Sedgemoor District Council, West Somerset District Council and Taunton Deane Borough Council.
- 2.2 A Project Initiation Document has been agreed, a Project Management Board set up and development of the project stages is in progress.
- 2.3 The viability of the business case has been investigated by business consultants The Helm Corporation and found to be compelling.

3 Current Position

- 3.1 The “shape” of the Partnership has resolved itself into a partnered service between Sedgemoor and Taunton Deane providing services under contract to West Somerset District Council, and proposals are being developed along these lines.
- 3.2 In the meantime, Strategic Directors have agreed to investigate the possibilities of joint management of the service in Sedgemoor and Taunton Deane as an interim step and a way of starting to bring together some of the customer benefits and service efficiencies that would result from Partnership working.

4 Objectives

- 4.1 Partnership working will provide a range of service and financial benefits, and these are set out in the Partnership Business Plan. Some of these benefits can be delivered through shared management, although those that have to do with single-service efficiencies, the reduction of duplication and rationalisation in service delivery are dependent on the formation of a legal Partnership.
- 4.2 Shared management can deliver useful savings and benefits, as follows:
- Deliver customer benefits through standardisation of fees and forms and the provision of consistent and high service levels over an enlarged operational area.
 - Deliver service improvements through work streaming, reciprocal assistance and greater staff flexibility.
 - Aid recruitment by providing improved training and development opportunities.
 - Gain competitive advantage by forming strategic partnerships with major developers in the enlarged service area.
 - Deliver service efficiencies by reducing management costs while maintaining operational strengths.
 - Provide a strategic management role to coordinate service delivery, market the service to strategic partners, maximise potential service improvements and efficiencies, and continue to steer both services towards full integration.
- 4.3 The chosen shared management model should be the one that best delivers the above objectives.

5 Existing Models

5.1 There are a range of joint working initiatives already in existence, from the County-wide Somerset Waste Partnership and Audit Partnership, to local agreements such as shared management of the “Green Surrounds” programmes in Taunton and Sedgemoor, and Development Control services provided by Sedgemoor to West Somerset.

5.2 There are a number of models for these sharing arrangements:

5.2.1 **Services under contract.** Two or more authorities will agree a service level contract for one authority to provide specified professional or technical services to another. Usually charged on a time-spent basis, or may be a fixed fee or proportion of income.

5.2.2 **Staff secondment.** A temporary staffing shortfall in one authority might be addressed by the secondment of suitable staff from another authority. Depending on the length of the secondment, payment might be by hourly, daily, weekly or monthly charge or apportionment of salary costs.

5.2.3 **Staff sharing.** Authorities requiring specialist services but not being able to justify a full post agree to recruit and “share” an employee. Payment would be by simple apportionment of the gross salary costs with one authority agreeing to “host” the post.

5.2.4 **Joint management.** While maintaining separate services, authorities may agree to share the services of a specialist manager, thereby reducing service management costs. Payment would be by simple apportionment of the gross salary costs with one authority agreeing to “host” the post.

5.2.5 **Legal Partnership.** Authorities agree to merge a service and run it as a shared service, usually under the direction of a Joint Committee of elected members working through a management board.

6 Flexibility and Indemnity

6.1 To maximise the potential benefits of shared management staff flexibility, inter-authority and cross-boundary working are essential.

6.2 Because Building Control is an enforcement service that imposes liability in negligence on the responsible authorities, it will be necessary for each authority to indemnify the other against the actions / omissions etc. of its officers when working across District boundaries.

- 6.3 This is not in any way a novel requirement – all authorities already participate in the National Partner Authority Scheme, where an applicant can have plans validated by a Partner Authority for work that will take place in another authority's area, and have passed suitable indemnity resolutions.

7 Preferred Model

- 7.1 There are a number of factors to take into account in deciding on a joint management approach:
- The management role in each authority is not purely strategic, but has an operational element attached. This is particularly true in Sedgemoor District Council, where the Building Control management role has a 50% operational element. This is much reduced in Taunton Deane, where because of the way the work is divided the Building Control Manager role is more strategic, albeit still providing an operational back-up capability.
 - Both establishments are very “lean”, a fact highlighted in the Partnership Business Case, and cannot afford to lose any more operational capacity. Sedgemoor is currently without a manager, the two Principal officers backfilling temporarily, and Taunton Deane has lost 0.4 of a FTE due to one technical staff member electing to work part-time.
 - Any arrangements made to share a manager should take into account the loss of operational strength that would ensue if compensatory arrangements are not put in place.
- 7.2 For these reasons, the preferred option is a combination of **shared management, coupled with staff sharing and supported by formal indemnity agreements.**

8 Proposals

8.1 Proposal 1.

The existing Taunton Deane Building Control Manager, Brian Yates, will jointly manage the building control services of Sedgemoor and Taunton Deane for as long as he remains in Taunton Deane employment. In the event of his ceasing to be employed by Taunton Deane, the position to be filled from within the existing combined establishments and hosted by the employing authority of the new joint manager. The gross salary, benefits and other costs of employment will be equally shared by the host and non-host authorities.

8.2 Proposal 2.

Each authority will lose 0.5 of a technical FTE as a result of this and other circumstances. In a difficult recruitment market it is unlikely that suitable part-time staff can be recruited. It is therefore proposed that Sedgemoor and Taunton Deane jointly recruit a Building Control Surveyor and share the gross salary costs of this post, including benefits and expenses of employment (e.g. Essential User car allowance, training).

8.3 Proposal 3.

The following indemnity resolution to be passed by both authorities:
 “Each authority agrees to indemnify and keep indemnified each other, their officers, persons and bodies against all losses, damages, proceedings, costs and expenses whatsoever in respect of the shared working arrangements described in this document, and shall obtain the approval of its public liability insurer in respect of this undertaking”

9 Financial Implications

9.1 Although the Building Control Manager’s post in Sedgemoor has not been evaluated, for the purposes of this exercise it must be assumed that the evaluated grade would not be less than the equivalent evaluated grade in Taunton Deane.

The gross salary cost to be shared by each authority is therefore as follows (figures shown are 2008/09 and include 3% cost of living rise):

| | |
|---|----------------|
| Current gross salary cost, BC Manager (SCP48): | £53,000 |
| Saving to each authority at 50%: | £26,500 |
| Less: anticipated increase in evaluated salary resulting from proposals: (50% x (£57,400 - £53,000))(SCP 52) | <u>£ 2,200</u> |
| Saving | <u>£24,300</u> |
| Additional Surveyor at bottom of grade (SCP 32) (Taunton Deane scales used as marginally more attractive to recruitment) | |
| Gross salary cost | £33,000 |
| Cost to each authority | <u>£16,500</u> |
| Net saving to each authority | £7,800 |

9.2 The proposals would present a net saving of £7,800 to each authority in year one.

9.3 **NOTE:** Because the major part of the service is required to be self-financing from fees, and because any surplus income is required to be ring-fenced to the service, impacts on the General Fund are minimal,

albeit the efficiencies are important in reducing service costs, maintaining competitiveness and preventing any burden falling on the General Fund.

10 Risk Assessment and Risk Register

10.1 See Appendix 1.

11 Recommendation

11.1 The Executive are asked to agree the proposals set out in paragraph 8 above: to share the services of a Building Control Manager; to share the services of an additional Building Control Surveyor; to equally share the salary, benefits and other costs of employment of both these posts; and to ratify the indemnity agreement.

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Appendix 1

Risk Assessment

Risk Profile

| | | | | |
|---|------|-------|-------|-------|
| A | Blue | White | White | White |
| B | Blue | Blue | White | White |
| C | Blue | Blue | Blue | White |
| D | Blue | Blue | Blue | White |
| E | Blue | Blue | Blue | Blue |
| | 4 | 3 | 2 | 1 |

Key:

- Likelihood
A Very high
B High
C Significant
D Low
E Very low

- Impact
1 Catastrophic
2 Critical
3 Marginal
4 Negligible

Risk Register

Initiated: As Report date

Reviewed :

BCM: Building Control Manager

PMB: Project Management Board

PM : Project Manager

| No | Description | Imp/Prob A-E; 1-4 | Status +, -, n/c | Action / Strategy | Owner | Date added / Reviewed/ Completed |
|----|----------------------------------|----------------------|------------------------|------------------------------------|-------|--|
| 1 | Loss of staff | C2 | | Normal recruitment process | BCM | |
| 2 | Loss of business | C2 | | Marketing / Strategic partnerships | BCM | |
| 3 | Loss of Manager | D3 | | Succession planning | BCM | |
| 4 | Legislative changes | E4 | | Not significant risk | | |
| 5 | Failure of Partnership Proposals | C2 | | Reversion / Continuation | PMB | |
| 6 | Dissolution of Partnership | D2 | | Reversion / Conversion | PMB | |
| 7 | Contract to WSDC | C2 | | Contract renewal | BCM | |
| 8 | Enlargement to Somerset-wide | D2 | | New PID | PM | |
| 9 | Changes to constituent members | B3 | | New Agreement | PMB | |
| 10 | | | | | | |



Executive : 16 July 2008

Task and Finish Review into Affordable Housing in Taunton Deane

Report of Scrutiny Officer

(This matter is the responsibility of Councillor Prior-Sankey)

Executive Summary

The affordable housing task and finish review has now been concluded. The final report was submitted to the Overview and Scrutiny Board on 19 March 2008 and was approved subject to some amendments, which have been made.

This cover sheet provides directions on how the Executive should deal with the task and finish report into affordable housing, particularly its 9 recommendations.

The final report of the task and finish review begins on the next page.

1. The Executive is asked to do the following:

- 1.1 Consider the report and its recommendations, and decide which, if any, of the recommendations it wishes to adopt.
- 1.2 If the Executive agrees to adopt any of the recommendations of the review, it should state who will be responsible for delivering each of the adopted recommendations. The Corporate Management Team (CMT) has had prior sight of the report and has identified a CMT member to take responsibility for each recommendation, if adopted.
- 1.3 If the Executive decides **not** to adopt any of the recommendations, it must specifically state why, as prescribed by the Local Government Act 2007.

2. Contact Details

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Task and Finish Review

A Review into Affordable Housing in Taunton Deane

July 2008



Taunton Deane Borough Council: Overview and Scrutiny Board

A Review into Affordable Housing in Taunton Deane

Introduction by Councillor Ken Hayward
Chair of the Affordable Housing Task and Finish Review



“Affordable housing is a major challenge for local and national government and has been for many years. There are many reasons why we simply do not have enough homes in the right places and at the right price. A huge amount of energy has been expended by all sections of society and government trying to solve the affordable housing problem – this is our contribution to that debate.

This review has not attempted to reinvent the wheel, or solve the entire problem. Instead, we have tried to look at the problem from Taunton Deane’s perspective. What is wrong here, why, and what can be done about it?

We met seven times, took part in two visits to other districts to see what we can learn, spent over 14 hours deliberating and produced over 6500 words to distil our thoughts and ideas into this final report.

I would like to take this opportunity to thank everyone who took part in the review, particularly the representatives from the many external organisations who gave up their spare time to come and talk to us.

When I became Mayor of Taunton Deane in May 2007, I highlighted affordable housing as one of my areas of interest during my Mayoral year. I am therefore especially pleased to commend this Scrutiny report and its recommendations to you.”

A handwritten signature in black ink, appearing to read 'K Hayward', written in a cursive style.

Councillor Ken Hayward
Chairman
Affordable Housing Task and Finish Review

Acknowledgements

The Members of the review would like to thank the following organisations and representatives who gave evidence and expert advice during the review.

Arcadia Housing Group

Mike Day – Director of Development and Home Ownership

Falcon Rural Housing

Justin Roxburgh – Chief Executive

High Bickington Community Property Trust

David Brown – Chairman

David Venner – Company Secretary

Summerfield Developments

Colin Mattravers – Director

The Mortgage Detectives

Andy Rowden – Director

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Background to the Review

Why do a review on this subject?

In short, there are more people in need of housing in Taunton Deane than is available. Demand has outstripped supply in the affordable sector **and** the private sector for some time. 4600 households are on Taunton Deane's housing register now, with some applicants waiting up to six years for a home. House prices have steadily increased until very recently and the anticipated drop in prices is still not a certainty. The cost of renting a property on the open market is comparable to the cost of paying mortgage on a similar sized property. First-time buyers on average incomes have little or no chance of purchasing a home on the open market without a significant deposit or parental help.

October 2005 - Lowest Prices for New-Build & Re-Sale Homes in Taunton Deane

| Property Type | Price | 90% mortgage | Per month cost @ 5% | Single income needed (3.75x) | Joint income needed (3.25x) |
|------------------------------|--------------|---------------------|----------------------------|-------------------------------------|------------------------------------|
| 1 bed flat new build | £110,000 | £99,000 | £586 | £26,400 | £30,500 |
| 1 bed flat re-sale | £95,000 | £85,500 | £506 | £23,000 | £26,500 |
| 2 bed flat new build | £130,000 | £117,000 | £693 | £31,000 | £36,000 |
| 2 bed house re-sale | £120,000 | £99,000 | £586 | £26,400 | £30,500 |
| 3 bed house new build | £145,000 | £130,500 | £773 | £35,000 | £40,000 |
| 3 bed house re-sale | £125,000 | £112,500 | £666 | £30,000 | £34,500 |
| 4 bed house new build | £160,000 | £144,000 | £852 | £38,500 | £44,500 |

Source: ARK Consultancy Report on Housing Need in Taunton Deane, 2005

As a Housing authority and Local Planning Authority, Taunton Deane has a duty to facilitate affordable housing delivery and provide social housing for those on its housing register. Recent housing needs assessments have demonstrated that supply of new affordable housing in Taunton Deane has not kept pace with demand.

On 16 May 2006, the Strategic Planning, Transportation and Economic Development Panel (SPTED) agreed to begin a task and finish review on this subject.

The remit of the review was to look at ways that the Council and its partners could increase the overall supply of affordable housing in Taunton Deane, under six broad headings;

1. Mortgage provision
2. Land values
3. Taunton Deane's affordable housing threshold policy
4. The possibility of building on flood plains
5. Rural housing and self-build housing
6. Practice in other local authorities

Membership of the Review

This review was carried out by a cross-party group of non-Executive Councillors. The original membership was:

- Councillor Ken Hayward (elected Chair of the review at the first meeting)
- Councillor Bob Bowrah
- Councillor David House
- Councillor Chris Phillips
- Councillor Alan Wedderkopp

The May 2007 local elections took place during the course of the review. Changes in the Membership of the Council forced a change in the membership of this review. After May 2007, the membership of the review was;

- Councillor Ken Hayward (continuing as Chair of the review)
- Councillor Cliff Bishop
- Councillor Bob Bowrah
- Councillor Peter Critchard
- Councillor Tony Floyd
- Councillor David House

Terms of Reference

The group agreed that the review should proceed on the following terms of reference;

1. To identify the issues and problems relating to the provision of affordable housing that require investigation; and
2. To make recommendations and policy suggestions to the Executive

All types of affordable housing are required in Taunton Deane, however the review agreed that social rented housing was the first priority for Taunton Deane as a housing authority, and therefore the priority for this review.

The group expanded on the terms of reference laid down by the SPTED Panel and focussed on 8 themes;

- Rural affordable housing , including;
 - Rural housing models that have been shown to work
 - Community Land Trusts
- The role of housing associations and the challenges they face
- The role of, and challenges experienced by, private sector house-builders
- Mortgages and mortgage provision
- The role of the Planning department
- The role of the Housing Enabling team
- The role of the Community Council
- Examples of good practice in other local authorities
- Land

Self-build housing was omitted from the terms of reference due to a scarcity of information and difficulty in finding experts who could talk to the review group. However, it has been suggested that a separate review take place into this specific area.

Definitions

Affordable Housing

Social-rent

Homes built and rented out, at a significantly sub-market rent, to households on the council's housing register. All new social-rented housing is managed by housing associations; the council retains some form of nomination right

Shared-ownership

Part rent, part mortgage. The occupier pays rent on a proportion of the home, and also holds a mortgage for a portion of the property. This allows individuals to get onto the housing ladder even if they have a relatively low income. "Staircasing" allows the resident to progressively purchase a greater percentage of the property, thus reducing their rental charges.

Evidence Taken, Key Findings and Recommendations

Rural affordable housing

Payments in Lieu

The review learnt that on rural sites that are deemed unsuitable for affordable housing, the council may accept a 'payment in lieu' instead, to help fund affordable housing schemes in other more suitable areas. These sums must be spent in the locality of the scheme that has generated the 'payment in lieu', and must be spent on providing affordable housing or making it easier to deliver - decant or demolition costs for instance.

Councillors heard that there was potential for a planning tariff; a standard commuted sum charge, calculated on an exponential scale to make it more difficult for a developer to avoid its affordable housing responsibilities. For instance, a commuted sum for a site of 10 units would be **more** than twice the sum payable for a site of 5 units.

Recommendation 1

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| The Planning department should look at the usefulness and feasibility of implementing a tariff approach to secure financial contributions in respect of housing developments. |
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Visit to the Community Property Trust at High Bickington, Devon

Councillors Bowrah, Hayward and Wedderkopp visited the Community Land Trust at High Bickington in Devon on 25th January 2007.

High Bickington Parish has a primary school, doctor's surgery and a post office and although house prices are high, incomes are relatively low.

High Bickington Community Property Trust was set up to provide affordable housing, workspaces, community facilities and a community woodland. It was set up at the request of the local community after Devon County Council approached High Bickington Parish Council with an idea to re-use a redundant county-owned farm.

A "Community Property Trust" was formed in July 2004 after several years of planning that involved local residents deciding their priorities. The property trust manages the facilities on behalf of the community, and is a not-for-profit charity. It has 182 shareholders, all of whom were residents or people with a local connection. The District and County Council also hold shares.

Public meetings were held and several committees were put in place to deal with specific aspects of the scheme. The Parish Council received regular reports and local people were involved in leading and directing the development of the scheme.

The community agreed its objectives:

- Building a sustainable community;
- Using sustainable building methods and renewable energy;
- Involving the community in all aspects of the development; and
- Involving the whole Parish in identifying and meeting their needs.

The original plans proposed a mix of affordable and market housing, including 15 social rented homes, 17 shared ownership homes, 4 self-build properties and 16 houses for sale on the open market. Unfortunately the original scheme was called in by the Secretary of State and refused by the Planning Inspector who judged that the scheme: *"conflicts with [the] development plan [and that] national planning policies outweigh other matters."*

A revised and detailed planning application is expected to be submitted in April or May this year.

The review group identified several issues central to the success of community land trusts:

- Sustaining the level of community leadership. This scheme was led and directed by local people, not by Councillors or Council Officers;
- Local needs and preferences had to be recognised;
- Local strengths, knowledge and expertise were made full use of
- Public subsidy was reduced by identifying and redeploying existing local assets;
- The sustainability of the scheme was assured by using locally-based renewable energy systems, local building materials and local labour; and,
- A community land trust could be a solution to rural housing shortages in some areas.

The group felt that the visit was informative and that Taunton Deane Borough Council should be pro-actively seeking to provide a scheme similar to High Bickington, if possible.

Recommendation 2

The Housing department should look at the usefulness and feasibility of pursuing a Community Land Trust (CLT) model in an appropriate area of Taunton Deane, bearing in mind that a CLT must exhibit the following key characteristics:

- There needs to be a desire to pursue this from the community in question. This cannot be run “top-down” by local authorities
- Any CLT must be owned, actually and figuratively, by the community
- Public involvement and support from the beginning is essential
- The district (and county) councils must genuinely support the aspirations and timetable of the community
- Community Land Trusts aren’t just about housing; they are about developing communities
- Needs dedicated, full time support.
- That it needs significant commitment from the community to be successful.

Visit to affordable housing in Nether Stowey

Members visited a site in Nether Stowey on 21st August 2007 to see a scheme of affordable homes being built by Falcon Rural Housing.

Members agreed that it was possible to produce affordable housing, in rural areas, with community support, for families **in** those communities, with exceptionally high standards of energy efficiency. Exception sites were clearly invaluable to making these sorts of schemes viable.

Members were particularly interested to hear how low the heating bills for residents in these properties would be. Considering that affordable housing by definition is designed to meet the needs of people on low incomes, homes that are cheaper to run as well as better for the environment ought to be encouraged.

Recommendation 3

In acknowledging the work already done in developing the ‘green’ aspects of the new Regional Spatial Strategy, and following on from documents like the Taunton Protocol, the Council should continue its work to promote energy efficiency and environmental sustainability in affordable housing developments, including working with developers.

Members did not wish to pre-empt the task and finish review into renewable energy and energy efficiency that began in late 2007, and therefore did not go into detail with this recommendation.

The role of housing associations and the challenges they face

Mike Day of the Arcadia Group, which includes Knightstone Housing, attended a meeting to give a housing association perspective on affordable housing.

He began by stating some uncomfortable facts – accurate at the time of the meeting on 14th March 2007:

- In Taunton Deane the ratio of income to mortgage means that on average, first time buyers need 9.6 times their annual salary. In Sedgemoor it is 8.5 times, in Mendip 8.4 times, in West Somerset 10.7 times and South Somerset it is 9.7 times.
- Affordability is therefore key; but average salaries are depressed in the south west. There are lots of low-paid jobs.
- Around 3000 homes have been lost to the social housing sector in Taunton Deane since the introduction of the Right to Buy, 500 of those since the year 2000.
- Taunton Deane retains 6000 homes for social rental purposes, meaning that a third of social housing stock has been lost in Taunton Deane since 1980.
- Housing Associations part-fund their developments by borrowing from banks and repaying the loan from revenue generated by rents. Subsidy can come from discounted land values, government agencies such as the Housing Corporation, and local authority social housing grant.

Mr Day gave evidence in three parts: increasing supply, construction costs, and innovative building

How to increase supply

Mr Day suggested that councils should maximise planning gain through Section 106 agreements. Knightstone have generated a lot of affordable housing through Section 106 agreements. It is also a great help because the housing association doesn't need to acquire land. It has already been done by the developer. Land is the key. It is expensive, its use is restricted through planning policies and the resources that private developers put into 'optioning' potential sites on the off-chance they might someday be zoned for housing.

Mr Day also suggested using in-fill sites on the council's housing estates. Many local authorities do this because they can specify what it wants on the site. Local authorities simply must be more creative.

It was pointed out that this option had recently been looked at by the Housing service and discounted. However, Members felt that the possibility should be revisited because other local authorities had been successful in finding in-fill sites on their estates; if Taunton Deane could replicate that it could yield some much needed affordable housing and deal with underused or misused sites.

Recommendation 4

The Housing Department should look again at the possibility of producing affordable housing on infill sites on its housing estates and other landholdings, which could include a pilot project to test the concept.

Construction costs

The cost of land can easily be 40% of development costs, but there does not appear to be much that local authorities can do about it. Arcadia Homes has a subsidiary that builds open market housing to cross-subsidize social housing. All profits from the open-market properties are reinvested and Arcadia aims to produce 100 affordable homes per year countrywide using this method.

Innovation in design and build

Mr Day cautioned that innovation was only worthwhile if the home that resulted could be mortgaged. New homes must be certified by the National House-Building Council. The industry tends to be rather conservative as well, and many people are wary of radical new concepts when some of the failures of 1950's and 1960's design & build are still causing problems.

Any new innovation – in fact any new affordable housing development – **must** work in housing management terms. Developments that do not consider how people will live in them will fail. Social housing tends towards a higher proportion of vulnerable tenants or those with specific or multiple needs. Management is extremely important.

Members felt that this was an important issue: affordable housing is not just bricks and mortar. Effective management and effective design go hand in hand. Properties that are difficult to manage because they are difficult to maintain, expensive to live in or inappropriate for those who live in them, have an impact on the people living in them and the community as a whole.

Recommendation 5

Homes delivered through the Affordable Housing programme must be managed effectively if they are to be a positive benefit for residents and the community. Therefore, the housing enabling team should ensure it has an appropriate and effective working relationship with the housing management teams of the local authority and its housing association partners, to ensure that new affordable housing developments can be properly managed as well as meet our affordable housing need.

Recommendation 5 is in no way a criticism of the housing management regimes of Taunton Deane or housing association partners; neither is it a criticism of the housing enabling team or housing developers. The review wanted to stress the importance of effective housing management and the role that appropriate design can play in making management easier. In the past, most notably in high-rise developments in inner cities, social housing design seems to have 'built-in' increased likelihood of problems such as antisocial behaviour, crime, social exclusion and expensive maintenance. It must

therefore be possible to use design to 'build-out' these characteristics. The review believes that housing management has a role in the housing enabling process.

The role of private sector house-builders and the challenges they face

The review was very grateful that Colin Matravers from Summerfield Developments was able to attend a meeting and provide an insight into how private sector developers approach affordable housing.

Please note that the evidence given was an overview of the affordable housing sector from an individual in the trade – views and attitudes are not necessarily those held by Summerfield Developments.

The following evidence was taken:

- Shared ownership / shared-equity models are still expensive for the buyer.
- Financing of housing development, and mortgages, is based on hard-nosed business principles. Banks are not known for their altruism.
- Adjustment of land prices, for instance the council selling land at a reduced cost, makes it cheaper to build homes. Savings on build costs are not possible unless quality is reduced.
- A house is a tradable commodity, not just a home. It is important for home-owners under any kind of financial model to be able to free equity and carry it to their next property.
- The Planning process can be expensive. This is not a reflection on any particular local authority, rather that the process has costs and risks attached to it. A planning application will cost a developer around £1000 per unit one way or another. Greater certainty or levels of advice will help reduce the risk, if not the cost.
- For their part, Summerfield Developments are happy with its relationship and partnering arrangements with Taunton Deane.
- Costs of putting in necessary infrastructure around a new development is extremely high, particularly electricity because the distribution side is not deregulated, although OFGEN is looking at it.
- Land value and land availability. It is a simple case of supply and demand. Land is a finite resource and land-owners will not sell unless the price is right. Farmers are traditionally reticent about selling their land anyway.

Mr Matravers was asked what he thought the council could do to increase the supply of affordable housing in Taunton Deane. He made the following comments.

- Anything that can be done to make the Planning process quicker, cheaper or less risky to the applicant – i.e. the developer – will be beneficial.
- Economies of scale will reduce cost and risk, and produce larger numbers of properties.
- Land is the central issue. Planning authorities must make land available through their planning policies, but it will only work if the site is appropriate for its designated use.

There was also a discussion on eco-friendly housing and the current regulatory situation.

- The market doesn't necessarily exist for homes that are 'green.' The buying public are suspicious of a home that relies on passive measures to heat the home – they expect central heating. It's a challenge and the attitude of developers is that they won't stay in business if they build homes that people don't want. The public often **say** that they want eco-friendly homes but will not go out of their way to buy them. They certainly don't enjoy paying the extra cost for them.

Mortgages and mortgage provision

Andy Rowden, a director at the Taunton-based firm "The Mortgage Detectives" attended a meeting on 12th September 2007 to talk about the mortgage market.

The Mortgage Detectives is a firm of **independent** advisors and arrangers of mortgages.

Mr Rowden gave an overview of the mortgage and housing market as he saw it:

- The first-time buyer market is quiet across all tenures. The reason the entire market is generally buoyant is because properties are being bought to rent out. This means that the private-rental market is also buoyant. This situation is unlikely to end very soon.
- Banks and building societies provide mortgages on a single, simple premise: "will we get our money back if the borrower cannot pay?"
- Most lenders will loan 3.5 to 4 times a couple's combined income.
- Mortgage lenders are more flexible than five or ten years ago.

Affordable housing models with complicated obligations or restrictions

Mr Rowden was asked what he thought of affordable housing models where complicated obligations or restrictions applied to purchasers. He replied that lenders only want to ensure a return on their loan, or guarantee their investment if the borrower defaults. However;

- Many "affordable" models are too technical or complicated for mortgage lenders, who often either do not see how they can be viable vehicles for lending money, or simply do not have a mortgage product that will fit.
- As a result, only a few lenders will consider lending on these complicated models: normally the big players in the market, and a few specialist lenders.
- However, the market is changing all the time, and will probably get used to the new and strange finance models over time. For instance, buy-to-let mortgages were very rare 10 years ago. Nowadays almost all lenders offer them.
- Shared ownership (shared equity) is very easy to finance. Lenders tend to be happy to offer mortgages on these because they've been around for a while.

On mortgage-lending in general:

The maxim applies: if the mortgage lender can see a way of recouping their loan if the borrower cannot pay, then they will probably agree to lend.

When deciding to offer a mortgage, lenders ask themselves three questions:

- Income status: is the applicant self-employed, full time, or on a contract?
- What Credit history do they have? It must be good, but must also exist. Some applicants get turned down because they have no credit history, which represents a risk to the lender.
- Loan-to-value: what percentage of the property value does the applicant want to borrow?

If the lender has all the information they need, a decision can be made in minutes!

Finally

Mr Rowden was asked what he thought the biggest problems in the affordable housing mortgage market were:

- Finding enough lenders to give enough choices on the affordable housing models that house-builders are coming up with.
- The property **must** be affordable to the buyer in the first place. Lenders won't take risks!
- High house prices are not the fault of the mortgage lenders, or the purchaser. The problem is in the market: demand is much greater than supply and more people are looking for buy-to-let properties than are available.
- Mortgage companies make their policy decisions at head-office level. Decision-making at a branch level does not happen any more. Taunton Deane is unlikely to achieve anything by speaking to the managers of the local banks and building societies.

Members recognised that it was difficult to influence the way that mortgage companies worked, but that the council and its partners could make it easier for buyers – regardless of tenure – to get a mortgage that suited them. Although the market would eventually catch up with the work of affordable housing developers, Members agreed it would be foolish for housebuilders to produce homes for low-income households from a specific community if a suitable mortgage was unavailable to allow them to live there.

Recommendation 6

The Council, as lead partner in the development of affordable housing in the borough, should keep in mind the fact that mortgage companies are often put off mortgaging on complex financial models that may not be proven in the marketplace. Some models, however appropriate or useful to a developer or potential buyer, may make some tenures less accessible.

The role of the Planning department and Housing Enabling team

Thresholds

At the time of the review, Taunton Deane had a 25 unit 'threshold' for affordable housing but was considering reducing its threshold for affordable housing units to 15 homes on any site. This would mean that any development of 15 or more homes would have to contain a proportion of affordable homes. This reduction in threshold would yield more affordable housing on smaller sites.

Changes to thresholds require the council to demonstrate an affordable housing need that will be tackled by a more onerous on-site obligation. A 15 unit threshold was proposed in 2002 as part of the Local Plan, but was refused by the Local Plan Enquiry. The affordable housing requirement at that time was 131 units per year and the Planning Inspector stated that this could be met using a 25 unit threshold.

Sites slightly under the thresholds have cost Taunton Deane and housing associations a significant amount of affordable housing. Schemes are often deliberately designed to be one or two units less than the threshold.

Developers generally preferred a cascading threshold – a sliding scale of obligation depending on the size of the site or number of homes proposed – but there is a need for affordable housing on small sites. This is mainly because there are few significant sites outside Project Taunton and large developments subject to Section 106 agreements.

The review discussed the possibility of a borough-wide target for affordable housing – say 33% - but this was dismissed because it would not take local considerations into account. Furthermore, flexibility had often been more productive for the council. Members agreed that it was more useful to be flexible and obtain a few affordable homes than taking a rigid approach and stifling development.

Developers have their own objectives which do not necessarily agree with the council's affordable housing objectives. Officers suggested that the council keep a transparent policy and combine that with a reasonable and flexible negotiating position.

Members agreed that the council should be flexible where appropriate, but should be sure to have robust policies and procedures in place. Members also noted how complex and resource intensive this work was. The review made two recommendations regarding the council's affordable housing policies.

Recommendation 7

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| <p>That Taunton Deane should continue to be flexible when negotiating affordable housing allocations on housing schemes. For example, it is better to achieve one or two units rather than have a rigid protocol that is so strict it might stop a site being developed at all. This is particularly important where schemes are close to the council's affordable housing threshold.</p> |
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Recommendation 8

Delivering Taunton Deane's affordable housing objectives can only be assured with continued and appropriate resourcing of the relevant parts of the Housing and Planning services, and that there **must** be a full Corporate commitment to affordable housing delivery.

Planning Policy Statement 25 (PPS25)

PPS25 relates to development and flood risk, was published in December 2006.

Members investigated the meaning and purpose of the document, and whether it made flood plains viable for housing development under certain circumstances.

PPS25 sets the limits of use of flood risk areas, working on an exception basis. It states that:

- Flooding is a natural process playing an important role in shaping the natural environment, although it has the potential to cause loss of life and property.
- Therefore all forms of flooding and flooding impact on the natural and built environment are material planning considerations.
- Planning authorities should "*facilitate and promote sustainable patterns of development, avoiding flood risk and accommodating the impacts of climate change*"

The aims of planning policy on development and flood risk are to ensure that flood risk is taken into account at all stages in the planning process to avoid inappropriate development in areas at risk of flooding, and to direct development away from areas at highest risk. Furthermore, local planning authorities should prepare and implement strategies that only allow development that avoids flood risk to people and property where possible, and manages residual risk.

A risk-based approach must be taken when assessing flood risk vulnerability and flood zone 'compatibility.'

Housing development is considered a 'more vulnerable' form of development and is therefore only permitted in areas with a less than once in 100 years flood risk. An exception test must be carried out if development is proposed in an area with a greater risk. To pass, the development must have wider sustainability benefits to the community that outweigh flood risk, and the development must be on previously developed land or where no reasonable alternative site exists. Finally, the development must not increase flood risk elsewhere.

Development on functional floodplain – or areas at a once in twenty years or greater risk of flooding – is forbidden.

Members were told that the Environment Agency is a more powerful stakeholder than in the past, and that they will object to any scheme that does not adhere to PPS25.

Members also heard that despite the difficult situation facing affordable housing in Taunton Deane, we had not yet reached the point where we can justify building on land at high risk of flooding (by PPS25's definition). Besides, housing associations and developers tend to shy away from these sites because of the risks and the added costs.

Members appreciated the usefulness and strength of PPS25 in determining what constituted a flood risk. They were satisfied that any recommendation that the task and finish review made on this topic would be subject to the regulations laid down by PPS25 and therefore largely irrelevant.

The role of the Community Council

The Community Council for Somerset has a role in delivery of affordable housing, in the form of rural housing needs surveys. Taunton Deane's enabling budget funds the Community Council's to the tune of approximately £8000 per year.

Parishes are increasingly concerned that they are not informed about rural housing needs surveys. Members were told that procedures are being reviewed to keep Parish Councils up to date and involved.

No representative of the Community Council was able to attend a meeting to discuss the work that they do. However, Members of the review expressed concern that the Community Council was not the valuable resource it could be.

Members heard that work had been done very recently to improve the effectiveness of rural housing enablers and the affordable housing work they carry out. Members also agreed that this task and finish review should not get involved in operational matters, but should register their desire to see a positive resolution to the problems, whether real or imaginary.

Recommendation 9

There is concern and perception that the Community Council for Somerset is failing to provide a value for money service in relation to its affordable housing work. The Council has recently suggested improvements and efficiencies to the Community Council, which have been adopted.

The Council should continue its recent work to support the Community Council to help make it the valuable resource it should be.

Land

Industrial sites

The review explored whether affordable housing could be shoehorned into industrial sites. It was discovered that if a site is identified in the Local Development Framework for industrial use then no housing can be included – it would detract from the need for

industrial uses. Land use must also be balanced; affordable housing is not the only priority.

Sites owned by other government agencies

Members of the review had hoped to identify brownfield sites owned by other local and central government agencies, and propose that they could be developed in partnership. Sites owned by the Ministry of Defence, Primary Care Trust / National Health Service, or County Council, were suggested. Unfortunately, no such sites are available. A full survey was done and although the results remain confidential at the time of writing, officers who had seen the report stated that few opportunities existed.

Housing Association competition for sites

The Housing Enabling team works very hard to dissuade housing associations from entering bidding wars over land that is up for sale which does not help housing association finances and makes it harder to produce more affordable housing. This is an informal process without prejudice to housing association's freedom to compete for sites if they wish.

Compulsory Purchase Orders

Compulsory Purchase Orders were discussed briefly. It was shown that they are a useful tool to local authorities either as a threat or when actually used, and can be used to bring empty private sector homes back into use.

Examples of Good Practice in Other Local Authorities

South Hams: How it developed its affordable housing policy

South Hams is a district Council on the south Devon coast situated between Plymouth and Torbay.

In 2000, Councillors revisited South Ham's corporate priorities, in consultation with residents. Councillors decided to make affordable housing the council's number one priority, in response to their recent housing needs survey.

The 2002 Draft Local Plan allocated sites in market towns and villages, many of which were on Greenfield sites. South Ham's desire for more affordable housing did not reflect the Devon County Structure Plan and the Regional Spatial Strategy, both of which proposed less than 600 affordable housing units for South Hams.

The Local Plan has since been overtaken by the Local Development Framework. Whilst this is developing, some affordable housing "departure sites" have been identified and built on where the local community supports development.

In 2006, the new housing needs survey showed that housing need in South Hams had doubled. As a result, the Planning Inspector allowed South Hams to increase its

affordable housing targets. The resulting Core Strategy set a strategic target of 50% affordable housing from all sources.

South Hams was awarded Beacon Status in 2005-06 for its work to tackle affordable housing.

Affordable housing policies now incorporate targets for allocated sites, a sliding scale for windfall sites; starting at 1 unit, and a 60:40 split between social rented and intermediate housing. A dedicated affordable housing team has also been put together, comprising a valuer, a planner and a housing officer.

Outcomes

- A CPA 'Excellent' rating
- Affordable housing 'Beacon' status
- A Core Strategy target of 50% affordable housing
- An up-to-date, fit for purpose Housing Market Assessment
- A dedicated affordable housing team
- Several high-volume developments
- Public and stakeholder confidence in affordable housing policies

London Borough of Lambeth: Capital Receipts Policy

In 2004, the London Borough of Lambeth agreed a policy to reinvest capital receipts earned from Housing department sites sold for housing development.

The policy allowed 100% of the receipt to be retained by the Housing department for improvements to the housing estates on which the land was sold. This money is earmarked for regeneration and other improvements to be agreed in partnership with the tenants and leaseholders on the estate.

The policy allows more housing to be built on in-fill land and underused sites on housing estates. The cash windfall helps new housing schemes get off the ground and integrate into the local community once built.

In Lambeth, 75% of these monies are retained to meet the council's massive Decent Homes commitment. However, 25% of the receipts are ring-fenced for improvements on the estate where the land has been sold, such as play equipment and community halls.

Conclusion

Affordable housing is a major challenge for local authorities. From identifying sites right through to negotiating Section 106 agreements, there are many reasons why it is so difficult to produce the homes that are needed.

This review has not attempted to solve the problem in its entirety. What it has done though is listen to the people who are trying to deliver more housing or make it possible for people to purchase a property, find out what their main concerns are, and suggest how Taunton Deane can ease the burden. This review has made 9 recommendations – written in full in Appendix A. They will not solve the problem of affordable housing supply in Taunton Deane, but if implemented, they should make a difference.

Above all, this review has demonstrated that something can be done; if the right questions are asked, and there is a political will to get answers.

If you have any queries regarding this review, please contact either the Chair of the review or the Scrutiny Officer. Their contact details are listed below.

Chair of the Review

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Appendix A – Full List of Recommendations

Recommendation 1

The Planning department should look at the usefulness and feasibility of implementing a tariff approach to secure financial contributions in respect of housing developments.

Recommendation 2

The Housing department should look at the usefulness and feasibility of pursuing a Community Land Trust (CLT) model in an appropriate area of Taunton Deane, bearing in mind that a CLT must exhibit the following key characteristics:

- There needs to be a desire to pursue this from the community in question. This cannot be run “top-down” by local authorities
- Any CLT must be owned, actually and figuratively, by the community
- Public involvement and support from the beginning is essential
- The district (and county) councils must genuinely support the aspirations and timetable of the community
- Community Land Trusts aren’t just about housing; they are about developing communities
- Needs dedicated, full time support.
- That it needs significant commitment from the community to be successful.

Recommendation 3

In acknowledging the work already done in developing the ‘green’ aspects of the new Regional Spatial Strategy, and following on from documents like the Taunton Protocol, the Council should continue its work to promote energy efficiency and environmental sustainability in affordable housing developments, including working with developers.

Recommendation 4

The Housing Department should look again at the possibility of producing affordable housing on infill sites on its housing estates and other landholdings, which could include a pilot project to test the concept.

Recommendation 5

Homes delivered through the Affordable Housing programme must be managed effectively if they are to be a positive benefit for residents and the community.

Therefore, the housing enabling team should ensure it has an appropriate and effective working relationship with the housing management teams of the local authority and its housing association partners, to ensure that new affordable housing developments can be properly managed as well as meet our affordable housing need.

Recommendation 6

The Council, as lead partner in the development of affordable housing in the borough, should keep in mind the fact that mortgage companies are often put off mortgaging on complex financial models that may not be proven in the marketplace. Some models,

however appropriate or useful to a developer or potential buyer, may make some tenures less accessible.

Recommendation 7

That Taunton Deane should continue to be flexible when negotiating affordable housing allocations on housing schemes. For example, it is better to achieve one or two units rather than have a rigid protocol that is so strict it might stop a site being developed at all. This is particularly important where schemes are close to the council's affordable housing threshold.

Recommendation 8

Delivering Taunton Deane's affordable housing objectives can only be assured with continued and appropriate resourcing of the relevant parts of the Housing and Planning services, and that there **must** be a full Corporate commitment to affordable housing delivery.

Recommendation 9

There is concern and perception that the Community Council for Somerset is failing to provide a value for money service in relation to its affordable housing work. The Council has recently suggested improvements and efficiencies to the Community Council, which have been adopted.

The Council should continue its recent work to support the Community Council to help make it the valuable resource it should be.



Executive Committee: 16 July 2008

Task and Finish Review into Renewable Energy and Energy Efficiency

Report of Scrutiny Officer

(This matter is the responsibility of Councillor Henley)

Executive Summary

This task and finish review has now been concluded. The final report has been submitted to the Overview and Scrutiny Board and was approved subject to some amendments, which have been made.

This cover sheet provides directions on how the Executive should deal with the task and finish report into affordable housing, particularly its 11 recommendations.

The final report of the task and finish review begins on the next page.

1. The Executive is asked to do the following:

- 1.1 Consider the report and its recommendations, and decide which, if any, of the recommendations it wishes to adopt.
- 1.2 If the Executive agrees to adopt any of the recommendations of the review, it should state who will be responsible for delivering each of the adopted recommendations. The Corporate Management Team (CMT) has had prior sight of the report and has identified a CMT member to take responsibility for each recommendation, if adopted.
- 1.3 If the Executive decides **not** to adopt any of the recommendations, it must specifically state why, as prescribed by the Local Government Act 2007.

2. Contact Details

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Task and Finish Review

A Review into Renewable Energy and Energy Efficiency

July 2008



“Don’t blow it - good planets are hard to find!”
- Quote in “Time” Magazine

Taunton Deane Borough Council: Overview and Scrutiny Board

A Task and Finish Review into Renewable Energy and Energy Efficiency

Introduction by Councillor Catherine Herbert
Chair of the Renewable Energy and Energy Efficiency Task
and Finish Review



“The quote on the previous page might seem flippant, but it’s absolutely true. This one planet is all we have, and all we have left. Looking after it is everybody’s responsibility. District councils have a role to play, which is why we wanted to do a review on renewable energy and energy efficiency.

We are under no illusions. Taunton Deane has a population of 105 thousand people, on a planet of over six billion! But we still have an obligation to do what we can, and district councils, county councils, regional assemblies, national governments, businesses, families and individuals are also doing their bit. We don’t really have a choice, and the best thing is, we can do quite a lot and often save money at the same time.

But this report isn’t just about turning the telly off rather than leaving it on standby. It’s not about putting cash in the bank either, though that’s a useful fringe-benefit! It’s about how Taunton Deane as an employer, business, and community leader can help reduce the amount of carbon dioxide and other greenhouse gasses we churn into the atmosphere, without compromising the ability of us all to get on with our lives.

There is no finger-wagging in this report: we’ve tried to avoid “do this, do that” recommendations. Taunton Deane is already doing a lot of good work, and should continue to lead by example. We can’t change the world in the space of this 5000 word report and its 10 recommendations, but we can say this: with a bit of thought, a little money, and a degree of effort, a useful difference can be made.

So, if the quote on the previous page is to be believed, then we have no choice but to do that thinking, commit that money, and make that effort.”

Councillor Catherine Herbert
Chair
Renewable Energy and Energy Efficiency Task and Finish Review

Acknowledgements

Sarah Jeffrey

Bristol & Somerset Energy Efficiency Advice Centre

Hugh Loxton

Bical Biomass Industrial Crops Ltd

Roger Mitchinson

Senior Policy Officer, Planning Department, Taunton Deane Borough Council

David Whitehead

Housing Strategic Services Manager, Taunton Deane Borough Council

Definitions and Abbreviations

Carbon Footprint

A carbon footprint is a measure of the impact human activities have on the environment in terms of the amount of greenhouse gases produced. Individuals and organizations can conceptualize their contribution to global warming by measuring their carbon footprint.

Carbon Neutral

Counteracting release of carbon dioxide by maintaining a balance between producing and using carbon, especially balancing carbon dioxide emissions by activities such as growing plants to use as fuel or planting trees in urban areas to offset vehicle emissions, or through offsetting schemes.

Climate Change

In recent usage, especially in the context of environmental policy, the term "climate change" often refers to changes in modern climate, is a corollary to the term "global warming," and is most commonly used to describe the effect on the environment of human actions; such as the emission of greenhouse gases.

Changes in average precipitation, temperature and wind patterns are all aspects of climate change.

DEFRA

Department for Environment and Rural Affairs

Fuel Poverty

A fuel poor household is one which cannot afford to keep adequately warm at reasonable cost. Fuel poverty is said to occur when a household needs to spend more than 10% of its income on fuel use in order to heat the home to an adequate standard of warmth. Affordable warmth also relates to the ability of a household to keep adequately warm.

Global Warming

Global warming is the increase in average temperature of the Earth's near-surface air and oceans, and its projected continuation.

According to the Intergovernmental Panel on Climate Change (IPCC) the average global air temperature near the Earth's surface increased 0.74 ± 0.18 °C (1.33 ± 0.32 °F) during the hundred years ending in 2005. The IPCC concludes "most of the observed increase in globally averaged temperatures since the mid-twentieth century is very likely due to the observed increase in anthropogenic (man-made) greenhouse gas concentrations"

Greenhouse Gases

Greenhouse gases are the gases present in the atmosphere which reduce the loss of heat into space, contributing to increased global temperatures through the greenhouse effect. Greenhouse gases are essential to maintaining the temperature of the Earth; without them the planet would be so cold as to be uninhabitable. However, an excess of greenhouse gases can significantly raise the temperature of a planet. Greenhouse gases are produced by many natural and industrial processes.

On earth, the most abundant greenhouse gases are, in order of relative abundance (chemical formula in brackets):

- Water vapour (H₂O)
- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Ozone (O₃)
- Clourofourocarbons (CFCs)

Since the industrial revolution, concentrations of all the long-lived greenhouse gases have increased due to human actions, principally carbon dioxide and methane.

Water vapour concentrations fluctuate regionally, but human activity does not directly affect water vapour concentrations except at local scales (for example, near irrigated fields).

Nottingham Declaration

The Nottingham declaration is a voluntary pledge by local authorities to address climate change. It represents a high-level, broad statement of commitment that any council can make to its own community. The declaration was originally launched in Nottingham in October 2000 and most local authorities are now signatories.

Sustainable Development

Sustainable development is a pattern of resource use that meets current human needs while preserving the natural environment, so that future human needs can also be met. "Sustainability" and "sustainable development" are largely interchangeable terms that refer to environmental, economic, or social/political sustainability. The term was coined by the Brundtland Report, a 1987 European Union report on the environment and development, which defined sustainability as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs."

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Background to the Review

Why do a review on this subject?

The “green” agenda is becoming more prominent in the policies of all major political parties. National and international responses to climate change and other environmental issues will have a major impact on councils, communities and businesses. Renewable power generation has a role to play in the green agenda, as does energy efficiency and reducing energy use.

Taunton Deane Borough Council is a signatory to the “Nottingham Declaration on Climate Change.” Signatories acknowledge that climate change is taking place and that it will have far-reaching consequences for the United Kingdom. The commitments that councils make when signing the declaration include:

- Working at a local level to deliver carbon dioxide reductions in line with the Kyoto Protocol.
- Reduce greenhouse gas emissions from local authority’s own operations.
- Encourage all sectors of the community to reduce their emissions and adapt to the impacts of climate change.

The 2007-08 Climate Change Bill is about to receive its first reading in the House of Commons. The Bill’s key provisions include commitments to significantly carbon dioxide emissions. Amongst other things it will:

- Require the Government to publish five yearly carbon budgets as from 2008.
- Create a Committee on Climate Change.
- Require the Committee on Climate Change to advise the Government on the levels of carbon budgets to be set, the balance between domestic emissions reductions and the use of carbon credits, and whether the 2050 target should be increased.
- Place a duty on the Government to assess the risk to the United Kingdom from the impacts of climate change.
- Provide powers to establish trading schemes for the purpose of limiting greenhouse gas emissions.
- Confer powers to create waste reduction pilot schemes.
- Amends the provisions of the Energy Act 2004 on renewable transport fuel obligations.

Taunton Deane Borough Council also has a corporate objective to safeguard and enhance the environment: Objective 17 of the 2008-2011 Corporate Strategy states that the Council will;

“...actively promote sustainability in Taunton Deane with a focus on climate change, energy efficiency and renewable energy, to reduce our carbon footprint on the environment.”

Membership of the Review

Councillor Catherine Herbert (Chair)
Councillor John Bone
Councillor Norman Cavill
Councillor Ken Hayward
Councillor Peter Smith
Councillor Vivienne Stock-Williams
Councillor Phil Stone

Councillor Cavill was originally elected to chair this review. However, due to other, unavoidable commitments, he reluctantly stood down as chairman. He was succeeded by Councillor Herbert, who chaired this review from the second meeting onwards.

Terms of Reference

The Overview and Scrutiny Board commissioned this review on 4th October 2007, subject to the following terms of reference:

- To understand the advantages and disadvantages of different types of renewable energy, and how they might be applied in Taunton Deane.
- To “case-study” biomass as a renewable fuel. Biomass could offer a locally-sourced renewable energy supply, with a specific positive affect on the local and rural economy.
- To propose a policy framework that will allow Taunton Deane to enable and facilitate sustained development of low and zero carbon energy production.
- To identify good and best practice that can be implemented in Taunton Deane.
- To find out what concerns exist about different renewable energy technologies, whether they are well-founded, and what can be done to address those concerns.
- To make recommendations on how Taunton Deane can anticipate, meet, and possibly exceed renewable energy and low carbon obligations laid down by central government and other agencies.

At the first meeting of the review, the group distilled the broad terms of reference into the following statement:

“To understand the advantages and disadvantages of different types of renewable energy, their viability and funding and how that might be applied to Taunton Deane and promoted, especially with regard to: -

- Helping residents to embrace renewable energy;
- Helping developers to embrace renewable energy;
- What local authorities were able to go ahead and do. “

As the review progressed, it became apparent that energy efficiency was as important as renewable energy, and the group consciously looked less closely at renewables and more closely at energy efficiency.

Evidence Taken, Key Findings and Recommendations

The evidence taken by the review group, its findings and recommendations, have been organized into themes. The recommendations are reproduced in full in appendix A.

The review group met a total of 5 times, between 26th November 2007 and 28th April 2008.

Energy Efficiency First, Renewable Energy Second

The Regional Spatial Strategy (RSS) for the South West has the potential to significantly reduce energy use and carbon emissions. The government's Code for Sustainable Housing has increasing targets for sustainability meaning that by 2016 all new housing must be "zero carbon".

The RSS hopes to go further than the Code for Sustainable Housing, by demanding that housebuilders meet sustainability targets earlier. It is therefore unrealistic for Taunton Deane to "go it alone" because the work is already being done for us. In fact, the Council has already committed some funding to the Regional Development Agency to help the RSS along.

Although some housebuilders have objected to the RSS bringing forward sustainability ahead of time, the Inspector has not agreed with them. We now await approval – or not – by the Secretary of State.

In summary, there is little in a policy context that the Council do on top of the RSS and Code for Sustainability. As a planning authority we cannot replicate existing policies unless they add value: the existing policy already exists in the form of the Code for Sustainability, and the added value comes from the RSS which proposes to increase targets for meeting sustainability criteria.

Code 6 is the highest level of sustainability, and will require energy efficiency **and** renewable energy for homes to meet it.

The government requires Code 3 by 2010, and demands a 25% reduction in CO₂ emissions. This can realistically be managed by making homes more energy efficient. Code 4 is expected by government in 2013, but the RSS proposes that it be met between 2008 and 2010. Code 4 will likely require a renewable energy element on new housing developments.

The review group realized that regardless of how much renewable energy was made available, it was sensible to reduce energy use and waste first.

Feasibility of Major Renewable Energy 'Types'

Wind

Wind power is a clean, renewable source of energy which produces no carbon dioxide emissions or waste products other than those created during the manufacturing process.

Wind turbines use the wind's lift forces to rotate aerodynamic blades that turn a rotor which creates electricity. The United Kingdom has 40% of Europe's total wind energy potential. But it is still largely untapped and only 0.5% of our electricity requirements are currently generated using wind power.

Large-scale wind energy production within Taunton Deane is however extremely limited because most areas are constrained by the need to place commercial turbines away from dwellings and microwave routes. There are very few sites in Taunton Deane that satisfy safety and windspeed requirements that are not in Areas of Outstanding Natural Beauty. Wind energy is not likely to be a major renewable energy source for Taunton Deane. Most potential sites are either inside Areas of Outstanding Natural Beauty or too close to homes or microwave infrastructure. In other areas average wind speeds are too unreliable or not strong enough for power generation. Nevertheless, where commercial generation is feasible, it should be supported.

Recommendation 1

The review group believes that the Council should encourage and be supportive of any efforts made to identify sites for viable commercial wind turbines.

For many building related applications there are small scale, local opportunities to capture wind energy. Small stand-alone turbines have hub heights from 6 to 30 metres and power ratings from 2.5 to 20 Kilowatts. It is important that structures are sited at a reasonable distance from obstructions such as buildings and tree belts that could impair the velocity of the wind.

Even smaller turbines are now available for attaching to buildings. However, these are not always suitable unless the building will tolerate vibration and the turbine itself can be placed a suitable distance above the roof line (around 2 metres above, in order to increase efficiency as winds are stronger further from the ground).

Photovoltaics

Photovoltaic cells convert solar energy into electrical energy using cells of one or two layers of a semi conducting material, usually silicon. Photovoltaic electricity can also be fed into the national grid.

Photovoltaic panels can be fixed to roofs or form an integral part of a roof covering. They tend to be one of the easiest renewable energy systems to install. These devices can be quite heavy and may therefore require strengthened roofs.

Solar Water Heating

Solar panels or collectors containing fluid absorb the sun's heat and once hot, the fluid passes through a coil in a hot water cylinder and transfers the heat to the water in the cylinder. Solar collectors can be installed at low level or on the roof of a building or incorporated into the roof finish. Solar water heating systems provide up to 70% of the hot water requirements of a home over a year, depending upon the habits of the users.

Solar water heating can provide about a third of a home's hot water needs. The average domestic system reduces CO₂ by around 350kg per year and about £40 a year of a hot water bill, depending on the fuel replaced. Also, solar water heating systems tend to require little maintenance.

Heat Pumps

The most common use of heat pumps is for ground source heating. Ground source heat pumps transfer heat from the ground into a building to provide space heating and, in some cases, to pre-heat domestic hot water.

The process involves a closed loop system of plastic pipes filled with water and anti freeze buried in the ground and pumped around the loop. The pump evaporates compresses and condenses the heat and delivers it into the heating distribution system of the building. The process exploits the stable temperature of the earth for both heating and cooling.

Whilst not totally renewable because a small level of power is required to operate the pump, it can assist in reducing the requirement for heat generation on site and it does not require storage of fuel, unlike conventional systems.

Bio-fuels

Key sources of biomass energy generation in the United Kingdom are "short rotation coppice" willow, and miscanthus. Crop areas are increasing steadily across the country as fossil fuels and non-renewable energy sources become more expensive.

Energy crops can be grown for large or small-scale units. Large power generators are now co-firing with biomass, allowing them to claim "Renewables Obligation Certificates" for generation of renewable energy.

Farmers can become energy and fuel suppliers for local power users, on a domestic or district-heating system. Large heat users, such as hospitals, leisure centers and schools are ideal outlets for biomass energy. Installations of biomass boilers are becoming more frequent across the country.

Energy crops can currently be grown on set-aside land, assuming a contract is in place with a suitable end-user. Energy crops grown on non-set-aside land are eligible for an annual Energy Aid Payment of up to 45 Euros per hectare. For farmers interested in planting willow or miscanthus, establishment grants are available.

However, the increased global market for fuel derived directly from plants has sometimes led to further ecological damage and, potentially, an increase in carbon emissions. Further concerns exist that food production in some areas will be replaced by more lucrative bio-fuel cropping, with the consequent adverse effects on food availability and price.

Anaerobic Digestion

A 2007 working paper by DEFRA stated that the government was interested in the potential of anaerobic digestion as a means of meeting the United Kingdom's climate change obligations. It stated that;

“Anaerobic digestion has significant potential to contribute to our climate change and wider environmental objectives. It can help us to meet three of the UK's needs at the same time by:

- Producing more renewable energy in the form of biogas for biomass heat and/or power or for transport fuel;
- Helping to mitigate methane emissions from agriculture; and
- Helping to divert other kinds of organic waste, especially food waste, from landfill or incineration. ”

Anaerobic digestion is a well-proven renewable energy technology. It can reduce greenhouse gas emissions by capturing methane from the decomposition of organic materials, such as livestock manures and slurries, sewage sludge and food wastes. Anaerobic digestion involves harnessing the natural process whereby organic matter is broken down by bacteria in the absence of oxygen. The materials ferment in a closed vessel and produce a biogas which is a mixture of about 60% methane and 40% carbon dioxide, with other trace gases, such as hydrogen sulphide. This can be used as a renewable energy source, both for heat and power, and as a transport fuel.

The treated liquid - known as digestate - can be used as a fertiliser. In certain circumstances, it may prove attractive to separate fibre from the digestate and sell this as a soil conditioner and low grade fertiliser. Anaerobic digestion can be carried out in small scale systems, for example located on the farm and operated by farmers, or to serve businesses or clusters of businesses. Alternatively it can be carried out in large centralised systems, for example to treat municipal food waste being diverted from landfill by local authorities or manures and slurries from several farms.

Anaerobic digestion can lead to significant reductions in methane emissions from manures and slurries. Agriculture accounts for 7% of all UK greenhouse gas emissions of which about a third is due to methane emissions. Methane is a greenhouse gas with a global warming potential 21 times that of carbon dioxide over a 100 year time period. About 86% of this methane comes from enteric fermentation in the digestive system of animals, and 14% from manures and slurries. Anaerobic digestion offers the opportunity to capture methane from manures and slurries and so can lead to reductions in emissions to the atmosphere.

The Senior Planning Policy Officer has done some work looking at the feasibility of constructing an anaerobic digester in Taunton Deane. The reasoning behind this work is that the Somerset Waste Partnership does not currently have in place a method of collecting and composting commercial food waste, several hundred thousand tons of which is produced every year. Also, there are several very large dairy farms in Somerset which could potentially provide slurry to any anaerobic digestion plant, producing energy as well as fertilizer.

Nitrates, phosphates and other nutrients can be obtained from this form of recycling instead of being washed away by surface run-off into rivers; particularly considering the limitations imposed upon fertilizer use and the cost of purchasing fertilizer.

Recommendation 2

The Council should promote a trial of anaerobic digestion as a means of producing energy. A feasibility study should be carried out to determine the usefulness of commercial food waste for this purpose, which is currently land-filled.

Case Study: Biomass – Miscanthus

Hugh Loxton, a local farmer and businessman, gave a very interesting presentation on the growth of miscanthus, which has the potential to be a very useful source of fuel in the south west and beyond.

Miscanthus is a perennial grass, which is increasingly being seen as an ideal energy crop for heat and electricity generation. It has a high dry matter yield, regrows each year, is an efficient user of nitrogen and water; in fact, it will grow almost anywhere with minimum fuss. It also suffers from very few pests or diseases. There is no need to till the soil more than once. The crop is cut then left to regrow – which means that birds and other animals are able to make use of both the crop and the ground for protection, nesting etc. A recent government report stated that;

“...because the crops were harvested in March and the land is not disturbed by cultivation every year, the fields were used as over-wintering sites for birds, small mammals and invertebrates suggesting immediate benefits for biodiversity.”

The table below shows how miscanthus compares to other arable crops, and shows the energy equation for each. Miscanthus is a more productive energy crop.

| Crop | Energy in (MJ/ha) | Energy out (MJ/ha) | Ratio |
|---------------|-------------------|--------------------|---------|
| Miscanthus | 9,224 | 300,000 | + 32.53 |
| Willow | 6,003 | 180,000 | + 29.99 |
| Hemp | 13,298 | 112,500 | + 8.46 |
| Wheat | 21,465 | 189,338 | + 8.82 |
| Oil Seed Rape | 19,390 | 72,000 | + 3.76 |

The crop appears to be profitable and environmentally friendly. Once established it yields for over 10 years without the need to be replanted and with no input such as fertiliser or pesticides.

Drax Power Limited, operator of the second largest coal-fired power station in Europe, is committed to using miscanthus as a biomass material combined with coal because of its low cost and efficiency.

Where a market for miscanthus exists or appears, Bical sets up local co-operatives of farmers who will grow and harvest the crop, pelletise it, and distribute it. Because these co-operatives are set up as close as possible to the market, carbon emissions are kept to a minimum when transporting the fuel to the customer.

Miscanthus is recognised and supported by the Department of Environment, Food and Rural Affairs and it was now being grown across other parts of Europe and in the United States.

Whereas some other bio-fuels are responsible for a lot of environmental damage when forest is destroyed to make way for crops such as palm oil, or food production is eschewed in favour of more lucrative bio-fuel crops, miscanthus can be grown in the united kingdom and is a viable alternative for many farmers who do not make a worthwhile profit from food production.

The review group is aware that the headlong rush to bio-fuels has in some cases had a negative impact on the environment **and** climate change. However the case of miscanthus appears to satisfy the accepted definition of sustainability: it allows us to produce the energy we need without compromising the environment, economy, or our future needs.

Policy G in the emerging Regional Spatial Strategy for the south west refers to renewables. Fuel-fired energy production - rather than passive measures such as solar - are only as renewable as the fuel being used. There could be a role for miscanthus or other renewable crops.

Recommendation 3

The Council should look for and pursue opportunities to deliver viable biomass power generation on future developments where the Council has the power to influence; this should include its own buildings and housing stock. The review group was particularly impressed by the potential of miscanthus as an energy crop. West Somerset District Council's recent work using waste wood-chip could also be a worthwhile bio-mass fuel.

Good Practice in Other Local Authorities

Uttlesford District Council has introduced a scheme, in association with the Essex Energy Efficiency Advice Centre, where all householders were encouraged to complete a Home Energy Efficiency Questionnaire. In return they received two free energy efficiency light bulbs and a customised energy efficiency report for their home. The questionnaire and light bulbs were available at various offices and community information centres.

Recommendation 4

Taunton Deane Borough Council should implement this scheme in association with the relevant local Energy Efficiency Advice Centre to encourage and enable households to save energy and reduce their carbon footprint.

Uttlesford also encourage home-owners to embrace energy efficiency when extending their homes. Their Planning Department requests that all applicants who wish to add extensions to their property complete a Home Energy Efficiency Questionnaire which is analysed to produce an energy efficiency report. The applicant then undertakes to carry out energy efficiency improvements to their home as a condition of planning consent. Taunton Deane's Planning Department explained that it might not be possible to implement this policy as a condition of planning consent, but could be carried out on an advisory, or good practice, basis.

Recommendation 5

The Planning department should prepare and publish a supplementary planning document, or similar policy or best practice guide, requesting or requiring those who submit planning applications to extend dwellings, to complete energy efficiency improvements as a requirement of receiving planning permission: where possible and practical. This requirement / guidance should include, but not be limited to, the following:

- Cavity, wall, loft and floor insulation;
- Replacement of boiler if over a certain age;
- Upgrade of heating controls;
- Hot water insulation package;
- Draught stripping; and
- Energy efficient lighting.

Partnership Working

The Housing Strategy Manager provided information to the review on how energy suppliers are expected to meet their climate change obligations.

The government originally placed an obligation on utility companies in the form of an energy efficiency commitment. This legislation has recently been replaced with a strengthened “Carbon Energy Reduction Target” which has doubled utility companies’ obligations towards energy efficiency.

As well as providing grants and advice, utilities also provide large numbers of energy efficient light bulbs to local authorities, for them to distribute. Taunton Deane has been offered tens of thousands of energy efficient light bulbs, and is obliged to distribute them principally to households with low incomes.

The review group explored the possibility of setting up a company to purchase and sell energy efficient light bulbs on an at-cost basis. However, the review group decided that this would not be necessary: utility companies are already supplying them for free.

The Bristol and Somerset Energy Efficiency Advice Centre is a free and independent advice service run by the Centre for Sustainable Energy. It offers advice on making homes more energy efficient and reducing fuel bills to householders in the Bristol, Somerset and South Gloucestershire areas. This includes providing information on grants and discounts that may be available for heating and insulation measures.

Energy efficiency advice centres will also help local authorities find the best ways to promote energy efficiency, including advice on setting up open days, “light-bulb amnesties” and other good practice from elsewhere in the region and country.

The review group felt that despite all the work being done by government, its agencies and by local government, the message wasn’t necessarily reaching everyone, or not being acted upon.

The review group agreed that the council should take advantage of the services provided by energy efficiency advice centres to raise awareness of the climate change and energy efficiency agenda, and especially the advantages to households of embracing energy efficiency.

Recommendation 6

The council should work with the local energy efficiency advice centre to set up an energy efficiency open day, perhaps in the style of the successful affordable housing open day, to promote energy efficiency, renewable energy and energy saving as it affects residents and businesses in Taunton Deane. This open day should be specifically set up to provide practical assistance for residents and businesses as well as information on the climate change agenda. This event must be properly advertised and promoted.

The review group believes that the emerging Pioneer Somerset arrangements have a key role to play in the way that Somerset tackles climate change.

The emerging Pioneer Somerset structure has the potential deliver Somerset's Local Area Agreement targets with greater economies of scale than if each district and the County Taunton Deane pursued them separately.

What Else Could Taunton Deane Do?

The review group spent a lot of time discovering what work Taunton Deane currently does, what its obligations are, and how they are being met.

At the end of 2006 Taunton Deane Borough Council became a signatory to the Nottingham declaration, making a commitment to tackle climate change. Part of that commitment is to produce a Climate Change Strategy. The first stage of doing this is to identify what the carbon footprint of the Council is, before working out how to reduce it. This baseline includes carbon emissions from the Council's buildings and vehicles. This data is then inputted into a Carbon Trust database, who calculate the baseline carbon footprint. The Energy Savings Trust will help the Council to identify ways of reducing the carbon footprint.

According to the figures, the carbon output of Taunton Deane Borough Council was 3499 tons in 2006-07 costing £611,000 in fuel. This is expected to increase by £252,000 in 2007-08 due to increasing fuel costs. Aside from the undesirability of carbon emissions, energy efficiency can have a significant effect on council budgets.

Taunton Deane does not have an officer with specific and dedicated responsibility to address the obligations and challenges associated with "green issues" and the Climate Change Strategy. The review group heard that these obligations will only increase over time.

Recommendation 7

Taunton Deane should explore the possibility of appointing a Climate Change Officer. This post should include the following responsibilities and be appropriately placed in the structure of the organization to have the greatest impact and influence.

- To promote the council's corporate objective on climate change, renewable energy and energy efficiency (Objective 17, 2008-11 Corporate Strategy).
- To lead Taunton Deane's input into meeting the Local Area Agreement targets relating to climate change.
- To lead on producing, implementing and monitoring documents relating to climate change, renewable energy and energy efficiency; such as the Carbon Management Plan and Climate Changes Strategy.
- Service the "Green Groups" and keep them informed – see recommendations 10 and 11.

The review discussed how to reach the public in a cost effective way. The value of a “one-stop-shop” to provide information and guidance was noted. The review concluded that with a large number of similar websites in existence, one more would not help. A webpage on the Taunton Deane website containing basic advice and useful links to other organizations and funding authorities would be more useful and cheaper to create and maintain.

Recommendation 8

Taunton Deane should create a webpage to promote energy efficiency, renewable energy and the wider climate change agenda, with a direct link placed on the www.tauntondeane.gov.uk front page. This webpage should contain information on energy efficiency, renewable energy, the Council’s approach to climate change, and a list of contact details for relevant organizations and funding authorities.

Members also agreed that if a leaflet could be included in the council tax demands, a wide range of people could be reached for minimum cost, and that a leaflet showing ways of saving money would be popular when compared to the council tax demand it was accompanying!

Recommendation 9

A leaflet containing details on how householders can access grants and other assistance to make their homes more energy efficient should be compiled. It should be distributed with the annual Council Tax demand. The leaflet should direct householders to the Energy Savings Trust website, and provide contact information to help householders not only make their homes more environmentally friendly, but possibly save money by doing so.

This recommendation was made during the review as an interim recommendation. It was adopted by the portfolio holder for Planning and Transportation and the leaflet was distributed with the 2008-09 Council Tax demand.

The panel believes that the leaflet should now be distributed to all Council offices and, where possible, to officers who have direct contact with the public. In particular, the leaflet could have a role in tackling fuel poverty, and in correspondence between the planning department and applicants.

During the review, Councillors became increasingly aware that a lot of work is already being done to tackle climate change and promote energy efficiency and renewable energy. Money and resources are available in many instances; however the missing element was often awareness or the prevalence of the “can’t be bothered” factor.

In order to foster awareness, inside the council as well as in the community, two “green groups” should be set up to champion the green agenda. Their remit should include all elements of environment sustainability.

Recommendation 10

The Council should set up a small informal “green group” of interested Councillors who can promote the green agenda within the council, amongst other Members, and in the community at large. It should also act as a mechanism for feeding back the views and attitudes of the public, and be given the opportunity – without prejudice to other methods of consultation – to give feedback on “green” strategies that the council develops, such as the Climate Change strategy. This green group should be linked to the role of the Climate Change Officer (if recommendation 7 is adopted).

The review group felt that the maxim “put your own house in order first” was useful in developing Taunton Deane’s approach to the climate change agenda. Plenty of work has already been done but the review group felt that more could be done to encourage Council employees to embrace the climate change agenda in the work they do.

Recommendation 11

In light of the financial **and** environmental cost of the CO₂ footprint of Taunton Deane Borough Council, the council should set up an informal volunteer “green group” amongst officers to promote and champion energy saving, green awareness at the Council to create an environmentally sustainable working environment.

Conclusion

This review has made 11 recommendations, principally around the two themes of energy efficiency and renewable energy, but also in relation to the wider climate change agenda. Most of the recommendations fall under heading of “enabling” or “partnership.” Some recommendations have a significant cost attached to them, such as the recommendation to create a new officer post. Other recommendations, such as those suggesting that “green groups” be set up to promote the green agenda, will have small costs attached to them but, if successful, could ultimately save the council money. In terms of reducing our energy bills and CO₂ footprint, the proposed climate change officer post might also pay for itself.

This review is now concluded, but the review group wishes to make clear that they have only scratched the surface of the issues and challenges associated with energy efficiency, renewable energy, and climate change. Nevertheless, if the group’s recommendations are accepted and acted upon, a useful contribution can be made, not just in Taunton Deane, but across Somerset.

Finally, the review group would like to thank everyone who has been involved in this interesting and challenging review.

Chair of the Review

Councillor Catherine Herbert

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Scrutiny Officer

Alastair Higton

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Scrutiny Task and Finish Reviews

Policy and Performance Team

Taunton Deane Borough Council

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Taunton

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Tel:01823 356397

Appendix A – Full List of Recommendations

Recommendation 1

The review group believes that the Council should encourage and be supportive of any efforts made to identify sites for viable commercial wind turbines.

Recommendation 2

The Council should promote a trial of anaerobic digestion as a means of producing energy. A feasibility study should be carried out to determine the usefulness of commercial food waste for this purpose, which is currently land-filled.

Recommendation 3

The Council should look for and pursue opportunities to deliver viable biomass power generation on future developments where the Council has the power to influence; this should include its own buildings and housing stock. The review group was particularly impressed by the potential of miscanthus as an energy crop. West Somerset District Council's recent work using waste wood-chip could also be a worthwhile bio-mass fuel.

Recommendation 4

Taunton Deane Borough Council should implement this scheme [where all householders are encouraged to complete a Home Energy Efficiency Questionnaire in return for two free energy efficiency light bulbs and a customised energy efficiency report for their home] in association with the relevant local Energy Efficiency Advice Centre to encourage and enable households to save energy and reduce their carbon footprint.

Recommendation 5

The Planning department should prepare and publish a supplementary planning document, or similar policy or best practice guide, requesting or requiring those who submit planning applications to extend dwellings, to complete energy efficiency improvements as a requirement of receiving planning permission: where possible and practical. This requirement / guidance should include, but not be limited to, the following:

- Cavity, wall, loft and floor insulation;
- Replacement of boiler if over a certain age;
- Upgrade of heating controls;
- Hot water insulation package;
- Draught stripping; and
- Energy efficient lighting.

Recommendation 6

The council should work with the local energy efficiency advice centre to set up an energy efficiency open day, perhaps in the style of the successful affordable housing open day, to promote energy efficiency, renewable energy and energy saving as it affects residents and businesses in Taunton Deane. This open day should be

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Taunton Deane Borough Council

Joint report of Corporate Performance Officer, Scrutiny Officer and Policy Support Co-ordinator to the Executive: 16 July 2008

Approval of Annual Report 2007/2008

(This matter is the responsibility of Executive Councillor Fran Smith)

Executive Summary

The Council is required to produce an Annual Report (or 'Performance Plan'), which must be published by 30 June. This statutory requirement has been removed, but the Audit Commission expect us to produce one for this year. Its purpose is to "articulate proposals for improvement for the coming year, including how weaknesses will be addressed, opportunities exploited and better outcomes delivered". We are also required to include outturn data for finance and Best Value Performance Indicators, our annual efficiency statement and progress against past objectives and statutory statements on workforce matters.

The audience for the Annual Report is the authority itself (councillors, managers and staff), key partners, the government and the general public.

The Executive is requested to approve publication of the Annual Report.

1. Purpose

- 1.1 To comment on the draft contents of the Council's Annual Report 2007/2008.

2. Background

- 2.1 It has been a requirement for councils to produce an Annual Report / Performance Plan since April 2000, in accordance with Part 1 of the Local Government Act 1999: Best Value and Performance Improvement. The legislation provides guidelines on the content, which is revised frequently by Government.
- 2.2 The latest guidance reaffirms that the Annual Report and the Corporate Strategy should become the focus of authorities improvement planning, by articulating priorities for improvement, including how weaknesses will be addressed, opportunities exploited and better outcomes delivered for local people. It should set targets for improved future performance.
- 2.3 The Government has implemented a differentiated approach that reflects CPA categorisation. For authorities ranked as Excellent or Good, such as our own, the Government has reduced its requirements further. We have taken this into account in producing this year's Annual Report.

- 2.4 The main audience of the Annual Report is officers, members, groups and organisations with an interest in the authority, the regulatory bodies and central government. The Annual Report is still required to be available and accessible to the public. The publication deadline is 30th June each year.
- 2.5 The Annual Report will link to the Corporate Strategy 2008-2010 describing our aims for the next three years. A separate appendix contains all our performance indicator results for 2007/08 which can be viewed on our website.
<http://www.tauntondeane.gov.uk/tdbcsites/polperf/annualreport.asp>

3. Timetable

- 3.1 Members should note that the Annual Report is still draft, with some information and data still outstanding. The report has been circulated to CMT members and all Managers for comment. The Annual Report and Performance Indicators will be audited separately by the Audit Commission later in the year.

4. Effect on Corporate Priorities

- 4.1 The Annual Report makes us accountable for our past performance against previously published objectives and targets against our corporate priorities. It also focuses on future objectives, clearly laying out our plans and targets for future performance. In effect, the Annual Report is the measure of success against our corporate priorities.

5. Recommendation

- 5.1 The Executive is requested to approve publication of the Annual Report.

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Taunton Deane Borough Council Annual Report 2007/2008

1. Cover – To include TD logo (top right) and Excellent Council logo and IIP logo

2. Contact details and Equalities Statements.

Add: Performance Manager, contact details (telephone no and email)

3. Contents (Note document needs page numbering)

| CONTENTS | Page |
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| Foreword | X |
| Our vision, business principles, core values | X |
| Taunton Deane – overview of the Borough | X |
| Taunton Deane – a year in view | X |
| Progress against last year's promises | X |
| Financial performance | X |
| How we manage performance | X |
| Our commitment to the environment | X |
| Our partnerships | X |
| How we will address our weaknesses | X |
| Statement of contracts | X |
| Guide to Acronyms | X |

Foreword

To be inserted

DRAFT

Our Vision

“To be a high performing Council, working in partnership to create a good quality of life for all Taunton Deane Residents”

Our Core Values



Our Business Principles

Customer driven

Putting the needs of individual customers at the heart of all that we do

Excellent services

Ensuring the delivery of accessible, high quality services that provide good value for money

Local focus

Making a positive difference to quality of life in communities across Taunton Deane

A dynamic organisation

Innovative, forward looking and focused on results

Overview of the Borough

Insert map of Taunton Deane

Size: 462 square kilometres

Population: 107,400

Households: 47,686

Main settlements: Taunton, Wellington, Bishops Lydeard, Wiveliscombe

Unemployment: 1.2%

Average property price: £215,699

Taunton Deane is situated in an outstanding landscape of natural beauty, extending from the Somerset Levels along the River Tone, with the Quantock Hills to the north and the Blackdown Hills to the south. It is well served by road and rail links to Bristol, Exeter and London, as the M5, A38, A303 and rail links are within easy reach.

Taunton Deane is a predominantly rural borough, with two main centres of population, Taunton and Wellington, and a number of smaller towns and villages. The Borough is generally prosperous, with relatively low levels of crime and unemployment. However, the area does suffer from lower rates of pay and relatively high house prices. Deprivation is not prevalent but there are significant pockets of greater need in parts of Taunton.

Year in View

The stories, events and achievements from 2007/08

This will include photographs against a number of the activities

Summer

The local community comes together for the Halcon & Lambrook Community Clean-Up Day and to mark the launch of the Community Clean-Up Partnership.

We launched our Corporate Equality Scheme to ensure the Council meets the needs of customers and staff in all areas of equality and diversity.

“Your Council, Your Views” consultation starts with residents asked what the Council priorities should be and what they think Council Tax should be spent on.

Drop in sessions are arranged so that anyone can gain free advice on going smokefree.

Our Affordable Housing Open Day proved to be a successful 'one-stop-shop' with banks, solicitors, estate agents, registered social landlords, a self build company, developers and contractors available to provide advice and information.

Members of the public are asked to participate in a wide ranging consultation on free children’s play provision in Taunton Deane.

From August cardboard can be recycled at all of Taunton Deane’s paper banks as part of a new project to make recycling more convenient to local residents.

We offered development grants worth £2,000 to new businesses. The scheme has already helped more than 100 small firms grow and develop.

Autumn

Sun, fun and food at Wellington festival and over 10,000 visitors. We contributed £70,000 in financial support over the last two years to this festival.

Taunton becomes one of the first towns in the UK to provide tourist information by text message. This unique new service allows visitors to check everything from bus and train times to accommodation and theatre bookings on their mobile phone.

Taunton and Wellington excelled in the Britain in Bloom awards for the South West. Taunton retained the Tesco Cup awarded in the large town/small city category and won the Sargent Trophy, awarded for outstanding effort in community, schools and youth involvement.

The Mayor’s charities are announced; the NSPCC and SURE, Somerset Unit for Radiotherapy Equipment.

Community Partnership Meetings are launched in Taunton Deane. Residents are invited to say what matters to them about where they live.

Taunton Deane Borough Council and Somerset County Council sign a contract to create a new Joint Venture Company with global business services provider IBM. The new company, Southwest One, will provide operational services to both councils.

The County's first Creative Business Exchange took place bringing together artists, designers, performers and others to showcase their work, enabling them to tap into advice and establish new contacts.

Triumph over disability and discrimination and his tireless contribution to the Taunton Deane community have earned Councillor Richard Lees an Honorary Doctor of Education degree by the University of Plymouth in public recognition of his achievements.

Winter

Flags were raised in Wellington, Vivary and Victoria Park which celebrated being awarded prestigious Green Flags that recognise the best parks in the country.

A Christmas fun fair was held in Taunton High Street partly funded by the Council.

The Borough is in the top ten nationally for generating the lowest amount of household waste for collection, coming in at the number six spot.

We joined forces with neighbouring Councils to launch a system of star ratings for every business or organisation serving and selling food.

We received over half a million pounds from the Football Foundation. This means we can replace the sports pavilions at Hamilton Gault and Galmington Playing Fields and recognises the Council's work to encourage all teams to get the FA Charter Standard Award.

Ring Go scheme is launched enabling drivers to park in 21 Taunton Deane car parks and pay by mobile phone. Taunton Deane is the first local authority in Somerset to introduce this technology.

Lottery funding of £207,000 has been awarded for two new play schemes "Wild Play Days" and a Play Rangers project.

Spring

Our nursery moved to a new larger HQ near Stoke Road. The new nursery has added some eco-friendly features. These include water saving measures with rainwater captured and stored from the roofs of the glasshouses and polytunnels.

Sophisticated technology will automate routine tasks such as the ventilation of the glasshouses and polytunnels, irrigation and heating.

The Mayor invited members of the community to nominate an outstanding local citizen for the 2008 Taunton Deane Citizenship Award.

When new houses and bungalows were built in Howard Road, money was put aside to improve the play facilities in the area. Local residents were invited to decide how the money should be used.

Businesses are invited to attend a special event to learn more about food hygiene and the star rating system.

The Restorative Justice scheme was launched to bring victims, offenders and communities together to decide on a response to a particular crime as a tool to tackle anti-social behaviour.

Taunton Deane Borough Council and Taunton Association for the Homeless gain a Government award of £740,000 enabling Lindley House to continue and develop as a safe base for those with nowhere to live.

A public open day showing details of town developments for Project Taunton was held at the Brewhouse.

In the last financial year, we dealt with:

| | |
|--|---------|
| Calls to Customer Enquiries Line | 162,872 |
| Enquiries through Deane House main reception | 33,368 |
| Visits to Wellington Community Office | 28,322 |
| Enquiries at Planning Reception | 7,477 |

More information to be added in?

Progress against priorities

Last year's Annual Report set out our planned improvements under each of our six Corporate Aims. Here we report progress against each of these. The objectives were established after listening to local residents priorities' through consultation and satisfaction surveys. We also considered Government and local partnership priorities in setting these objectives.

Economy

Our aim

“Regenerating Taunton and strengthening the economy of the Borough”

Our objectives

To stimulate the creation of 14,000 new jobs in the Borough between 2006 and 2026 (of which 5% will be within the Creative Industries Sector).

To encourage 30 new businesses to set up in Taunton Deane per year (5% from the Creative Industries Sector)

Develop the Cultural Offer of the Borough, by recognising and supporting the importance of cultural activities and creative industries to the economy of the Borough.

To reduce deprivation in the most deprived wards in Taunton Deane, with a specific focus on Halcon and Lyngford, taking the most deprived sub-areas from these wards out of the 25% most deprived 'super output' areas in the country by 2020. (Based on national index of multiple deprivation rankings)

Support the development of the rural economy through facilitating and supporting agricultural diversification projects, business activity and land development

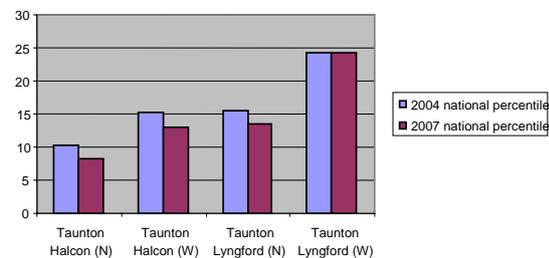
Our Progress in numbers

VAT registrations in Taunton Deane (net)

| year | Total number | Change on previous year |
|------|--------------|-------------------------|
| 2004 | 3755 | 70 |
| 2005 | 3810 | 55 |
| 2006 | 3840 | 30 |

Source: DTI Small Business Service

Change in overall deprivation in deprived sub-areas of Halcon and Lyngford wards



Note: the lower the number, the more deprived the area in comparison to the rest of England.

Progress so far

We awarded a total of 12 Business Development Grants during the year along with 6 “Acorn” start-up grants.

Creative Business Boost dealt with over 400 businesses across Somerset during the past 18 months. This project has now successfully concluded.

The Project Taunton skills group has been established to promote construction as a career option and to ensure that employment opportunities from Project Taunton are maximised.

Young Enterprise successfully delivered its second year of a three year programme in local Primary Schools, and has achieved all of its second year targets.

The second Wellington Food Festival took place in September 2007, and attracted 61 businesses and over 10,000 visitors. We also supported the expansion of the Wellington Farmers market.

We successfully lobbied, with others, to retain the UK Hydrographic Office in Taunton, therefore retaining 1,000 jobs in the town.

Work still to do

‘in2Somerset’, an inward investment agency for the county, has recently started operating with a shadow board. We part-fund this initiative.

The Taunton Town Centre Area Action plan is nearly complete and it is anticipated that it should be adopted this autumn.

Work on the Core Strategy is progressing. There will be community engagement this autumn and public consultation next February and March.

Work continues with the Brewhouse Board to increase audience attendance and diversify activities, including greater emphasis on community involvement.

Transport

Our aim

“Minimising the growth in traffic congestion”

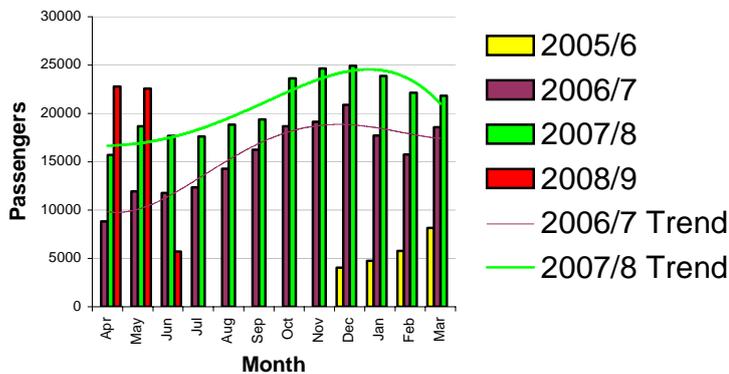
Our objectives

Support the County Council as lead agency, to limit the rate of growth of traffic congestion in Taunton (to limit vehicle delay hours at peak-time to 2,414 hours by 2011).

Support the County Council to reduce the proportion of journeys to work made in Taunton by Single Occupancy Vehicles (SOV).

Our progress in numbers

Year on Year Silk Mills P&R Comparison



Progress so far

A car park study commissioned by Project Taunton recommended actions to ease the predicted shortfall in town centre spaces for shoppers and short-stay visitors.

£4.427m has been awarded to fund the Taunton East Park and Ride. This was given outline planning permission in February 2008.

With the County Council we have jointly funded an initiative to promote cycling and sustainable travel amongst young people in Taunton.

We worked in partnership with the County Council to submit the Local Transport Plan which included agreement for the Northern Inner Distribution Road (NIDR) and the 'Third Way' – two major road schemes that will ease traffic congestion in Taunton.

Our bid for New Growth Point Funding was successful. We will receive £2.74 million capital and £287,000 revenue funding for 2008-09. Some of this funding will be used to expand the Silk Mills Park and Ride. Design and planning will be completed during 2008-09.

Work still to do

We continue to work with the County Council to reduce the proportion of journeys to work made in Taunton by Single Occupancy Vehicles.

In April 2008 we introduced higher long-stay parking charges. This is designed to encourage commuters to use the Park and Ride. This should relieve traffic congestion and help free up 200 parking spaces for shoppers and visitors.

Crime

Our aim

“Promoting safer communities and tackling anti-social behaviour”

Our objectives

To reduce overall crime in Taunton Deane by 15% by March 2008.

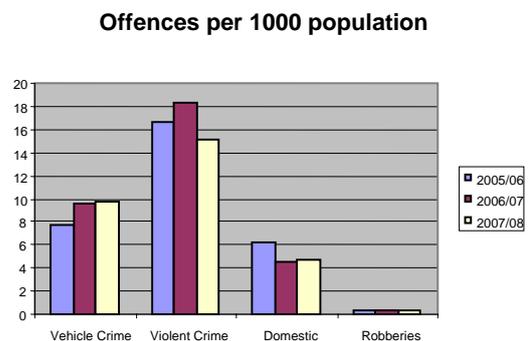
To reduce the incidence of violent crime in Taunton Deane by 15% by 2008.

To reduce anti-social behaviour incidents by 15% from baseline figures by 2007/08.

To reduce the fear and perception of crime by 5% per year to 2009

Our progress in numbers

| | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 |
|------------------|----------------|-------------------|----------------|
| Vehicle Crime | 7.7 | 9.6 | 9.8 |
| Violent Crime | 16.7 | 18.3 | 15.1 |
| Domestic | 6.3 | 4.5 | 4.7 |
| Robberies | 0.29 | 0.29 | 0.4 |



Progress so far

We have not met our overall target to reduce crime on the 'basket of indicators' by 15% since April 2005 due to increases in vehicle interference, theft from a person and theft of cycles. However overall crime reduced by 7.6% between April and March 2008 and violent crime incidents were down 17%.

In partnership with the police we began a trial of a Restorative Justice scheme in Wellington.

In February 2008, Taunton East won the "Safer Stronger Neighbourhoods, Neighbourhood Policing Team of The Year" award.

We continue to support Local Action Teams to provide diversionary activities such as Taunton Youth Paintballing scheme and youth shelters.

Funding has been agreed with the County Council for 40 additional PCSOs from April 2008.

We continue to part-fund the Bobby Van, which help victims of crime increase household security to reduce the chance of becoming a repeat target.

We paid a grant to Rowbarton Local Action Team for alley gates to allow better policing and to increase security to houses from burglary.

We have begun to address fear of crime across Somerset. Information cards were distributed along with bus passes in Autumn 2007.

We have negotiated a countywide PCSO contract in partnership with the police.

Work still to do

An extension of the No Drinking Order is planned for Summer 2008.

PCSOs and Trading Standards will carry out more test purchase operations on licensed and off-licensed premises.

Healthy Living

Our aim

"Promoting healthy and sustainable communities"

Our objectives

To enable the building of 985 units of affordable housing between April 2006 and March 2011

To reduce the number of homeless households in temporary accommodation by 50% by 2010, with an emphasis on homelessness prevention

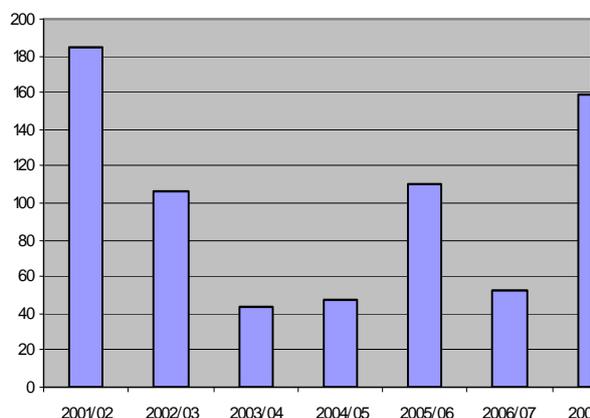
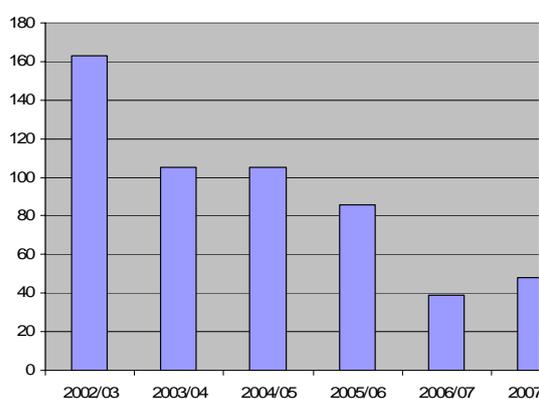
Promote healthy activities to meet the needs of the wider community, responding to the needs of different age groups and recognising the contribution made from sports, art and culture

Our progress in numbers



Affordable housing completions

Homeless households in Taunton Deane



Progress so far

159 affordable housing units were completed in 2007-08.

In April 2007 we reduced the affordable housing development threshold from 25 to 15. Housing schemes of 15 homes or more must now provide some affordable housing.

Staff are now trained by Relate to mediate between young people and their guardians to reduce incidents of young people requesting social housing.

We have secured government funding for Taunton Association for the Homeless (TAH) to build secure accommodation for rough sleepers.

We have been awarded £206,000 Big Lottery funding for Play Rangers.

In September 2007 we introduced four new 'BodyVive' classes at Wellsprings and Wellington for older persons.

The success of our twice weekly health walk scheme, 'Walk Well in Taunton' has led to "Walk Well Plus" which was launched by Volunteer Walk Leaders in March 2008.

The MEND programme (Mind, Exercise, Nutrition, Do it!) was launched in January 2008. This is a family-centered treatment and prevention programme for obese and overweight children and their families. "Mend Graduates" has also been established which aims to support MEND families to maintain their new MEND-friendly lifestyle.

Work still to do

We are working hard to meet the overall target of building 985 affordable homes by March 2011.

The cross-Somerset Choice Based Letting scheme will be launched in 2008-09.

The Planning-Out Homelessness Strategy will be reviewed in 2008-09.

Environment

Our aim

"Safeguarding and enhancing the local environment"

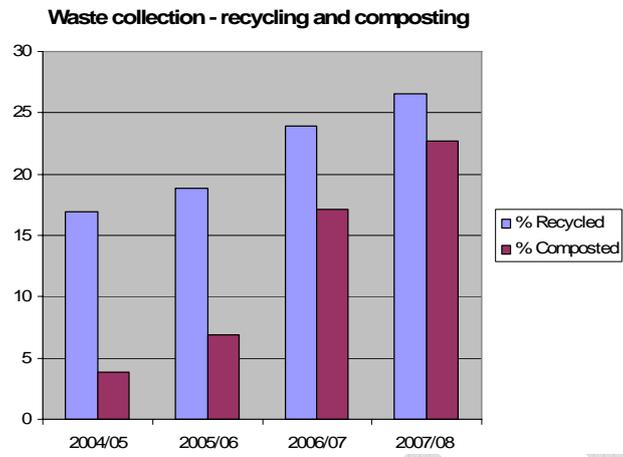
Our objectives

To increase the percentage of people who are satisfied with the cleanliness of their local environment to 75% by 2007 and to 78% by 2009

To increase the percentage of household waste recycled or composted to 45% by the end of 2008/09 and 47% by the end of 2009/10

To actively promote sustainability in Taunton Deane with a focus on climate change, energy efficiency and renewable energy, and therefore to reduce our carbon footprint on the environment.

Our progress in numbers



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Progress so far

We continue to exceed our recycling targets, with over 50% of household waste recycled or composted in 2008.

The Somerset Waste Board is now in operation. The recycling and refuse contract for the whole of the county commenced on 15 October 2007.

SORT IT! collection services in Somerset are now managed by the Somerset Waste Partnership.

Victoria, Vivary and Wellington Parks were awarded Green Flags for 2007, a prestigious award recognising the best parks in the country.

Work still to do

In April 2008, trials of kerbside collections of plastic bottles and cardboard were started.

A draft Climate Change Strategy will commence in 2008-09.

Baseline carbon emissions for our vehicle fleet will be established by December 2008.

We are working to identify flooding issues in the Borough and how we can best help residents and businesses prepare for and deal with flooding.

Delivery

Our aim

“Delivering accessible, value for money services”

Our objectives

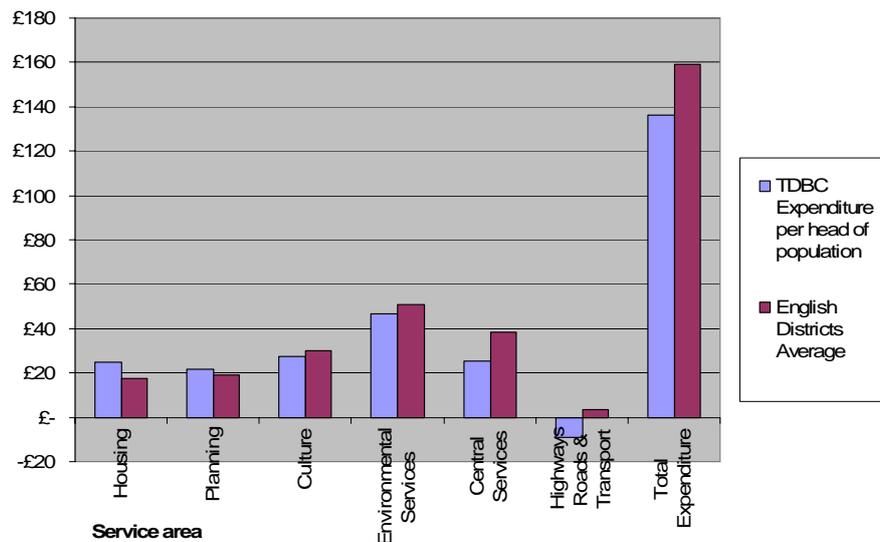
To provide value for money services where overall satisfaction with the Council is in the top quartile nationally, over 60% of national BVPIs perform above English average and council tax charges are in the lowest quartile when compared with other English districts.

To achieve level 5 of the Equality Standard for Local Government by the end of 2010.

To ensure that 90% of service enquiries to the Council are resolved at the first point of contact by 2015.

Our progress in numbers

Value for money in Taunton Deane - cost per head of population



Progress so far

The Leaders and Chief Executives of the six Somerset Councils have agreed to develop 'Pioneer Somerset' as a way to deliver improved services and cost savings across Somerset.

We have worked closely with Southwest One to develop Procurement Category Plans that will change what and how we purchase goods and services, and will lead to substantial financial savings.

The Overview and Scrutiny Board approved an extension of the Scrutiny pilot for a further six months. The Audit Commission has described Scrutiny as "improving well."

A 'Welcome to Somerset' working group was set up to produce a multi-lingual welcome pack for new-comers to the area.

We have signed a 10 year partnership with Somerset County Council, Avon and Somerset Constabulary and IBM to create Southwest One – to support our ambitious customer access arrangements, installing world-class technology, and ensuring that we continue to deliver excellent value for money services.

Work still to do

We aim to achieve Level 3 of the Equality Standard for Local Government in October 2008.

Work continues on the Customer Access Strategy to ensure that by 2015, 90% of service enquiries are resolved at the first point of contact.

The Deane Dispatch will no longer be distributed as a separate publication. The Somerset County Gazette will include a monthly full page feature which will still run under the title of 'Deane Dispatch'.

We will make sure that all of our services and key policies are suitable for rural areas as well as towns.

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Financial performance

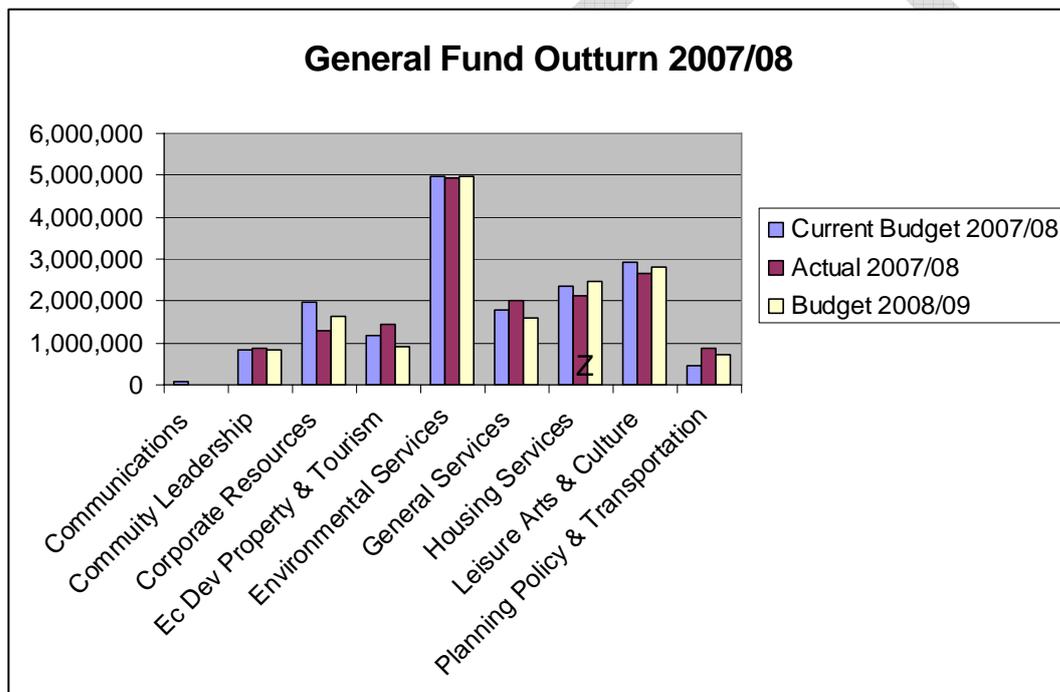
Please note the figures used in this summary are from the pre-audit version of our accounts and are subject to final audit by the Audit Commission.

General Fund

For 2007/08 the Councils actual expenditure on services was £13.68m which was £49,000 above the approved budget. The main reason for this overspend is the increased cost of the Concessionary Fares scheme.

The budget for 2008/09 has been set with a focus on achieving our objectives as described under our six corporate aims.

Below is a graph to compare the 2007/08 budget with the actual spend for 2007/08 and the budget for 2008/09.

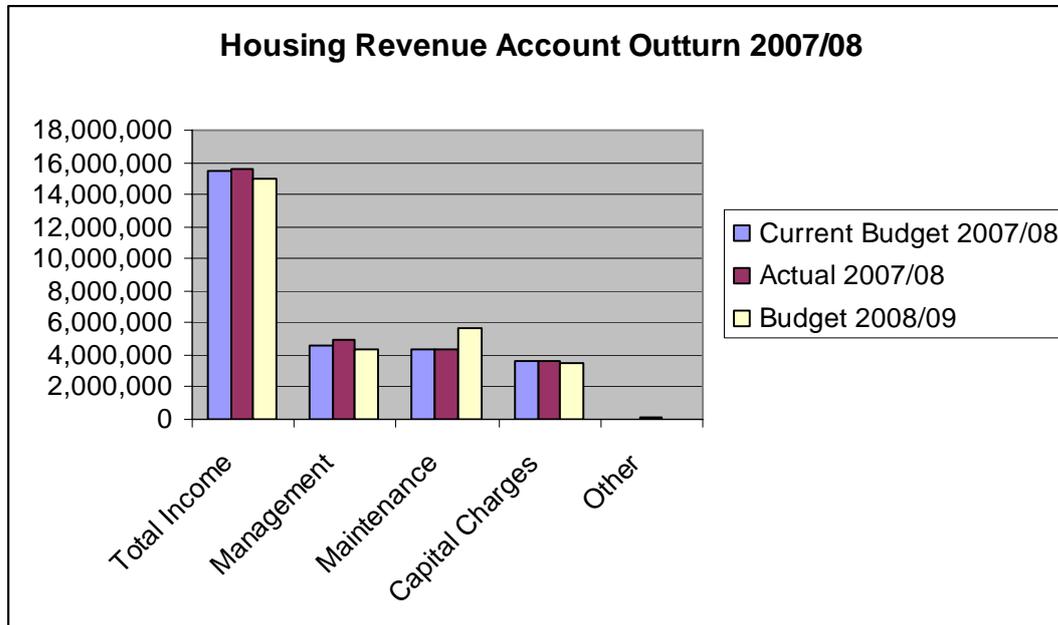


Housing Revenue Account

Housing Revenue is accounted for separately and for 2007/08 the total surplus for the year was £386k which was £235k lower than expected. The main reasons for this are reduced rental income and increased debt charges.

The Council owned 6,106 properties at 31 March 2008. It is required by law to pay for all of the costs associated with these properties from the rental income received.

22 properties were sold to tenants during the year.



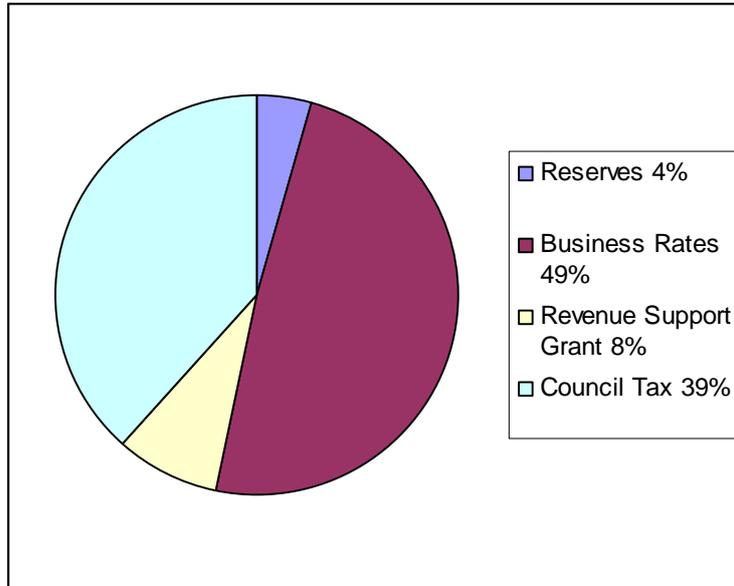
Income and Expenditure Account

The Income and Expenditure Account below shows the cost of running Council services between April 2007 and March 2008.

| Income and Expenditure Account | Net Exp £'000 |
|---|------------------|
| Housing Services | (149) |
| Cultural Services | 3,322 |
| Environmental Services | 5,350 |
| Planning Services | 2,593 |
| Corporate Costs including Councillors | 1,478 |
| Central Services to the public | 886 |
| Unapportionable Costs | 322 |
| Collection of Local Taxes | 126 |
| Highways Road and Transport | (575) |
| Net Cost of Services | 13,353 |
| Add: Interest Payable and Similar Charges | 1,334 |
| Add: Contribution of Housing Capital Receipts to Gov Pool | 1,195 |
| Add: Parish Council Precepts | 385 |
| Add: Other Costs | 511 |
| Less: Gain on Disposal of Fixed Assets | (743) |
| Less: Interest and Investment Income | (1,031) |
| Net Operating Expenditure | 15,004 |
| Net Additional Amount Required by Statute and Non Statutory Proper Practices to be Credited to the General Fund | (741) |

| | |
|------------------------|---------------|
| Net Expenditure | 14,263 |
|------------------------|---------------|

The pie chart shows where the money for this came from:



| | |
|---|----------------|
| Balance Sheet as at 31st March 2008 | £'000 |
| Buildings, Land and Vehicles Owned | 500,593 |
| Stocks Held | 534 |
| Cash and Investments | 14,464 |
| Money Owed to the Council | 10,323 |
| Less: Money owed by the Council | (58,605) |
| Total | 467,309 |
| Financed By: | |
| Non Distributable Reserves | 453,837 |
| Distributable Reserves | 13,472 |
| Total | 467,309 |
| Distributable reserves comprise the following: | |
| General Fund | 645 |
| Other Reserves | 8,626 |
| Housing Reserve Balance | 3,046 |
| Collection Fund | (105) |
| Unapplied Capital Receipts | 1,260 |
| Total | 13,472 |

| Cash Flow during 2007/08 | £'000 |
|--|--------------|
| = Cash and Investments held on 31 March 2007 | 9,623 |
| + Cash In | 146,162 |
| - Cash Out | (141,355) |
| = Cash and Investments held on 31 March 2008 | 14,430 |

Capital Expenditure

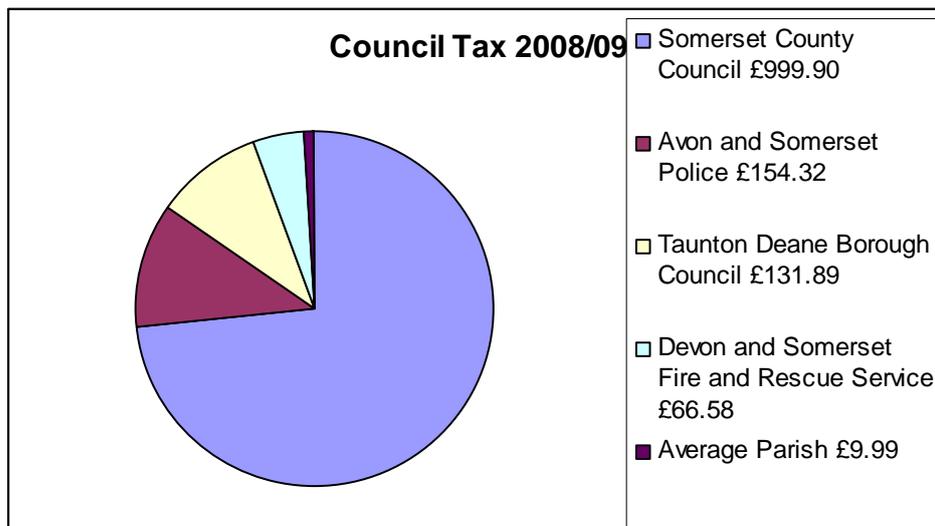
Capital expenditure is money spent by the Council on purchasing, updating and improving assets such as buildings, vehicles and machinery. The Council receives this type of expenditure over many years, so it is 'matched' in the accounts over those years. The table below shows the investment made by the Council during April 2007 to March 2008.

| Capital Expenditure Summary 2007/08 | £'000 |
|--|--------------|
| Council Dwellings | 4,161 |
| Grants to Housing Associations | 896 |
| Capital Grants | 932 |
| Investment Properties | 1,451 |
| Other Land and Buildings | 282 |
| Computer Software | 204 |
| Vehicles and Equipment | 102 |
| Other Misc | 133 |
| Total | 8,161 |

Council Tax 2008/09

The budget for Taunton Deane Borough Council for 2008/09 gives a Band D Council Tax of £131.89 which is a 3% increase (£3.84 more) on 2007/08. The Taunton Deane element of the Council tax works out at £2.54 per week for a Band D Council Tax payer.

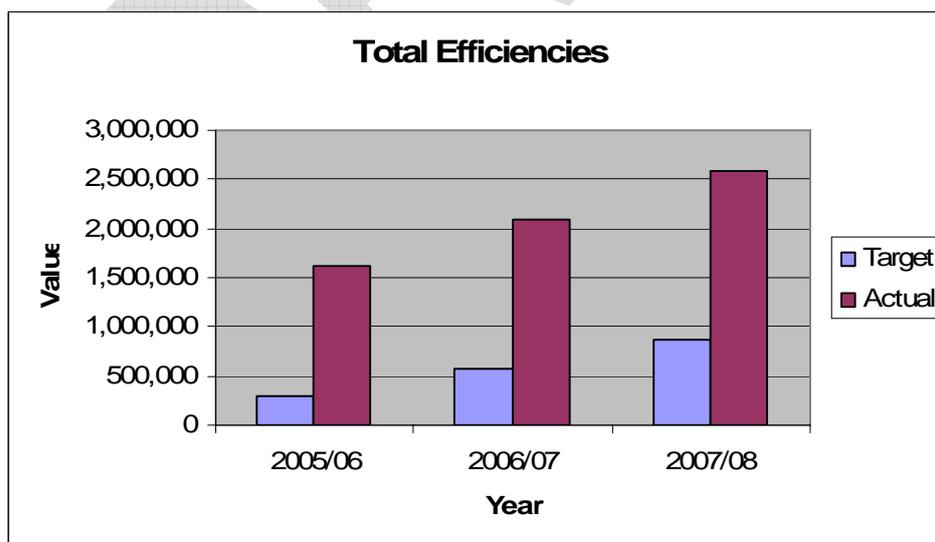
The relative proportions of Council Tax (Band D) received by each Council is shown below.



Annual Efficiency Statement

A requirement from Central Government is for the council to demonstrate 2.5% annual ongoing efficiencies each year. The Council has been issued target efficiency gains to achieve between 2005/06 and 2007/08.

The Council has made excellent progress in meeting these targets, through initiatives such as scrutinising the budget, using technology better and improved procurement through Southwest One.



If you would like more detail on the Council's finances, or a copy of our full Statement of Accounts, please contact our Chief Finance Officer Shirlene Adam on 01823 356310 or s.adam@tauntondeane.gov.uk

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How We Manage Performance

Your local Councillors

We have 56 Councillors representing 26 wards. Councillor Ross Henley leads the Liberal Democrat group of 26 councillors, the 25 Conservative councillors are led by Cllr John Williams, and four independent Councillors. We have one Labour councillor.

All of our Councillors sit on the Full Council, which decides on the annual budget of the Council, and other important policies.

Our Councillors represent the views of residents in their wards and make sure what we do reflects what their constituents need.

The Executive

We run a cabinet style of governance, known as “the Executive”. The Executive has eight members and is chaired by Councillor Henley, who is the Leader of the Council. There are eight other Executive councillors;

- Cllr Alan Wedderkopp is responsible for **Community Leadership** issues. He is also the **Deputy Leader** of the Council.
- Cllr Fran Smith is responsible for **Resources**
- Cllr Mel Mullins is responsible for the council’s **Environmental Services**
- Cllr Simon Coles is responsible for **Planning and Transportation**
- Cllr Hazel Prior-Sankey is responsible for **Housing Services**
- Cllr Richard Lees is responsible for **Sports, Parks and Leisure**
- Cllr Jefferson Horsley is responsible for **Economic Development and the Arts**
- Cllr Steve Brooks is responsible for **Communications**

These Councillors are responsible for making key decisions on what the Council does, and they hold a public meeting every month to make those decisions.

Our **Mayor** for 2007-08 was Cllr Ken Hayward.

Monitoring

Our Corporate Strategy contains six aims and 21 objectives for the next three years. Progress is reported to Councillors quarterly, and is monitored in depth by the Strategy and Performance Panel (see “Overview and Scrutiny, page xx)

We report our progress to the Audit Commission and through many performance indicators which we are obliged to report. This information is used to identify where we are under performing, and where we could do more to improve.

The Comprehensive Performance Assessment, which rated us as “Excellent” again in 2008, is about to be replaced with the Comprehensive Area Assessment (CAA). CAA will provide assurance about how well run local public services are and how effectively Councils use taxpayers’ money.

Overview and Scrutiny

The 47 Councillors not on the Executive are involved in overview and scrutiny, or “scrutiny” for short. Scrutiny holds the Executive and Council services to account for the work they do, monitors the performance of the Council and recommends ways the Council could do things better. Scrutiny also oversees the work of external organizations. All the scrutiny meetings are open to public.

In the last year we have made major changes to the way scrutiny operates. We now have two panels: the “Overview and Scrutiny Board” and the “Strategy and Performance Panel”. They are responsible for monitoring the policy and performance of the Council. They also discuss issues that concern the public.

The Overview and Scrutiny Board

Over the last year, the Overview and Scrutiny Board have for example scrutinised the annual Budget and Corporate Strategy, examined the proposals to create Southwest One and the new Community Partnerships. They have also looked very closely at proposals to charge for pre-planning advice and the potential impacts.

The Strategy and Performance Panel

This panel has spent much of its time scrutinising the council’s finances and performance. They also looked at the results of the Your Council Your Views consultation and recommended how the Council could respond.

Task and Finish Reviews

One of the most exciting changes has been the introduction of “task and finish” reviews. These reviews are carried out by a small number of Councillors, and are created to look into problems or topics that affect the people of Taunton Deane. In the last year, Task and Finish Reviews have considered:

- Provision of facilities for young people
- Affordable housing
- Renewable energy and energy efficiency
- Services for older people
- Sustainability in rural areas
- Anti-social behaviour and the work of the Housing Service
- Section 106 agreements and large housing schemes

- The “Negative Subsidy” experienced by the Housing Service

Your local councillors

Pictures will be inserted here

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Our commitment to the environment

We signed up to the 'Nottingham Declaration' in November 2006. This committed the Council to work with partners and local communities to develop plans and strategies to address the causes and impacts of climate change.

As a first step we have calculated our 'carbon footprint' from the energy use generated from our buildings. The figure of over 3,800 tonnes of CO₂ emissions for the year 2006/07 will be used as a baseline from which carbon reduction is sought. The Carbon Trust has made an assessment of the key buildings used by the Council and Tone Leisure. This is currently being used to develop an action plan to achieve ongoing carbon reductions from the Council's operations. This is a National Performance Indicator on which we will now be measured.

Over the coming year we will promote the start of work on a Climate Change Strategy through the Local Strategic Partnership. This will focus on a range of commitments to tackle climate change across the Borough, ranging from improved cycling facilities to energy efficiency measures for households and businesses.

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Partnership Achievements

We are a relatively small Council and know that to achieve our challenging plans for the future, we must work with other organisations in strong and effective partnerships. We are fortunate to be a member of several, very successful partnerships that help us achieve our corporate aims;

Put logos by each partnership....

Project Taunton

We are making real progress on delivering Project Taunton. This is an exciting long-term initiative that will transform our County Town into a key economic and cultural centre in the South West region. Taunton has been designated a Growth Point which gives access to funding from central Government. Taunton's bid received an allocation of £3m for use in 2008/09 and a series of priority works have been agreed.

In April this year, more than 700 people visited an exhibition of the latest plans to transform the centre of Taunton. On display were details of the proposed developments, with organisers outlining proposals and answering questions.

We are in the process of appointing a development partner to deliver the regeneration of land at Firepool in Taunton as a vibrant mixed use quarter. Flood relief works at Longrun Farm became the key priority in 2007/08. All the preparatory work was undertaken to ensure the works can be carried out in the autumn of 2008.

The first phase of development at the Somerset County Cricket Club has started. Once the building work is finished this area will be developed into a high quality public area for Taunton to enjoy.

The Project Taunton team can be contacted on 01823 250807, visit www.projecttaunton.co.uk or email info@projecttaunton.co.uk

Southwest One

Southwest One was recently set up as a Joint Venture Company between Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Constabulary and IBM, the global IT and business management provider.

Southwest One provides operational services to both Councils, covering face-to-face and telephone customer services, revenues and benefits and back office services, including finance, procurement, human resources and information technology. The new company is investing in facilities, business systems and the re-engineering of functions and processes. The two councils are already benefiting from operational efficiencies and improved procurement.

Southwest One is offering its services to other councils and public bodies in the region and the company is expected to aid local economic development through employment and training of local people as the business grows.

Somerset Waste Partnership

In October 2007, Somerset became the first countywide area to combine waste service functions under a single joint committee of Councillors from all Somerset local authorities. Moving to the new Somerset Waste Partnership is a big step towards improving and harmonising recycling and waste services across Somerset, helping to remove confusion over what services are provided where, as well as making significant efficiency savings through working as a partnership.

Along with a wide range of materials already collected at the kerbside; paper, glass, food and drink cans, clothes and shoes, car batteries and food waste, Somerset Waste Partnership are trialling the collection of plastic bottles and cardboard in selected areas in a scheme called SORT IT PLUS. Results from the trial will be analysed later in the year and used to inform decisions for future developments.

Pioneer Somerset

Since the Government's rejection of the bid for a single unitary council for Somerset, the six Somerset Councils have been working together to develop an approach for enhancing Somerset's 'multi-tier' ie county, district and town/parish model of local government. Our collective approach for this is called "Pioneer Somerset".

The Pioneer Somerset Programme will bring about new approaches to multi-tier working that are truly pioneering in their design, delivery and in the positive outcomes they will bring for Somerset's residents and communities. By the end of year one of the five year Pioneer Somerset programme, a comprehensive action plan will be developed for consideration by the Pioneer Somerset Board and each individual council.

By 2013, the county and five district Councils of Somerset will be working together to deliver services of consistently high quality, generating substantial efficiency savings and making life better for our residents and diverse communities. Through the programme, we hope to be recognised as a National leader, innovator and pioneer in enhanced multi-tier working.

Somerset Tourism Partnership

Taunton Deane Borough Council coordinates the Somerset Tourism Partnership (DMO) to develop and support the county's tourism industry. The DMO delivers countywide on initiatives including marketing, sustainability, training & quality, research, public relations, lobbying, the provision of tourism information and the Somerset website www.visitsomerset.co.uk web site. We have secured SWRDA funding of £50k per annum.

And other partners who have contributed to achieving our objectives.(logos)

Local Strategic Partnership (LSP)

Tone Leisure

Crime and Disorder Reduction Partnership

Taunton Town Centre Partnership

In2Somerset Inward Investment Company

Wellington Economic Partnership

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How we will address our weaknesses

Despite the Audit Commission recognising us as an Excellent Council, they have identified weaknesses that we need to address. We are developing improvement plans to tackle these and monitor progress during 2008/09. The table below summarises the main identified weaknesses from the recent Audit Commission Annual Audit Letter and how we propose to address them.

| Weakness | Action |
|---|---|
| Improve information about the housing market to inform our strategic approach and strengthen mechanisms to support the development of new affordable housing | We will undertake a Strategic Housing Market Assessment to revise the affordable housing target. We will use the results of the Somerset Site Identification Project and the Strategic Land Availability Assessment to identify new affordable Housing sites. This information will be fed into a new Housing Strategy. |
| Review the current approach to the management and improvement of our own housing stock to support the delivery of the Decent Homes Standard. | We will survey all remaining potential non-decent homes to have a clear picture of required work. We will have a detailed work programme to meet the Decent Homes Standard by March 2011. |
| Ensure that effective governance and performance management arrangements are in place and appropriately monitored for each key partnership | The current list of our partnerships will be reviewed to ensure that all governance and performance monitoring arrangements are in place. |
| Support Councillors to ensure that they are more visible and clearly articulate expectations and priorities to the community, staff and partners and have sufficient capacity to effectively drive forward and lead the Council's ambitious agenda for this area. | Our senior managers will work closely with Councillors to agree a communications plan. |
| To work collaboratively to develop Pioneer Somerset and other joint working proposals across the County, with clear plans, priorities and leadership across the County. | By the end of November 2008 a comprehensive action plan will be developed for consideration by the Pioneer Somerset Board and each individual council. |
| Demonstrate that council services are | Our Customer Insight Project aims to |

| Weakness | Action |
|--|--|
| delivering consistent and equitable levels of high performance to all communities in accordance with the Council's vision and aims | produce area profiles to ensure that accurate customer intelligence is available. |
| Address key areas for improvement as identified in last year's Use of Resources audit | We will ensure that relevant actions are built into our Use of Resources Improvement Plan and acted on. |
| Review the profile of balances and reserves for the General Fund and HRA over the period of the MTFP to ensure that they are forecast to remain at adequate levels throughout that period. | We will update our Financial Strategy to address this. |
| Address control weaknesses that were identified in the new financial systems last year. | <p>We have reviewed and addressed weaknesses in the way we operate our new Revenues and Benefits computer system. Training has now been completed and full use is being made of the systems. As a result our performance has improved.</p> <p>We are currently reviewing our Housing Academy system to ensure that it is fit for purpose with high quality data.</p> |

Statement on contracts

We are required to state, where applicable, that all individual contracts awarded during the past year involving a transfer of staff, comply with the requirements in the Code of Practice on Workforce Matters in Local Authority Service Contracts.

For example, in 2007/08 the Council awarded contracts that involved the transfer of staff, as shown below.

There were no staff transferred into Taunton Deane Borough Council during 2007/08.

| Contract | Awarded to | Date | Staff transferred Out |
|----------------------------------|---|------------------|-----------------------|
| Somerset Waste Board Partnership | Somerset Waste Board (Somerset County Council as administering authority) | 1 September 2007 | 5 |

Performance Indicator Appendix

Completed and on website

Guide to Acronyms

To insert when completed

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Taunton Deane Borough Council

Report of the Economic Development and Regeneration Manager to the Executive - 16 July 2008

Local Authority Business Growth Initiative (LABGI) Awards 2008/2009

(This matter is the responsibility of Executive Councillor Horsley)

1. Background

Members will recall that in 2005/2006 and 2006/2007 the Council received £138,171 and £245,327 respectively in each of the financial years. LABGI awards are made to Local Authorities in England by Central Government in recognition of the growth in income from business rates achieved in the previous year. The award is subject to a fearsome formula that included an element of geographical re-distribution from South to Northern England, and has in the past years been subject to capping.

The Council has now received details of the final award in this three-year programme. The award was announced in the 2007/2008 financial year and relates to that financial year but, payment will be received in 2008/2009 for allocation and expenditure.

The level of award for year 3 of the programme is £170,740. This is significantly reduced from previous levels of annual award. However, the Government has been with-holding sums from the previous years' awards to set against any legal challenges mounted by local authorities, and these sums totalling £148,311 have been 'released and added to' the year 3 award.

The final level of grant aid from Government for Year 3 is therefore £ 319,051.

The Government issued advanced warning in September 2007 that LABGI was to be thoroughly reviewed in 2008, and that awards could be significantly lower than in previous years. To prepare for this, officers instigated a 'commitments only' expenditure programme from September onwards, and this has enabled a further £91,149 to be 'carried over into financial year 2008/2009.

The final sum available for expenditure in 2008/2009, including this carry forward, is £410,200.

In previous years, proposals to retain this sum within the Economic Development Portfolio were endorsed at Strategic Planning, Transportation and Economic Development Scrutiny Panel and by the Executive in June 2006. In a

subsequent 'Information paper' in May 2007, Councillor N Cavill was authorised to proceed with allocations as set out within that report.

2. Proposed allocation for 2008/2009

It is proposed that the bulk of this years' LABGI award continues to be used to support the wide range of economic development and regeneration services delivered by the Economic Development Unit (EDU) and is committed to continue to deliver in partnership with others in the County through collaborative and joint working.

Appendix One, attached to this report, outlines the proposed allocations for this years' LABGI award. It is proposed that the allocation is distributed across three 'blocks' of activity as follows:

| | |
|-------------------------------|----------------|
| Pioneer Somerset integration | £ 85.5k |
| Economic Development activity | £244.7k |
| Deprivation Area Regeneration | <u>£ 80.0k</u> |
| Total | £410.2k |

Appendix One goes on to outline the individual project proposals in each of the 'blocks' of activity.

Government advises that LABGI can be utilised for both capital and revenue items, and encourages Authorities to utilise the award to achieve economic development and regeneration objectives.

3 Financial Implications

In previous financial years a 'reserve' account was set up within Economic Development budgets. It is proposed that this will be repeated in order to manage the award in 2008/2009. It is anticipated that Government will require annual reports on the activity carried out using LABGI monies. The EDU will review and monitor activity.

4 Section 17 Implications

There are no implications for community safety arising directly from this report. Future funding awards will require Service Level or Partnership Agreements to be entered into that will require reporting of agreed outputs, including any secondary activity that may contribute to s17 requirements.

5 Recommendation

The Executive is recommended to approve the suggested allocations of this

years' Local Authority Business Growth Initiative award as set out in Appendix One.

Officer Contact:

Philip Sharratt – Economic Development Manager

Tel: 01823 356534 E-mail: p.sharratt@tauntondeane.gov.uk

Appendix One

PROPOSED REVISED LABGI ALLOCATIONS 2008/2009

The final allocation available in 2008/2009 is £415,200

As with previous years, it is proposed to distribute the LABGI allocation into three 'blocks of activity'. These are:

Pioneer Somerset
Distinct Economic Development Activities
Deprived Area Initiatives

As this is the final year of the programme, and there is significant doubt as to the levels, purpose and focus of future LABGI funding, this allocation includes commitments into future years where the Council has entered into long term funding agreements. It should be noted that where balances remain unspent, these can be accrued into future years

The proposed allocation is as follows:

PIONEER SOMERSET

1. Into Somerset

Proposals to establish a new, countywide, stand-alone economic delivery company are well advanced with the regard to developing a unified inward investment activity. The company will operate as a partnership of the District and County Councils, together with business organisations and sector representatives, individual 'champion' businesses, the Regional Development Agency, Business Link, and skills deliverers.

Consideration is currently being given to integrating the work of the Somerset Tourism Partnership and the newly formed tourism Direct Management Organisation (DMO) management board into the new company, and the Creative Industries Development Group (CID) have proposed that consideration be given to integrating the work of this group into the Company.

Each local authority organisation is required to provide an annual cash input to the Company and TDBC's contribution for 2007/2008 has been negotiated at £12,500. Annual 'subscriptions from that date have been agreed at £20,000 per annum and, in order to recruit a suitably experienced Chief Executive, the Shadow board has asked local authority partners to consider agreeing a three year funding arrangement for 2008/09 onwards as follows:

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £20,000 |
| | 2009/2010 | £20,000 |
| | <u>2010/2011</u> | <u>£20,000</u> |
| | | £60,000 |

2. Inward Investment Support and Aftercare

As part of the proposals for the establishment of Into Somerset it is recognised that District ED Units will need to improve their levels of liaison with local businesses, technology employed, and local land and property information in order to carry out a professional aftercare and support service to supplement the work of the Inward Investment activity. It is proposed that a sum of £6,000 per annum is allocated for this purpose for each of the funding years above.

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £ 6,000 |
| | 2009/2010 | £ 6,000 |
| | <u>2010/2011</u> | <u>£ 6,000</u> |
| | | £18,000 |

3. Creative Industry Support

Support for the Creative Industries Sector is at the heart of the revised Economic Development Strategy considered by SPTED in December 2006. However, within the proposals of the Sub National Review of Economic Development (SNR) is the structure to facilitate the implementation of the Business Support Simplification Programme (BSSP), which rationalises business support delivery to a regional activity orchestrated by SWRDA.

There does remain a need to develop a countywide strategy that will create the appropriate business environment within which the Creative Industries can flourish, to monitor the performance of the sector and the support activity, and to encourage investment into creative industry sector development activity and sector growth.

The Creative Industries Development Group (CID), which is a collaborative of County and District Councils and interested sector support organisations, have proposed that consideration be given to integrating the work of this group into the new economic delivery Company, and it is therefore proposed that the sum of £7,500 be allocated to establish the feasibility of this integration and to aid the development of a Creative Industry strategy.

| | | |
|---------------|------------------|----------------|
| Award: | <u>2008/2009</u> | <u>£ 7,500</u> |
| | | £ 7,500 |

**PROPOSED PIONEER SOMERSET ACTIVITY ALLOCATION
BLOCK ALLOCATION: £85,500**

ECONOMIC DEVELOPMENT ACTIVITY

4. Economic Development Planning

The Economic Development strategy has not been refreshed for a number of years and, with the changing environment within which economic development activity is occurring influenced by policy changes including SNR and the LAA, BSSP, and Pioneer Somerset, and current economic development and regeneration activity including Project Taunton, Growth Point status and funding, multiple area LARC activity and possible MAAs, the formation of Into Somerset, and the changing economic climate within which delivery is occurring, it is felt that a level of complexity exists that now requires an objective review to establish the future strategy for economic development delivery within Taunton Deane and the integration of this activity into the broader regional priorities.

Additionally, the funding bid for year 2 Growth Point funding will need to be underpinned by a holistic Economic Development Plan that incorporates the economic development activity requirements to meet growth targets.

Sedgemoor District Council have engaged consultants to develop an Economic Development Plan for Sedgemoor and first stage reporting will occur during July 2008. West Somerset District Council have also recently engaged consultants to develop an Economic Development Plan for West Somerset.

It is therefore proposed that the sum of £30,000 be allocated to enable a refreshed Economic Development Plan to be produced to underpin the year 2 Growth Point Funding bid, to establish a baseline and a transformation plan to ensure that economic development and regeneration delivery within Taunton Deane incorporates appropriate elements of best practice in order to fully achieve organisational objectives, whilst also defining clarity of purpose to ensure that there is maximum return on investment in terms of benefit to the present and future residents of Taunton Deane.

| | | |
|---------------|------------------|----------------|
| Award: | <u>2008/2009</u> | <u>£30,000</u> |
| | | £30,000 |

5. Town Centre Business Improvement District Support

In 2006/2007 the Council approved a grant of £20,000 from LABGI funding to Taunton Town Centre Management Company to support the work of designing and developing a formal application for BID status from Government. The BID

application was successful in August 2007, and covers additional services, such as increased marketing, improved street cleaning, signage and street scenery that the product of a 1% additional business rates levy will purchase.

As part of the BID Programme the Council agreed to provide a sum of up to £10,000 per year for the next two years towards a grant scheme for shop front improvements in Station Road and Eastgate Street. This grant will be matched by BID rates levy funding and the individual applicant, and includes cosmetic improvements to windows, doors and other ground floor visible areas. It should be noted that no structural or building work will be eligible for grant aid.

It should be noted that the Town Centre Company year runs from 1 October to 30 September and therefore the grant for 1 April 2008 to 30 September 2008 should be at a rate of 50% of the annual grant.

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £15,000 |
| | <u>2009/2010</u> | <u>£10,000</u> |
| | | £25,000 |

In addition, The BID Submission included an allocation towards the core costs of the Town Centre Management Company for administering the BID Programme, which should be paid on 1 October in the following years.

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £15,000 |
| | <u>2009/2010</u> | <u>£10,000</u> |
| | | £25,000 |

It was also agreed that the TDBC bid levy would be found from within LABGI resources and therefore it is further proposed that the sum of £17,200 be set aside to cover this liability until and including financial year 2011/2012

| | | |
|---------------|------------------|----------------|
| Award: | <u>2008/2012</u> | <u>£17,200</u> |
| | | £17,200 |

6. Tourist Information Centre Development

In 2005 Taunton TIC was transferred from County Council control to that of TDBC. Since that time the TIC staff have consistently won annual awards for levels of growth achieved in ticket sales and customer service. In addition the TIC has been encouraged to move towards greater levels of income generation in order to reduce the level of 'subsidy' provided by TDBC, and significant progress has been achieved.

To complete this process, and in recognition that the current Paul Street site will be demolished as part of the proposed car parking plan for project Taunton, it is felt to be prudent to allocate a sum to facilitate the relocation of the TIC to a

better and more 'mainstream' location. It is proposed to allocate £75,000 to cover the costs of relocation and rental agreements during the current financial year.

| | | |
|---------------|------------------|----------------|
| Award: | <u>2008/2009</u> | <u>£75,000</u> |
| | | £75,000 |

7. Wellington Economic Partnership

Members will recall that in previous years a total of £70,000 has been allocated to the Wellington Food Town Initiative, which was a fund established to support the then informal partnership of the Wellington Economic Partnership (WEP) members, the Wellington Chamber of Commerce, and Wellington Town Council. Due to the informal nature of WEP they were unable to operate as a separate legal entity but, during 2007/2008 WEP has recently formalised its constitution and become a delivery organisation in its own right.

TDBC has now supported two annual Food Events and also supported WEP in achieving MCTi funding and development of a Wellington Town Plan. The total external funding attracted to what was the Food Town Initiative is now around £43,000 including £6,000 from Blackdown Leader+ programme, £10,000 from Wellington Town Council, and £20,000 from MCTi to fund the development of a town plan and identify future projects to improve the economic prosperity of the town and surrounding areas.

A further Food Town event is planned for July 2008, to be held at Wellington School, and it is expected that 8,000–10,000 visitors will be attracted to Wellington over the two days of the event to purchase produce from around 50 local food producers. A tranche of accrued funding previously agreed to the sum of £20,000 was paid to WEP in April 2008 to support this year's event.

It is now proposed that a further award is made to WEP in order to provide the working capital required for the Partnership to attract sponsorship for next year's Food Town Event, and to support the work needed to attract additional funding to enable the delivery of the development projects identified within the town plan as follows:

| | | |
|-----------------|------------------|----------------|
| Accrual: | 2008/2009 | £20,000 |
| Award: | <u>2008/2009</u> | <u>£20,000</u> |
| | | £40,000 |

8. Rural Business Support

The EDU carries out significant levels of work alongside rural business communities in the Deane, encouraging diversification and improved knowledge and skills. Many farmers are rising to the challenge of business diversification and development,

The EDU has also been supporting the development of business skills and training for rural micro businesses, and is developing a programme for 2008/9

In addition there are a number of Somerset County Council rural skills and business support schemes in operation that this Council has contributed towards core costs. It is proposed that this continues.

| | | |
|---------------|------------------|----------------|
| Award: | <u>2008/2009</u> | <u>£ 7,500</u> |
| | | £ 7,500 |

9. Rural Projects Support

During this year the EDU has been supporting the development of three separate LARC (the replacement for Leader Plus) Bids in Somerset. It is likely that all three will be successful. Whilst no core funding is possible in the current financial climate, it is felt to be prudent to allocate a sum towards match funding initiatives within the Taunton Deane area and to support the development of economic projects for inclusion in the eventual Programmes, including MAAs and other forms of collaborative working.

It is therefore proposed to allocate £5,000 for work in the current financial year, and £10,000 in each of the next two subsequent years in support of the successful LARC Programmes.

| | | |
|--------------|------------------|----------------|
| Grant | 2008/2009 | £ 5,000 |
| | 2009/2010 | £10,000 |
| | <u>2010/2011</u> | <u>£10,000</u> |
| | | £25,000 |

PROPOSED ECONOMIC DEVELOPMENT PROJECTS BLOCK ALLOCATION: £244,700

DEPRIVATION AREA REGENERATION

There are seven Super-Output Areas (SOA's) in Taunton Deane that demonstrate levels of multiple deprivations within the top one-third in all England. Four of these are within Taunton Town, in Lyngford, Halcon and Priorswood Wards. Further, but less severe areas of multiple deprivations also sit within North Wellington and East Wellington Wards. It is a priority for this Council to address the issues surrounding deprivation, and to seek to take these SOA's out of the top one-third in England by 2015.

There are a number of initiatives that the EDU is currently supporting, and the provision of additional LABGI funding will enhance this work, and enable communities within our 'inner Towns Wards' to develop, manage and deliver

projects and activity that will seek to improve community cohesiveness, skills levels within the local workforce and community, and promote community entrepreneurialism. These projects are as follows:

10. Taunton Deane Young Enterprise Primary Programme

The Young Enterprise Primary Programme, which was supported by Members when proposals to enrol 21 primary schools across the Borough were introduced to members in September 2006, has progressed into a second year and will recruit 24 primary schools to the programme. It is proposed in year three that 26 schools are recruited, and this allocation covers the costs of YE's contract for the final year of the project.

| | | |
|---------------|------------------|---------------|
| Award: | <u>2008/2009</u> | <u>£5,000</u> |
| | | £5,000 |

11. Enterprise Gateways

It is clear that future allocations of LABGI, and the Audit Commission will require the authority to concentrate on addressing multiple deprivation in our urban areas in Taunton and Wellington.

The EDU intends to work with a wide range of partners to develop opportunities for residents in deprived areas to benefit from Project Taunton. This includes work with existing bodies such as North Taunton Partnership and the reforming Taunton East Development Trust, which will become the Link Centre Partnership. However, the greatest challenge is to create the conduit through which the hard to reach and those living within areas of deprivation can be engaged in a meaningful and purposeful manner.

In previous years specific allocations have been made to TEDT and NTP, however, there is concern that these organisations do not have the capacity or competency to fulfil the delivery requirements of this new Gateway function. That said, it is recognised that both of these organisations provide a critical function in being able to communicate with and from the local community, and are able to continue to provide social development delivery that contributes to organisational and LAA objectives, but also to provide through this work the fundamentals from a social perspective that will allow economic development to occur.

Within the ISIS proposal there is a commitment to support the development of an Innovation Centre in Taunton. The innovation Centre will provide in addition to supported workspace, the conduit through which knowledge transfer will occur to businesses within the surrounding geographical area and throughout the corresponding 'outreach network' of associated businesses that have episodic engagement with the centre. The 'Gateway' for businesses to access the business support and knowledge transfer will be through Business Link, and for

skills development through the Train to Gain contract. This will greatly improve access to business support and skills development for potential high growth and established small businesses.

However, it is felt that this facility can also bring benefit to areas of deprivation and hard to reach communities, but in order to do so there needs to be 'community gateways' that are linked to the central hub of the Innovation Centre.

It is felt that these Enterprise Gateways, located within the areas of deprivation, will be ideally placed to promote the use of business support to the self-employed and micro businesses within and close to areas of deprivation in order to encourage business and employment growth, to promote skills development opportunities to reduce worklessness and improve future work prospects, to promote the development of an entrepreneurial culture and challenge the accepted 'norms' of low aspiration and low achievement, and to promote corporate social responsibility strategies and activities from businesses in a focused manner that will give the greatest impact and assist in the reduction of factors contributing to deprivation indicators.

Officers in the EDU are currently examining ways in which 'Enterprise Gateways' can be developed initially in east and north Taunton and Wellington, through which a range of skills, work, training, community enterprise, and employment opportunities can be developed and identifying delivery partners through whom the ED Officers can enable the maximum concentration of effort to bring about sustainable change. If successful, it would be anticipated that a further three gateways are established in more rural areas.

In order to be successful, this project will require much greater collaborative working with delivery partners than has hitherto been achieved, but will also require a much greater level of integrated working across departments concerned with regeneration and community engagement within TDBC.

It is therefore proposed that the sum of £65,000 be made available to develop delivery plans and establish these Enterprise Gateways over a three year period as follows:

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £25,000 |
| | 2009/2010 | £20,000 |
| | <u>2010/2011</u> | <u>£20,000</u> |
| | | £65,000 |

12. Physical Regeneration Feasibility Studies

In order to further support work within deprived areas it is proposed that the sum of £10,000 be set aside to match fund feasibility studies into physical regeneration projects.

| | | |
|---------------|------------------|----------------|
| Award: | 2008/2009 | £ 5,000 |
| | <u>2009/2010</u> | <u>£ 5,000</u> |
| | | £10,000 |

**PROPOSED DEPRIVED AREAS PROJECTS
BLOCK ALLOCATION:**

£ 80,000

Philip Sharratt
Economic Development Manager
Taunton Deane Borough Council

Taunton Deane Borough Council

Executive: 16 July 2008

Report of Strategic Director – Brendan Cleere

Taunton Unparished Fund (TUF) – Proposal

(This matter is the responsibility of Councillor Alan Wedderkopp)

1. Purpose

- 1.1 To propose an informal arrangement for spending monies (as specified below) held by Somerset County and Taunton Deane Borough Councils, for the benefit of communities in the Taunton unparished area.

2. Background

- 2.1 Representatives of Taunton Deane and Somerset County Councils met recently to discuss ways of achieving greater benefits for residents in the unparished area of Taunton. Both authorities have access to separate funding streams that could be used to support projects in this area. County Councillors each have access to a Local Initiatives Budget (LIB) of £15,000 and the Borough Council administers the Taunton 'unparished area precept' fund. There is currently £82,042.68 unallocated from this fund, which includes the 2008/09 allocation of £29,190.
- 2.2 Both councils wish to find better ways of responding jointly to community concerns. This forms a key part of the Pioneer Somerset programme, where authorities across Somerset are looking at ways of bringing district and county councillors together to experiment and develop options for improved and more efficient ways of working to the benefit of our communities.
- 2.3 In the spirit of Pioneer Somerset, both councils were keen to develop experimental joint arrangements for the Taunton unparished area that were informal, non-bureaucratic and focused on delivering benefits, while at the same time retaining clear public accountability and transparency.

3. Proposal

- 3.1 The proposal is to create an informal joint panel comprising an equal number of members of Taunton Deane Borough Council and Somerset County Council. The panel will be known as the Taunton Unparished Fund (TUF) Panel.
- 3.2 The TUF Panel's role would be to explore opportunities for achieving greater benefits for communities in the Taunton unparished area, by combining the 'Local Initiatives Budget' (LIB) held by each County Councillor with £30,000 of unparished area precept funds held by Taunton Deane Borough Council. In exploring opportunities, the TUF Panel would have regard to views emerging from various community engagement mechanisms that exist in the Taunton unparished area, such as Local Action Teams (LATs), community

partnerships, residents groups and representations from individual ward members. A map of the Taunton unparished area is attached as Appendix 1.

- 3.3 The above monies are currently administered separately by each Council. Although the TUF Panel would not have direct jurisdiction over the spending of these monies, it would be expected to make recommendations to the two councils on projects where joint funding could bring additional benefits. Each council would consider the TUF Panel's recommendations and decide whether funds should be allocated for the purpose(s) identified. In considering the Panel's recommendations, each council would need to take account of any criteria covering the funds administered by them.
- 3.4 Arrangements for spending unparished area precept monies raised by Taunton Deane Borough Council were the subject of a scrutiny investigation which reported to the Executive in February 2007. The Executive agreed the recommendations of the scrutiny investigation and these are contained in the report attached as Appendix 2. Appendix 2 also sets out the various functions and areas that the unparished area precept monies can be spent on.
- 3.5 The County Council's new LIB Scheme provides a sum of £15k per member for 2008/09 to address local issues and priorities and working towards achieving Local Area Agreement (LAA) outcomes. Members are encouraged to engage with local residents, community groups, the voluntary sector and other LAA partners so the informal working proposed through this paper fits well with this overall philosophy. The rules applying to the Scheme allow for each member to support up to 5 projects with a minimum project cost of £2,000. The Scheme makes provision for members to work together and pool resources to fund larger projects.

4. Representation

- 4.1 Representatives on the TUF Panel from Taunton Deane Borough Council would comprise those five members from the unparished area who already meet as an advisory panel, considering bids to the unparished area precept.
- 4.2 Representation on the TUF Panel from Somerset County Council would comprise those County Councillors with all (or a significant proportion) of their electoral divisions falling within the unparished area. The County Councillors would be invited to contribute their individual £15k Local Initiatives Budget allocations (or a proportion of the £15k where only part of their electoral division falls within the unparished area) into the Panel's collective budget and those who agree to do so will be entitled to a place on the Panel.

5. Operational Arrangements

- 5.1 The TUF Panel will meet approximately every six weeks. Somerset County Council will provide administrative support, and meetings of the TUF Panel will take place at Deane House.
- 5.2 TUF Panel meetings will be facilitated by one of the joint panel members, on a rotational arrangement to be agreed at the first meeting.

- 5.3 As an informal arrangement, the creation of the TUF Panel will not require constitutional changes at either Somerset County or Taunton Deane Borough Councils. Officer support will be on hand at each meeting to advise on financial, legal, constitutional and other relevant issues. TUF Panel meetings will be open to the public.
- 5.4 A review of the TUF Panel will take place in January 2009, with views taken at that time on the possible continuation of the arrangement into 2009/10.

6. Comments of the Overview and Scrutiny Board

- 6.1 The above proposal was considered by the Overview and Scrutiny Board on 5 June 2008. The Board resolved to seek Executive approval for the proposal, with the following comments made during the debate:
- Were there too many “layers” of bureaucracy already seeking to engage with the community?
 - How fair and equitable was this proposal when compared to the parished areas of Taunton Deane? and
 - The TUF Panel should have executive powers to decide the outcome of projects rather than make recommendations.

7. Recommendation

- 7.1 The Executive is **recommended** to approve the proposal as outlined in this report and consider the comments made by the Overview and Scrutiny Board.

Contact:

Brendan Cleere
Strategic Director
Tel: (01823) 356350
Email: b.cleere@tauntondeane.gov.uk

Appendix 2

Overview and Scrutiny

Taunton Unparished Area Precept: a Scrutiny investigation

Report of the Task and Finish Group

(This matter is the responsibility of the Leader of the Council)

Executive Summary

This is the final report of the Task and Finish Review examining the current and future use of the fund known as the Taunton Unparished Area Precept (referred to as 'the Precept').

The following recommendations are presented to the Executive for consideration, agreement and implementation as appropriate.

Background to the Review

The Precept was set up in the late 1980's to enable a local contribution to be paid towards improvements in the unparished area such as street lighting and traffic calming. It currently generates approximately £25,000 income per-annum. In recent years, due to a decline in overall spending in areas such as street lighting, little had been spent from this "special fund."

The current working balance is approximately £100,000.

The future of the Precept was discussed at the Review Board Meeting of 26th January 2006. Concern was expressed it was not being spent fairly. (Minute No.4/2006)

At the meeting of the Review Board on 3rd August 2006, it was resolved that "...a Task and Finish Group be set up to look at the current situation relating to the Special Precept Working Balance and to consider how best this fund could be accessed resulting in equitable distribution across the Taunton Unparished Area." (Minute No.43/2006)

This report contains several recommendations for consideration by the Executive. At a meeting on 25th January 2007, the Review Board recommended that the Executive approve those recommendations.

2.0 Members of the Task and Finish Group

2.1 The following Councillors form the Task and Finish “1Group”

- Cllr Hazel Prior-Sankey (chair)
- Cllr Jean Allgrove
- Cllr Simon Coles
- Cllr Libby Lisgo
- Cllr Mike Watson

2.2 The following officers directly supported the Review

- Richard Bryant – Democratic Support Manager
- Paul Carter – Financial Services Manager
- Alastair Higton – Scrutiny Officer

3.0 Terms of Reference

3.1 The Group expanded on the Review Board terms of reference, and decided to look at the future of the Precept as well. The Group agreed its terms of reference as follows:

3.2.1 To make recommendations to the Executive regarding access to and “equitable” distribution of the working balance;

3.2.2 To make recommendations on the future of the fund; and

3.2.3 To complete the review to feed into the 2007/2008 budget-setting process.

4.0 Reporting Lines

4.1 The Review Board commissioned this investigation, and will receive the report first.

4.2 Amendments will be made to the report if necessary. It will then be presented to the Executive for consideration.

5.0 Evidence, Information and Recommendations

- 5.1 The Group wanted to find out what the Precept could be spent on, and what schemes the Unparished areas needed.
- 5.2 Information was supplied showing what the Special Expenses Precept had been spent on in the past; mainly street lighting, traffic calming and replacement bus shelters.
- 5.3 The nature and workings of the unparished area Precept are hazy. There is no definitive list stating what the money can and cannot be spent on. However, The Department for Communities and Local Government has provided a list of Powers for Parish Council. It shows the areas and schemes that Parishes can spend their money on, and is included in Appendix C of this report.
- 5.4 It was agreed that for the purposes of this Review, spending should be limited to the same powers and duties for which Parish Councils were able to raise money via a Precept. An information gathering exercise was carried out. All the Councillors in the unparished area were contacted and asked to identify any community need that could draw funding from the Precept.
- 5.5 It was made clear to Councillors in the unparished area that:
- 5.6 At this stage, the Group were looking only for small capital schemes which would have no consequential revenue implications (not to be confused with the final recommendations on making payments to cover revenue implications). It would therefore be of no use proposing more dog waste bins in a particular area - quite cheap to provide but the real cost involved was the cost of emptying them regularly; and;
- 5.7 A "bid" could be made for funding towards the overall cost of a larger scheme provided funding from other sources was also likely to be forthcoming.
- 5.8 Responses were received from Councillors and are recorded in Appendix A of this report.
- 5.9 Suggestions tended to meet the criteria for the type of scheme that could be funded, namely;
 - Play areas and youth shelters;
 - Street lighting (including the lighting of routes through public parks);
 - Bus shelters;
 - Allotments (for example, providing composting toilets);
 - Environmental improvements (for example, replacing existing litter bins with covered receptacles);
 - And traffic calming.

- 5.10 The Group realised that identifying capital-only schemes in this way was difficult, and not necessarily equitable. They concluded that it was more important to set up a robust system for distributing the Precept, rather than rushing to spend the money just because it was available.
- 5.11 The Group spent much time discussing “equitable” distribution of the fund. The Group agreed that “divvying-up” the money without a robust system for doing so was not equitable.
- 5.12 The Group decided against distributing the Precept equally amongst Councillors in the unparished area for application in their Wards.
- 5.13 Therefore, the Group agreed several recommendations that could create a structure for allocating the funds in future;

Recommendation 1

A short bidding process should be put in place to deal with requests for money from the Precept.

Recommendation 2

A bid pro-forma should be developed to enable Councillors in the Unparished Area or the Executive to formally request funding for community based projects/needs in the Unparished Area.

The information to be included on the pro-forma should require an estimated capital cost and details of any consequential revenue costs, as a “commuted sum”.

5.14 An example pro-forma is attached in Appendix B.

5.15 At the moment, there is no clear process for deciding how to spend the Precept.

Recommendation 3

Bids should be considered by an Advisory Panel comprising five Councillors from the Unparished Area, reflecting the political balance in the Unparished Area.

5.16 Currently this would result in two Conservatives, two Liberal Democrats and one Labour Councillor forming the Advisory Panel.

Recommendation 4

The Advisory Panel should meet in the first quarter of each financial year, and as necessary over the remainder of the year. In order to begin allocating the large balance of the Precept, a one-off bid ‘round’ should take place in February or March 2007.

5.17 The Group acknowledged that deciding which schemes to fund should remain with the Executive, but were concerned that the current process was confusing. Contributions from the fund are made automatically towards schemes which qualify or partial funding from the precept. The Group agreed that the final decision on which schemes to fund should reside with a single Portfolio Holder.

Recommendation 5

The final decision on whether to support the recommendations of the ‘Advisory Group’ should reside with the Executive Member for Community Leadership, and Decisions should be reported through the Weekly Bulletin.

- 5.18 The Group was conscious that some of the suggestions put forward by the Unparished Area Councillors referred to schemes of work that are the responsibility of other public service providers, particularly the County Council. Besides, some schemes that were suggested already have budgets allocated to them, such as bus shelters and play equipment.

Recommendation 6

The Precept should not be used as a first-call for schemes that can be funded in another way.

- 5.19 The Precept is an extra fund, and should not be used when other budgets are available or sufficient.
- 5.20 Identifying worthwhile capital-only schemes was very difficult. Any new equipment or construction has a maintenance and / or insurance cost. A new bus shelter must be maintained and street-lighting needs electricity!
- 5.21 The problem was considered at length by the Group. The main difficulty was how to identify schemes with no ongoing maintenance or management cost.
- 5.22 Thought was given to allocating a percentage of the Precept to revenue fund each scheme. Paying revenue costs out of the Precept would soon exhaust the fund: increasing revenue obligations would slowly swallow up the entire Precept, leaving nothing for new capital schemes. It would also be difficult to reduce or abolish the Precept without creating a knock-on cost to other budgets.
- 5.23 Nevertheless, the Group was determined to widen the use of the Precept as much as possible.
- 5.24 In recognition that most, if not all, projects funded from the Precept would have a future maintenance liability, the group agreed that the Precept should be made available to fund any 'revenue' implications of a scheme.

Recommendation 7

That all scheme proposals include an estimate of the revenue funding needed for the lifetime of the scheme, not normally to be more than 20% of the capital cost. This amount will be transferred to the appropriate TDBC budget line as a "commuted sum".

Recommendation 8

That the collection of the precept should continue at a level to be determined on a yearly basis by the Council as part of the normal budget setting process and that this be used to fund appropriate schemes which fall under the broad headings listed in paragraph 5.9. Any unspent monies should be rolled forward to following years.

6.0 Conclusion - Why are the Recommendations the Right Ones?

- 6.1 The Purpose of the Task and Finish review was to find an equitable way to distribute the unparished area Precept. The Group believes that if its recommendations are adopted, a robust and transparent structure will be created that will allow the unparished Precept to be effectively and appropriately spent.
- 6.2 The advantages of the 8 recommendations given above are;
- 6.2.1 Recommendations 1, 2, 3 and 4 create a robust system for identifying and funding schemes from the Precepts.
- 6.2.2 Recommendation 5 ensures that decision-taking remains with the Executive but becomes more transparent accessible and inclusive than it currently is;
- 6.2.3 Recommendation 6 ensures that the Precept is spent on suitable schemes; and
- 6.2.4 Recommendation 7 creates sufficient scope for worthwhile schemes to be funded.
- 6.2.5 Recommendation 8 ensures that the level and future of the Precept is regularly revisited by the Council.
- 6.3 The Terms of Reference for this review have been met;
- 6.3.1 Recommendations have been made on regarding how to distribute the current working balance;
- 6.3.2 Recommendations have been made regarding the future of the fund; and
- 6.3.3 The review has been completed in time to feed into the 2007/2008 budget-setting process.
- 6.4 The recommendations are presented to the Executive for consideration, agreement and implementation as appropriate
- 6.5 For further details, please contact:
- Alastair Higton
Scrutiny Officer
Taunton Deane Borough Council
Belvedere Road
Taunton TA1 1HE
 - T: 01823 356397 (extension 2504)
 - e: a.higton@tauntondeane.gov.uk

Appendix A

Responses Received from Unparished Area Councillors

- Two youth shelters – Lisieux Way and Rowan Drive;
- Additional lighting between Hamilton Park and Lisieux Way;
- Slide for the Holway Green play area;
- Bus shelter in Shoreditch Road between Fullands House and Mountfields;
- Bus shelter in Celandine Mead to be painted green;
- Light by steps on footpath between Bluebell Close and Heather Close;
- Street lighting in Galmington Lane and Hoveland Lane;
- Covered litter bins for Lyngford
- Installation of composting toilets at the allotments in Lyngford;
- Mower to maintain grass footpaths at Rowbarton Allotments;

Some requests received could not be considered as additional information was required before a decision could be made. These items included;

- Refurbishment and repainting of play equipment at Leycroft Park;
- Refurbishment of wooden bridge at Thames Drive;
- More dropped kerbs in the Blackbrook and Holway area;
- Surfacing the footway between Dowsland Way and Celandine Mead;
- Cleaning or replacement of road name plates etc;
- New flooring at Multi-Storey Car Park at Paul Street;
- Cycle/foot way in Barlinch Close;
- Pigeon proofing Railway Bridge;
- Repair of Post Office Clock;
- Broken Signs and litter around Brendon House, High Street.

Appendix B

Sample Bid Proforma

Unparished Area Precept: Bid Form

| |
|------------------|
| Date of Bid: |
| Name of bidder |
| Contact details: |

Scheme Details

| |
|---|
| What is the scheme? What will it do? |
| Where will the scheme be located? |
| What is the lifetime of this scheme / project expected to be? |
| Who will it help? |

Demonstrate the Need for the Scheme

| |
|--|
| Please outline the advantages of providing this scheme / project? What problems will it resolve? |
|--|

Capital Costs

| |
|---|
| How much is this likely to cost to create? Please provide details |
| Have other sources of funding been pursued? If so, which ones? |

Was money made available from these funds? (delete as applicable) **YES / NO**

If so, how much? £

| |
|------------------|
| If not, why not? |
|------------------|

Revenue Costs

| |
|--|
| What extra revenue implications are attached to this scheme? Include things like maintenance, insurance, upkeep. |
|--|

| |
|--|
| What is the likely total lifetime cost of maintaining and managing this scheme? |
|--|

| |
|---|
| Who will be expected to maintain the scheme when it is completed? |
|---|

Please forward your bid to Mr X at Room Y, Taunton Deane Borough Council, Belvedere Road, Taunton TA1 1HE

Appendix C

List of Parish Council Powers

Please note, this is not an exhaustive list but does indicate the sorts of functions that Parish Councils can discharge.

Source: Department of Communities and Local Government

www.communities.gov.uk/index.asp?id=1133770

| Function | Powers & Duties |
|---|---|
| Allotments | <ul style="list-style-type: none"> • Duty to provide allotments. • Power to improve and adapt land for allotments, and to let grazing rights |
| Baths and washhouses | <ul style="list-style-type: none"> • Power to provide public baths and washhouses |
| Burial grounds, cemeteries and crematoria | <ul style="list-style-type: none"> • Power to acquire and maintain • Power to provide • Power to agree to maintain monuments and memorials • Power to contribute towards expenses of cemeteries |
| Bus shelters | <ul style="list-style-type: none"> • Power to provide and maintain shelters |
| Bye-laws | <ul style="list-style-type: none"> • Power to make bye-laws in regard to pleasure grounds • Cycle parks • Baths and washhouses • Open spaces and burial grounds • Mortuaries and post-mortem rooms |
| Clocks | <ul style="list-style-type: none"> • Power to provide public clocks |
| Closed churchyards | <ul style="list-style-type: none"> • Powers as to maintenance |
| Common pastures | <ul style="list-style-type: none"> • Powers in relation to providing common pasture |
| Conference facilities | <ul style="list-style-type: none"> • Power to provide and encourage the use of facilities |
| Community centres | <ul style="list-style-type: none"> • Power to provide and equip buildings for use of clubs having athletic, social or recreational objectives |
| Crime prevention | <ul style="list-style-type: none"> • Powers to install and maintain equipment and establish and maintain a scheme for detection or prevention of crime |
| Drainage | <ul style="list-style-type: none"> • Power to deal with ponds and ditches |
| Entertainment and the arts | <ul style="list-style-type: none"> • Provision of entertainment and support of the arts |
| Gifts | <ul style="list-style-type: none"> • Power to accept |
| Highways | <ul style="list-style-type: none"> • Power to maintain footpaths and bridle-ways • Power to light roads and public places • Provision of litter bins • Powers to provide parking places for bicycles and motor-cycles, and other vehicles • Power to enter into agreement as to dedication and widening • Power to provide roadside seats and shelters • Consent of parish council required for ending maintenance of highway at public expense, or for stopping up or diversion of highway • Power to complain to highway authority as to unlawful stopping up or obstruction of highway or unlawful encroachment on roadside wastes • Power to provide traffic signs and other objects or devices warning of danger • Power to plant trees and lay out grass verges etc. and to maintain them |
| Investments | <ul style="list-style-type: none"> • Power to participate in schemes of collective investment |

| | |
|-----------------------------------|--|
| Land | <ul style="list-style-type: none"> • Power to acquire by agreement, to appropriate, to dispose of • Power to accept gifts of land |
| Litter | <ul style="list-style-type: none"> • Provision of receptacles |
| Lotteries | <ul style="list-style-type: none"> • Powers to promote |
| Mortuaries and post mortem rooms | <ul style="list-style-type: none"> • Powers to provide mortuaries and post mortem rooms |
| Open spaces | <ul style="list-style-type: none"> • Power to acquire land and maintain |
| Parish documents | <ul style="list-style-type: none"> • Powers to direct as to their custody |
| Telecommunications facilities | <ul style="list-style-type: none"> • Power to pay public telecommunications operators any loss sustained providing telecommunication facilities |
| Public buildings and village hall | <ul style="list-style-type: none"> • Power to provide buildings for public meetings and assemblies |
| Public conveniences | <ul style="list-style-type: none"> • Power to provide |
| Town and country planning | <ul style="list-style-type: none"> • Right to be notified of planning applications |
| Tourism | <ul style="list-style-type: none"> • Power to encourage visitors and provide conference and other facilities |
| Traffic calming | <ul style="list-style-type: none"> • Powers to contribute financially to traffic calming schemes |
| Transport | <ul style="list-style-type: none"> • Powers in relation to car-sharing schemes, taxi fare concessions and information about transport • Powers to make grants for bus services |
| War memorials | <ul style="list-style-type: none"> • Power to maintain, repair, protect and alter war memorials |
| Water supply | <ul style="list-style-type: none"> • Power to utilise well, spring or stream and to provide facilities for obtaining water from them |

Source: Department of Communities and Local Government
www.communities.gov.uk/index.asp?id=1133770

Taunton Deane Borough Council

Report of the Strategic Director (SA) to the Executive – 16 July 2008

Financial Strategy

This matter is the responsibility of Councillor Henley (Leader of the Council)

Executive Summary

The Executive is requested to review and approve the attached Financial Strategy prior to its ratification by Full Council in October 2008.

1. Background

- 1.1 This document updates the Financial Strategy approved by the Council in 2004.
- 1.2 The new strategy sets out the current policy and financial issues facing the Council. It then sets out the draft corporate financial objectives and the proposals for moving these forward.
- 1.3 This strategy has been considered by the Overview and Scrutiny Board on 3 July 2008, who have offered the following comments for the Executive to consider:
 - That the Executive take urgent notice of the financial forecast position of the Housing Revenue Account, and provide clarity of service delivery plans post Decent Homes (in 2011).
 - That the Executive take urgent notice of the challenge facing this Council with the forecast loss of car park income in 2012 (as a result of the Project Taunton regeneration programme) and share the plans for dealing with this as soon as possible.
 - That the Executive consider adding a further bullet point to section 4.13 of the Financial Strategy as follows: “ to seek investment opportunities”

2. Recommendation

- 2.1 The Executive is requested to consider the comments from the Overview and Scrutiny Board set out above, and consider any amendments they wish to make to the draft Financial Strategy.
- 2.2 The Executive is requested to recommend the Financial Strategy to Full Council for final ratification.

Contact Officer:-

Shirlene Adam

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TAUNTON DEANE BOROUGH COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

JULY 2008

FOREWORD

As a public body, Taunton Deane Borough Council is accountable for the stewardship and use of public money, and for ensuring its plans deliver financial stability and sustainability in to the future.

Over recent years, we have continued to develop our financial management arrangements and budget setting process to reflect the changing environment of local government finance.

The Council is facing a challenging financial future, and cannot rely on annual budget setting rounds to guarantee longer-term financial health. The current corporate strategy cannot be delivered without the creation of additional financial capacity.

This Financial Strategy provides the financial context for making sure this is progressed, and our service improvement aspirations for the future are both affordable and sustainable. It sets out our strategic approach to financial management, and is key to the financial governance and leadership arrangements of the Council.

This document updates the Financial Strategy approved by the Council in 2004.

Although the Strategic Director (SA) is responsible and accountable for leading and advising on financial matters, all managers in the Council have a collective responsibility for financial management (including ensuring value for money, delivering efficiencies, and treating cash as a corporate resource). Financial management isn't something that "the accountants do". Financial management is the responsibility of management – not finance. It is part of every managers job and delivery against this key task is critical to the success of the Council.

Shirlene Adam
Strategic Director & Chief Finance Officer

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- A Medium Term Financial Plan (MTFP) – General Fund
- B Medium Term Financial Plan (MTFP) – HRA
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1. INTRODUCTION

This is a comprehensive Financial Strategy for Taunton Deane Borough Council covering the financial years 2009/10 to 2013/14.

The Financial Strategy firstly provides some context in terms of the national and local priorities and financial position. It then looks at how the Council intends to manage its financial affairs in order to maintain financial stability over what is expected to be a very challenging period for local government – particularly District Councils.

Sound financial governance will be vital as we enter the most challenging period the Council has faced since 1974.

The Financial Strategy sets out some key financial objectives for the Council, and the strategy for delivering them. It also flags the key areas for the Council to review over the coming months, and requests decisions to be made on the areas of uncertainty.

The Financial Strategy may be reviewed if necessary in line with the refresh of the Corporate Strategy.

2. NATIONAL CONTEXT

2.1 NATIONAL POLICY CONTEXT

2.1.1 Change in the public sector has been extensive in recent years, and this trend is set to continue for the foreseeable future. Since the last Financial Strategy in 2004 we have seen the following:-

- The introduction of 3 year grant settlements
- The postponement of Council Tax revaluations
- Changes and delays to the Lyons enquiry
- Postponement of the Comprehensive Spending Review 2006(CSR) and a delayed CSR2007.
- Changes to the Housing Benefit system
- The White Paper on the Future of Local Government
- The Local Government Reorganisation that is currently underway in certain areas.
- The requirement to improve 2 tier working.
- The changes to the CPA regime
- The introduction and greater responsibilities of the Local Area Agreement (LAA).

2.1.2 The key challenges for the future are as follows:-

- The move to Comprehensive Area Assessments (CAA)
- The increasing role of Local Area Agreements (LAA)
- Meeting the challenge of continuous improvement (in the environment of reduced funding, the efficiencies agenda, and higher expectations of the community)
- Meeting the challenges of the White Paper: Strong and Prosperous Communities (improving 2-tier working, stronger community leadership)
- Delivering more affordable, more sustainable homes for the future

2.1.3 There is still uncertainty on the longer term position of local government funding (following on from the Lyons review). Unless or until specific policy changes are announced, the impact on local authorities finances is uncertain. It is clear however, that the Government policy on public services is built upon a foundation of efficiency savings through enhanced partnership working.

2.2 NATIONAL FINANCIAL CONTEXT

2.2.1 National Economy

The world economy is complex and many factors impact on the UK economy. The current issues facing the Bank of England Monetary Policy Committee (MPC) are particularly difficult. Inflationary pressures are rising. Oil and commodity prices have risen considerably, and other energy supplies are becoming less certain and prices are rising. The banking sector is troubled by the credit squeeze. US house prices are falling. UK household debt is high and increasingly unaffordable.

All these factors influence the MPC decision on interest rates – which of course impacts on local authorities in terms of their treasury management activities, but also influences authorities' activities and priorities within their communities.

There has been a decade of economic stability in the UK. There has been a sustained housing boom, low interest rates and low inflation throughout. Economic growth has been satisfactory and unemployment has been at manageable proportions. The workforce has increased, and imports from other economies have helped keep price inflation in check.

The UK economic forecast is for growth of 1 to 2.25% in 2008 before strengthening to trend at 2.25 to 2.75% in 2009 and 2.5% to 3% by 2010. The projections for the public finances show the government meeting its strict fiscal rules of:

- (a) the golden rule: over the economic cycle, the government will borrow only to invest and not to fund current spending; and
- (b) the sustainable investment rule: public sector net debt as a proportion of GDP will be held over the economic cycle at a stable and prudent level.

The Treasury's forecast is for inflation to remain around its 2% (+/-1%) target and in the near term may test the 3% ceiling. Overall public spending shows average increases of about 2% per annum for 2008-11 in real terms, compared with about 4% over recent years. A considerable tightening on previous years.

2.2.2 Comprehensive Spending Review (CSR) 2007

The CSR2007 was published in October 2007 and represents a long-term and fundamental review of government expenditure. It covers departmental funding allocations for the next 3 years.

Funding increases for local government will average 1% in real terms over 2008-11 compared to 39% over the last 10 years. A considerable reduction in resources to meet the key challenges ahead.

An increase in the net Aggregate External Finance (AEF) (i.e. Revenue Support Grant (RSG), plus National Non Domestic Rates (NNDR)), funding of 4.2% in 2008-09; 3.5% in 2009-10 and 3.4% in 2010-11.

This amounts to real terms increases of 1.5%, 0.8% and 0.7% over the CSR period after adjusting for 2.75% (the GDP deflator – the government's economic measure of inflation).

However if the Private Finance Initiative (PFI) special grant is deducted then the corresponding run of increases would be (with the real terms increases in brackets) – 3.8% (1%) in 2008-09; 2.8% (0.1%) in 2009-10 and 2.6% (-0.1%) in 2010-11 which is an even more concerning position.

These increases will be underpinned by a 3% per annum cashable efficiency target for local government which is forecast to realise £4.9bn over the CSR period.

The government expects that the money for local government will enable local authorities to keep council tax increases well below 5% in each of the next three years. This will be very challenging for most Councils.

The Government is consulting on the technical detail of a new power to allow councils to implement a Supplementary Business Rate (SBR) from 2010-11.

The CSR07 also introduced a single set of priority outcomes for local government working alone, or in partnership – measured by a single set of 198 national indicators. There will be no mandatory targets for LAA's. Any and all targets reflecting national priorities – to a maximum of 35 – will be negotiated through LAAs (plus the 17 statutory education and early years targets).

The tight financial settlement heralded by the CSR poses tough challenges for local government over the coming years. The challenge for local government now is to absorb the changes and adapt to the new climate.

2.2.3 **Summary**

Looking to the medium term, the new financial constraints should service to sharpen strategies for efficiency and value for money – and indeed partnership working. These are significant challenges – a series of tough years are in prospect.

TAUNTON DEANE'S CONTEXT

3.1 TAUNTON DEANE'S POLICY CONTEXT

3.1.1 The vision for Taunton Deane and how it will be achieved are set out in the Taunton Deane Sustainable Community Strategy. This has been developed and will be delivered by the Taunton Deane Local Strategic Partnership (LSP), which comprises the Council and its major partner organisations across the public, private and voluntary and community sectors.

3.1.2 The Council's 3 year Corporate Strategy sets out what the Council will do to fulfil its contribution to delivering the Community Strategy (as well as what the Council will do internally to be as efficient and effective as possible).

All of the Council's plans and strategies are subject to extensive public consultation and scrutiny.

3.1.3 Taunton Deane's Sustainable Community Strategy

Each local authority must produce a sustainable community strategy that should be based on issues and priorities for local services, reflecting the views of local people, businesses and organisations. The Taunton Deane Sustainable Community Strategy sets out a shared vision for the future of the Taunton Deane area. It paints a picture of the sort of place that people would like Taunton Deane to be in 2020.

To achieve this vision, organisations work together in the Taunton Deane LSP which is a non-statutory voluntary partnership. Partners include:-

- Avon and Somerset Police
- Community Council for Somerset
- Project Taunton
- Quantock Hills Area of Outstanding Natural Beauty
- Somerset College of Arts and Technology
- Somerset Connexions
- Somerset County Council
- Somerset County Youth Service
- Somerset Primary Care Trust
- Taunton and Somerset National Health Service Trust
- Taunton Deane Borough Council
- Taunton Deane Citizens Advice Bureau
- Taunton Deane Council for Voluntary Services

In addition, many other groups are involved in the LSP and contribute to achieving the vision (eg Government Office South West).

The key priorities emerging from this are:-

- To reduce rural isolation and increase rural employment opportunities, and to address low wage levels, and low skills levels
- To create a shift in travel behaviour to limit the rate of growth of congestion, and to improve rural transport
- To build confidence in safer communities, to create a safer night time economy, and to reduce anti-social behaviour
- To promote and enable healthier lifestyles
- To address the shortage of affordable housing and reduce the number of non-decent homes
- To tackle climate change
- To improve the provision of leisure, arts and cultural opportunities
- To promote equality and diversity
- To make the most of natural assets

3.1.4 Local Area Agreement

Local Area Agreements continue to gather momentum and will have a significant impact on the Council's resources in the coming years. LAA's essentially pool resources on an area basis (in our case at County level) and are held for distribution against agreed priorities and outcomes.

It is possible that the Council could receive additional resources if it can achieve the required outcomes. However, there is a risk that mainstream funding resources will be pooled under the LAA and distributed to other, perhaps more deprived areas of the County.

3.1.5 Taunton Deane's Corporate Strategy

Taunton Deane's Corporate Strategy sets out the Council's objectives for the next 3 years in support of the Taunton Deane Sustainable Community Strategy.

Taunton Deane's medium-term objectives are as follows:-

- Economy – regenerating Taunton and strengthening the economy of the Borough.
- Transport – minimising the growth of traffic congestion.
- Crime – promoting safer communities and tackling anti-social behaviour.
- Healthy Living – promoting healthy and sustainable communities.
- Environment – safeguarding and enhancing the local environment.
- Delivery – delivering accessible, value for money services.

To support the delivery of the corporate strategy, and to ensure resources are directed to priority areas, the Council has developed a "Profile of

Services". This is attached at Appendix C and is used as part of the financial planning process to ensure our limited resources are targeted at true priority areas.

3.1.6 Operational Plans & Taunton Deane's Overall Improvement Plan

Each service area of the Council produces, on an annual basis, an Operational Plan that sets out how the service will help the Council deliver the objectives set out above. Services delivered by key partnerships also produce service plans.

In addition, and in support of the above key planning documents, Taunton Deane Borough Council has an Overall Improvement Plan. All Councils are subject to various forms of assessment and inspection, most of which result in some form of improvement plan. This document pulls together the key areas for improvement identified by these reviews, and sets out the actions planned by the Council in response. It is monitored regularly by the Council's Corporate Governance Committee.

3.2 TAUNTON DEANE'S FINANCIAL CONTEXT

3.2.1 The Medium Term Financial Plan (Revenue)

The forecasting and monitoring regime is highlighting the following local areas of pressure, in addition to the normal pay and price increases, within the Councils budgets over the coming years:-

- Concessionary Travel
- Homelessness
- Car Parking Income
- Project Taunton – implications of land deals

In addition, the MTFP assumes that salary budgets will increase by 3% per annum. Employers superannuation contributions will be uplifted by the planned percentage increase for each year based on the latest actuarial advice. Indirect employee costs will not be uplifted for inflation. The next actuarial review may have cost implications for the Council. In addition, national changes to the local government pension scheme take effect from 1.4.08 and may, over time, have a financial impact on the Council and scheme members.

Non-pay inflation is generally not permitted in the MTFP. Managers are expected to manage this pressure within their allocated budget. The exception to this is utilities and contractual arrangements – where the uplift will be assessed and reviewed annually.

Treasury management activities (investment and borrowing costs) are reflected in the MTFP in line with the Treasury Management Strategy (which is approved by the Council annually).

Although the 3-Year settlement gives a little more certainty on the Government funding for the Council than we have ever had, there are still lots of areas of uncertainty within the core budget. Over recent years, there has been a clear shift in the funding ratio from grant to fees and charges and this places the Council in an position of increasing reliance on the economy.

The summary page from the Medium Term Financial Plan – General Fund (MTFP) is attached at Appendix A. This is based on the latest information available. This has been refreshed to reflect the corporate strategy priorities. The headlines are as follows:

| | 2008/09 £'000 | 2009/10 £'000 | 2010/11 £'000 | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| TDBC Forecast Budget Position | 14,015 | 15,112 | 16,188 | 16,885 | 18,919 | 19,796 |
| Forecast Govt Grant * | 8,369 | 8,536 | 8,721 | 8,765 | 8,809 | 8,853 |
| Forecast Council Tax ** | 5,697 | 6,030 | 6,382 | 6,755 | 7,175 | 7,622 |
| Collection Fund | (50) | 0 | 0 | 0 | 0 | 0 |
| Forecast Resources Available | 14,015 | 14,566 | 15,103 | 15,520 | 15,984 | 16,475 |
| Predicted Budget Gap | 0 | 546 | 1,085 | 1,366 | 2,935 | 3,322 |

* 2008/09 – 2010/11 Figures Provided in Government Settlement. Estimates thereafter assume a 0.50% growth.

** Assuming a council tax increase of 4.5% per annum.

The model clearly shows the challenge ahead, if the corporate strategy is to be delivered.

The Medium Term Financial Plan – HRA is currently under development. In future, the HRA budget setting and financial planning will follow the same process and timescales as the General Fund. The first draft of the HRA MTFP is included at Appendix B for information.

3.2.2 Medium Term Financial Plan (Capital)

In 2008/09 the Council has only £15k of unallocated capital receipts. The following items are included in the Corporate Strategy and will need to be funded over the coming years.

| Corporate Priority | Proposed Actions |
|--------------------|--|
| Economy | <ol style="list-style-type: none"> 1. Free up the Firepool development area for Project Taunton and commence commercial/employment development. 2. Kick start the Cultural Quarter of Project Taunton by redeveloping Castle Green, Coal Orchard and Goodlands Gardens, to include providing a new site for the County Council library and records office. 3. To work with partners to bring forward the proposed retail development in High Street 4. Facilitate the development of 20 hectares of employment land in Wellington and Wiveliscombe 5. Explore the feasibility of facilitating the |

| | |
|----------------|---|
| | <p>development of Tone Mill, Wellington as a cultural and creative industry node</p> <ol style="list-style-type: none"> 6. Identify a suitable site for the relocation of the Taunton TIC 7. Secure a major business incubation centre for Taunton. |
| Transport | <ol style="list-style-type: none"> 1. Implement the Taunton car parking strategy. 2. Deliver the actions of the TDBC employees travel plan by March 2010. |
| Crime | <ol style="list-style-type: none"> 1. Crime reduction measures within the Housing capital programme ie the provision of double glazing and security lighting 2. The provision of facilities for young people ie new play equipment. |
| Healthy Living | <ol style="list-style-type: none"> 1. Planning gain through S106 agreements – ie the need to provide in partnership a targeted proportion of social and subsidised housing 2. Utilise council owned sites to develop social and subsidised housing. 3. Investigate new approaches to delivering intermediate housing. 4. Ensure that all Council owned properties comply with the Decent Homes Standard by March 2011. 5. Improving both private and public sector housing conditions through an extensive capital programme of works and grants. 6. Consider all options for delivering new opportunities for public swimming in Taunton Deane including the construction of a new 25m pool in Taunton. 7. Deliver the actions identified in the Play Strategy to make provision in priority areas. |
| Environment | <ol style="list-style-type: none"> 1. Expand the recycling service to include other types of waste, such as plastics and cardboard. 2. Development of sustainable construction practices which help tackle climate change and reduce emissions. 3. Ensure that new Housing built through Housing Corporation funded schemes meet a minimum of level 3 of the Code for Sustainable Housing. 4. Meet the government target of improving energy efficiency by 30% on housing in Taunton Deane through various housing initiatives. This includes capital investment in council housing, other social housing and where possible within the private |

| | |
|----------|--|
| | sector. 5. To construct flood alleviation measures to enable the development of Firepool |
| Delivery | <ol style="list-style-type: none"> 1. Development of our assets through our key partnership project, SW1 2. Continued investment in IT systems such as the new Planning system 3. Implement the Customer Access Strategy to deliver our services where and when they are required. 4. Develop procurement through collaboration with SW1 to achieve savings targets, better quality and cost effective services and support our objectives around economy sustainability and equalities. |

In addition there are ongoing capital schemes that are currently unfunded from 2009/10 onwards. These are:-

| Portfolio | Schemes |
|---------------------------|---|
| Leisure | <ol style="list-style-type: none"> 1. Grants to clubs £60k pa 2. Play Equipment – grants to parishes £31k pa 3. Replacement/new play equipment £26k pa |
| Corporate Services | <ol style="list-style-type: none"> 1. Energy conservation measures £50k pa 2. Desk Top Hardware Replacement - £17k in 2009/10 and then £60k thereafter |
| Environmental | <ol style="list-style-type: none"> 1. Taunton Canal Grant £10k pa |
| Planning & Transportation | <ol style="list-style-type: none"> 1. Contributions towards footpaths & streetlighting £25k pa |

The MTFP assumes that the ongoing schemes will be funded by RCCO (if sufficient capital receipts are not available).

3.2.3 Reserves (Revenue)

To support day to day spending, Taunton Deane has a General Fund Reserve, a Housing Revenue Account Reserve and some Earmarked Reserves (which are held for specific purposes).

The following table shows the balance on these at the end of the last 4 financial years, together with the forecast position at 31/3/09:-

| Balance as at: | General Fund Reserve £'000 | HRA Reserve £'000 | Earmarked Reserves £'000 | Total £'000 |
|----------------------|-------------------------------|----------------------|-----------------------------|----------------|
| 31.3.05 | 1,486 | 2,286 | 8,956 | 12,728 |
| 31.3.06 | 1,383 | 2,009 | 9,032 | 12,424 |
| 31.3.07 | 1,243 | 2,659 | 6,681 | 10,583 |
| 31.3.08 | 645 | 3,046 | 5,900 | 9,591 |
| 31.3.09 Predicted | 1,400 | 2,110 | 5,900 | 9,410 |

The reserves position as at 31st March 2008 is significantly lower than in previous years. This position is rectified in April 2008, when some £595k of previously earmarked reserves were returned to the General Fund Reserve – bringing the forecast position up to £1.4m at 31 March 2009 (which is more in line with previous years).

3.2.4 Reserves (Capital)

There are two capital reserves that represent useable cash available to support spending on the creation or enhancement of assets. They are the Unallocated Capital Resources (Non-Hsg) and Unallocated Capital Resources (Hsg).

The following table shows how these have moved over the last 4 years, together with a forecast of the position at 31/3/09:-

Unallocated Capital Resources (Non-Housing)

| Financial Year | Balance at start of year £'000 | Income from revenue (RCCO) £'000 | Prudential Borrowing £'000 | Income from sale of assets (capital receipts) £'000 | New Capital Spending £'000 | Balance at end of year £'000 |
|----------------------|-----------------------------------|-------------------------------------|-------------------------------|--|-------------------------------|---------------------------------|
| 2004/05 | 1,232 | 614 | 0 | 153 | (1,068) | 931 |
| 2005/06 | 931 | 104 | 0 | 297 | (1,001) | 331 |
| 2006/07 | 331 | 170 | 0 | 0 | (483) | 18 |
| 2007/08 Predicted | 18 | 0 | 2,086 | 452 | (2,513) | 43 |
| 2008/09 Predicted | 43 | 15 | 0 | 0 | (43) | 15 |

Currently, almost all capital reserves have been committed to fund future capital projects in 2008/09 onwards, leaving only £15k as yet unallocated.

Unallocated Capital Resources (Housing)

| Financial Year | Balance at start of year £'000 | Income from revenue (RCCO) £'000 | Supported Borrowing £'000 | Govt Grants £'000 | Income from sale of assets (capital receipts) £'000 | New Capital Spending £'000 | Balance at end of year £'000 |
|----------------------|-----------------------------------|-------------------------------------|------------------------------|----------------------|--|-------------------------------|---------------------------------|
| 2004/05 | 2,039 | 263 | 1,009 | 3,289 | 1,341 | (7,589) | 352 |
| 2005/06 | 352 | 1,200 | 1,059 | 3,545 | 468 | (6,254) | 370 |
| 2006/07 | 370 | 797 | 807 | 3,938 | 1,205 | (6,492) | 625 |
| 2007/08 Predicted | 625 | 1,508 | 242 | 4,465 | 550 | (5,803) | 1,587 |
| 2008/09 Predicted | 1,587 | 1,552 | 821 | 3,942 | 805 | (7,922) | 785 |

3.2.5 Trends in Outturn - Revenue Overview

The table below compares the actual use of General Fund Reserve compared to planned use for the last 4 financial years, together with a forecast of the position for 2008/09.

| Financial Year | Planned Use of Reserves £'000 | Actual Use of Reserves £'000 |
|------------------|----------------------------------|---------------------------------|
| 2004/05 | (309) | (146) |
| 2005/06 | (238) | (194) |
| 2006/07 | (314) | (556) |
| 2007/08 | (723) | (772) |
| 2008/09 Forecast | 0 | 0 |

This table suggests that there may be some latent financial capacity in the base budget. Although we have made improvements in this area, this does indicate that we still have more work to do to encourage service managers to behave more corporately and treat their budgets as a corporate rather than a service resource.

3.2.6 Trends in Outturn - Capital Overview

The Council maintains a rolling 5 year capital programme. The following table compares the capital budgets for the last 4 years to actual spend.

GFd (incl GFd Housing)

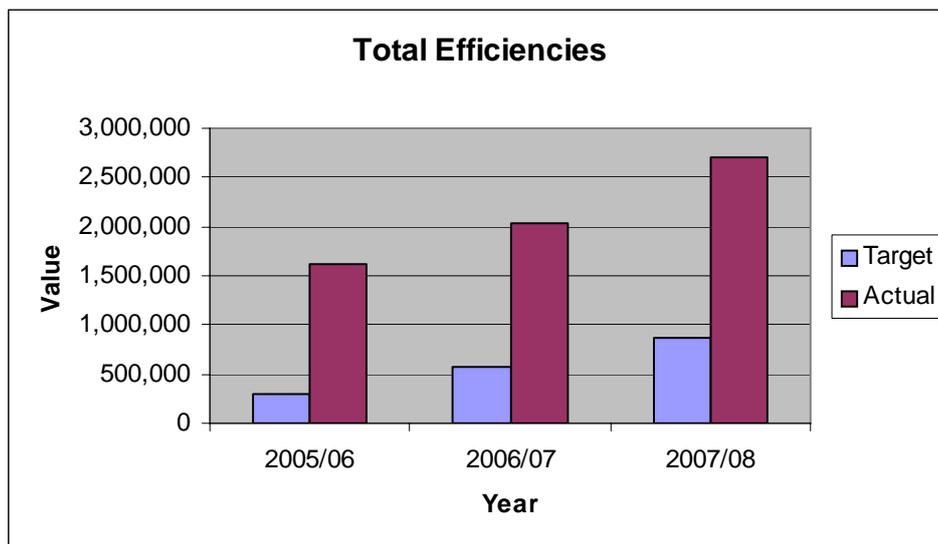
| Financial Year | Capital Budget £'000 | Actual Spend £'000 | Over / (under) spend £'000 |
|------------------|-------------------------|-----------------------|----------------------------------|
| 2004/05 | 5,522 | 2,767 | (2,755) |
| 2005/06 | 9,679 | 4,196 | (5,483) |
| 2006/07 | 6,245 | 6,064 | (181) |
| 2007/08 | 4,655 | 3,762 | (893) |
| 2008/09 Forecast | 4,839 | 4,839 | 0 |

Slippage in the Councils capital spending programme is managed to ensure that conditional funding resources have not been lost and that the use of available resources has been maximised. Again, there is scope to improve the management of this and improve cashflow returns.

Delays in incurring capital spending have a direct impact on the revenue account, in terms of extra investment income generated.

3.2.7 Efficiencies

Taunton Deane has a good track record of delivering on its 2.5% Gershon efficiency target, as evidenced in the Annual Efficiency Statements. The new Gershon target for local authorities is to achieve a 3% cashable saving each year. The table below shows the level of total cashable and non cashable efficiencies compared to government specified targets over recent years:



Future delivery of Gershon savings targets will be monitored via the LAA.

3.2.8 Value For Money (VFM)

Taunton Deane was judged to be delivering good value for money in the Use of Resources assessment, scoring 3 out of 4 on the Value For Money lines of enquiry (2006/07).

The Council supports the drive to deliver value for money services by:-

- Benchmarking our costs and activities with other authorities (where appropriate)
- Task & Finish reviews
- Internal and External audit reviews

The measures used the Audit Commission continue to tighten, and the Council will be challenged to maintain its current score.

3.2.9 Use of Resources

The Use of Resources assessment is a key measure of how the Council manages its resources. The Council was judged to be achieving a score of 3 out of 4 (2006/07). This is an excellent endorsement of the Council's approach to financial management.

Whilst a number of improvements can be put in place without a significant impact on resources these are unlikely to move the Council's assessment to level 4. Other initiatives that could change the categorisation will come at a cost.

Meantime, the Audit Commission have decided to increase the difficulty of achieving the current scores – thereby requiring authorities to improve processes to ensure they retain their current status, let alone improve. This will undoubtedly require additional resources and will need to be measured against the benefit accrued to the local taxpayer. A measured approach is being adopted, and again, it should be noted that the Council will be challenged to maintain its current score.

3.2.10 Treasury Management

The annual Treasury Management Strategy is approved as part of the budget setting process.

The Treasury Management Strategy is a key element of the overall Financial Strategy of the Council. It sets out:-

- the Council's strategy for investment and borrowing in light of the latest forecasts re interest rates.
- the financial institutions the Council will invest with, and the limits on the size and time period of the investments.
- the balance of fixed and variable rate borrowing, and rescheduling opportunities.

- The Prudential Indicators for the year. These define the framework within which the Council self-regulates its borrowing based on long-term affordability.

The treasury management strategy is key in supporting the delivery of several of the corporate financial objectives. Detailed procedures and delegations for treasury management are set out in the Treasury Management Plans (TMPs) which are refreshed on an annual basis.

3.2.11 Value Added Tax (VAT)

Taunton Deane manages its business affairs to ensure that the partial exemption limit is not breached. We are allowed to reclaim the VAT on exempt business activities providing it does not exceed 5% of our total VAT liability. If we breach the 5% limit, HMRC will expect us to hand over the VAT on exempt activity too – approximately £100k to £150k per annum.

Local authority VAT is a particularly specialised area of accounting, and Taunton Deane will continue to use external advisors when necessary. The Finance Team will continue to raise awareness of VAT issues with our Managers, to ensure the risk of breaching the partial exemption limit is minimised.

3.2.12 Key Financial Risks & Opportunities

Risk management is an essential part of the corporate governance framework, and has been embedded in our project management disciplines for several years now. Service Managers also produce annual risk registers of operational service risks. Corporate Management Team are responsible for managing the Corporate Risk Register. Issues flagged are then, if appropriate, recognised in the Financial Strategy and MTFP.

The focus in our improvement plan is to ensure that elected Members play a full and active role in our risk management process. The most recent Risk Management Strategy was approved by the Corporate Governance Committee in 2006.

The 3 key things that underpin the Council's ability to maintain its financial standing are:-

- Strong corporate working
- Strong and transparent financial management
- Delivery of the transformation programme (with Southwest One, the Achieve Breakthrough Projects, and beyond).

The “top” financial risks and opportunities facing the Council are:-

| | |
|-----------------------------------|--|
| Concessionary Travel | - continuing growth in usage compared to funding offered by Govt. |
| Procurement Savings | - shift in corporate behaviour required to deliver savings needed to fund the transformation programme. |
| Capital Programme | - no obvious way of funding the aspirations of the Council |
| Revenue Impact of Project Taunton | - key decisions needed on car parking and land usage |
| Housing | - need to develop a robust business plan post 2010 |
| Partnership Working | - the Council is now working with partners of key areas of service delivery – waste, revenues and benefits – and the client and contract management arrangements will need to continue to be robust. |
| Asset Management | - need to review and rationalise asset portfolio. |
| LABGI | - uncertainty over future availability of this grant. Central Govt are reviewing their policy. |
| HPDG | - uncertainty over level of future grant to be paid to TDBC. This is linked to performance. |

3.2.13 Summary

Taunton Deane is not a well-resourced Council, but despite this it has been judged as providing services that represent good value for money. Despite the challenges to date, financial performance has generally been good, providing a reasonable level of reserves.

However, looking forward, the Council is facing a very challenging financial position, and must adopt a Financial Strategy that will help the Council deliver its objectives – both in terms of revenue and capital.

The current corporate strategy cannot be delivered without the creation of additional financial capacity.

The Council must deliver a robust, sustainable and affordable medium term financial plan that preserves the financial health of the authority through a period in which we plan significant transformation whilst the level of funding from the Government reduces in real terms.

The remainder of this document is focussed on setting out the proposed Financial Strategy of Taunton Deane Borough Council. This is the broad framework that the Council will operate within during the forthcoming four

financial years. It will be reviewed on an annual basis to ensure that it maintains relevance.

The Financial Strategy covers the General Fund activities (revenue and capital) but does not cover the Housing Revenue Account as this is covered by a separate Business Plan. However, some of the strategic proposals considered in the strategy will have an impact beyond the General Fund.

4. FINANCIAL STRATEGY

This sections sets out Taunton Deane's corporate financial objectives. It also set out the key financial risks the Council will be monitoring to ensure it stays on course to deliver its objectives.

4.1 Taunton Deane's Corporate Financial Objectives

- **To maintain an affordable and sustainable Council Tax position.** The objective is to maintain modest and affordable increases in council tax over the next 5 years (whilst accepting that such an objective is linked to the amount of annual Government Grant).
- **To run an inclusive, open and transparent budget setting process.** Public consultation on priorities, fees and charges and tax levels will continue to underpin the Councils budget setting process. All Members will be involved in the development of the Councils budget.
- **To ensure budgets are realistic, balanced, sustainable and support corporate priorities.** The link between the Councils financial and corporate plan and public consultation will be clear and transparent. Key financial decisions of the Council will clearly relate back to the corporate priorities. To continue to clearly identify priority and non-priority areas – via the Profile of Services. Balances and reserves must not be used for long-term budget requirements.
- **To maintain a strong balance sheet position.** To ensure the Council has a sustainable level of reserves and provisions. This will be set bearing in mind the corporate financial risks facing the Council. The aim is not to tie up public resources unnecessarily, but to provide comfort that the key risks facing the Council are covered.
- **To manage spending within budgets.** Managers are required as a “non-negotiable” to manage spending within their approved budget.
- **To deliver year on year cash and non-cash efficiency savings in line with Government targets.** The CSR2007 indicates that cashable savings of 3% per annum will be required from 2008/09 onwards.
- **To continue to improve on Financial Management, Use of Resources, and Value for Money assessments.**

Having accepted these objectives, then the following key areas need to be considered:

4.2 General Fund Reserve & Earmarked Reserves

The policy set in 2004 was to maintain a minimum balance of unearmarked General Fund Reserves of £1m (or £750k if being replenished via invest to save initiatives). It is appropriate that this is reviewed in light of the financial environment facing the Council in 2008 and beyond.

Due to the increasing risks facing the Council the following strategy should be adopted by the Council:

That General Fund Reserves should be maintained at a minimum of £1.25m (or £1m if being replenished via invest to save initiatives).

That Housing Revenue Reserves should not fall below £150 per dwelling.

The medium term financial plans will be refreshed to reflect this policy.

4.3 Council Tax

The MTFP currently assumes a 1.7% increase in the tax base to 2011/12 and 2% thereafter, a 4.5% increase in council tax charges, and a break-even position on the Collection Fund account. The assumed lifetime collection rate is 99.2%.

The MTFP will be remodelled to reflect the objective of setting a council tax increase in line with inflation. This will increase the predicted budget gap.

The Council's policies on discounts and exemptions will continue to be reviewed to ensure best fit with corporate priorities. The Council's strategy on benefit take-up will continue to be refreshed in line with best practice and local conditions.

4.4 Business Rates

Business rates are paid into the national pool and redistributed on a formula basis to local authorities. Changes to business rates are possible over the medium term (supplementary rates or partial re-localisation).

Councils operate mandatory and discretionary reliefs. Taunton Deane will review its current practices and policies on these areas over the coming 12 months to ensure they fit with policy objectives and remain affordable.

4.4.1 Business Improvement District (BID)

The BID for Taunton started during 2007. The Council will continue to monitor the collection rate and ensure robust information is provided to the BID team. The Council will engage in any future discussions around new BIDs or extensions to existing schemes.

4.5 Debt Collection

The Council has traditionally had excellent rates of collection on outstanding council tax and nndr debts. The introduction of the new IT system in this area caused some problems during 2007, but the Council is now on track to achieve the earlier excellent rates.

The Councils collection methods, and bad debt policies will be reviewed over the next 12 months to ensure best practice is being followed.

4.6 Fees and Charges

It is important that the Council takes all opportunities to create additional financial capacity by maximising income, and generating income from new sources. It is also important that the income budgets set are realistic.

Each service within the Council should maximise the level of income generated unless there are corporate reasons why this is not the case. Clear policies on subsidies and exemptions should be developed.

4.7 External Funding Arrangements

External funding provides another opportunity to increase financial capacity of the Council. These opportunities should be actively pursued provided that:-

- They support the delivery of the Councils corporate priorities
- They do not commit the Council to ongoing funding liabilities that cannot be met within the existing budget plans.
- Requirements for match funding are clearly established and approved in advance.

4.8 Core Council Review

In order to deal with the challenges ahead, Taunton Deane will need to focus not just on growth pressures, but on the underlying base budget position.

Historical budgets, staffing arrangements, and spending patterns will be challenged through the Core Council Review to ensure the Councils underlying base budget is sustainable and focussed on delivering priorities.

This review will commence in the summer of 2008 and will aim to conclude on organisational design by the end of 2008, in order to influence the next budget setting round. Until this review is completed, the current vacancy management arrangements should continue.

This review is fundamental to the delivery of a sustainable budget position.

4.9 Budget Carry Forwards & Under-Spends

Budget carry forwards are only allowed if the Councils overall financial position is acceptable, the reasons for the under spend are valid, and the request fits with the achievement of the corporate priorities.

All budget under-spends will be robustly evaluated and built into the base budget unless there is a sound reason for doing so.

4.10 Developer Contributions

This is a key source of external funding for the Council. Through the planning system, support for both infrastructure and maintenance funding can be achieved.

The Council will maximise the potential for increasing financial capacity through s106 agreements. This will involve a much more corporate approach to such opportunities. This work is being led by Joy Wishalde, Strategic Director.

4.11 Partnership Working

Taunton Deane is already working in partnership with other authorities and agencies to deliver more effective services. This will continue to develop as the proposals for improved 2-tier working are developed and implemented.

In order to achieve corporate financial objectives, we will always ensure in partnerships that:-

- There is clarity of roles and responsibilities.
- The accounting arrangements are agreed in advance of the commencement of the partnership.
- The partnership business case is sustainable
- The Partners involved are financial viable.

The strategic partnership with Southwest One will be key to the Council delivering its objectives, and delivering the transformation agenda.

Pioneer Somerset is the programme being developed within Somerset to progress improvements in 2-tier working. This programme will lay the foundations for the future of local government service delivery in Somerset and could offer great opportunity for efficiencies and savings.

4.12 **Financial Management**

Maintaining strong financial control is a prerequisite to achieving the Councils corporate and financial plans. Good systems and procedures are in place for reporting on financial performance as part of the integrated performance reporting framework - however there is still room for improvement.

Reports now look at service performance as well as financial performance. The next development will be to look at how non-financial information can be better incorporated to help us track value for money improvements, and highlight areas that are performing to the standard required and have spare financial capacity that could be reinvested in another priority area.

The new financial system, SAP (which is being delivered through the Southwest One Partnership) will go live in early 2009. The new system will help ensure that budget monitoring reports are clear and differentiate between controllable and non-controllable budget items. This will not only assist with any benchmarking / value for money comparisons, but will provide an enhanced financial service to Managers.

4.13 **Financial Strategy for Capital Investment**

Capital resources for the future are very constrained.

Taunton Deane has only £15k of confirmed unallocated useable capital receipts – to fund corporate strategy objectives outlined in section 3.2.2 above. Clearly this is an unsustainable position.

The resources could be topped up by either disposing of assets, or building in revenue contributions to capital (RCCO) in the revenue budget process. Clearly this would have implications for the revenue budget gap position. The MTFP currently does not forecast any RCCO over the coming years.

Another solution could be prudential borrowing. The challenge with this route, is the affordability of the new borrowing – the impact on the revenue budget. The MTFP already shows a challenging budget position, and there is limited capacity to accommodate new projects funded by borrowing unless efficiency savings can match the additional borrowing costs.

The Council has an Asset Management Plan (AMP) and Capital Strategy that are updated annually. The AMP is undergoing a fundamental review and will be published in September 2008. The Council will need to strike a balance between procuring new assets and maintaining existing assets.

The areas of focus for the Council on the financial capital strategy will be:-

- Maximising developer contributions
- Effective project management of capital projects to ensure they are delivered on time and in budget
- Reviewing property holdings to be clear on any opportunities for rationalising property assets and releasing resources (capital and revenue).
- Maximising external funding for projects
- Reviewing the approvals process for new capital projects – to ensure the limited resources are allocated in line with corporate priorities.
- Developing a corporate property maintenance plan.

The revenue implications of any capital scheme will be fully considered as part of any approvals process.

The Council has some difficult choices to make over the coming months. Until there is clarity of direction, the Council's corporate strategy remains unfunded.

4.14 **Efficiencies**

The Council will continue to aim to achieve more from the same amount of resource (or less). The released capacity, over and above our savings targets, will be targeted towards our highest priorities.

The Task & Finish Scrutiny reviews will provide an opportunity for value for money reviews of specific issues.

The CSR2007 is raising the bar in terms of efficiency targets for local authorities. The new requirement will be to deliver, year on year, cash savings of 3%. This is a new challenge and our corporate planning, and operational service planning process will need to be updated to reflect this.

The strategic partnership with Southwest One will deliver the technological infrastructure necessary to produce significant efficiency gains in the future. In addition, the transformation programme developed with Southwest One will deliver a radically different procurement process – which will in turn release cash savings for the Council.

Changes to corporate behaviour in both procurement, and use of systems will be driven throughout all services of the Council to ensure this is achieved.

4.15 Conclusions

Robust financial management is one essential ingredient in the successful delivery of the Councils priorities – even more so in the ever more challenging financial environment facing local authorities.

This Financial Strategy is designed to ensure this is delivered. The following action plan summarises the actions outlined in the strategy.

5. FINANCIAL STRATEGY ACTION PLAN

| | Lead Officer | Timescale |
|---|----------------------------|---|
| Update MTFP (GFd and HRA) to reflect new policy on Reserves, aspirations on Council Tax level, full impact of Project Taunton, and any new legislative changes. | Paul Carter | CCM April 2008 CMT May 2008 O&S June 2008 Exec July 2008 |
| Review existing discounts and exemptions policies and procedures to ensure affordability, best fit with corporate priorities | Heather Tiso | March 2009 |
| Review existing strategy on council tax benefit take-up to ensure compliance with best practice and local conditions. | Heather Tiso | March 2009 (and annually thereafter) |
| Review existing business rates relief practices and policies to ensure fit with policy objectives and affordability requirements | Heather Tiso | January 2009 |
| Review collection methods to ensure value for money, and best practice | Heather Tiso | Ongoing |
| Review bad debt policies to ensure best practice | Heather Tiso / Paul Carter | Ongoing – part of corporate bad debt policy review |
| Develop fees and charges policy – to provide clarity on increases, exemptions, and subsidies | Shirlene Adam | December 2009 |
| External Income Potential – the Council should consider how this could be best delivered. CMT to consider as part of Core Council Review. | Penny James | December 2008 |
| Maintain existing vacancy management protocols until conclusion of Core Council Review | Penny James | Ongoing |
| Core Council Review – to deliver sufficient ongoing savings to provide a sustainable budget position moving forward. | Kevin Toller | Reporting Nov 08 |
| Review of year end outturn position against current forecast (compliance with FRegs, and input to base budget review) | Shirlene Adam | June 2008 |
| New s106 policy to outline clear funding framework | Joy Wishlade | TBA |
| All proposals for partnership working to | All Managers | Immediate |

| | | |
|---|------------------------------|--------------------------------|
| complete an "impact assessment" – outlining the financial and HR impact on the Council. | | |
| Performance reporting framework to be reviewed and improved to better link financial and non-financial information. | Shirlene Adam / Simon Lewis | Summer 2008 |
| Ensure new financial system is designed to report financial information in a flexible manner and is capable of analysing trends | Shirlene Adam | Immediate |
| Review of Asset Management Plan to ensure fit for purpose. | Shirlene Adam / George Stark | CMT Aug 2008 Exec Sept 2008 |
| Design process for robust capital approvals regime | Shirlene Adam | CMT Sept 2008 |
| Clarity of funding for corporate strategy capital objectives <i>Key decisions will be needed by the Executive</i> | Executive Cllrs | Summer 2008 |
| Operational Planning process reviewed to ensure services are reporting on their plans to deliver the 3% efficiencies target. | Simon Lewis | Immediate |
| Procurement savings (SWOne transformation project) to be regularly reviewed against target and reported to CMT and Members | Simon Lewis | Immediate |

APPENDIX A

MTFP SUMMARY – GENERAL FUND

Taunton Deane Borough Council – 5 Year General Fund Revenue Budget Forecast

| | 2008/09 | | | 2009/10 | | | 2010/11 | | | 2011/12 | | | 2012/13 | | | 2013/14 | | |
|---|----------|----------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|------------|--------------|---------------|
| | Add | Red | Tot | Add | Red | Tot | Add | Red | Tot | Add | Red | Tot | Add | Red | Tot | Add | Red | Tot |
| Base Budget | | | 14,015 | | | 14,024 | | | 15,112 | | | 16,188 | | | 16,885 | | | 18,919 |
| Sup.Est/Budget Chan | | | | | | | | | | | | | | | | | | |
| Property Ser Restructure | | | | | (57) | | | (45) | | | | | | | | | | |
| Town Centre Xmas Lights | | | | | | | | (5) | | | | | | | | | | |
| CMT Restructuring | | | | | | | | | | | | | (61) | | | | | |
| DLO High Restructure | 9 | | | | (51) | | | | | | | | | | | | | |
| TOTAL | 9 | | 9 | | (108) | (108) | | (50) | (50) | | | | (61) | | (61) | | | |
| INESCAPABLE BUGET | | | | | | | | | | | | | | | | | | |
| Non recur 08/09 | | | | | (67) | | | | | | | | | | | | | |
| Employee Pay Award | | | | 245 | | | 252 | | | 260 | (77) | | 267 | | | 276 | | |
| NI & Sup. Ann | | | | 49 | | | 50 | | | 50 | | | 51 | | | 51 | | |
| Incremental Progress | | | | 125 | | | 129 | | | 132 | | | 136 | | | 141 | | |
| Inf. Price | | | | 164 | | | 164 | | | 164 | | | 164 | | | 164 | | |
| Inv. Income | | | | 38 | | | | | | | | | | | | | | |
| MRP | | | | 28 | | | 28 | | | 28 | | | 28 | | | 28 | | |
| Other | | | | 9 | | | 85 | | | 9 | (76) | | 10 | | | 10 | | |
| TOTAL | | | | 657 | (67) | 590 | 707 | | 707 | 643 | (153) | 490 | 656 | | 656 | 668 | | 668 |
| UNAVOID COMMIT | | | | | | | | | | | | | | | | | | |
| Growth | | | | 22 | | | 22 | | | 22 | | | 26 | | | 26 | | |
| New POS | | | | 36 | (36) | | 38 | (38) | | 30 | (30) | | | | | | | |
| Reduction Salary | | | | | (115) | | | | | | | | | | | | | |
| Removal Staff T/O | | | | 50 | | | | | | | | | | | | | | |
| County Museum | | | | 100 | | | | | | | | | | | | | | |
| Loss CP Income | | | | 60 | | | | | | | | | | | | | | |
| Silk Mill P & R/project park | | | | | | | 200 | | | | | | 1200 | | | | | |
| ISIS Cash Savings | | | | | (96) | | | (96) | | | (89) | | | (90) | | | (98) | |
| Dev Control | | | | 81 | (81) | | | | | | | | | | | | | |
| GF Funding PDG | | | | 42 | (42) | | | | | | | | | | | | | |
| Land Charges | | | | 51 | | | | | | | | | | | | | | |
| RCCO Cap Scheme | | | | 249 | | | 292 | | | 292 | | | 292 | | | 292 | | |
| Other | | | | 200 | (70) | | 21 | (25) | | 22 | (40) | | 11 | | | | (11) | |
| TOTAL | | | | 891 | (440) | 451 | 573 | (159) | 414 | 366 | (159) | 207 | 1,529 | (90) | 1,439 | 318 | (109) | 209 |
| CORP. STRAT ACTION | | | | | | | | | | | | | | | | | | |
| Recycling Further costs | | | | 150 | | | | | | | | | | | | | | |
| TOTAL | | | | | | 150 | | | | | | | | | | | | |
| REVENUE CAP PROGRAM | | | | | | | | | | | | | | | | | | |
| Play area and Total | | | | 5 | | 5 | 5 | | 5 | | | | | | | | | |
| UNAVOIDABLE CHANGES | 9 | 0 | 9 | 1,703 | (615) | 1,088 | 1,285 | (209) | 1,076 | 1,009 | (312) | 697 | 2,185 | (151) | 2,034 | 986 | (109) | 877 |
| PRED BUDGET REQRIMENT | | | 14,024 | | | 15,112 | | | 16,188 | | | 16,885 | | | 18,919 | | | 19,796 |
| BUDGET GAP | | | | | | | | | | | | | | | | | | |
| Revenue Supp Grant | 8,369 | | | 8,536 | | | 8,721 | | | 8,765 | | | 8,809 | | | 8,853 | | |
| Other | -50 | | | | | | | | | | | | | | | | | |
| C. Tax increase (4.5%) | 5,697 | | | 6,030 | | | 6,382 | | | 6,755 | | | 7,175 | | | 7,622 | | |
| TOTAL | | | 14,015 | | | 14,566 | | | 15,103 | | | 15,520 | | | 15,984 | | | 16,475 |
| BALANCE TO BE MET FROM GENRAL FUND RESERVE | | | 9 | | | 546 | | | 1,085 | | | 1,366 | | | 2,935 | | | 3,322 |

APPENDIX B

MTFP SUMMARY – HRA

DRAFT HRA MTFP FORECAST 2008/09 – 2015/16

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| INCOME | | | | | | | | |
| Dwelling Rents | 19,261,390 | 20,435,669 | 21,298,677 | 23,078,987 | 23,732,335 | 24,410,142 | 25,115,538 | 25,843,420 |
| Non Dwelling Rents | 468,550 | 478,163 | 487,948 | 498,013 | 508,366 | 519,017 | 529,973 | 541,243 |
| Charges for services/facilities | 421,990 | 433,725 | 445,789 | 458,192 | 470,942 | 484,050 | 497,525 | 511,379 |
| Contributions towards expend | 223,500 | 229,088 | 234,815 | 240,685 | 246,702 | 252,870 | 259,191 | 265,671 |
| Government Subsidy | (5,826,140) | (6,451,897) | (7,058,606) | (7,709,619) | (8,010,616) | (8,314,034) | (8,663,425) | (8,983,501) |
| Government Sub Housing Def | | | | | | | | |
| Net Supporting People Windfall | 451,250 | 428,688 | 407,253 | 386,890 | 367,546 | 349,169 | 331,710 | 315,125 |
| TOTAL | 15,000,540 | 15,553,436 | 15,815,875 | 16,953,148 | 17,315,276 | 17,701,212 | 18,070,513 | 18,493,337 |
| EXPENDITURE | | | | | | | | |
| Management | 4,333,240 | 4,464,571 | 4,576,185 | 4,690,590 | 4,807,855 | 4,928,051 | 5,051,252 | 5,177,534 |
| Maintenance | 5,694,850 | 6,036,118 | 6,249,594 | 6,530,825 | 6,759,404 | 6,995,983 | 7,240,843 | 7,494,272 |
| Major Repair Allowance | 3,530,210 | 3,716,379 | 3,932,891 | 4,162,006 | 4,279,802 | 4,403,102 | 4,530,698 | 4,661,987 |
| Debt Management Expenses | 24,000 | 24,600 | 25,215 | 25,845 | 26,492 | 27,154 | 27,833 | 28,528 |
| TOTAL | 13,582,300 | 14,241,669 | 14,783,885 | 15,409,267 | 15,873,552 | 16,354,290 | 16,850,626 | 17,362,321 |
| OTHER CHARGES | | | | | | | | |
| Loan charges interest | 833,000 | 781,124 | 781,124 | 781,124 | 781,124 | 781,124 | 781,124 | 781,124 |
| Interest receivable | (160,000) | (41,094) | (41,027) | (40,959) | (40,892) | (40,844) | (40,804) | (40,763) |
| Transfer to reserves | 130,000 | 130,000 | 130,000 | | | | | |
| Revenue Contribute to Capital | 1,552,160 | 1,549,021 | 1,517,139 | 122,029 | 116,853 | | | |
| NET OPERATING EXPEND | (936,920) | (1,107,284) | (1,355,246) | 681,687 | 584,638 | 606,643 | 479,567 | 390,655 |
| WORKING BAL B/FWD 1 APRIL | 3,281,240 | 2,344,320 | 1,237,036 | (118,209) | 563,478 | | | |
| WORKING BAL C/FWD 31 MARCH | 2,344,320 | 1,237,036 | (118,209) | 563,478 | 1,148,116 | | | |
| Memo: Mini Accept Working Balance @ £150 per dwelling | 916,200 | 913,200 | 911,700 | 910,200 | 908,700 | | | |
| Surplus (Deficit) of forecast working balance over minimum acceptable level | 1,428,120 | 323,836 | (1,029,909) | (346,722) | 239,416 | | | |
| HRA CAPITAL EXPENDITURE | | | | | | | | |
| Decent homes | 4,512,390 | 4,735,400 | 4,920,030 | 3,754,035 | 3,866,655 | | | |
| Other works | 320,000 | 280,000 | 280,000 | 280,000 | 280,000 | | | |
| Community Alarm Systems | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | | | |
| Tenants Improvements | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | | | |
| HRA DFGs | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | | | |
| TOTAL HRA CAPITAL SPEND | 5,082,390 | 5,265,400 | 5,450,030 | 4,284,035 | 4,396,655 | | | |
| FINANCED BY: | | | | | | | | |
| MRA | 3,530,210 | 3,716,379 | 3,932,891 | 4,162,006 | 4,279,802 | | | |
| RCCO | 1,552,160 | 1,549,021 | 1,517,139 | 122,029 | 116,853 | | | |
| Other | 20 | | | | | | | |
| TOTAL FINANCING | 5,082,390 | 5,265,400 | 5,450,030 | 4,284,035 | 4,396,655 | | | |

| Service | Increase Direct Funding | Maintain Direct Funding | Reduce Direct Funding |
|---|-------------------------|-------------------------|-----------------------|
| High Priority | | | |
| Economic Development and Regeneration | ✓ | | |
| Planning (including Transportation) | ✓ | | |
| Community Safety/ CCTV | ✓ | | |
| Licensing | ✓ | | |
| Street Cleaning | ✓ | | |
| Affordable Enabling/Housing | ✓ | | |
| Sustainability | ✓ | | |
| Homelessness | ✓ | | |
| Medium Priority | | | |
| Britain in Bloom | | ✓ | |
| Car Parks | | ✓ | |
| Cemeteries and Crematorium | | ✓ | |
| Communications | | ✓ | |
| Customer Services | | ✓ | |
| Democratic Services (including Members, Mayoral, Electoral Services and Parish Liaison) | | ✓ | |
| Building Control | | ✓ | |
| Emergency Planning | | ✓ | |
| Flooding and drainage works | | ✓ | |
| Heritage and Landscape | | ✓ | |
| Land Charges | | ✓ | |
| Pest Control and Dog Wardens | | ✓ | |
| Policy and Performance | | ✓ | |
| Sport and Leisure | | ✓ | |
| Tourism | | ✓ | |
| Training and Development | | ✓ | |
| Waste collection and recycling | | ✓ | |
| Low Priority | | | |
| Consultation activities | | | ✓ |
| Environmental Health (except Licensing and Dog Warden) | | | ✓ |
| Grants (in lower priority areas) | | | ✓ |
| Highways | | | ✓ |
| Parks and Open Spaces | | | ✓ |
| Private Sector Housing (except enabling) | | | ✓ |
| Property (Deane Building Design Group/Valuation etc) | | | ✓ |
| Revenues and Benefits | | | ✓ |

Taunton Deane Borough Council

Report of the Acting Head of Client (Jill Sillifant) to the Executive – 16 July 2008

Southwest One - General Progress Update 2007/2008 and Performance Monitoring 2008/2009

(This matter is the responsibility of Executive Councillor Mrs Smith)

EXECUTIVE SUMMARY

SouthwestOne began operating in full on 1 December 2007. This report summarises the work that has been done since then to embed the services that SouthwestOne now manage, and sets out the key developments that have taken place since that date.

The report also sets out the work that has been done to establish a performance monitoring framework for SouthwestOne services, sets out performance indicators for each service, and summarises how performance will be monitored, reviewed, and reported in 2008/2009 for both operational services and the wider Transformation Projects.

1. Purpose of the Report

- 1.1 This report summarises the general progress made in SouthwestOne following the transition of services to it at the end of 2007, and since its early months of operation.
- 1.2 The Executive is asked to:
 - a. Note the progress made and developments in relation to both operational services and transformation projects;
 - b. Note the arrangements for the future reporting of services within SouthwestOne.

2. Background

- 2.1 On 28 September 2007, Taunton Deane Borough Council and Somerset County Council concluded the “deal” with IBM that saw the creation of SouthwestOne, the ambitious and unique Joint Venture Company set up to transform the way we provide services to our customers. At the end of March 2008, Avon and Somerset Constabulary subsequently joined the arrangement as a third public sector founding partner. Its services became fully integrated on 1 July 2008.

3. Service Transition

- 3.1 Since the council's services began moving to SouthwestOne last November, a great deal of work has been done to embed each service into the new organisation, and to begin plans for each service's development. Each service has gone through a transition phase; firstly to allow a thorough understanding and analysis of current ways of working, but subsequently to position each service for future improvements and to prepare for future integration with like county council services. Development Plans have also been produced for each service setting out key initiatives to be implemented; driven by this transition and developmental work but also driven by our Corporate Strategy and Corporate Priorities.
- 3.2 This work has been the major focus of activity since December. It has involved detailed planning and co-ordination to ensure that service "mobilisation" was effective, and was achieved without any disruption to the services and individuals dependent on those services. A measure of the quality of the transition planning is that no complaints were received, or performance drops noted in the run up to, or aftermath of the launch dates.

4. Transformation

- 4.1 Members will recall that the council's desire to transform the organisation, to better join up the delivery of our services, to focus more on the customer and how they can better access services, and to access world class technology was key to the formation of the ISiS programme.
- 4.2 Consequently, in addition to managing our support and transactional services, the deal signed with SouthwestOne includes delivery of a number of organisation wide transformation projects which meet the desires described above, and which are designed to radically change and improve the way customers access and receive our services. Five such projects have been signed up to in the first year of operation, known as "Wave 1" Projects. The five projects are:
- Procurement Transformation
The project which will release significant savings by changing the way we procure goods and services
 - SAP Back Office Project & Technology Enablement
The new technology system that will link Payroll, HR, Finance and Procurement services

- Customer Access Initiation Programme
The project looking at improving customer access and resolution of customer queries
 - Locality Based Service Delivery
A pilot project identifying local community needs, and how joint agencies can better respond to them
 - People Excellence Model
A programme focused on new skills, and career development for staff
- 4.3 The Procurement Project began in December, given that savings realised from this project will be releasing the funding to undertake the others. All other projects started in April.
- 4.4 Two of these projects are being “mainstreamed” and delivered within the day job of the relevant service areas (the Locality Based Service Delivery Pilot, and the People Excellence Model). The other three projects will result in significant organisational change and need to be resourced differently; consequently we have recently appointed Change Managers to lead these particular projects. This is essential if we are serious about delivering on our priorities.

5. Performance

- 5.1 The success of SouthwestOne will be determined by whether it delivers our operational services effectively and efficiently, and whether the organisational transformation proposed through these projects is delivered and achieved. Monitoring and measuring of performance of both of these aspects is therefore essential.

5.2 Operational Services Performance

- 5.2.1 The contract contains a sophisticated model of performance measures designed to reflect the key elements of the services provided by Southwest One, through which we will monitor performance.
- 5.2.2 At service start up, a set of performance indicators was developed for each service; the period between December 2007 and April 2008 was then used to further refine these indicators and to agree a process for baselining the information around each one.
- 5.2.3 SouthwestOne provides detailed information on these performance indicators on a monthly basis. If service performance falls below the agreed targets on Key Performance Indicators, the contract arrangements allow the council to impose penalties on SouthwestOne.

- 5.2.4 A high level breakdown of the 'Service Credit' mechanism consisting of the Key Performance Indicators (KPIs) and Service Performance Indicators (SPIs) is contained at Appendix A. Performance against these measures is routinely monitored through the Client Services Team. The mechanism is designed to incentivise Southwest One to continue to deliver to the existing high standards already achieved with our "in scope" support services and, indeed, improve on them as reflected in the contract.

5.3 Transformation Performance

- 5.3.1 Monitoring progress of the Transformation Projects is done through a network of linked arrangements – firstly through individual Project Steering Groups, which in turn feed through to weekly overall reviews at senior level of all five projects. Here, projects are assessed against scheduled milestones and timetables, and against agreed "deliverables". A summary of the period ending 30 June is shown at Appendix A.

6. The Client Services Team

- 6.1 A small team has been set up to manage the SouthwestOne contract and to manage the overall relationships with SouthwestOne, although day to day working relationships between front line service managers and SouthwestOne remain largely as before.
- 6.2 The Client Team monitors contractual performance, manages payments to and penalties from SouthwestOne, and manages the overall delivery of the transformation projects. The Client Team also acts as a key liaison point for SouthwestOne to ensure that its purpose and direction is relevant to, and reflects our corporate objectives.
- 6.3 The team of Change Managers described in para. 4.4 works closely with the Client Team, given the close link between the delivery and the performance management of the Transformation Projects. Consequently they are located together.

7. Highlight Report

- 7.1 With such a diverse range of activity being undertaken by Southwest One, the two councils' client teams have been developing reporting systems to simplify the process of monitoring and reporting contract performance. Appendix A contains the information we are proposing to produce in order to monitor delivery and performance of the Southwest One services, and to track progress of the transformation projects. The reporting format is still

being developed to ensure that it fully reflects the needs of all stakeholders.

8. Future Performance Reporting

- 8.1 It is proposed that ongoing reporting on the performance of operational services is done through the Strategy and Performance Panel, alongside the performance reporting of all other council services to ensure that a corporate picture is available. The most appropriate way of reporting on the Transformation Projects and the benefits being delivered is currently under debate, and will be the subject of a future report although a summary to date is included in this report.

9. Recommendations

- 9.1 The Executive is requested to note the contents of the above report.

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Shirlene Adam, Strategic Director: 01823 356310; email: s.adam@tauntondeane.gov.uk

HIGHLIGHT REPORT

APPENDIX A

OPERATIONAL SERVICES

Key Performance Indicators

| TDBC - KPI Performance in May 2008 | PASS | FAIL | NOT MEASURED | NOT REPORTED | TOTAL |
|------------------------------------|-----------|----------|--------------|--------------|-----------|
| Service Line | | | | | |
| Customer Contact Centre | 3 | 0 | 1 | 0 | 4 |
| Corporate Services | 1 | 0 | 2 | 0 | 3 |
| Design, Print & Postal Services | 1 | 0 | 1 | 0 | 2 |
| Finance | 1 | 0 | 7 | 0 | 8 |
| HR | 3 | 0 | 2 | 0 | 5 |
| ICT | 3 | 0 | 0 | 1 | 4 |
| Procurement | 3 | 0 | 2 | 0 | 5 |
| Property Services | 0 | 0 | 5 | 0 | 5 |
| Facilities Management | 1 | 0 | 1 | 0 | 2 |
| Benefits | 8 | 0 | 0 | 0 | 8 |
| Revenues | 3 | 0 | 0 | 0 | 3 |
| TOTAL | 27 | 0 | 21 | 1 | 49 |

Service Performance Indicators

| TDBC - SPI Performance in May 2008 | PASS | FAIL | NOT MEASURED | NOT REPORTED | TOTAL |
|------------------------------------|-----------|----------|--------------|--------------|------------|
| Service Line | | | | | |
| Customer Contact Centre | 0 | 0 | 4 | 0 | 4 |
| Corporate Services | 0 | 0 | 5 | 0 | 5 |
| Design, Print & Postal Services | 1 | 0 | 5 | 0 | 6 |
| Finance | 0 | 0 | 13 | 0 | 13 |
| HR | 0 | 0 | 14 | 0 | 14 |
| ICT | 28 | 0 | 3 | 1 | 32 |
| Procurement | 0 | 0 | 6 | 0 | 6 |
| Property Services | 0 | 0 | 13 | 0 | 13 |
| Facilities Management | 0 | 0 | 3 | 0 | 3 |
| Benefits | 0 | 0 | 11 | 0 | 11 |
| Revenues | 4 | 0 | 6 | 0 | 10 |
| TOTAL | 33 | 0 | 83 | 1 | 117 |

Future reports will also cover:

- **Volumes (based on Output Specifications)**
Future reports will include breakdown of volumes used, and volumes remaining for those Southwest One services that are volumetric.
- **Operational Contract Risks and Issues**
A status update on the joint operational contract risks, and details of any actions that will be put in place to mitigate these risks or issues.
- **Results of Southwest One Annual Survey**
To be reported on an annual basis once the first Survey has taken place. Customer Satisfaction Surveys are currently under development.
- **Staffing and Resources**
A summary of current staffing levels.

TRANSFORMATION PROJECTS – Period to June 2008

Progress of Transformation Projects

1. Strategic Procurement

Achievements

- Six category management plans drafted; three Category Plans (Travel, Professional Services, and Publications) + sub Category Fleet and seven Benefit Tracking Slips (BTS) received sign-off by the Procurement Steering Group (PSG) on the 24th June.
- Significant savings confirmed through signed off benefit tracking slips.

Exceptions

- Sign-off process for some Category Plans and Benefits tracking slips taking longer than anticipated

Activities/Milestones Next Period

- Integration of Avon and Somerset Constabulary into the overall project
- Continued support needed within all four organisations to understand the baseline numbers and impact of realisation & delivery
- Focus on sign-off of category plans and benefit tracking slips

2. People Excellence Model (PEM) - Southwest One staff only

Achievements

- PEM went live in Southwest One on the 9th of June
- All in scope staff have been aligned to a PEM community, i.e. Finance, ICT, HR, Property, Project and Programme Management, Operational Services, Customer Service, Procurement, People Management
- All employees received details of their point of contact within the PEM team – interim People Development Managers (PDMs) are in place pending appointment of permanent PDMs.

Exceptions

None

Activities/Milestones Next Period

- PEM Communities will be implemented in Southwest One over the coming months
- As each PEM Community goes live, all staff will receive more information from their Community Sponsor about what's happening next and how they can get involved.

3. SAP Back Office /Technology Enablement

Achievements

- Process design walkthroughs (April/May): SAP teams working with Authorities to gain a common understanding of proposed new process designs and identified gaps
- Process design validation workshops (June): the new design (incorporating all feedback and inputs from the first workshops) was re-presented to Authority representatives for final input, amendments and ultimate agreement

Exceptions

- Awaiting sign-off of HR support process
- Issues with changes to Authorities' systems
- SAP Health & Safety modules awaited.
- SAP functional requirements may be delayed, affecting blueprint.
- Blueprint raising some scope issues.

Activities/Milestones Next Period

- The new business processes will be built and tested in the SAP system
- The supporting training material will be designed and developed. Towards the end of the realisation phase (November) all affected employees will be assigned to the new training courses
- Materials to introduce staff to some of the changes to their day to day activities that will happen with SAP will be provided

4. Customer Access Initiation

Achievements

- Process workshops conducted around processes that will need to be aligned to the new SAP CRM system
- Overall organisation design for a combined customer services operation
- Work aligned with the Portal project to ensure citizens are able to conduct more enquiries and transactions through this channel
- Reviewed and aligned the new SAP CRM system with back office systems to ensure a smooth process flow

Exceptions

- Issues with accommodation for Project Team
- Repairline service ownership needs to be clarified.
- Councils need to define data migration policy.

Activities/Milestones Next Period

- Final process workshops to be conducted and further organisational design workshops to be scheduled over the next months.

5. Locality Based Service Delivery

Achievements

- Stakeholder interviews in the Wellington area to understand how services are currently delivered
- Development of detailed customer profiles to understand their needs and how they interact within and outside of their communities.

Exceptions

None

Activities/Milestones Next Period

- July: Presentation of initial analysis to those interviewed; validation of the analysis and prioritisation of emerging solutions.
- Phase 1 (due to complete in August 2008): Production of a Local Service Delivery Plan for Wellington, that presents the profiles and findings from the research and outlines the recommendations for service delivery in Wellington
- Phase 2 (Q4 2008): Create the more detailed business design for the solution and a supporting business case
- Final report to make recommendations to take forward the Locality Based Service Delivery proposition across Somerset.

Taunton Deane Borough Council

**Report of the Strategic Director (Joy Wislade) to the Executive –
16 July 2008**

Somerset Waste Board Business Plan 2008 – 2013

This is the responsibility of Executive Councillor Mullins

1. Introduction

The SWP Constitution requires the single client unit to prepare a Draft Business Plan with an accompanying Action Plan on an annual basis.

The Board then approves a draft for consultation with the partners, so that each partner authority has the opportunity to comment on the plan.

The Board approved a draft plan on 18 April. Comments have been requested by the end of June 2008 (or shortly after) so that the Board can adopt the Plan at its meeting on 18 July 2008.

2. Draft Business Plan

The Draft Business Plan includes:

- A description and brief history of the partnership
- Aims, Objectives and principal functions
- Analysis of the operating environment
- Links to the corporate objectives of the partner councils
- Revenue budget scenarios
- Risk assessment
- Budget for 2008/09
- Action Plan

The plan spans a five year horizon, but has particular emphasis on key actions for the next 12 months and also acknowledges longer term issues.

The partnership is in its first full financial year of operation and the Board will prepare a second iteration of the plan later this year. This will bring the process in line with the annual timetable set out in the Constitution and align the annual cycle more closely with budget planning cycle within the partner authorities.

The Board can, by majority vote, amend the Business Plan in order to accommodate any unforeseen circumstances and to assist the Board to achieve the Aims and Objectives. Any partner council can request such an amendment at any time.

The Draft Business Plan is attached at Appendix 1

3. Comments of the Overview and Scrutiny Board

The Draft Business Plan was considered by the Overview and Scrutiny Board at its meeting on 3 July 2008. It was requested that the following three points be brought to the attention of the Executive:-

- (i) Waste to Energy plants should be investigated as a way of dealing with residual waste;
- (ii) The planned anaerobic digester should have capacity for commercial waste;
- (iii) A PDF of collection times should be prepared which could be easily downloaded from the website.

4. Recommendations

The Executive is requested to:

- 3.1 Consider the views submitted by the Overview and Scrutiny Board;
- 3.2 Approve the Draft Business Plan subject to 3.3 below;
- 3.3 To identify any major aspect(s) of the Draft Business Plan it would like to see amended, and report these to the Somerset Waste Board prior to its meeting on 18 July 2008; and
- 3.4 To make any or suggestions for consideration for inclusion in the next iteration of the Plan (2009 onwards).

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APPENDIX 1

SWP Business Plan 2008-13

Foreword by Chair and Vice Chair of the Somerset Waste Board

We are delighted to be introducing this, the first Business Plan of the Somerset Waste Board since its formation as the UK's first truly inclusive countywide waste partnership. The Board is the democratically accountable Body of elected Members that oversees the Somerset Waste Partnership. The Partnership is set up to deliver strategic and operational services on behalf of all the waste authorities in the county.

The partnership is not just about innovative governance but builds on a foundation of excellent performance. Recycling rates are just one indicator but in 2007/8 we became one of the first group UK authorities to exceed 50% - in other words we supported a countywide community to recycle more than it threw away.

The success story of the SWP is one that revolves around building trust – not always easy to do in a complex and challenging environment. Why the SWP has succeeded where so many other local waste partnerships have struggled has much to do with the development of trust on many levels. Helping to build a resource efficient economy is far too important to be distracted by party politics or the debate on the future structure of local government in Somerset.

The role of Board members includes representing the interest of the partnership and ambitious community leadership but we are always ultimately accountable to the communities that elected us. In shaping the partnership we have been mindful of the community's aspiration to recycle more, but also to receive quality services and ensure value for money through efficiencies and economies of scale.

It's taken a great deal of tolerance, patience and determination to reach this point but it's merely the beginning of a new chapter in the SWP story. We have ambitious plans to expand the Sort It plus recycling system county-wide, continue to make inroads into waste avoidance and to find sustainable ways to dispose of residual waste in ways that recover as much value as possible. We also recognise that, increasingly, small to medium sized enterprises will look to us to help provide better resource management solutions.

It's been a good start but we recognise the need to build on our achievements and stay out front. We hope you find this plan informative and our goals appropriately ambitious.

Nigel Woollcombe-Adams Chair
Hazel Prior-Sankey, Vice-Chair

Somerset Waste Board

Part 1 – Introduction and Background

1. Background

1.1 Description of the SWB

The Somerset Waste Board (SWB) is a Joint Committee made up of two elected representatives from each of the county's six authorities.

The six partner authorities have delegated their powers in relation to waste services to the Board. The Board delivers this obligation through its executive arm, the Somerset Waste Partnership (SWP).

The SWP is not an autonomous body – although more autonomy is a future possibility under new powers for local authorities to form Joint Waste Authorities. While the SWP has an independent management structure reporting to a single Board, it maintains close strategic and operational links with the partners at Member and Director level. The organisation is hosted by Somerset County Council who act as the Administering Authority.

1.2 Brief History

Somerset Councils have a strong and evolutionary record of joint working in waste from the early 1990s. In 2002 the partners undertook a Joint Best Value review which revealed the Councils would face increasing costs, challenging environmental targets and higher customer expectations. The conclusion was that, in addition to the setting of joint objectives and targets, there were potential cost savings to be achieved through pooling of resources and “contract integration”.

An obvious solution was to create a “virtual joint waste authority” for the collection and disposal of waste. This could take advantages of economies of scale, promote harmonisation around best practice and eliminate the resources used just to manage the interface between the players in the two-tier system.

In December 2004, the decision was taken to proceed towards establishing a Somerset Waste Board and a single contract for the collection of refuse and recycling was agreed. A further step was taken on 19th July 2007 when, following an extensive procurement process, it was agreed to let a single collection contract to ECT Recycling CIC.

The SWB and SWP both came into being on 30th September 2007 with the signing of the Inter Authority Agreement and Constitution.

The single contract for recycling and refuse collection across the whole county started successfully on 15th October 2007. The single contract replaced 9 other contracts, all with slightly different specifications and delivered by three separate contractors and a Direct Services Organisation.

1.3 Recognition

Defra have recognised the magnitude of this achievement – “The Government's new Waste Strategy, published earlier this year, recognises the importance of joint working on waste between local authorities. Such partnership working is becoming increasingly important, particularly in two-tier areas, as a means of delivering quality services to residents and achieving sustainable waste management practices at affordable cost. The Somerset Waste Partnership has been one of the leaders in the field of joint working on waste and we very much welcome the recent formation of the joint committee, the first of its kind for a countywide area”.

2. Principal Objectives

2.1 The Vision

The following Vision statement is proposed for adoption

To play a major role in the process of maximising resource-efficiency and minimising the overall carbon impact of Somerset's economy through innovative thinking, leadership and proactive service development.

To do this in a way that involves and challenges householders and small businesses to avoid waste in the first place and assist them to recycle, compost or recover energy value from what remains.

2.2 Aims and Objectives

2.2.1 The following Objectives are set out in the Constitution:

1. Each of the Partner Authorities recognise in particular the need to address central government and EU targets for recycling and recovery of waste and the promotion of sustainable development including the use of waste as a resource and waste minimisation.
2. Each of the Partner Authorities, in recognition of the need for delivering best value, promoting financial efficiency and effectiveness, and securing continuous improvement in the provision of waste management services, wish to:
 - (i) develop and deliver long term strategies in respect of the collection and disposal of waste;
 - (ii) consider managing waste from outside Somerset if commensurate benefits accrue and such action has been approved by all of the Partner Authorities;
 - (iii) be recognised as a leading provider of sustainable waste management services in the United Kingdom;
 - (iv) procure services, facilities, assets and solutions to meet the current and future central government and European targets for recycling and recovery of waste;
 - (v) work together in a spirit of mutual trust, support and respect, and to ensure that when difficulties or differences of opinion arise they are addressed quickly, honestly and openly;
 - (vi) share in a fair and equitable manner the costs and work included in achieving these Objectives;

- (vii) endeavour to fully engage all stakeholders and to maximise the benefits arising from the co-operation of the Partner Authorities through the Board and the contributions that each Partner Authority may be able to make through its participation in the Board; and
- (viii) provide a forum and mechanisms for ensuring that there is a coherent programme and organisational structure for waste management and for joint working.

2.2.2 The above form an ambitious set of aspirations. In undertaking a strategic risk assessment, more specific aims were identified as follows:

- (i) Minimise the amount of material going to landfill.
- (ii) Provide efficient, safe and effective waste collection and delivery of services for customers.
- (iii) Encourage behavioural and attitude changes towards materials used domestically and in the economy.
- (iv) Minimise the cost of waste services in Somerset and share the costs fairly between partners.
- (v) To be at the forefront of environmental and resource management best practice.
- (vi) Provide an Excellent Service to Local Authority partners.
- (vii) Strive for innovation and value for money for the wider community.
- (viii) To be a good place to work.

3. Operating Environment

3.1 Key Issues, challenges and opportunities (Somerset, UK, Europe)

UK policy for municipal waste management continues to be dominated by the Landfill Directive and its requirement that the amount of biodegradable material going to landfill is progressively reduced up to 2020. By that year, the national average amount disposed in this way must not exceed 35% of the baseline (1995) levels. There are interim targets of 75% by 2010 and 50% by 2013.

Central Government has passed on the targets to local disposal authorities in the form of *Landfill Allowances* which must not be exceeded. These allowances reduce annually so authorities must take steps to either divert material away from Landfill or buy surplus allowances from authorities who are not using their full allocation. Except in the Directive target years (indicated above), waste disposal authorities can bank or borrow against future years' requirements.

Most waste authorities have not had problems meeting their allowances during the early years of the scheme and therefore trading has remained very limited to date. It is expected that trading activities will increase progressively and significantly from the first target year 2010.

It is also likely that in the next few years the landfill Directive will be updated, with widespread speculation that eventually it will not be permitted to landfill any biodegradable material. This is based on existing best practice already nationally enforced in parts of Europe such as Germany and Sweden.

From a UK consumer perspective, despite media hype about AWC schemes and “Pay as you throw”, the waste agenda remains dominated by perceptions about packaging. Since 2006, WRAP and others have also done much to raise awareness about food wastage through over-purchasing and poor meal planning. In 2007 they launched the “love food hate waste” campaign with this principal objective.

Since early 2007 there has been some progress in advancing dialogue between local authorities, manufacturers and retailers. The dialogue has concentrated on better understanding of the whole chain by each link with it and developing common and consistent messages (for example clearer and less misleading information on packaging on prospects for recycling a particular material). Another major issue that has been subject of dialogue is the lack of money from *producer responsibility* levies (Packaging Recovery Notes) filtering down to support local collections.

The SWP will maintain an active role in this debate, develop dialogue with other parts of the process chain (particularly local manufacturers) and will push for revisions to the PRN system to bring more producer responsibility funding to the front line of material recovery. (Action 1)

3.2 Policy and Potential New Legislation

There are no major changes of significance to primary legislation expected imminently. In spring 2008, DEFRA are expected to consult on draft guidance and Regulations to support the new provisions in the Local Government and Public Involvement in Health Act 2007 that permit the formation of *Joint Waste Authorities*. The SWP is represented on the DEFRA Advisory Group for this process and has expressed strong interest in the provisions when they become available. Some funding support is expected to be available from DEFRA for partnerships who aspire to be early adopters.

It has, however, been made clear by DEFRA that a JWA will not be able to precept separately and this means that there are relatively few advantages to a JWA compared to the Joint Committee model adopted by the SWB. In some respects an arm’s length organisation that is still fully dependent on the parent authorities for funding could be more democratically remote and more vulnerable to funding crises than a well embedded partnership.

The Board will respond to DEFRA consultation on the proposals and guidance in Spring 2008. A report will then be considered on the JWA option, setting out the opportunities and disadvantages of becoming a JWA. If the Board is supportive of taking forward an application, it will take its recommendations to the partner authorities with a proposed process and timetable. (Action 2)

3.3 The Carbon Economy and Climate Change.

During the last 2 years or so there has been raised political and public concern regarding climate change and the issue of carbon footprints. This has come to the fore in the wake of increasing scientific consensus and the impact of exposure to the arguments through popular culture, for example Al Gore’s film “*An Inconvenient*

Truth". More immediately, many others have been persuaded that something is awry through the evidence of changing weather patterns (milder winters, the summer floods of 2007) and the rising cost of energy both for household use and personal transport.

The Landfill Directive was driven in great part by the recognition that landfill is a major source of greenhouse gas (methane is 21 times more damaging than CO₂). If the energy value from residual waste can be recovered, it avoids both emissions of carbon in the form of methane to the atmosphere and also substitutes for energy produced from fossil fuels.

The public perception of recycling is, quite correctly, that it promotes material recovery and less use of virgin resources. Increased use of recycled (or recovered) material by industry has also been driven in large part by *energy* cost savings. Aluminium is often cited as the primary example of this; it requires just 5% of the amount of energy to manufacture pure aluminium from recovered cans compared to smelting it from bauxite (Aluminium ore). Lifecycle analyses show that the same, if not at quite such high ratios, is true for steel, wood fibre (for paper and card), glass, plastic etc.

The efficient collection and marketing of recoverable materials and the development of alternatives to landfill that recover energy value in some way from non recyclable material will have a major carbon benefit at local and global scale. The SWP is therefore a major stakeholder in this debate at a County and Regional level.

Development of carbon (energy) efficient alternatives to landfill are therefore of highest priority for the SWP and its partners.

The SWP will assist SCC and other partners to facilitate a countywide strategy for maximising renewable energy including from waste where energy recovery is more sustainable than recycling or composting options. (Action 3)

This links to one of the most critical major workstreams for the period of this business plan is to develop a process for evaluating, specifying and delivering alternative residual waste treatment options which meet climate change objectives of maximising renewable energy benefits. (Action 4)

The SWP will also publish an annual report on the carbon impact of both the provision of SWP waste services and the management of waste collected, including the carbon savings arising from recycling and energy recovery. This will be achieved by monitoring energy and water use and, with assistance from ECT, using results from published material life cycle analyses to identify the carbon impact of waste management processes.

Monitoring and reporting should help identify opportunities to reduce the carbon impact of waste services provision. Identifying and publishing information on the carbon impact of Somerset's waste management practice should assist with strategy development and provide information for residents on the carbon benefits of recycling and energy recovery (Action 5)

3.4 Markets for Recycled Material.

There has been increased global demand for recycled material, due to the benefits described above. The UK has, for several years, been a net exporter of recovered paper, supplying strong and rising demand from the far east, principally China. There have been major issues regarding the quality of some of the material exported, a position that has occurred due to the low costs of labour and poor environmental controls in the recipient countries. A number of UK companies and local authorities have received poor publicity and, in some cases, companies have been successfully prosecuted by the Environment Agency.

Somerset has a strong track record on providing quality material principally to UK or EU markets and for ethical and economical reasons the SWP will continue with this policy. This ensures that residents can be confident that their efforts will not have negative impacts in other parts of the world. It also ensures continuing outlets for materials which would be unaffected if demand in developing economies dropped.

It is proposed to publish a detailed annual register of reprocessors and end-uses for SWP recycling services, both collections and Household Waste Recycling Centres. This will give greater transparency and confidence for residents in how materials are recycled. (Action 6)

3.5 Public Demand and Expectation

Public participation in recycling has grown rapidly in the last 5 years and for most households recycling and composting are “normalised” behaviour in the majority of households.

A well observed phenomena in Somerset and other parts of the UK with high recycling rates is that as the range of material for recycling increases, so does public demand for more materials streams to be added.

In Somerset principal demand is for plastic bottles and cardboard to be collected at kerbside alongside the comprehensive list of materials already captured through the Sort It! system. While the addition of these relatively low weight materials will not greatly increase recycling rates per se, there is high expectation that they should form part of the service as many resident are aware that they are collected elsewhere in the UK. The enhancement of the “Sort It” scheme through addition of cardboard and plastic bottles is branded “Sort It Plus”.

The SWP are undertaking trials commencing in May 2008 involving the collection of these materials from the kerbside of 10,000 properties in 3 districts. The trials will test vehicle configuration and collection frequency options. (Action 7)

3.6 Local Government Finances

The funding settlements for local government used to be announced on an annual cycle, this has now increased to three years to promote certainty and allow planning. The CSR settlement for the period from April 2008 to March 2011 came at a time of increased spending restraint and was particularly unfavourable to

district councils. While all partners recognise the high public demand for improvements to the recycling service and have aspirations to meet it, this may be a threat to the timing and extent of roll out of Sort It! and Sort It! Plus schemes.

The trials that are currently being undertaken for Sort It! Plus are fully funded and will aim to establish both an effective methodology and affordability of three service packages. The early results of these trials will be reported to the Board in the late summer to assist with district budget planning for the 2009/10 cycle.

The formation of the SWP and letting of the single contract has realised considerable overall savings for the partners but further Gershon type efficiency savings will be sought through the MTFP. These may be realised through closer joint working between the principal contractors but also through exploration of opportunities to deliver services to neighbouring authority groups.

3.7 Links to Corporate Plans of Partner Authorities

3.7.1 Mendip District Council

MDC Corporate Plan 2007-08 contains commitments to set up a Somerset joint board to enable economies of scale through the integration of disposal and collection services and joint tendering of collection contracts. There is also a target to have a new integrated waste contract in place by January 2008. Both have been achieved.

There is also a commitment to achieve Mendip's recycling target of 43% in 2007/8 and increase promotion of waste minimisation and recycling to achieve 50% recycling across Mendip by 2010 and reduce total waste per head of population in accordance with national targets.

3.7.2 Sedgemoor District Council

Sedgemoor's Draft Corporate Strategy 2008-13 contains Objective EN6: Through the Somerset Waste partnership, start to introduce the "Sort It! waste & recycling collection scheme in Sedgemoor from 2009. This will be delivered through the introduction of trial rounds for the Sort It scheme during 2008

3.7.3 South Somerset District Council

SSDC's Corporate Plan is being refreshed and is due to be published later this year. It is likely to include ambitious targets for recycling and residual household waste levels for the period 2008 to 2012. The corporate plan targets are supplemented on an annual basis by strategic portfolio statements where portfolio holders outline additional targets for the coming year.

The 2008/09 Environment and Property Portfolio statement identifies a stretching target of 57% recycling (these figures include HWRC recycling). Consideration is also being given to setting a target for residual waste to landfill and work with SWP to develop innovative solutions for waste and recycling that meet SSDC's climate change objectives.

3.7.4 Somerset County Council

The Strategic Service Plan for Waste Disposal (agreed prior to the formation of the SWP) identified the following strategic priorities for 2007/08:

- Maintain and enhance the successful partnership working arrangements with the District/ Borough Councils and work positively with them towards the creation of a combined Somerset Waste Board.
- Maximise recycling and composting performance through partnerships, strategy development and service promotion.
- Agree, where appropriate, revisions to the new Core Services Contract in order to further improve operational standards.
- Continue to strengthen the new Strategic Partnership with Viridor Waste Management, and develop proposals and plans for residual waste treatment.
- Improve the quality of Household Waste Recycling Centres (HWRCs), in particular deliver a new Household Waste Recycling Centre for Chard, and progress site improvements at Frome and Dulverton.
- Develop and implement a Landfill Allowance Trading Scheme (LATS) trading and investment strategy.
- Develop the network of sites to accommodate the introduction of the WEEE regulations.
- Develop and implement plans to provide additional site capacity for the handling of food waste.
- Work with partners to develop infrastructure for the new countywide waste and recycling collection service.
- Deliver the Somerset Waste Action Programme and the Somerset Waste Minimisation Strategy to maximise public participation in waste minimisation and recycling.

3.7.5 Taunton Dean Borough Council.

Objective 16 of TDBC's Corporate Strategy 2008-11 states:

- To increase the amount of Household waste recycled to 45% by the end of 2008/9 and 47% by end of 2009/10.
- Expanded delivery, promotion and enforcement of the recycling service, focussing on maintaining high levels of awareness, overcoming obstacles and enforcing compliance where necessary
- Ring fence contract savings from the SWP to expand and improve the recycling service to include other materials such as plastics and cardboard.
- Work closely with the SWB to ensure we meet the 2020 European landfill target of reducing biodegradable municipal waste landfilled to 35% of that produced in 1995.

3.7.6 West Somerset Council

WSC have committed to progress to "Sort It" at or around April 2009.

3.8 Opportunities for expansion and diversification

The first 18 months or so of the SWP are dominated by the bedding in of the new arrangements a series of collection-related programmes including round optimisation, Sort It Plus trials and the roll out of Sort It Plus. The other key priority is to develop plans for residual waste treatment.

Opportunities for further efficiencies will be sought through dialogue with adjoining authorities regarding opportunities for collaboration ([Action 8](#)).

The SWP has a strong staff team with wide range of expertise and aspires to be able to offer services to authorities outside Somerset, giving opportunities for further economies of scale. These could be on a consultancy basis or, for example, client management of collection services.

3.9 Commercial Recycling Services

The market has failed to provide cost effective, multi material stream recycling opportunities in most areas of Somerset. In other words, many local Small to Medium Sized Enterprises (SMEs) have little opportunity to receive recycling collection services, or if they do they are more expensive than conventional waste collection. This means they may not be able to meet aspirations to increase responsibility toward the environment. It also places them at the mercy of increasing landfill costs. Eventually the increase in landfill costs will result in the market offering effective new solutions but the *tipping point* has not yet been reached, and is likely to lag behind in rural areas.

The SWP will work with service providers to raise awareness of existing services and promote new services, thereby bringing forward the “tipping point” described above. Opportunities for external funding support for projects will be explored. ([Action 9](#))

Part 2 - Governance, Management and Principal Functions

4. Governance and Management

4.1 The Board

The SWP is governed by an Executive Board comprising two Members from each partner authority. The Board is a formal Joint Committee established under section 101 of the Local Govt Act 1972. Members are appointed on annual basis by their authority's full Council. There is no limit on the term served, but Members must stand down from the Board if they cease to be members of their parent authority or if they are not reappointed by the partner.

At least one Member of the Board must be a cabinet member. Members may be substituted provided the Clerk is informed and rules regarding the cabinet status of members are followed.

The Board meets formally in public once per quarter and also meets for training, visits, and informal workshops in between formal meetings.

The Chairman and Vice Chairman are elected by the Board members at an AGM.

A full list of Members appointed to the Board appears at [Appendix 1](#).

4.2 The Inter Authority Agreement and Constitution

The Inter Authority Agreement represents a contract between all partners and was signed in September 2007. The IAA sets out the basis of the partnership and how costs are to be shared between the partners. The IAA also includes a formal constitution for the Joint Committee.

4.3 Strategic Management Group

The Strategic Management Group (SMG) consists of Directors from the Partner authorities, It's role is to monitor the SWP to ensure it is carrying out its delegated functions and duties, delivering best value and maintaining performance,

The Group also reviews the Business Plan, Action Plan and Budget and acts as a sounding board and source of ideas for the partnership. The SMG meets monthly.

4.4 Management and Staff

The SWP has 28 positions on the establishment. Staff were drawn from the parent authorities at the time of transfer of responsibilities (1st October 2007) or appointed directly to the SWP following advertisement of a vacancy.

The current structure is included at [Appendix 2](#)

The SWP recognises its role as part of partner authorities' commitments to provide fair, appropriate and equally accessible services to all citizens.

The SWP is developing an Equalities Impact Assessment which covers equalities issues from both staff and customer perspectives. The full EIA will draw from SCC's Equalities Protocol and is expected to be available late Spring 2008.

(Action 10)

5. Principal Functions of the SWB

5.1 Waste Minimisation

Waste minimisation is the top of the waste hierarchy and provides the most scope to avoid costs and minimise environmental impact – provided the waste material or its substitute is not merely transferred to another process with similar or worse environmental costs.

The purest form of Waste minimisation is waste avoidance. If the need to use materials is avoided in the first place there are no consequences of disposal.

It is proposed to update and publish a revised Waste minimisation Strategy during 2008. This will be brought to the Board for endorsement. (Action 11)

5.2 Waste Treatment & Disposal

The SWP has taken over responsibility for the statutory functions of the 'Waste Disposal Authority' (WDA). The SWP is therefore responsible for providing recovery, treatment and disposal arrangements for Somerset's municipal waste. These are provided through contracts with waste management companies, primarily Viridor Waste Management. The SWP and Viridor also have a Strategic Partnering Agreement for the development of new facilities and services.

The disposal methodology for residual waste is landfill. There are just two landfill sites in use in the County, Walpole near Highbridge and Dimmer, near to Castle Cary.

One of the most critical major workstreams for the period of this business plan is to develop a process for evaluating, specifying and delivering alternative residual waste treatment options. These also need to meet climate change objectives of maximising renewable energy benefits. (Action 4)

At the behest of the SWP, Viridor has been progressing a project to develop new state of the art food waste processing capacity. This Anaerobic Digestion (AD) plant will supersede the current In-Vessel Composter located at Dimmer and be able to deal with the fraction of food waste that is currently being processed out of county. Viridor have gone to the Market and are evaluating bids received to build a 30,000KT pa facility at Walpole where planning permission for AD already exists. This facility will generate methane in an enclosed system for renewable electricity generation and export to the grid. It will also produce a compost-like material suitable for agricultural use. The Board will receive a report and, subject to resources and permissions be asked to consider the next stage of development during the summer of 2008. (Action 12)

It is possible that financial support from WRAP may be available to support some of the capital costs of the facility. Interest has been registered with WRAP and a formal application will be made once details are available.

Increasing the current level of capacity is vital if food waste collections are to be rolled out countywide. The facility would also have the potential to take in some commercial food waste.

5.3 Household Waste Recycling Centres

The SWP provides, maintains and monitors a network of 18 Household Waste Recycling Centres (HWRCs). These provide a point for residents to deposit their bulky household wastes and up to 30 different recyclable materials ranging from garden waste to plastic bottles to old paint and other hazardous materials. The centres have an average recycling rate of over 70%, a national leader.

The centres are operated by Viridor Waste Management and they receive around two million visitors (equivalent to every Somerset household making seven visits per year). Developments and enhancements to sites are managed by the SWP and delivered through external engineering contractors.

The SCC capital-funded programme of refurbishment and replacement of HWRCs continues. Work on the long-awaited replacement site for Chard will commence as soon as the land purchase is completed in April/May 2008.

A planning application has been submitted for the extension of the Williton site to provide a local charged-for delivery point for small trade waste and recycling since the closure of the local landfill, which should be completed in the summer.

A planning application has been prepared for the extension and refurbishment of the Dulverton site.

Options for the replacement of the Minehead and Cheddar sites are also under consideration, and a proposal for replacement of the Somerton site has been received. Options for improving/replacing the Frome site are limited by local factors and the funds available, but this will be reviewed – with scope for other schemes - during 2008/09. (Action 13)

5.4 Kerbside Collections

The SWP oversees a single contract for kerbside recycling and refuse collection covering the entire county. The Contract with ECT Recycling Community Interest Company (CIC) commenced on 15th October 2007 and replaced 9 separate contracts. The contract is for seven years and is potentially extendable by two further seven year periods. This is the typical time for a waste collection contract as this is the expected economic life of a refuse collection vehicle. Vehicles are the single biggest capital investment.

The services delivered reflect those that appertained at the time the contract started. This includes the full “Sort It!” system in Mendip, South Somerset and Taunton Deane. Sort It! involves:

- Weekly collection of dry recyclables (paper, cans, textiles, glass bottles)
- Weekly collection of food waste
- Fortnightly refuse collection

In the Sort It! districts the average recycling rate is between 45-51%

Sedgemoor and West Somerset have not yet adopted the Sort It! system. Refuse is collected weekly and dry recyclables are collected fortnightly. Food waste is not included. These Districts have recycling rates of around 22%.

Dry recyclate is sorted manually by the collection crew on the vehicle. This results in very high quality single stream material that commands premium market prices and demand from UK processors.

5.5 Drop Off (Recycling Bank / Mini Recycling) Sites

There are currently 135 drop off sites across the county providing further facilities for residents to recycle, including materials that are not collected at kerbside such as plastic bottles and cardboard.

The SWP and partners are undertaking a continuing review of these sites. As kerbside collection has become more extensive, so these sites duplicate most of the services offered at kerbside. (Action 14)

5.6 Garden Waste and other chargeable services

The SWP offers a garden waste collection service at a charge of £25 per year for a 240L wheeled bin collected fortnightly to residents where this is supported by the partner authority (for example South Somerset only offer the service in settlements with 1000 or more population).

A charge is made for this service because it is expensive to operate and residents have a range of other options for disposal of this material including home composting, and delivery to the HWRCs.

There is also a strong waste minimisation incentive to control demand through charging. In areas of the UK where the service is provided Free of Charge, the weight of garden waste collected per household is higher, even allowing for material taken through the HWRCs.

This includes material that was never previously collected. This increases the overall cost to the community and the environment goes against expectations that policies should result in waste reduction, not waste generation.

5.7 Education, Awareness & Access to Service

The SWP actively promotes awareness of sustainable waste management, and aims to provide up to date, clear information on services available, service standards and general information on how materials are processed.

Waste reduction and recycling education is mainly delivered through the **Somerset Waste Action Programme** in partnership with local environmental charity, the

Cary Moor Environmental Trust. The www.recyclesomerset.info website is well used and well regarded.

Good access to services is plays a key role in imperative in minimising waste growth and maximising service efficiency. The design of facilities is being modified where possible through our capital programme to introduce split-level HWRCs, and through our District partners customers with mobility issues are offered assisted collections to maximise accessibility of recycling services. We monitor and act upon customer feedback, and regularly engage with customers to assess opinion of service changes.

A revised Communications Plan for the SWP is under development and will be brought to members for approval later in 2008 ([Action 15](#))

A Customer Relations Management system for the SWP is under development which will improve the flow and storage of information between the SWP, its contractors and the individual partners' council customer services department. This is being developed in conjunction with South West One ([Action 16](#))

5.8 Enforcement Policy

While education and effective communication are the preferred means of helping householders to present waste and materials for collection, this must be backed by clear service rules.

Service Rules are set out in the contracts with ECT and Viridor and the contracts stipulate that the Contractor shall work with the Contract Manager to ensure that Householders adhere, as far as is reasonable, to them:

In the collection contract these include:

- I. Householders should only put out materials that are specified as acceptable for Household waste recycling collections, Household food waste collections and Household Garden Waste Collections;
- II. Householders should put wheeled bins out for collection with closed lids;
- III. Householders should not put Excess Waste out for collection alongside wheeled bins used for Household Garden Waste Collections and Household Refuse Collections except where this is a Directed Collection or where the sack(s) bear the approved stickers issued by the SWP indicating that this is Excess Waste which may be collected;
- IV. Householders may put Recyclable Materials that do not fit into the recycling box on top of or beside the recycling box, provided these materials do not cause an obstruction;
- V. Householders should only use approved Collection Containers to put Garden Waste out for Household Garden Waste Collections;
- VI. Householders using sacks for Household Refuse Collections should only use standard-sized Refuse sacks which should be no more than 900mm x 750mm x 350mm in size. Households in receipt of the full range of Household Waste Recycling Collections and Household Food Waste Collections are allowed to put out up to 2 refuse sacks for each Weekly collection or up to 4 Refuse sacks for each Fortnightly collection.

Households that are not in receipt of the Household Food Waste Collection Service and the Household Waste Recycling Collections are allowed to put out up to 3 Refuse sacks for each Weekly collection or up to 4 Refuse sacks for each Fortnightly collection.

- VII. Householders should put Waste out for collection at the Curtilage of their Household, although Waste put out on the kerbside in front of their Household will also be accepted providing this does not cause an obstruction to the public highway, including pavements.

One of the most frequent areas of concern relates to capacity. The Sort It! system provides an easy to use system for recycling and food waste collection as a motivation for people to recycle. Sort It! also restricts residual waste capacity in 3 main ways: fixed bin sizes, Alternate Weekly Collection of refuse and prohibition of side waste. In combination, these policies have resulted in the national best practice recycling rates of around 50%.

Sometimes households have good reasons for needing more refuse capacity than the average; large family size being the most frequent. In these instances, a larger bin can be provided on request. Bin size is, however, the only one of the three capacity restriction policies that is relaxed. It is therefore important that the SWP, in collaboration with ECT, enforces these policies in a pragmatic but consistent manner. Where problems occur, then Operations Officers can give advice to households. The preference is always to resolve things through education and engagement where possible but as a last resort, the SWP is empowered to take legal action against persistent offenders.

While service rules are clearly laid out in the contract documentation, a summary of Enforcement Policy does not yet exist in a readily accessible form. A summary guide for members and customers covering both service rules and Service Standards (what the customer can expect from the SWP) will be produced during the course of 2008 and made available as a public document . (Action 17)

5.9 Equalities Issues – Public Facing

5.9.1 HWRCs

There are 18 HWRCs and majority of the population live within 5 miles of at least one of them.

The SWP provides good access to the Centres with long opening hours (8am until 5/6pm in the winter, 8 until 8 in the summer), as well weekend and Bank Holiday to opening.

A survey undertaken in March 2006 indicated that there was however a lower level of usage of the Household Waste Recycling Centres with those claiming to have a disability – 53% compared to 66%.

The SWP has a continuing programme of improvements at HWRCs. In addition the contractor's staff on site are trained to offer assistance to those in need.

5.9.2 Kerbside Collections

The new ECT collection contract has an expanded section covering equality issues on service delivery as well as staffing, and equalities monitoring.

Assisted collections are available for both recycling & refuse. This means that refuse crews will retrieve and return containers from a convenient point outside the premises so that the householder does not have to deliver the container to the curtilage.

Improvements have been made to the material “icons” on the side of the kerbside recycling box. These aid recognition of compliant materials regardless of first language.

The Sort It! Plus trials include plastic and cardboard making this type of recycling more accessible to those who are unable to take materials to the HWRCs or bring sites. According to the March 2006 survey, the level of kerbside recycling usage was the same regardless of whether people had a disability, although 77% of those claiming to have a disability found it convenient to recycle (against 80% overall).

The expansion of Sort It! / Sort It! plus into West Somerset and Sedgemoor will see increased use of wheeled bins to aid movement of waste.

Free clinical waste collections are available to those households that routinely generate this type of waste.

Bulky waste collections; promotion (and financial assistance) of Furniture re-use groups provide a free collection service and provide items for those on benefits. In the March 2006 survey, there was a higher level of usage of the Furniture Reuse Schemes amongst those claiming to have a disability – 22% over 17% of the total.

Support is available for those who have larger families or young children in nappies through providing additional refuse capacity as required.

5.9.3 Drop Off Sites

Easy to understand iconography has been adopted on all new banks installed at mini-recycling centres at strategic sites throughout the County

5.9.4 Education and Awareness

The Somerset Waste Partnership’s waste education team, the Somerset Waste Action Programme have training worked with Somerset Total Communications (STC) to create a system of symbols, signs and pictures tailored to waste and recycling for people who find it hard to communicate. Members of the team have had STC training

For events (meetings, seminars etc), venues that are chosen are picked from the County Council’s recommended venues, which ensure that they meet the necessary equalities and disability requirements.

Roadshows are held periodically throughout the year. The locations of which are predominantly in High Streets and Car Parks where public access is good. An on-the-ground assessment is made by staff members running the roadshow to ensure

that kerbs, steps etc are avoided. The roadshow vehicle that is used opens up onto the ground, so that there is no need for any steps or ramps.

5.9.5 Promotional Material

Leaflets and other printed promotional material are all distributed at roadshows and events. They contain the relevant equalities logos and are available in several languages. Polish and Portuguese are included and have been requested. Leaflets are also available in large font format.

All Promotional materials are designed to be as clear as possible, focusing on the use of images over text. Recent government guidance (WRAP - Waste Resource Action Programme) has provided a series of material icons, which within each icon contains a recycling symbol, the name of the material, and a picture of the material.

These icons are being used on all new leaflets, newsletters, newspapers (bins? etc. The icons help identify recycling to both those who cannot read and for those who English is not their first language.

6. Marketing & Communications

6.1 Materials Marketing

Marketing of materials is undertaken by the contractors and income is offset against contract costs. Under the ECT Contract profit generated by the company above a set threshold (for example due to higher than predicted income) would be shared with the SWP.

The SWP will also work with Viridor and partner authorities to promote use of materials recovered for example use of garden waste compost in parks, gardens, landscaping and highway schemes ([Action 15](#))

7. Performance

| Key Performance Indicators | | | | | |
|---|-------|-------|-------|-------|-------|
| | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 |
| NI 191 Residual Waste Kg per Household | | | | | |
| Status Quo (Svs Package 4) | 630 | 576 | 571 | 569 | 565 |
| Sort It! countywide (Svs Package 1) | | | | 555 | 539 |
| High Diversion (Sort It! Plus countywide – SP 2,3 or 5) | | | | 521 | 505 |
| | | | | | |
| NI 192 Household Waste Recycled & Composted | | | | | |
| Status Quo (Svs package 4) | 47.2% | 51.2% | 51.2% | 51.2% | 51.2% |
| Sort It!countywide (Svs Package 1) | | | | 51.8% | 52.3% |
| High Diversion (Sort It! Plus countywide – SP 2,3 or 5) | | | | 53.1% | 53.6% |
| | | | | | |
| NI 193 Percentage of Municipal Waste Landfilled | | | | | |
| Status Quo (Svs package 4) | 57.2% | 53.0% | 52.8% | 53.0% | 53.0% |
| Sort It! countywide (Svs Package 1) | | | | 51.4% | 49.9% |
| High Diversion (Sort It! Plus countywide – SP 2,3 or 5) | | | | 47.6% | 46.1% |
| | | | | | |
| <p>nb These figures are provisional and are based on historical data. Revised figures and further projections based on 07/08 actuals are being prepared and will be substituted.</p> <p>Indications are that the above figures may slightly underestimate performance based on the high diversion scenario.</p> | | | | | |

Local Area Agreement

LAA targets for Somerset are being finalised but it is expected that NI 191 - Residual household waste per household - will be included in the set of 35 indicators. A stretch target is being considered based on the updated data above.

9. Revenue Budget (MTFP)

A summary of the 2008/9 budget is attached at [Appendix 3](#).

MTFP - Financial Scenarios

In terms of medium term projections, this plan considers two indicative scenarios:

Scenario 1 is a “Status Quo” scenario that assumes no major change to any of the existing programmes. This is intended to show what would happen if we stopped any further investment in services at this point but still being subjected to foreseeable environmental and economic pressures. This equates to service package 4.

It makes allowances for:

1. RPIX and other inflationary pressures on client and contract sides
2. An annual adjustment to collection contract of £150K pa (equivalent to one new vehicle & crew pa)
3. Net waste growth at 1.5% pa (due household numbers and economic growth) on base of 96,085T in 2007/8
4. The landfill tax multiplier continuing at £8 per tonne per year up to and beyond current Treasury policy
5. Purchase of LATS allowances to make up shortfall of permits (at an estimated rate of £40T in 2012/13)

Scenario 2 is a “High Diversion” scenario. It assumes that we will have rolled out Sort It plus during 2009/10 (through adoption of Service Package 2,3 or 5) and have the benefit of new local Anaerobic Digestion capacity. It makes allowances for:

1. RPIX and other inflationary pressures on client and contract sides
2. Waste growth at 1.5% pa (due household numbers and economic growth) on base of 96,085T in 2007/8
3. An annual adjustment to collection contract of £150K pa (equivalent to one new vehicle & crew pa)
4. The landfill tax multiplier continuing at £8 per tonne per year, up to and beyond current Treasury policy
5. Reduction in overall residual waste due to roll out of Sort It! plus during 2009/10.
6. The operation of Walpole AD plant from 3rd quarter 2009/10

Gershon Savings

The need to contribute to Gershon savings is acknowledged. The SWP is a new organisation which has delivered more than £1.5m in real savings to the partners from 2008/09, estimated at 6% of the total costs of waste management.

The contract with ECT is new and the settled financial position is just emerging following the round-optimisation process. The SWP will work with both ECT and Viridor to establish scope for further savings, looking particularly at the interface between the two.

| Net Expenditure | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 |
|-----------------|--------|--------|--------|--------|--------|
| Status Quo | 30,115 | 32,622 | 35,159 | 37,798 | 40,570 |
| Hi Diversion | 30,115 | 33,791 | 36,251 | 38,813 | 41,508 |
| Net Difference | 0 | 1,169 | 1,092 | 1,015 | 938 |

| £x000 | Total | SCC | MDC | SDC | SSDC | TDBC | WSC |
|--------------------------------------|--------|--------|-------|-------|-------|-------|-------|
| 2008/09 (£x000) | 30,115 | 19,654 | 2,236 | 2,124 | 3,151 | 2,140 | 811 |
| Status Quo In 2012/13 | 40,570 | 28,111 | 2,658 | 2,537 | 3,730 | 2,559 | 973 |
| % increase vs 08/09 | 34.7% | 43.0% | 18.9% | 19.4% | 18.4% | 19.6% | 20.0% |
| High Diversion in 2012/13 | 41,508 | 28,015 | 2,792 | 2,948 | 4,000 | 2,682 | 1,071 |
| % increase vs 08/09 | 37.8% | 42.5% | 24.9% | 38.8% | 26.9% | 25.3% | 32.1% |

Commentary

Table 9.1 shows the cost of not significantly developing the service versus the full roll out of Sort IT plus and the investment in local AD facilities.

Table 9.2 breaks this down by authority based on costs at the final year of this period (2012/13)

Even under the Status Quo scenario, costs to all partners will rise significantly due to inflationary pressure, growth in household numbers and, highly significantly, the landfill tax multiplier (the latter only impinges on SCC under the cost sharing mechanism)

Under the high Diversion scenario, the costs to districts rises due to Sort It plus, and has most impact on Sedgemoor and West Somerset as they also adopt the base Sort It system.

As a percentage of current expenditure, the increased cost to SCC is highly significant but not so great as to the districts due in large part to the avoided costs of landfill under this scenario. SCC would however still need significant investment in the AD facilities.

These scenarios do not, however, take into account the cost of investment of further residual waste treatment facilities. This will be modelled in more depth as part of the strategic evaluation of options (Action 4).

Strategic Risk Register

| | Strategic Risk | Link to objectives | Impact | Prob. | Effects | Mitigation |
|---|--|--------------------|--------|-------|--|---|
| 1 | Procrastination regarding technology choices for RWT | 1,4,5,7 | 5 | 3 | Low capacity of industry to build, LATS compliance, loss of LATS income, landfill tax, higher carbon impacts | Develop clear programme to evaluate and consult on options |
| 2 | Failure to identify / gain consent for adequate site(s) for preferred RWT technology | 1,4,5,7 | 5 | 4 | LATS compliance, loss of LATS income, landfill tax, higher carbon impacts | Ensure that proposals fit with M&WDF, consult widely on sites and engage with local communities around key sites. |
| 3 | Increased costs of providing service | 4,7 | 4 | 3 | Reduced scope for innovation and service development, places strain on partnership | Look for further opportunities to reduce costs or open new areas. Apply for external funding available to support objectives |
| 4 | Poor performance of contractors | 2,3,6,7 | 5 | 2 | Increased public and political dissatisfaction with service, higher staff workload, reduced capacity to innovate | Maintain close operational oversight of all operations, monitor performance and tackle and adverse trends early |
| 5 | Market failure for materials | 1,3,4,5 | 5 | 1 | Material landfilled with associated costs, damage to public confidence in systems | Maintain emphasis on quality and relationships with reprocessors, seek stable UK markets where possible |
| 6 | Public confidence in systems | 2,3,5 | 4 | 1 | Reduced recycling rates = increased landfill with associated costs, imbalances in collection systems, difficulty in engaging public in further innovations | Consult on change and communicate successes. Deal with problems swiftly and decisively. |
| 7 | Loss of political concensus or support | 5,6 | 4 | 2 | Loss of trust between partners and/or the single client, reduces scope for innovation and further efficiencies. Could increase costs to all partners | Promote early dialogue on problems, communicate and engage all partners continuously on strategy and local operational implementation |
| 8 | Withdrawal of partner | 4,5,6,7 | 5 | 1 | Loss of national reputation. Reduced | Promote early dialogue on problems, |

| | | | | | | |
|----|--|---------|---|---|---|---|
| | | | | | scope for innovation and further efficiencies. Could increase costs to all partners | communicate and engage all partners continuously on strategy and local operational implementation |
| 9 | Failure to attract & retain staff | 5,6,7,8 | 4 | 3 | Disruption and cost of recruitment, training resources. Reduced organisational capacity and succession planning | Training, benefits, working environment, promote and celebrate success |
| 10 | Low staff morale | 2,6,8 | 4 | 3 | Impact on productivity and customer service, damage to reputation | Training, benefits, good working environment, promote and celebrate success |
| 11 | Serious Injury to staff, crews or the public | 2,8 | 4 | 2 | Personal Impacts. Impact on productivity and customer service, damage to reputation. Possible litigation and associated costs | Give high priority to Health & Safety, ingrain culture within organisation |
| 12 | Failure to keep up level of innovation | 3,5,7 | 3 | 2 | Initial impacts low, longer term impacts on ability to recruit and retain staff, political support, failure to improve environment. | Celebrate and widely publicise success in public, partner and political arena. |
| 13 | Failure to meet performance targets | 1,5,7 | 3 | 2 | Impact of partner organisations' Corporate Assessment scores. Loss of reputation, public support and national profile | Look for continuous ways to innovate, |
| | | | | | | |

SWP Summary of Key Actions 2008-13

| | Action Point | Who | When | Expected Outcome |
|---|---|-------------------------------------|---|--|
| 1 | The SWP will maintain an active role in debate about packaging producer responsibility, develop dialogue with other parts of the process chain and push for revisions to the Packaging Recovery Note (PRN) system to bring more producer responsibility funding to the front line of material recovery. | Managing Director and Strategy Team | Report to Board in July 2008 | Greater clarity and understanding of national picture and of where to direct lobbying efforts |
| 2 | Respond to DEFRA consultation on Joint Waste Authorities and clarify the opportunities and disadvantages of becoming a JWA. If the Board is supportive of taking forward an application, make recommendations to the partner authorities with a proposed process and timetable. | Managing Director | Workshop with Board May 2008 Consultation with partners Summer 08 | Feedback to DEFRA by June 08. Application to DEFRA if approved by Board and partners (Winter 08/09) |
| 3 | The SWP will assist SCC and other partners to facilitate a countywide strategy for maximising renewable energy including energy from waste where energy recovery is more sustainable than recycling or composting options. | Managing Director | Developing through Summer 2008 Revised MWMS Autumn 2008 for Board in December 2008 | Links to development of partner strategies and revised Municipal Waste Management Strategy |
| 4 | Develop a process for evaluating, specifying and delivering alternative residual waste treatment options. These also need to meet climate change objectives of maximising renewable energy benefits. | Strategy Team | Member Workshop June 2008. Report to Board by October 2008, outcome to be | Consensus on type and location of RWT options and programme to build ahead of LATS |

| | | | | |
|---|---|--------------------------------|---|--|
| | | | fed into revised MWMS Autumn 2008 for Board in December 2008. | liabilities. Aim to have new residual treatment infrastructure in place by 2014. |
| 5 | Publish an annual report on the carbon impact of SWP waste services and the management of waste collected, including the carbon savings arising from recycling and energy recovery. | Strategy Team, ECT and Viridor | Work to be undertaken in Summer / autumn 2008 with report to be published by April 2009 | Identify opportunities to reduce the carbon impact of waste services provision. |
| 6 | Publish a detailed annual register of reprocessors and end-uses for SWP recycling services, both collections and Household Waste Recycling Centres. | Strategy Team, ECT and Viridor | Work during Summer 2008. Publication late 2008 | Greater transparency for residents in how materials are recycled |
| 7 | The SWP are undertaking trials commencing in May 2008 involving collection of plastic bottles and cardboard from the kerbside over 13 rounds in 3 districts. The trials will test vehicle configuration and collection frequency options. | Strategy Team | May-October 2008 | Report to Board and partners regarding options and cost of roll out |
| 8 | Opportunities for further efficiencies will be sought through dialogue with adjoining authorities regarding opportunities for collaboration. | Managing Director and Chairman | Proactive approach to possible partners during autumn 2008 | |
| 9 | The SWP will work with recycling service providers to raise awareness of existing services and promote new recycling services to SMEs. Opportunities for external funding support for projects will be explored | Strategy Team | Currently underway Progress report to Board October 2008 | Increased range of options for SMEs |
| | | | | |

| | | | | |
|----|--|--|---|---|
| 10 | Develop an Equalities Impact Assessment covering equalities issues from both staff and customer perspectives. | Managing Director and Customer Relations Manager | May 2008 | |
| 11 | Update and publish a revised Waste minimisation Strategy | Strategy Team | To Board Sept 2008 | |
| 12 | Develop new state of the art food waste processing capacity through Anaerobic Digestion to supersede the current In-Vessel system and eliminate reliance on out of county capacity. | Head of Strategy and Support | Briefing to Board May 2008. Formal Report to Board July 2008. | State of the art AD facility could be operational during 2009/10 |
| 13 | Continue the SCC capital-funded programme of refurbishment and replacement of HWRCs. This includes Chard replacement, extension of Williton site, to provide a extension and refurbishment of Dulverton. Evaluation of options for the replacement of the Minehead and Cheddar and Somerton sites. Funding for Frome (and other possible options) will be reviewed during 2008/09. | Strategy Team | Chard, Williton and Dulverton during 2008/09. Funding Review also during 2008/09 | Improved facilities for residents (and traders in some cases) leading to higher household waste recycling rates |
| 14 | Undertake a review of role and provision and pattern of drop-off sites | Operations and Strategy Teams | Underway – due for completion Summer 2008 | Improved quality of sites and reduced fly tipping. |
| 15 | A revised Communications Plan for the SWP is under development and will be brought to members for approval later in 2008 | Communications Team | To Board July 2008 | |
| 16 | Develop Customer Relations Management software | Customer Services Team; South West One | Underway – system expected to be delivered summer 2008 | To improve flow, accessibility and storage of data between partners |

| | | | | |
|----|--|--|---|--|
| 17 | Produce a summary guide to covering both Service Rules and enforcement policy and Service Standards (what the customer can expect from the SWP). | Operations Team; Customer Services Team | Published by December 2008 | Public document available on line and in hard copy |
| 18 | Promote use of recycled and composted materials by partner councils | Strategy Team Viridor | Contacts to be established summer 2008. Report on effectiveness of campaign to Board late 2008 or early 2009. | Closed loop recycling within Somerset |
| | | | | |

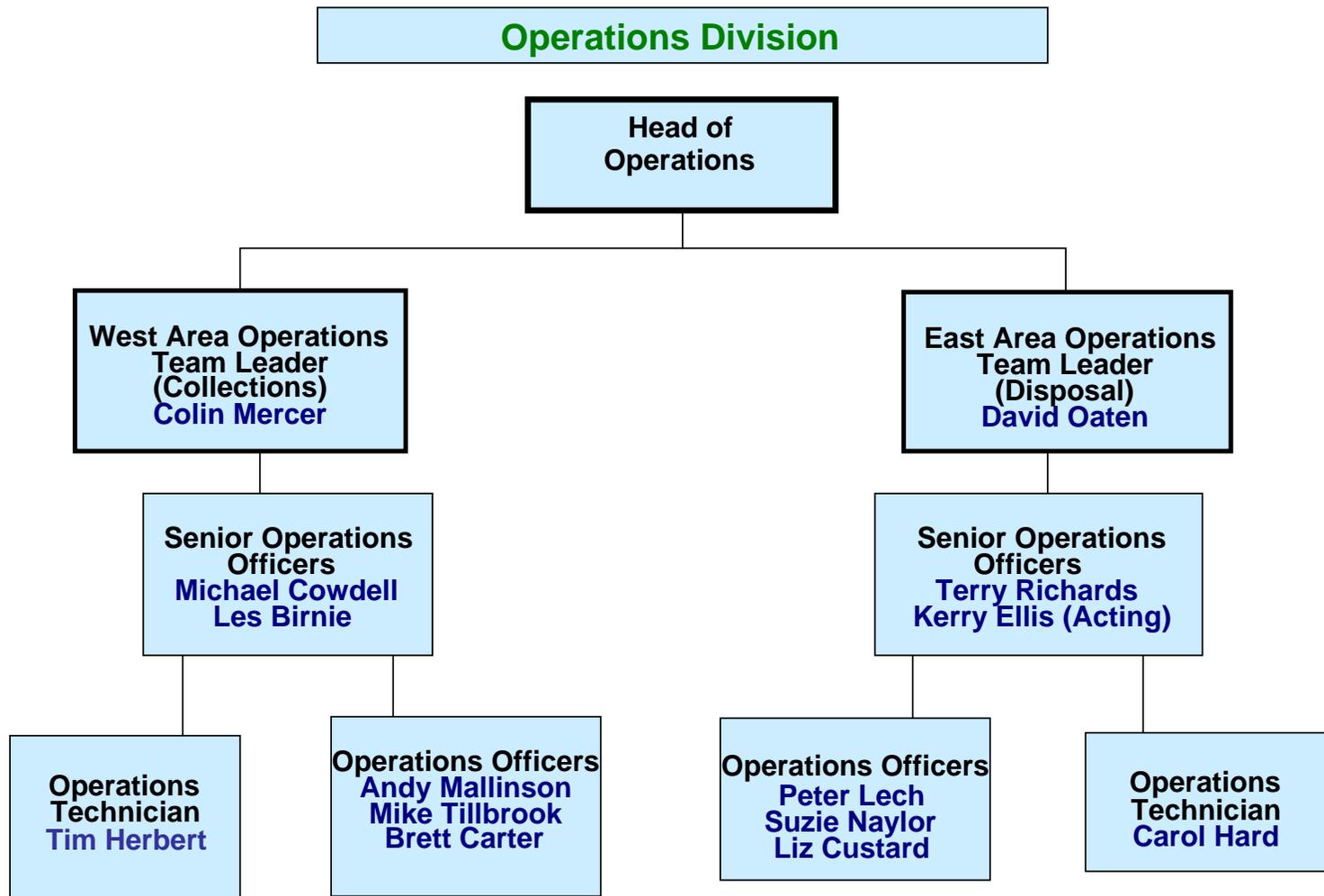
Appendix 1 – List of Members of the Somerset Waste Board

| Authority | Member | Political Party | E-mail Address |
|--|---|--------------------------------------|--|
| Mendip District Council | Alistair Glanvile Nigel Woolcombe Adams (PH) (Chair) | Conservative Conservative | Cllr.Glanvile@mendip.gov.uk woolcombe-adams@talk21.com |
| Sedgemoor District Council | Paul Herbert Stuart Kingham (PH) | Conservative Conservative | paul.herbert@sedgemoor.gov.uk stuart.kingham@sedgemoor.gov.uk |
| Somerset County Council | John Sharpe Hazel Prior-Sankey (PH) (Vice Chair) | Liberal Democrat Liberal Democrat | jeesharpe@somerset.gov.uk hrprior-sankey@somerset.gov.uk |
| South Somerset District Council | Paull Robathan Jo Roundell Greene (PH) | Liberal Democrat Liberal Democrat | paull.robathan@southsomerset.gov.uk jo.roundellgreene@southsomerset.gov.uk |
| Taunton Deane Borough Council | Steve Brooks Melvyn Mullins (PH) | Liberal Democrat Liberal Democrat | cllr.s.brooks@tauntondeane.gov.uk cllr.m.mullins@tauntondeane.gov.uk |
| West Somerset District Council | Jon Freeman (PH) Keith Ross | Independent Independent | jon@bs3.org kjross@westsomerset.gov.uk |

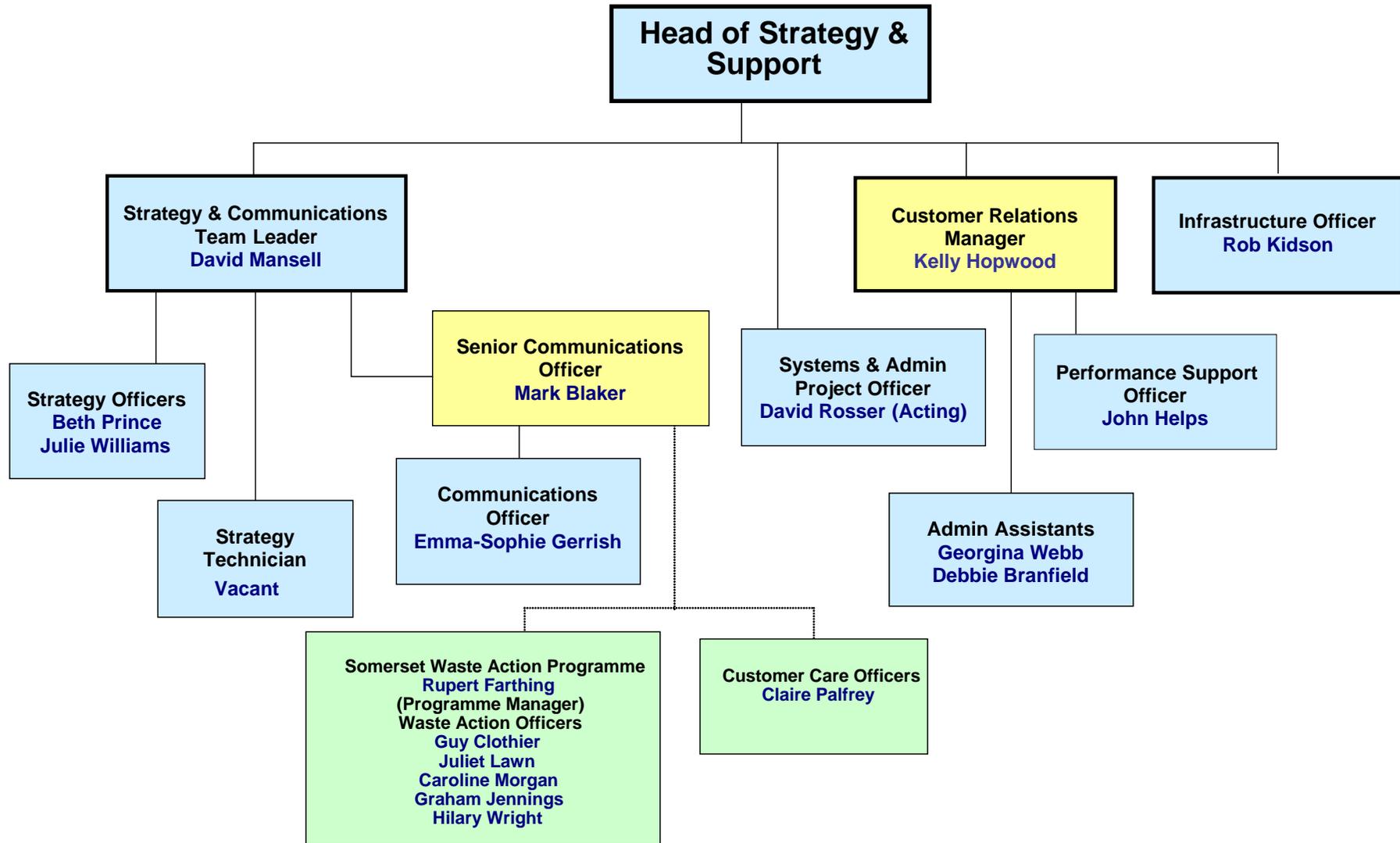
PH = Environment Portfoliholder for partner authority

Appendix 2 – Structure of the Somerset Waste Partnership





Strategy & Support Division



Appendix 3 - DRAFT SWB BUDGET 2008/09

| | £'000 | SCC | MDC | SDC | SSDC | TDBC | WSDC |
|-----------------------------------|-------|-------|-------|-------|-------|-------|------|
| Expenditure | | | | | | | |
| Single Client Group | | | | | | | |
| Salaries & on-costs | 971 | 444 | 107 | 112 | 161 | 108 | 39 |
| Travel & Subsistence | 97 | 44 | 11 | 11 | 16 | 11 | 4 |
| Admin, training, mtgs & IT | 97 | 44 | 11 | 11 | 16 | 11 | 4 |
| Advertising & campaigns | 102 | 46 | 11 | 12 | 17 | 11 | 4 |
| Office rent & Accommod'n | 66 | 30 | 7 | 8 | 11 | 7 | 3 |
| SWAP Team | 173 | 142 | 6 | 6 | 9 | 6 | 2 |
| Support Services | | | | | | | |
| Legal | 30 | 14 | 3 | 3 | 5 | 3 | 1 |
| Insurance | 10 | 5 | 1 | 1 | 2 | 1 | 0 |
| Finance | 51 | 23 | 6 | 6 | 8 | 6 | 2 |
| Audit | 10 | 5 | 1 | 1 | 2 | 1 | 0 |
| Human Resources | 30 | 14 | 3 | 3 | 5 | 3 | 1 |
| ICT | 41 | 19 | 4 | 5 | 7 | 5 | 2 |
| Customer Services | | | | | | | |
| Income Collection Costs | 0 | | | | | | |
| Other support services | 20 | 9 | 2 | 2 | 3 | 2 | 1 |
| Direct Services | | | | | | | |
| Waste Disposal | | | | | | | |
| Disposal - Landfill | 6,025 | 6,025 | | | | | |
| Disposal - HWRCs | 8,391 | 8,391 | | | | | |
| Disposal - IVC (food waste) | 1,206 | 1,206 | | | | | |
| Disposal - Hazardous waste | 355 | 355 | | | | | |
| Composting | 1,141 | 1,141 | | | | | |
| Kerbside Recycling | | | | | | | |
| Weekly (TDBC;MDC;SSDC) | 3,860 | | 1,114 | 0 | 1,683 | 1,063 | 0 |
| Fortnightly (WSDC;SDC) | 489 | | 0 | 347 | 0 | 0 | 142 |
| Cardbd Collection (WSC) | 60 | | | | | | 60 |
| Garden Waste Collections | 1,649 | | 351 | 510 | 251 | 495 | 43 |
| Household Refuse | | | | | | | |
| Fortnightly (TDBC;MDC;SSDC) | 2,910 | | 840 | 0 | 1,269 | 801 | 0 |
| Weekly (WSDC;SDC) | 1,911 | | 0 | 1,357 | 0 | 0 | 553 |
| Weekly (TDBC;MDC) | 67 | | 34 | 0 | 0 | 33 | 0 |
| H/H Refuse – Communal | 130 | | 69 | 34 | 21 | 7 | 0 |
| Bring Banks | | | | | | | |
| Strategic sites | 113 | | 23 | 23 | 39 | 17 | 11 |
| Neighbourhood sites | 106 | | 11 | 56 | 0 | 11 | 28 |
| Schools & SS Recycling | 79 | 79 | | | | | |
| Clinical Waste | | | | | | | |
| Household Collections | 89 | | 18 | 19 | 27 | 18 | 7 |
| Other Collections | 2 | | 0 | 0 | 1 | 0 | 0 |
| Clinical Waste Disposal | 4 | 4 | | | | | |
| Bulky Waste Collections | 168 | | 44 | 30 | 40 | 39 | 14 |
| Communal Recycling | 62 | | 11 | 15 | 13 | 13 | 10 |

| | £'000 | SCC | MDC | SDC | SSDC | TDBC | WSDC |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|-------------|
| Schools & SS Refuse | 57 | 57 | | | | | |
| Commercial Waste | | | | | | | |
| Commercial waste collection | 18 | | | | 18 | | |
| Commercial waste disposal | 31 | | | | 31 | | |
| SWB Directed Collections | 2 | | 1 | 1 | 1 | 1 | 0 |
| Container Maint & Delivery | | | | | | | |
| Internally and externally clean | 4 | | 1 | 0 | 2 | 1 | 0 |
| 'Basic Maintenance/repairs' | 1 | | 0 | 0 | 0 | 0 | 0 |
| 'Major Maintenance/repairs' | 1 | | 0 | 0 | 0 | 0 | 0 |
| 2 Wheeled Bin Repair | 39 | | 11 | 0 | 17 | 11 | 0 |
| Delivery of Sort-it! New hh Kit | 2 | | 1 | 0 | 1 | 1 | 0 |
| Delivery of Sort-it! New hh Kit | 1 | | 0 | 0 | 1 | 0 | 0 |
| Delivery of 4 wheeled bins | 0 | | 0 | 0 | 0 | 0 | 0 |
| Delivery of 2 wheeled bins | 32 | | 9 | 0 | 14 | 9 | 0 |
| Delivery of Kerbside Box | 21 | | 4 | 4 | 6 | 4 | 2 |
| Delivery of Food Waste Conts | 21 | | 6 | 0 | 9 | 6 | 0 |
| Day Works | 6 | | 1 | 1 | 2 | 1 | 0 |
| Admitted Body Pension Costs | | | | | | | |
| Base pension cost | 78 | | | | 78 | | |
| Incremental pension cost | 28 | | 6 | 6 | 9 | 6 | 2 |
| Transtitional Costs | 184 | | 37 | 39 | 56 | 38 | 14 |
| Depot Costs | 167 | | 34 | 35 | 51 | 34 | 12 |
| Bring Site Bin Financing | 101 | | 15 | 37 | 18 | 13 | 18 |
| Inter Authority Transfers | | | | | | | |
| Transfer Station Avoided Cost | 254 | 254 | | | | | |
| WDA Avoided Disposal | 1,439 | 1,439 | | | | | |
| Advance Payment Saving | -50 | | -10 | -11 | -15 | -10 | -4 |
| Vehicle Financing | -68 | | -14 | -14 | -21 | -14 | -5 |
| | | | | | | | |
| Total direct expenditure | 32,882 | 19,790 | 2,792 | 2,671 | 3,884 | 2,773 | 972 |
| | | | | | | | |
| Income | | | | | | | |
| Garden waste charges | -796 | | -169 | -246 | -121 | -239 | -21 |
| Bulky waste charges | -79 | | -21 | -14 | -19 | -18 | -7 |
| Commercial waste charges | -64 | | | | -64 | | |
| DEFRA Perf Reward & Efficiency | | | | | | | |
| Schools & Social Services | -136 | -136 | | | | | |
| Avoided Williton Transfer | -254 | | -51 | -54 | -78 | -52 | -19 |
| WDA Avoided Disposal | -1,439 | | -315 | -233 | -452 | -324 | -115 |
| Total income | -2,767 | -136 | -556 | -547 | -733 | -633 | -161 |
| | | | | | | | |
| Total net expenditure | 30,115 | 19,654 | 2,236 | 2,124 | 3,151 | 2,140 | 811 |