



To: All Councillors

Our Ref CS/KK  
Contact Krystyna Kowalewska kkowalewska@westsomerset.gov.uk  
Date 8 September 2015

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING  
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OR IN OTHER LANGUAGES ON REQUEST**

Dear Councillor

I hereby give you notice to attend the following meeting:

**COUNCIL MEETING**

**Date: Wednesday 16 September 2015**  
**Time: 4.30 pm**  
**Venue: Council Chamber, Council Offices, Williton**

Please note that this meeting may be recorded. At the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during the recording will be retained in accordance with the Council's policy.

Therefore unless you advise otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact Committee Services on 01643 703704.

Yours sincerely

A handwritten signature in black ink, appearing to read "B. Lang".

**BRUCE LANG**  
Proper Officer

## RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

### Risk Scoring Matrix

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

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

- Mitigating actions for high ('High' or above) scoring risks are to be reflected in Service Plans, managed by the Group Manager and implemented by Service Lead Officers;
- Lower scoring risks will either be accepted with no mitigating actions or included in work plans with appropriate mitigating actions that are managed by Service Lead Officers.

## WEST SOMERSET DISTRICT COUNCIL

Meeting to be held on Wednesday 16 September 2015 at 4.30 pm

Council Chamber, Williton

### AGENDA

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting of Council held on 19 August 2015 to be approved and signed as a correct record – **SEE ATTACHED.**

3. **Declarations of Interest**

To receive and record any declarations of interest in respect of any matters included on the agenda for consideration at this meeting.

4. **Public Participation**

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

For those members of the public wishing to speak at this meeting there are a few points you might like to note.

A three-minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue. There will be no further opportunity for comment at a later stage. Your comments should be addressed to the Chairman and any ruling made by the Chair is not open to discussion. If a response is needed it will be given either orally at the meeting or a written reply made within five working days of the meeting.

5. **Chairman's Announcements**

6. **The Somerset Rivers Authority (SRA) and Flood Action Plan – Update Report**

To consider Report No. WSC 135/15, to be presented by Councillor M Dewdney, Lead Member for Environment – **SEE ATTACHED.**

The purpose of the report is to update Council on the development of the Somerset Rivers Authority (SRA) since the report to Corporate PAG and Cabinet in November / December 2014. The report sets out progress since that date along with the ongoing discussions for future funding and governance.

7. **HPC Planning Obligations Board – Allocations of CIM Funding**

To consider Report No. WSC 134/15, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of the report is to present the recommendations of the Hinkley Point C Planning Obligations Board and West Somerset Council Cabinet, for the allocation of monies from the Community Impact Mitigation (CIM) Fund secured through the Section 106 legal agreement for the Site Preparation Works at Hinkley Point.

**8. Transfer of Predicted Underspend to the Business Rates Smoothing Reserve**

To consider Report No. WSC 136/15, to be presented by Councillor M Chilcott, Lead Member for Resources and Central Support – **SEE ATTACHED.**

The purpose of the report is to ask Members to approve the transfer of funds to the Business Rates Smoothing Reserve as per the recommendation from Cabinet as part of the Financial Monitoring Report 2015-16 (April – June 2015).

**9. Composition of Policy Advisory Groups (PAGs) for 2015/16**

The Council's Constitution states that the core membership of the PAGs will be agreed annually by full Council. In June, all members were encouraged to attend as many PAGs as they wanted and then let the Assistant Chief Executive and their respective Group Leader know if they would like to be considered as a core member of any particular PAG (or PAGs). In the absence of any specific requests being received, and, following consultation with the two group leaders, it proposed that for the 2015/16 municipal year, the PAGs will operate on the basis of being chaired by the appropriate Lead Member without a specified core membership on the understanding that the position can be reviewed after the next AGM. All members are entitled to attend any PAG in any case and so this should not cause any issues as long as all PAGs continue to be well attended.

The Council is requested to note the position.

**10. Minutes and Notes for Information**

Notes and minutes relating to this item can be found on the Council's website using the following links:

- Notes of the Watchet Harbour Advisory Committee held on 22 April 2015 <http://www.westsomersetonline.gov.uk/Environment/Harbours/Watchet-Harbour-Advisory-Committee>

**COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS**

**WEST SOMERSET COUNCIL****Minutes of the meeting held on 19 August 2015 at 4.30 pm****in the Council Chamber, Williton****Present:**

Councillor G S Dowding..... Chairman  
Councillor B Heywood..... Vice-Chairman

Councillor I Aldridge	Councillor D Archer
Councillor A Behan	Councillor M J Chilcott
Councillor H J W Davies	Councillor M O A Dewdney
Councillor S Y Goss	Councillor T Hall
Councillor I Jones	Councillor B Leaker
Councillor B Maitland-Walker	Councillor C Morgan
Councillor P H Murphy	Councillor J Parbrook
Councillor S J Pugsley	Councillor R Thomas
Councillor N Thwaites	Councillor A H Trollope-Bellew
Councillor K H Turner	Councillor T Venner
Councillor D J Westcott	Councillor R Woods

**Officers in Attendance:**

Chief Executive (P James)  
Assistant Chief Executive (B Lang)  
Assistant Director – Property and Development (T May)  
Assistant Director – Resources (P Fitzgerald)  
Democratic Services Manager and Meeting Administrator (R Bryant)

**C42 Apologies for Absence**

Apologies for absence were received from Councillors R Clifford, A P Hadley and K M Mills.

**C43 Minutes**

(Minutes of the Meeting of Council held on 22 July 2015 - circulated with the Agenda.)

**RESOLVED** that the Minutes of the meeting of Council held on 22 July 2015 be confirmed as a correct record.

**C44 Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Member of a County, Parish or Town Council:

<b>Name</b>	<b>Minute No.</b>	<b>Member of</b>	<b>Action Taken</b>
Cllr I Aldridge	All	Williton	Spoke and voted
Cllr D Archer	All	Minehead	Spoke and voted
Cllr H Davies	All	Williton	Spoke and voted
Cllr S Goss	All	Stogursey	Spoke and voted
Cllr B Maitland-Walker	All	Carhampton	Spoke and voted
Cllr C Morgan	All	Quantock Vale	Spoke and voted
Cllr P Murphy	All	Watchet	Spoke and voted
Cllr J Parbrook	All	Minehead	Spoke and voted
Cllr R Thomas	All	Minehead	Spoke and voted
Cllr N Thwaites	All	Dulverton	Spoke and voted
Cllr A Trollope-Bellew	All	Crowcombe	Spoke and voted
Cllr K Turner	All	Brompton Ralph	Spoke and voted
Cllr T Venner	All except C49	Minehead	Spoke and voted
Cllr D Westcott	All	Watchet	Spoke and voted

In addition, the following interest was declared:-

<b>Name</b>	<b>Minute No.</b>	<b>Description of Interest</b>	<b>Personal or Prejudicial</b>	<b>Action Taken</b>
Cllr T Venner	C49	SCC	Prejudicial	Left the room during discussion

**C45      Public Participation**

No members of the public spoke at the meeting on any items on the agenda.

**C46      Chairman's Announcements**

15 August 2015	Attended 70 <sup>th</sup> Anniversary of VJ Day Commemoration in Blenheim Gardens, Minehead
16 August 2015	Attended 70 <sup>th</sup> Anniversary of VJ Day Commemoration at St. Mary's Church, Taunton

At the invitation of the Chairman, Councillor K Turner made reference to the letters that had recently been sent to all Town and Parish Councils in connection with the submission of the West Somerset Local Plan for adoption on 31 July 2015. He reported that anyone who had made representations during the consultation period would also receive a similar communication.

Councillor H Davies drew the attention of Members to the Dunster Agricultural Show which would be taking place on 21 August 2015 and encouraged Councillors who were attending to visit the Somerset County Council Stall.

**C47**      **Corporate Debt Policy**

(Report No. WSC 12415 – circulated with the Agenda.)

The purpose of the report was to introduce the new Corporate Debt Policy which was key in outlining operational debt recovery activities for a range of debt types. It was essential that all monies owed to the Council were actively pursued. The Policy therefore reflected a range of measures to help customers pay sums due, maximising the level of resources available to support front line public services.

The Policy was underpinned by the following key principles:-

- taking early and co-ordinated debt recovery action;
- taking account of all relevant circumstances relating to the debt;
- offering a range of payment methods to make it easier to settle debts;
- providing links to debt advice; and
- adopting a debt hierarchy to prioritise those debts where non-payment could directly impact on an individual's wellbeing.

The report was presented by the Lead Member for Resources and Central Support, who welcomed the proposed introduction of the new policy.

The Lead Member proposed the recommendation of the report, which was duly seconded by Councillor M Dewdney.

**RESOLVED** that:-

- (i) the adoption of the new Policy detailed in Appendix 1 to the report be approved;
- (ii) the Council's commitment to engage with those customers in debt, helping them to pay by providing advice and guidance and involving relevant welfare and debt agencies be noted; and
- (iii) it be also noted that the Policy would be reviewed on an annual basis, taking into account changes in legislation, service improvements, regulations and wider policy initiatives.

**C48**      **Revenue and Capital Outturn 2014/2015**

(Report No. WSC 125/15, circulated with the Agenda.)

The purpose of the report was to provide Members with details of the Council's financial outturn position for both revenue and capital budgets, together with information regarding end of year reserve balances, for the financial year 2014/2015.

The Lead Member for Resources and Central Support presented the item and outlined the details in the report. She went on to propose the recommendations which were duly seconded by Councillor C Morgan.

During the discussion of this item, the following main points were raised:-

- Members pointed out a number of examples of reported changes that had occurred during the final quarter where explanations had not been provided.
- Improvements to Minehead had been made and further works were planned making use of people who were required to undertake 'community payback' tasks. It was hoped that the additional resources spent on Blenheim Gardens in recent years would continue.
- Without the Hinkley Business Rates appeal decision, the Council would have reported an underspend. The Hinkley situation was fundamentally unfair where Councils such as WSC were required to meet the cost of successful appeals even though the Business Rates collected in the past had been collected by the Government. There was a need to strongly lobby the Government over this issue. Should WSC seek to form an alliance with other Councils in a similar position? Was there a case for a Judicial Review to be requested?

**RESOLVED** that:-

- (1) the reported General Fund Revenue Budget net overspend of £228,348 be noted.
- (2) the proposed transfer of £2,183,884 to the Business Rates Smoothing Reserve be approved to mitigate the deficit on the Collection Fund in 2014/15 and the estimated deficit in 2015/16 due to the outcome of the recent Hinkley Point appeal, as well as future risks in this area.
- (3) a Supplementary 2015/16 Revenue Budget allocation of £40,000 be approved for essential asset maintenance and health and safety works to be funded from the Sustainability Earmarked Reserve.
- (4) the transfers to and from Earmarked Reserves as set out in Table 4 and Appendix B of the report be noted, and the recommended Budget Carry Forward of 2014/15 underspends for specific service costs in 2015/16 totalling £206,394 as set out in Appendix B to the report be supported.
- (5) the Capital Programme Budget Carry Forwards totalling £577,719 for general schemes to be funded using capital receipts, capital grant and S106 contributions (as set out in Appendix C of this report) be approved.
- (6) the Capital Programme Budget Carry Forwards totalling £898,149 for Hinkley S106-funded schemes (as set out in Appendix C of the report) be approved.
- (7) the net overspend of £39,204 in relation to the Capital Programme for general schemes in the current year and that this overspend has been funded from the useable capital receipts reserve be noted.



(8) the Revenue Budget Carry Forwards for Hinkley S106-funded schemes (Stogursey Parish Council £2,640 and HTAP Action Plan £125,385) be also approved.

**C49**      **Clanville Grange Purchase**

(Report No. WSC 126/15, circulated with the Agenda.)

The purpose of the report was to request approval of a supplementary capital estimate for the purchase of a property at Clanville Grange, Minehead.

The Lead Member for Housing, Health and Wellbeing presented the report.

The Lead Member proposed the recommendations of the report which were seconded by Councillor C Morgan.

The main points raised during the discussion included:-

- A number of questions in relation to the Clanville Grange properties were raised concerning the formula used for calculating the purchase price of each property within the development, why the covenant could not be removed by the Council and why no provision had been made in the budget for the potential risk that had been identified?
- It would be helpful, particularly for the new Councillors, if a full presentation on Clanville Grange was provided at the next meeting of the Housing Policy Advisory Group.

**RESOLVED** that:-

(1) a supplementary capital estimate for the sum of £117,000 be approved to purchase a property at Clanville Grange to be funded from Capital Receipts.

(2) it be noted that the purchase would need to be funded from the existing planned capital receipts, with the intention of replacing this funding with the capital receipt from the onward sale of the property. It be also noted that in the event the onward sale was not completed, or other unallocated receipts balance was insufficient, in the current financial year the Council would need to fund this acquisition initially through borrowing and then set aside the capital receipt to repay the borrowing in subsequent year(s). This might also impact on current policy to use capital receipts to repay existing capital debt.

(3) the following update to the Minimum Revenue Provision Policy in respect of the Low Cost Home Ownership scheme be approved:-

“In respect of properties acquired under the Low Cost Home Ownership scheme, no MRP is applied in the financial year following acquisition

where capital expenditure is funded through borrowing pending capital receipt from onward sale of the related property.”

(Councillor D Westcott left the meeting at 5.40 p.m. during the discussion of the above item.)

**C50      Regulation of Investigatory Powers Act (RIPA) 2000**

(Report No. WSC 127/15, circulated with the Agenda.)

The purpose of the report was to advise the Council on the outcome of the review of the Council’s management of covert activities and to seek endorsement of the actions taken/required to implement recommendations emanating from the review.

The Lead Member for Executive Support and Democracy presented the report and proposed acceptance of the recommendations. This was seconded by Councillor B Leaker.

**RESOLVED** that:-

(1) the outcome of the review and the action taken to date be noted.

(2) the Corporate Policies and Procedures Document in respect of the Regulation of Investigatory Powers Act 2000 (RIPA), as set out in Appendix A to the report, be approved.

**C51      Standards Advisory Committee**

(Minutes of the Standards Advisory Committee held on 16 June 2015 circulated with the Agenda.)

**RESOLVED** that the Minutes of the Standards Advisory Committee held on 16 June 2015 be adopted.

The meeting closed at 5.54 pm

*Report Number:* WSC 135/15  
*Presented by:* Councillor Anthony Trollope-Bellew - Leader  
*Author of the Report:* Brendan Cleere ( Director – Growth and Development)  
*Contact Details:*  
     *Tel. No. Direct Line* 01823 356350  
     *Email:* [b.cleere@tauntondeane.gov.uk](mailto:b.cleere@tauntondeane.gov.uk)  
  
*Report to a Meeting of:* Council  
*To be Held on:* 16 September 2015  
*Date Entered on Executive Forward Plan* n/a  
*Or Agreement for Urgency Granted:*

## **The Somerset Rivers Authority (SRA) and Flood Action Plan – Update Report**

### **1. PURPOSE OF REPORT**

- 1.1. The report updates Council on the development of the Somerset Rivers Authority (SRA) since the report to Corporate PAG and Cabinet in November / December 2014. The report sets out progress since that date along with the ongoing discussions for future funding and governance.

### **2. CONTRIBUTION TO CORPORATE PRIORITIES**

- 2.1 The Flood Action Plan links closely with the vision set out within the Somerset County Council's County Plan. In particular the objectives which seek to create a thriving local economy, improving key infrastructure and creating better links by joining up with partners, to ensure that services are more effectively delivered to Somerset's residents.

### **3. RECOMMENDATIONS**

Council is recommended to:

- 3.1 Note progress to date in the development of the Somerset Rivers Authority and West Somerset Council's position on the way forward, as set out in the report.
- 3.1.1 Note progress in the delivery of the Levels & Moors 20 Year Flood Action Plan (2014).
- 3.2 Formally approve the creation of a separate precepting body as WSC's preferred funding option, noting that the Council's position will be confirmed to the SRA Board meeting in late September.

### **4. RISK ASSESSMENT (IF APPLICABLE)**

- 4.1 If new collaborative arrangements for the funding, co-ordination and delivery of flood risk management in Somerset are not developed and agreed, there is a significant risk that the intensity and duration of flooding events will continue to adversely affect local communities and businesses, and the County and District Councils in the delivery of services. The Council's budgetary planning would be likely to be adversely affected, along with its reputation.

- 4.2 Key risks also apply to the support from Government, retaining the current County-wide consensus on the principles and the timescales associated with making the changes required. Unless momentum is able to be maintained in the delivery of this project, there are risks that the new funding arrangements proposed will not be in place for financial year 2016/17.

## 5. **BACKGROUND INFORMATION**

The flooding across a wide area of Somerset in the winter of 2013-14 brought widespread distress. Many homes were flooded for long periods, and many roads were closed. The impact was therefore felt by the many Somerset residents and businesses.

The flooding attracted national government interest and Somerset partners were requested by the Defra Secretary of State to develop a Flood Action Plan and, at a later date, to form the Somerset Rivers Authority.

The Government (Defra and DCLG) have now conducted a review of the options for ongoing funding of the SRA and have asked Somerset partners to respond to them on which is their preferred option

The Levels & Moors 20 Year Flood Action Plan (2014), developed at the Government's request and signed off by the Secretary of State in March 2014, included a proposal to create a Somerset Rivers Authority to:

- Provide a renewed, co-ordinated and joined-up approach to addressing flooding and resilience issues.
- Develop new approaches to the management of the drained areas and the wider catchment, and
- Enhance local leadership.

Many of the other actions within the Flood Action Plan are completed and a review of the plan is currently underway. The plan has short and long term actions, and the review is looking at what has been achieved so far, which of the long term options identified in the plan should still be pursued and what other actions are necessary to ensure there is a sustainable plan for the future.

Some highlights of the delivery of the Flood Action Plan include:

### **Dredging and River Management**

- The construction of the new Thorney Village Ring Bank, and construction work to improve the existing Thorney Pottery Ring Bank, are complete.
- The 8km dredge on Rivers Parrett and Tone, to the 1960's profile, has been completed.
- A project looking at 10 other potential dredging locations is complete and the next dredging location has been identified for downstream of Northmoor Pumping Station.
- A pre-flood standard of flood protection has been established at 50+ locations, in a multi-million pound programme of works. This has involved extensive repairs to flood banks on the Rivers Parrett and Tone. Spillway repairs at Middlemoor and Allermoore were completed; flood defence works to protect properties at Aller Drove is complete; temporary pump platform and compound at Dunball, and conversion of existing pumps at Northmoor, are now complete.
- Permanent protection at Westonzoyland is complete.
- Phase 1 of river modelling work to assess the impact of the various Flood Plan actions, is complete.

- The Parrett Barrier multi-agency project team has been set up to deliver the preliminary work prior to construction, now that the SRA has secured Growth Deal funding for this phase of the project.
- Trigger documents for 10 agreed sites, explaining what, when and why certain operational decisions are undertaken in extraordinary flood conditions, have been rolled out at 30 public/partner meetings and were well received.
- Work to develop options for increasing the capacity of the Sovey/Kings Sedgemoor Drain system has been undertaken; a preferred option is now being developed further.

### **Land Management**

Land Management involves a range of ways to encourage land use that stops or slows water entering river courses and maximises natural flood management.

- £100k has been secured to complete survey work and £550k to deliver a programme of small scale on-farm schemes in 2015/16.
- An advisory team for land management advice and support is now in place.
- Farm visits have begun and the first Capital Grant Scheme been applied for and completed.

### **Urban Run-Off**

- An initial feasibility study for £16m flood storage upstream from Taunton has been published. Planning for the next stage of the project is underway, and a funding bid is being submitted.
- Flooding 'hotspots' identified, working with other agencies
- Work continues with partner authorities to develop Sustainable Urban Drainage Systems (SUDS) guidance for developers and planners for new developments
- Reviewed / identified sample sites to evaluate effectiveness of existing SUDs schemes

### **Resilient Infrastructure**

- A 500m stretch of the Muchelney to Drayton road was re-opened, having been raised over a metre in places, to ensure it remains open even in flooding on the scale of 2013/14.
- Improvement scheme for Sovey/King Sedgemoor Drain: Phase I of the Beer Wall project was completed with a 60 tonne temporary bridge lowered into place on the A372, to ensure the road stayed open throughout winter. Road works were then completed, and the final phase of work started this summer.
- Deep clean of system including review and survey of gullies and culverts
- 20 of 26 minor flood alleviation management schemes have now been completed, the rest will be completed next financial year.

### **Building Local Resilience**

- A Community Recovery and Resilience Officer was appointed and has been working with flood affected communities to develop flood plans; the first ones are now nearing completion, a second phase will be developed.
- Support meetings for flood affected communities have been held at a number of locations.
- Support given for access and take-up of grants for homes, farms and businesses.
- A Somerset community resilience website has been developed, to provide accessible resilience and flood risk information.

### **Business Case & Delivery of Long Term Solutions**

- An Economic Impact Assessment of the 2013/14 flooding in Somerset has been undertaken, and is now being finalised.

## Somerset Rivers Authority (SRA)

A key change from the early days of the Flood Action Plan is that the SRA's remit includes the whole of Somerset, not just the flooded areas of the Levels and Moors. This is to ensure that all areas have the potential to benefit from the joint working and any funding available for flood alleviation measures.

A further change is the 'hierarchy' of the SRA and the Flood Action Plan. As stated previously the setting up of the SRA was an action with the Flood Action Plan. The position now is that the work of the Somerset Levels and Moors Flood Action Plan is still carried forward but does so now as part of the SRA programme.

It is important to note that the existing flood management responsibilities, accountabilities and funding will continue unchanged for the SRA partners – the Environment Agency, the Internal Drainage Boards, Somerset County Council (the Lead Local Flood Authority), and the five county district councils of South Somerset District Council, Mendip District Council, Taunton Deane Borough Council, Sedgemoor District Council, West Somerset District Council. It also does not diminish the responsibilities of riparian owners.

More detail about the Somerset Rivers Authority can be found here <http://www.somersetiversauthority.org.uk> .

Since January 2015 the SRA has developed:

A **Common Works Programme** (2015-16) for Somerset, to plan, deliver and share information about all Flood Risk Management work in the county. This is core work for all partners but brought together and co-ordinated where possible and efficiencies developed for joint delivery. The Common Works Programme for this period is available on the Somerset Rivers Authority website here <http://www.somersetiversauthority.org.uk/our-work/common-works-programme/>

Currently, all Somerset's Flood Risk Management Authorities are discussing their future joint work programme for 2016/17.

A new **Enhanced Maintenance Programme** for 2015/16 using interim funding has also been produced and this undertakes a range of prioritised new flood risk management activity across all districts in Somerset, including maintaining the 2014 dredge on the rivers Parrett and Tone.

The detail of this programme can be seen here <http://www.somersetiversauthority.org.uk/our-work/enhanced-maintenance-programme/>

Our representative on the SRA is the Leader of the Council. The Director – Growth & Development sits on the SRA Management Group and, currently, also on the SRA Key Partners Group which focuses solely on developing the SRA, with representation from the Internal Drainage Boards (IDBs), the County and District Councils, the Department for the Environment, Food and Rural Affairs, the Department for Communities & Local Government, Natural England and the Environment Agency (EA).

### Funding options

The SRA itself has been set up with interim funding for 2015-16 from a mixture of Central Government and local partners. A major area of work this year has been developing options for long-term funding, carried out through a Strategic Funding Review with the Department for Environment, Food and Rural Affairs and the Department for Communities and Local Government. This report has now been released and a stakeholder workshop

has been held, to which all our councillors were invited and were able to input into the discussion.

The optimum outcome for WSC would have been to set up the SRA with all funding from central government. However, this has never been accepted by Central Government and is not an option given to us as part of the Strategic Funding Review.

The funding review is attached as **Appendix A** to this report. The review does not recommend a particular option and we also are told that there is no presumption that any of these options will be taken forward. WSC representatives contributed to the review after discussion with the Principal Accountant, Director Growth and Development and Director Operations.

There are four options:

**Option 1) Creating a new precepting body.**

This requires primary legislation but gives the ability for all households in Somerset to play a part in the raising of funds. Monies raised are transparent and are ring-fenced for the SRA and its work. This option will take several years to deliver but gives long term sustainability and does not impact on existing council budgets and hence their services. All local authority partners in Somerset (including WSC) have said that this is the only acceptable funding solution.

**Option 2) Creating a new levying authority.**

Primary legislation is still needed and the levy could be on both the County and the District Councils. Any additional levy charge on WSC would limit our ability to raise council tax for our other services within the current 2% referendum threshold and hence puts an increasing risk on our budget setting over future years. This option is not recommended.

**Option 3) Raising funds through council tax.**

If agreed this could be implemented by April 2016. It is suggested that the County Council are within this funding mechanism, however this would still have an impact of £38,000 on WSC by increasing our council tax within the 2% threshold. Again, this limits our ability to raise council tax for our other services within the current referendum threshold and increases the medium to long term risk on our budgets. Although this is a quick option to implement, the funding is not ring-fenced and would be subject to annual re-negotiation which gives no sustainability to the SRA. This option is not recommended.

**Option 4) Internal Drainage Boards (IDBs) extend boundaries or increase levy.**

Currently the Drainage Boards levy £2,739 on WSC which is equivalent to £0.06 across WSC. Levies and rates are approved by the IDB Board each year and can increase the levy if they show that their expenses have increased. The Land Drainage Act and a document known as the Medway Letter set out water levels to define the boundaries of an IDB Board, broadly that of land with the EA's Flood Zone 2. If the IDB extend their area to Flood Zone 2, they could raise £580k with £42k levied on WSC. This is not sufficient for the enhanced work programme of the IDB in future years. This would not give the SRA any ability to raise, hold or spend funds and limits the role for the Districts and County Council. In addition, it is difficult to see how the ongoing support for the important community and local flood resilience measures within the 20 year plan could be managed through this option. There are also concerns about a lack of wide accountability and representation. This option is not recommended.

More detail can be seen in the body of the funding report.

## Summary of WSC position

Having looked carefully at the funding options review and heard the views of local stakeholders, the Council's preferred option is still to set up the SRA as a separate precepting body.

The IDBs would continue to set budgets for their work programmes as at present, but any additional levy would, in future, be placed on the SRA. Existing sources of capital funding for flood risk management would need to continue to be available to the individual partner organisations.

WSC has made its position clear on its preferred funding option before. Firstly through a joint letter with all other council leaders to the Defra Secretary of State on 14 October 2014 and a resolution at the Leaders Implementation Group on 6 November 2014 and at the Cabinet on 3 December 2014. The report to the Cabinet stated that

*"In selecting mechanisms for implementing the Flood Action Plan, the proposal to establish the Somerset Rivers Authority as a precepting body has the advantage of raising additional funding locally in a transparent way, and one which would not be constrained by the restrictions which apply to the existing local authorities."*

*"The underlying principle of any precept would be "locally raised, locally administered, locally spent"*

*"Alternative proposals to progress a catchment-wide funding mechanism through the extension of the boundaries of the IDBs have been considered. However, with IDB levies on District Councils needing to be funded through the councils' own budgetary processes, this option would neither be deliverable, due to the constraints on councils, nor transparent."*

Ministers are keen that a solution to the long-term funding be one that is not imposed from the centre but is one that works locally. They have now requested that the SRA consider the Strategic Funding Review and decide, in the light of the report, what option they wish to pursue and respond to Ministers. They indicate that they will then have discussions with the SRA about the approach to implementing that solution and what should happen in the interim, in particular next financial year.

The Scrutiny Committee reviewed the report on 10 September 2015 and a verbal update will be given at the meeting of any comments arising.

## 6. **FINANCIAL/RESOURCE IMPLICATIONS**

- 6.1 At this stage there are no direct financial implications. Progress in the current financial year will be funded from resources already allocated to the SRA. Any future financial implications will be the subject of a subsequent report and decision.

## 7. **SECTION 151 OFFICER COMMENTS**

- 7.1 If a new Precepting Body is established there will be significant implications for Council Tax payers and these will need careful consideration by the respective districts

## 8. **EQUALITY & DIVERSITY IMPLICATIONS**

- 8.1 None directly arising from this report.



**9. CRIME AND DISORDER IMPLICATIONS**

9.1 None identified in this report.

**10. CONSULTATION IMPLICATIONS**

10.1 The report has been brought forward from the SCC Leaders Implementation Group which oversees the Flood Action Plan. Also represented on that group with the County Council are the Somerset District Councils and Drainage Boards, the Environment Agency, Government Departments, and other relevant organisations. County council representation on that group includes Councillors John Osman and David Hall, with West Somerset Council represented by Cllr Tim Taylor.

10.2 The Flood Action Plan draws on a wide range of evidence and feedback from the community. It also builds other relevant strategies and plans including Water Level Management Plans, and the Somerset Flood Risk Management Strategy

**11. ASSET MANAGEMENT IMPLICATIONS**

11.1 None identified in this report.

**12. ENVIRONMENTAL IMPACT IMPLICATIONS**

12.1 The aim of the project is to improve community safety and well-being, by providing a long term sustainable funding solution to flood risk management.

**13. LEGAL IMPLICATIONS**

13.1 At this stage there are no direct legal implications as a result of this decision. However, there will be significant legal consequences associated with establishing a separate precepting body, and these will be addressed in any subsequent reports brought forward for decision.



# Somerset Rivers Authority Local Funding Options

- 1.1 This document is a summary of potential local funding options for the Somerset Rivers Authority (SRA). It does not recommend a particular option or mechanism and there is no presumption that any of these options will be taken forward.
- 1.2 The funding options were identified through engagement with the SRA and other stakeholders. During that engagement some respondents raised the possibility of creating a Somerset Regional Flood and Coastal Committee, central government funding in the form of a grant or through business rates retention. As these options do not constitute a local funding solution they are not described here.

Draft

## Creating a new precepting body

### Mechanism

- 1.3 Under this option, the SRA would be established as a new statutory body with precepting powers using primary legislation. The body could additionally be given powers to charge landowners/land occupiers or landowners/land occupiers outside internal drainage board areas. This option would require primary legislation. Legislation could be introduced in Parliament using a public (government) bill or as a private bill sponsored by an external body like Somerset County Council.
- 1.4 The precepting authority would be able to raise funds directly through council tax, with district councils collecting the precept on the SRA's behalf. The SRA could be funded by all households in the five district council areas of Somerset. Somerset partners have proposed that one district council, Sedgemoor, be exempt from any precept on householders in recognition that the majority of the internal drainage districts fall within Sedgemoor. A charge of £12.60 per band D household (2015/16 figures) in four of the five district council areas and £3.50 per hectare for land occupiers would raise £2.7million.
- 1.5 In order to exempt Sedgemoor district council from any precept, a different rate could, in theory, be precepted to tax payers in different district council areas. This would make the SRA different to other existing precepting authorities in England, which charge the same level of precept across all the billing authorities within its area. Providing the SRA with the ability to precept at different rates would require special provision within the legislation setting up the SRA.

### Discussion

- 1.6 The new charge would be identified on the council tax bill and it would be directly evident to tax payers that this element of council tax is exclusively for the SRA. Funding would be directly hypothecated for and ringfenced for the SRA. This option would have no implications for local authority budgets although it would result in increased bills for council tax payers. The SRA's funding would not be subject to annual negotiation with local authorities in Somerset.
- 1.7 The SRA would become a new tax-raising authority. Under the proposal put forward by local authorities in Somerset it would not be directly elected, relying on the local authority representation on the SRA board for its democratic accountability. It would have a power to collect directly from householders a charge it decided based on a programme of work it created.
- 1.8 If a precepting body were to be created, government would wish to consider whether a referendum seeking a mandate for the body was needed. It could be

practically and politically difficult to gain agreement to a precepting authority as it constitutes a new tax-raising body.

- 1.9 This option would require primary legislation, and may take several years to enact. Inclusion of a Bill to set up the SRA as a precepting body in a Government's programme of legislation would be subject to cross-Government agreement. In order for the bill creating this power to become law, parliamentarians in both Houses would have to be convinced of the need for a new, tax-raising power and that there was no better way to achieve the same outcome.
- 1.10 On 6th November 2014, members of the Somerset Levels and Moors Flood Action Plan Leaders' Implementation Group agreed that their preferred option was a precepting authority. During the course of the stakeholder engagement days, several partners explained that it was the only acceptable funding solution and that unless they could set up a precepting authority they could not support the SRA. Other members of the SRA Board stated that they would prefer alternative options so this option is no longer unanimously supported.

## Creating a new levying body

### Mechanism

- 1.11 An alternative to a precepting body is a levying body. There are existing precedents for flood risk management levies in the form of internal drainage board levies and the Environment Agency's local levy. Primary legislation would be needed to set up the SRA as a statutory body with new powers to charge all Somerset local authorities, or only the county council, a flood risk management levy. A levying body could either cover the whole of Somerset or it could be limited to areas not currently covered by internal drainage districts.
- 1.12 The levy raising powers could share many of the features of a precept, such as ring-fencing and direct hypothecation and could be set at the same rates. Unlike a precept, levies regularly raise different amounts in different areas so this feature would not be new. Levies are not currently outlined separately on council tax bills. Additional information on levies can nevertheless be provided by billing authorities in accompanying council tax documents. If a levy of £2.7m was placed on Somerset County Council this would not raise council tax above a 2% referendum threshold.
- 1.13 Unlike the precepting proposal, a levying body provides a more direct democratic accountability as the levy is taken into account by the elected council when it sets its council tax. An additional levy charge on councils would, however, limit their ability to raise their council tax for all their other services within the referendum threshold.
- 1.14 As with the precepting option, this proposal will require primary legislation. It could not be set up immediately and would require cross-Government agreement.
- 1.15 This option has not been considered by local partners as it has emerged during this review

## Council Tax

### Background

- 1.16 Council tax is a charge applied to households by a council to provide local services. Local authorities determine their own level of council tax. In doing so, they will have regard to the council tax referendum threshold, which is set by central government subject to approval of the House of Commons.
- 1.17 The council tax referendum threshold is determined annually, usually between December and February. The referendum threshold was set at 2.0% for 2015/16. There is no limit on the amount of council tax a local authority can raise if it obtains the approval of its local electorate in a referendum. Council tax freeze grants equivalent to a 1% council tax increase were provided by central government to local authorities in the previous Parliament. There is no commitment to provide funding for any new freeze schemes from 2016/17.

### Mechanism

- 1.18 Somerset County Council and the 5 district councils could fund the SRA at the same level as in 2015/16 from council tax. The councils could use a one-off increase in council tax, within the referendum threshold (which was 2% in 2015/16), to generate additional funding for the SRA from households. This could apply from April 2016. In subsequent years the funding would be considered part of the baseline and would not require future council tax increases.
- 1.19 Table 1 below sets out the increase in council tax income ('council tax requirement') which would accrue to local authorities in Somerset in 2016-17 based on an increase of 2% and assumptions about the tax base. The figures do not assume any freeze grant in 2016/17; if there were to be a freeze grant in 2016/17, the estimated additional revenue would be less than indicated in the table.
- 1.20 Table 1 below shows an estimate of how much extra council tax revenue could be raised by councils in Somerset within a 2.0% referendum threshold.

**Table 1:** Somerset councils' Council Tax requirement for 2015/16 and the estimated extra revenue for 2016-17 with a 2% increase<sup>1</sup>.

<b>Authority</b>	<b>2015-16 Council Tax Requirement</b>	<b>Extra revenue available from a 2% rise assuming an increase in the Tax Base<sup>2</sup></b>	<b>Extra revenue available from a 2% rise assuming no increase in the Tax Base<sup>3</sup></b>
Somerset County Council	£189.4m	£7.06m	£3.79m
Mendip District Council	£5.6m	£0.20m	£0.11m
Sedgemoor District Council	£5.3m	£0.19m	£0.11m
South Somerset District Council	£8.4m	£0.32m	£0.17m
Taunton Deane Borough Council	£5.3m	£0.21m	£0.11m
West Somerset Council	£1.9m	£0.06m	£0.04m
<b>District Councils total</b>	<b>£26.5m</b>	<b>£0.98m</b>	<b>£0.54m</b>
<b>Combined total</b>	<b>£215.9m</b>	<b>£8.04m</b>	<b>£4.33m</b>

1.21 Table 2 shows the percentage council tax increase the county and district councils could apply to collectively raise additional funding of £2.7m per year for the Somerset Rivers Authority, assuming no change in the tax base. These figures are for illustration only. The figures show that the councils would be able to increase their council tax within a 2% threshold while still allowing some scope to increase funding for other services.

<sup>1</sup> Department for Communities and Local Government figures

<sup>2</sup> Figures assume an average Tax Base increase in 2016-17 of the same level as in 15-16. Figures exclude parish precepts

<sup>3</sup> Figures assume Tax Base remains constant at 2015-16 level. Figures exclude parish precepts.



**Table 2:** Council tax percentage increase required to raise £2.7m, assuming no increase to Tax Base

<b>Authority</b>	<b>2015-16 Council Tax requirement</b>	<b>% increase (no Tax Base change)</b>	<b>Additional amount raised</b>
Somerset County Council	£189,389,700	1.25	£2,368,389
Mendip District Council	£5,603,077	1.25	£70,069
Sedgemoor District Council	£5,255,424	1.25	£65,721
South Somerset District Council	£8,442,979	1.25	£105,583
Taunton Deane Borough Council	£5,330,400	1.25	£66,659
West Somerset Council	£1,885,584	1.25	£23,580
<b>Total</b>	<b>£215,907,164</b>	<b>-</b>	<b>£2,700,000</b>

1.22 Table 3 shows the additional revenue the authorities would raise assuming their tax base grows at the same rate as in 2015-16. It is recognised, however, that any tax base increase would lead to an increase in demand for services.

**Table 3:** Council tax increase assuming Tax Base grows at 2015-16 rates

<b>Authority</b>	<b>Estimated percentage tax base increase<sup>4</sup></b>	<b>Additional council tax revenue generated</b>
Somerset County Council	1.7	£3,211,552
Mendip District Council	1.6	£89,313
Sedgemoor District Council	1.6	£86,084
South Somerset District Council	1.8	£150,825
Taunton Deane Borough Council	1.8	£97,032
West Somerset Council	1.4	£26,483
<b>Total</b>	<b>-</b>	<b>£3,661,290</b>

<sup>4</sup> Tax based increase: Somerset County Council 1.7%, Mendip 1.6%, Sedgemoor 1.6%, South Somerset 1.8%, Taunton Deane 1.8% and West Somerset 1.4%

## Discussion

- 1.23 Councils set their tax rate annually and the initial increase would then be added to the baseline for all future years meaning that further annual increases are not required. Changes could be applied at the next council tax rate setting so funding could be agreed in advance of 2016/17.
- 1.24 The tables above show the additional funding that could be raised through council tax. If this route were to be used there may have to be a process for establishing local agreement on the best way of dividing the funding between the councils. Contributions through council tax could be varied between councils to reflect the amount of work to be carried out in each district, the amount of special levy already paid to internal drainage boards or in reference to other factors, such as pressures on the existing budget.
- 1.25 Increasing council tax specifically to fund the SRA would be subject to local authorities agreeing to allocate to the SRA part of their increased budget from the higher council tax. However, it would limit their ability in 2016/17 to raise council tax for other services without a referendum. Any increased funding would not be ring-fenced or hypothecated directly for the SRA and would be subject to annual renegotiation.
- 1.26 An agreement or memorandum of understanding could be drawn up between the SRA and local authorities to ensure there is a long term funding commitment. Information about the agreement could be provided with council tax bills.
- 1.27 This option could be used in combination with other proposals outlined below to ensure that sufficient funding was raised and to include contributions from landowners/land occupiers and businesses.
- 1.28 This option is already open to local partners. There is, however, no support for this option from local partners.

## Internal Drainage Boards (IDBs) extend boundaries or increase levy

### Background

- 1.29 Under s36 of the Land Drainage Act, the expenses of IDBs are met by drainage rates from agricultural land and special levies issued on district and unitary authorities in internal drainage districts.
- 1.30 The two internal drainage districts in Somerset (the Axe Brue IDB and the Parrett IDB) span all of Somerset's district council areas. The drainage districts do not cover the whole of Somerset. District councils are levied by the internal drainage boards according to the total value of agricultural and non-agricultural land and buildings within those district council areas that lie in an internal drainage district. This means that each district council is levied a different amount.
- 1.31 Table 4 shows the different amounts levied on each district council and the percentage this represents in terms of each authority's council tax requirement. In practice the district councils spread the cost of paying the special levy across their whole council tax base. Table 5 shows, for illustration only, the average equivalent amount for each Band D household in each district reflecting the different amount and value of land in each district which falls within the IDB area. Table 6 outlines the different drainage rates charged to land occupiers.

**Table 4:** Total amount levied on each district council in 2015/16 (note the IDBs currently raise funds from North Somerset Unitary Authority as well as Somerset district councils)

District Council	Levy amount and (% of Council Tax requirement)
Mendip District Council	£100,065 (1.8%)
Sedgemoor District Council	£1,238,071 (23.6%)
South Somerset District Council	£58,215 (0.7%)
Taunton Deane Borough Council	£20,738 (0.4%)
West Somerset Council	£2,739 (0.1%)
North Somerset Unitary Authority	£12,379

**Table 5:** 2015/16 Special Levy charges – expressed as an average charge across all band D households in each district for illustration<sup>5</sup>

District Council	Charge
Mendip	£2.63
Sedgemoor	£33.15
South Somerset	£0.95
Taunton Deane	£0.52
West Somerset	£0.21

**Table 6:** 2015/16 Drainage rates on agricultural land for Parrett and Axe Brue Internal Drainage Boards

Internal Drainage Board	Charge (average £/hectare)
Axe Brue	7.05
Parrett	6.83

### Mechanism

- 1.32 Internal drainage boards charge rates and levies to cover their annual expenses. This means that levies and rates are reviewed and approved by the Board each year. Under this option both the internal drainage boards in Somerset would have to show that their expenses had increased and would generate the additional £2.7m funds by increasing special levies and charges paid by districts and agricultural land occupiers. As the proportions collected through agricultural rates and special levies are fixed it is not possible to increase funding from one source without the other (unless land types change).
- 1.33 Any increase in special levy would have a direct impact on council's decisions on council tax and would be subject to the referendum threshold.

<sup>5</sup>Figures provided by Somerset Rivers Authority. Table 6 figures show, for illustrative purposes, Table 5 levies as equivalent Band D charges. These vary by district as each local authority paying Special Levy passes on the cost to all households in their area including those outside drainage board areas.

- 1.34 The existing budgets of the internal drainage boards amount to £1.762m in total (£1.432m from special levies on districts (including North Somerset) and £0.33m from agricultural charges). Increasing total funds raised by £2.7m would require a 153% increase in charges and levies. As the current Drainage Board area falls predominantly within Sedgemoor, their existing levies, as shown in Table 4, are higher, and represent a higher proportion of their total council tax requirement. This level of increase in special levy in Sedgemoor District Council would result in an increase in their council tax of 36%. Mendip District Council would also see an increase above the referendum limit, of 2.7%. The increase in other districts would remain within the referendum limit.
- 1.35 Any agreement to raise levies would be subject to the agreement of the internal drainage boards, on which district council members and land owners/land occupiers are represented.
- 1.36 Alternatively, or in addition to increasing current rates and levies, the internal drainage boards could work with the Environment Agency and Defra to seek to extend their boundaries under the Land Drainage Act.
- 1.37 The Land Drainage Act provides that Internal Drainage Districts can be in areas, or can be extended to areas, which 'derive benefit, or avoid danger, as a result of drainage<sup>6</sup> operations'.
- 1.38 Guidance on identifying areas which will derive benefit or avoid danger as a result of land drainage activities was set out in the *Medway Letter*, written by Ministers in 1933. The letter sets out guideline heights above last known flood levels and high tide marks which are used to set water levels to define the boundaries of a Board. The principles set out in the *Medway Letter* have come to be seen as the benchmark on whether an area can be seen as one which will derive benefit or avoid danger as required by the Land Drainage Act. The Association of Drainage Authorities and Environment Agency produced guidance on establishing internal drainage boards<sup>7</sup> which states that the broad modern interpretation of the Medway Letter is that internal drainage district boundaries can extend to land within Environment Agency's Flood Zone 2.
- 1.39 By extending their boundaries to Flood Zone 2, Somerset's internal drainage boards could extend their areas by 8954 hectares.

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<sup>6</sup> As defined in S72 of the Land Drainage Act 1991

<sup>7</sup> [http://www.ada.org.uk/downloads/other/downloads\\_page/Establishing%20New%20Internal%20Drainage%20Boards%20National%20Guidance.pdf](http://www.ada.org.uk/downloads/other/downloads_page/Establishing%20New%20Internal%20Drainage%20Boards%20National%20Guidance.pdf)

1.40 Extending the existing internal drainage district areas would mean drainage works could be undertaken over a wider area, leading to an increase in the number of landowners liable to pay drainage rates and in contributions from households and in turn leading to an increase in funds available to the internal drainage boards. If the rate for this extended area were to be set at the existing rate, it is estimated that this would raise £580k. Funds would be collected and retained by the internal drainage boards. The impact on districts would vary and is shown in Table 7 below.

**Table 7:** Impact on Districts of extending existing Internal Drainage Board boundaries

<b>Authority</b>	<b>Band D households £/h'hold</b>	<b>Council tax increase %</b>	<b>Increase in levy paid £k</b>
Mendip District Council	+£0.79	0.5%	+£30k
Sedgemoor District Council	+£2.38	1.7%	+£89k
South Somerset District Council	+£3.15	2.1%	+£178k
Taunton Deane Borough Council	+£4.36	3.1%	+£167k
West Somerset Council	+£4.96	3.6%	+£67k

### Discussion

1.41 Subject to the agreement of the internal drainage board members, rates and levies could be increased before April 2016. In order to extend the drainage districts, internal drainage boards would work with the Environment Agency to draw up a scheme for altering the boundaries which would then be subject to local consultation. Assuming local agreement, an extension may be brought into effect via an Order made by Ministers which is laid before Parliament. Extensions can be approved and implemented in a couple of months, if there are no objections, meaning in theory this option could be implemented for 2016/17. In practice, the process of consultation and local agreement has taken several years.

1.42 Funds raised by internal drainage boards are directly hypothecated and ring-fenced for flood risk management and land drainage. Funding would be raised and retained by the internal drainage boards.

- 1.43 Internal drainage boards have powers to exercise supervision over land drainage issues and managing flood risk on ordinary water courses in their district. They are able to undertake works on behalf of other flood risk management authorities via Public Sector Cooperation Agreements. This arrangement would enable the drainage boards to undertake the functions of another risk management authority including works outside the internal drainage district and on main rivers. The Land Drainage Act could restrict the use of funding for some of the activities set out in the Action Plan such as community resilience work and upper catchment land management work.
- 1.44 Under the Land Drainage Act, internal drainage boards must charge their special levy to district councils with reference to values set out in 1990 ratings lists. The 1990 ratings lists for the area of Somerset beyond the existing internal drainage districts are not thought to be available. This could mean that boundary extension is not currently practically possible without a change in legislation requiring use of alternative values.
- 1.45 Under this option, the Somerset Rivers Authority would not have its own ability to raise, hold or spend funds. It would act as a coordinating body for risk management authorities in Somerset. This would limit the role for the district councils and Somerset County Council.
- 1.46 The main barrier to these options is the effect that any increase in rates and levies, or extension, would have on district council budgets. The increase in special levy will result in council tax increases far higher than a 2% referendum threshold. Local authorities have stated that they are not willing to consider any impact on their budgets.
- 1.47 In addition concerns have been expressed over an IDB led funding and spending programme, perceiving it to be too land drainage driven and lacking in wide accountability.
- 1.48 This proposal has received some support from the Association of Drainage Authorities, NFU and Country Land and Business Association, and some internal drainage board members. It is not supported by other local partners.

#### County Drainage District

- 1.49 A further option presented by the Association of Drainage Authorities was the creation of a new kind of internal drainage board in a county drainage district. This could cover the area inside Somerset but not currently covered by internal drainage districts. Unless it was possible to show that all of this land would derive benefit or avoid danger from land drainage activities, this would require new legislation. The option of a new kind of levying body for flood risk management is discussed on page 4.





*Report Number:* WSC 134/15  
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*To be Held on:* 16<sup>th</sup> September 2015  
*Date Entered on Executive Forward Plan* 29/04/2014  
*Or Agreement for Urgency Granted:*

## HPC PLANNING OBLIGATIONS BOARD – ALLOCATIONS OF CIM FUNDING

### 1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

1.1.1 Present the recommendations of the Hinkley Point C Planning Obligations Board and West Somerset Council Cabinet, for the allocation of monies from the Community Impact Mitigation (CIM) Fund secured through the Section 106 legal agreement for the Site Preparation Works at Hinkley Point.

### 2. CONTRIBUTION TO CORPORATE PRIORITIES

2.1 The allocation of these funds will enable the Council to deliver against the Corporate Priority of '*maximising opportunities for West Somerset communities and businesses to benefit from the Hinkley development whilst protecting local communities and the environment*'.

### 3. RECOMMENDATIONS

3.1 That West Somerset Council notes the decision of West Somerset Cabinet as follows:

3.1.1 To release £18,295 from the CIM Fund ring-fenced for projects in Sedgemoor (and in particular Bridgwater) to Bridgwater Education Trust as a contribution to the expansion of their student/employee mentoring project

3.1.2 To not approve the second application for funding from Church House, Crowcombe as the application did not demonstrate how the project would provide community benefits that address impacts of the Hinkley Point C development, or how it would effectively meet the CIM fund criteria.

3.2 That Full Council endorses the recommendations of the Hinkley C Planning Obligations Board and West Somerset Council Cabinet as follows:

3.2.1 To release £200,000 from the CIM Fund ring-fenced for projects in Sedgemoor (and in particular Bridgwater) to Sydenham and Bower Family Health and Wellbeing Group for the enhancement of Coronation Park in Bridgwater noting the significant amount of additional funding the project will attract into the area.

#### 4. **RISK ASSESSMENT (IF APPLICABLE)**

##### **Risk Matrix**

<b>Risk Description</b>	<b>Current Score</b>	<b>Existing and planned control measures</b>	<b>Target Score after control</b>
Lack of quality approvable bids to the CIM Fund due to communities not having the means (skills/resources) to make quality bids and deliver projects resulting in a lack of effective impact mitigation projects	Medium (12)	Community development officers in post in WSC/TDBC and Sedgemoor District councils and Engage WS contracted to support communities in WS in making bids and project delivery. Risk remains feasible as capacity of community development officers is limited.	Medium (9)
Risk of future community impacts not being mitigated due to early demand for funding exceeding available budget resulting an inability to respond to future or unknown impacts.	Medium (12)	Annual contribution payments (2015 and 2016) will ensure a budget is available to respond to future demand. Planning Obligations Board to continue to develop funding strategy that includes mechanisms for review and reprioritisation and trigger points for release of funding to reflect changes in circumstances and impacts.	Low (8)
Failure of the Planning Obligations Board to allocate CIM fund by 2016 resulting in continued requirement for staff resource to manage application/decision making process, finances and to support community.	Medium (9)	Planning Obligations Board to continue to develop funding strategy to provide direction for release of funding.	Low (4)
Failure of the Planning Obligations Board to monitor the actual and potential impacts of the development due to the lack of a defined impact monitoring procedure resulting in the inability of the Planning Obligations Board to apply funding to achieve maximum mitigation of impacts.	Medium (16)	Planning Obligations Board to develop process and procedures for monitoring the impact and potential impact of the development and reflect this in the funding strategy.	Low (8)

- 4.1 The scoring of the risks identified in the above table has been based on the WSC and TDBC council's risk assessment scoring matrix. Only those risks that score medium or high are detailed in this report. The full risk assessment is available on request from the CIM Fund Manager.

#### 5. **BACKGROUND INFORMATION**

##### **5.1 Community Impact Mitigation (CIM) Fund**

Applications are considered by the Planning Obligations Board against nine criteria outlined in the Section 106 legal agreement for the Site Preparation Works at Hinkley Point. A recommendation is subsequently made to West Somerset Council's Cabinet. Any proposals above £25,000 also require approval by West Somerset's Full Council.

<b>Criteria</b>	<b>Evaluation Criterion</b>
<b>Priority Impact Zones</b>	<p>Priority shall be given to those areas that are anticipated in the Environmental Statement to experience or which actually experience the greatest adverse impact from the project in accordance with the following hierarchy:</p> <ol style="list-style-type: none"> <li>1) Directly adjacent to the site</li> <li>2) Directly adjacent to the main transport routes to and from the site within West Somerset, Sedgemoor and Somerset</li> <li>3) Within West Somerset and/or Sedgemoor and directly affected by adverse impacts of the project</li> <li>4) In Somerset but beyond West Somerset and Sedgemoor and experiencing the next greatest degree of adverse impact, with projects which benefit West Somerset and Sedgemoor as well as its immediate area</li> <li>5) In Somerset and experiencing indirect adverse impacts or in relation to a measure which benefits West Somerset and/or Sedgemoor.</li> </ol>
<b>Quality of Life</b>	The principal purpose of the contribution shall be to enhance the quality of life of communities affected/potentially affected by the Project.
<b>Sustainability</b>	To what extent will the project contribute to achieving sustainable communities, contribute to regeneration objectives and raising environmental sustainability?
<b>Extent of benefit</b>	To what extent has the applicant demonstrated that the project will ensure a positive benefit and/or legacy to an adequate proportion of people within that community?
<b>Community Need</b>	To what extent has the applicant demonstrated a need for the project
<b>Community Support</b>	To what extent is there demonstrable local community and and/or business support for the project?
<b>Partner Support</b>	To what extent is there demonstrable local partner support for the project?
<b>Governance</b>	Demonstrate that good governance arrangements are in place, including financial and project management to ensure deliverability?
<b>Value for Money</b>	Can the applicant demonstrate value for money and that reasonable effort has been made to maximise the impact of any investment? Has match funding been secured where appropriate?

## 6. CIM APPLICATIONS CONSIDERED BY THE HPC PLANNING OBLIGATIONS BOARD

- 6.1 Three new applications were presented to the HPC Planning Obligations Board for consideration on 4<sup>th</sup> August 2015. The Board considered the applications against each of the nine criteria.
- 6.2 All applications have been subject to financial viability checks, any concerns in relation to the viability of an organisation are highlighted within the summary.
- 6.3 West Somerset Councils Cabinet considered the recommendations of the HPC Planning Obligations Board and made decisions on 2 applications that requested less than £25,000.
- 6.3 Full Council are asked to consider and make a decision on the following application for CIM Funding.

### 6.4 Sydenham and Bower Family and Children Health and Wellbeing Group

Project Name:	<b>Coronation Park enhancement</b>
Organisation Applying:	<b>Family and Children Health and Wellbeing Group (Sydenham and Bower)</b>
Summary of Project:	To make Coronation Park a destination park for Bridgwater to include upgrading play equipment for all ages and abilities; facilities for informal football and basketball; an outdoor gym; improved space for dog walking; picnic benches and additional seating. The park will be used to offer community events. The park will offer a multigenerational community recreation space for the existing and new residents to socialise and improve physical and mental wellbeing.
Impacts mitigated as stated in application:	EDF worker campuses will be sited on the edge of the Sydenham estate where Coronation Park is located, which will bring an additional 1000 workers to the area. It is expected that there will be an additional 500 family households and up to 425 new children in the area. The Local Impact Report predicted that cultural differences, isolation of migrant workers and families and health and wellbeing may all be issues. Advanced mitigation before construction of campuses. Mitigating impacts of increased traffic flow on A39.
Start Date: 09/11/2015	Total Project Costs: £230,000
Completion Date: 31/12/2015	<b>Amount applied for: £200,000</b>
CIM Fund Manager Comments:	<p>Application supported and submitted by SDC on behalf of the Sydenham and Bower FCHWG.</p> <p>A well planned project to meet demonstrable community need in relation HPC and the mitigation of predicted impacts. Project is strongly governed and has been planned to offer the greatest value for money and maximise the social, environmental and economic benefits for the local and wider community, including HPC workers and their families. Partnership working has been established to ensure other projects in the park and local area are complementary and achieving common goals that will benefit those impacted by the development.</p> <p>Areas for consideration - A greater proportion of match funding would be desirable. However it's should be noted that the</p>

	enhancement project will lever in a significant amount (£250k) of funding for sports, leisure and social activities in the park. Also the project aims to mitigate impacts of construction traffic, which is likely to be relevant over next 12 months, however the campuses are unlikely to be populated imminently. Therefore the project may be premature although it is recognised that some lead in time is necessary.
<b>HPC POB recommendation:</b>	Recommend approval of £200,000 to support the project - to be funded from the Sedgemoor ring-fenced allocation.

## **8. FINANCIAL/RESOURCE IMPLICATIONS**

- 8.1 On 6<sup>th</sup> May 2015, EDF made the payment for the first anniversary of phase two under the Site Preparation Work (SPW) agreement. Under this, the CIM fund has received £1,751,749, inclusive of inflation uplift. This is in addition to the £3,735,426 previously under phase two, bringing the total CIM Fund received to £5,487,175.
- 8.2 Financial information regarding allocated funding from the Community Impact Mitigation Fund can be found in Appendix A.
- 8.3 These proposals will not have an impact on the Council's own resources.
- 8.4 All organisations applying for funding are subject to financial viability checks to reduce risk associated with the award of grant funding.

## **9. COMMENTS ON BEHALF OF SECTION 151 OFFICER**

- 9.1 The rules relating to the Section 106 Agreement have been adhered to by bringing this report to Full Council for a decision. All monies are accounted for within the Community Impact Mitigation (CIM) Fund received from EDF and held by West Somerset Council.

## **10. EQUALITY & DIVERSITY IMPLICATIONS**

- 10.1 Members must demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process.

The three aims the authority **must** have due regard for:

- Eliminate discrimination, harassment, victimisation
  - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
  - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10.2 Organisations applying to the CIM and Stogursey Contributions Funds are required to describe how their project will promote equal opportunities and will be accessible to all people in the community regardless of background, ability or personal circumstances.
- 10.3 Projects that restrict membership or access to services without being able to 'objectively justify' their reasons for doing so will not be eligible to be considered for funding. Projects that wish to limit access must be able to show that the less favorable treatment contributes to a 'legitimate' aim and that it is 'proportionate.'

- 10.4 Organisations are required to provide a copy of their Equal Opportunity Policy with their application to demonstrate awareness of their responsibility to deliver accessible services that advance equality.
- 10.5 Wider community benefit and the ability of the project to promote cohesive communities are both taken into account when scoring applications and making recommendations.

## **11. CRIME AND DISORDER IMPLICATIONS**

- 11.1 There are no direct implications on crime and disorder in West Somerset as a result of the recommendations within this report.

## **12. CONSULTATION IMPLICATIONS**

- 12.1 Applications to the CIM Fund are considered Planning Obligations Board. The Board consists of representatives from EDF, Sedgemoor District Council, West Somerset District Council and Somerset County Council.
- 12.2 All applicants are required to demonstrate that they have consulted with their local and wider communities on project proposals with the aim of informing their need appraisal and to shape delivery of their project.

## **13. ASSET MANAGEMENT IMPLICATIONS**

- 13.1 There are no direct asset management implications as a result of this report

## **14. ENVIRONMENTAL IMPACT IMPLICATIONS**

- 14.1 There are not considered to be direct implications of approving the release of these monies associated with the Community Impact Mitigation Fund. However, there are obviously environmental impacts associated with the wider proposed development of Hinkley Point C. These have been assessed within the Environmental Statement submitted by NNB Genco with the application to carry out Site Preparation Works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037) and mitigation measures have been secured.
- 14.2 Applicants are required to describe how their projects will promote environmental sustainability.

## **15. HEALTH & WELLBEING**

- 15.1 The Community Impact Contribution and Stogursey Contribution have been paid to West Somerset Council for the purpose of mitigating the impacts of the Hinkley C development on local communities through projects that promote or improve the economic, social or environmental wellbeing of local communities.
- 15.2 The application and scoring process has been developed to prioritise funding of projects that aim to improve the health and wellbeing of people, families and communities affected by the development.
- 15.3 Applications are required to evidence and demonstrate that
- The communities is taking responsibility for their own health and wellbeing;
  - Projects provide benefits which empower communities to be thriving and resilient
  - Projects provide benefits which support people to live independently.

**16. LEGAL IMPLICATIONS**

- 16.1 These funds have been paid by a developer (NNB Genco) due to the signing of a Section 106 legal agreement for planning permission to carry out the site preparation works at Hinkley Point C (West Somerset Council Planning Application No: 3/32/10/037). As part of this legal agreement West Somerset Council shall take into account the recommendations of the Planning Obligations Board when deciding how to apply those elements of the Community Impact Mitigation Contributions (Schedule 1 – General, Para. 5.3 of the S106).

## APPENDIX A:

	<b>TOTAL</b>	<b>West Somerset</b>	<b>Sedgemoor</b>	<b>Cannington</b>	<b>1st Annual payment</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
CIM Fund Received(including Inflation Uplift)	5,100,000	2,000,000	1,000,000	500,000	1,600,000
Inflation Uplift	387,175	134,529	67,265	33,632	151,749
<b>TOTAL Received</b>	<b>5,487,175</b>	<b>2,134,529</b>	<b>1,067,265</b>	<b>533,632</b>	<b>1,751,749</b>
<u>Less previously approved allocation</u>					
Stogursey Parish Council - Burgage Road Play Area	(90,373)	(90,373)			
Wembdon Village Hall - New VH & Play Area	(250,000)		(250,000)		
Somerset Youth & Community Sailing Association	(9,600)		(9,600)		
Tropiquaria - Relocation of primates	(40,000)	(40,000)			
Tropiquaria - Relocation of play area	(37,350)	(37,350)			
Porlock Shellfish Project	(800)	(800)			
Westfield Street Café	(110,000)		(110,000)		
Williton Bowling Club	(13,000)	(13,000)			
Kilve Cricket Club	(22,000)	(22,000)			
Onion Collective	(243,119)	(243,119)			
Williton Parish Council	(250,000)	(250,000)			
Stogursey Football Club	(750)	(750)			
North Petherton Playing Fields	(46,000)		(46,000)		
SDC - Sydenham Together	(60,000)		(60,000)		
Tropiquaria - Marketing	(1,000)	(1,000)			
Bridgwater Education Trust	(18,295)		(18,295)		
<b>Current Uncommitted Balance</b>	<b>4,294,888</b>	<b>1,436,137</b>	<b>573,370</b>	<b>533,632</b>	<b>1,751,749</b>
<u>Less Requested approvals</u>					
Sydenham and Bower FHWG	(200,000)		(200,000)		
Uncommitted Balance if all requests were approved	<b>4,094,888</b>	<b>1,436,137</b>	<b>373,370</b>	<b>533,632</b>	<b>1,751,749</b>



*Report Number:* WSC 136/15  
*Presented by:* Cllr Chilcott, Lead Member for Resources  
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*Report to a Meeting of:* Full Council  
*To be Held on:* 16<sup>th</sup> September 2015

*Date Entered on Executive Forward Plan  
 Or Agreement for Urgency Granted:*

## TRANSFER OF PREDICTED UNDERSPEND TO THE BUSINESS RATES SMOOTHING RESERVE

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to ask Members to approve the transfer of funds to the Business Rates Smoothing Reserve as per the recommendation from Cabinet as part of the Financial Monitoring Report 2015-16 (April – June 2015).

### 2. CONTRIBUTION TO CORPORATE PRIORITIES

- 2.1 The Council's financial performance is directly linked to the 'Local Democracy' priority in terms of local accountability and maximising government funding. Additionally, financial performance and monitoring of financial information is crucial to monitoring the progress being made in delivering all Council services.

### 3. RECOMMENDATIONS

- 3.1 That Full Council approves the transfer of £200,000 to the Business Rates Smoothing Reserve.

### 4. RISK ASSESSMENT (IF APPLICABLE)

#### Risk Matrix

Description	Likelihood	Impact	Overall
That the Authority overspends against the approved budget	2	4	8
<i>Regular budget monitoring reports are produced and managers actively manage the budgets under their responsibility</i>	1	4	4

- 4.1 The scoring of the risks identified in the above table has been based on the scoring matrix. Each risk has been assessed and scored both before the mitigation measures have been actioned and after they have.

## **5. BACKGROUND INFORMATION**

- 5.1 As part of the Financial Monitoring Report 2015-16 (April – June 2015) to Cabinet it was recommended and approved that the current financial standing of the Council together with the estimated position at the end of the year was noted and that a recommendation to Full Council was made to approve the transfer of £200,000 to the Business Rates Smoothing Reserve.

## **6. REVENUE BUDGET OVERTURN 2015/16 AND BUSINESS RATES FUNDING**

- 6.1 Members are requested to refer to the report to Cabinet on 2 September 2015 for the full background to the financial monitoring position for Q1. This report extracts the salient points in respect of the recommendation to transfer funds to the business rates smoothing reserve.

- 6.2 The Q1 position reported a projected net underspend of £20,489, which comprises:

- Business Rates Funding: currently forecast to exceed the original budget by £220,489, related mainly to a reduction in Levy costs as the amount of business rates projected to be due this year is lower than estimated when the budget was set.
- Earmarked Reserves Transfers: the forecast incorporates the recommendation to transfer £200,000 to the Business Rates Smoothing Reserve, providing contingency funding for volatility under the Retention system.

- 6.3 Members were advised that, due to timing differences through the accounting arrangements for business rates, the apparent underspend in business rates funding is misleading. The reduction in Levy costs is caused by a significant drop in ongoing business rates due for Hinkley B nuclear power station. This will create a deficit in the Collection Fund this year, and the Council will need to cover 40% of this deficit within the 2016/17 Revenue Budget to bring the Collection Fund back into balance.

- 6.4 Business Rates Retention remains a volatile area of funding for the Council, with the biggest area of risk and uncertainty relating to appeals and refunds. The funding position has been significantly affected by the large reduction in the Rateable Value for Hinkley B nuclear power station (announced in May 2015), which has resulted in a very large refund (£7.18m) in 2015/16 and an ongoing reduction in business rates due in respect of Hinkley (£1.57m). The ongoing reduction will result in a deficit in the Collection Fund in 2014/15 and 2015/16, and reduces this Council's annual 40% 'Standard Share' of business rates funding by £627,000 in future years. The overall impact of the reduction in the Standard Share is partly offset by an expected reduction in the Levy payable to Government, so that the net effect is an estimated annual funding reduction of approximately £313,000.

### **Appeals and Refunds**

- 6.5 In addition to the impact of Hinkley B, there remain a significant number of other outstanding appeals. As at the end of July 2015, there remain 150 number of appeals lodged with the Valuation Office Agency with a Gross Rateable Value of £8,127,750. The Council sets aside a provision within the Collection Fund in respect of outstanding appeals, to provide for the best estimate of the likely cost of refunds. The balance in the provision at the start of the year was £7,946,041. Of this amount, £7,180,440 covers the Hinkley B refund, with the balance of £765,601 providing for estimated costs in respect of other appeals.

### **Collection Fund Income**

- 6.6 Within the Collection Fund, the forecast 'Non Domestic Rating Income' for the year is currently estimated as £10,396,043. This is significantly below the £11,518,952 included in

the estimates used for the original budget and reflects the reduction in business rates due for Hinkley B in 2015/16. This reduction will result in a Collection Fund Deficit for the year, and WSC will need to include its 40% share of the deficit within the 2016/17 budget. The reduction in rating income will also affect the calculation of the amount of levy that will be due for 2015/16.

### **General Fund Business Rates Funding**

6.7 The forecast of the business rates funding that is accounted for in 2015/16 is currently a surplus/underspend against budget of £220,489. This is due to:

- A reduction in estimated levy costs by £229,230 – reducing the levy to £205,634
- Less, a reduction of £8,741 estimated S31 grant income from government towards the cost of discretionary reliefs

6.8 Whilst the projected funding position is a surplus for accounting purposes, the increased deficit in the Collection Fund will not hit the Council's revenue budget until 2016/17 as indicated above. Taking this into account, and the ongoing risk and uncertainty in respect of appeals, it is recommended that £200,000 of the reported surplus is set aside in the Business Rates Smoothing Reserve to provide a contingency for losses in future years.

### **Smoothing Reserve**

6.9 The smoothing reserve balance brought forward 1 April 2015 is £2,930,156. This sum is required in full to address the Council's share of the Collection Fund Deficit in the last and current financial year. This leaves no contingency to protect the council against future volatility therefore it is advisable to allocate the recommend transfer for this purpose.

## **7. FINANCIAL/RESOURCE IMPLICATIONS**

7.1 Contained within the body of the report.

## **8. COMMENTS ON BEHALF OF SECTION 151 OFFICER**

8.1 The ongoing impact of reduced business rates income is detrimental to our financial sustainability, and although the biggest area of uncertainty was around the Hinkley B refund there remain significant ongoing risks and potential volatility in business rates funding. The proposed transfer is therefore a sensible and prudent proposal.

## **9. EQUALITY & DIVERSITY IMPLICATIONS**

9.1 Members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision making process. The three aims the authority must have due regard for include:

- Eliminate discrimination, harassment, victimisation
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it

9.2 There are no implications identified in respect of this report.

## **10. CRIME AND DISORDER IMPLICATIONS**

10.1 None directly in this report.

**11. CONSULTATION IMPLICATIONS**

11.1 None directly in this report.

**12. ASSET MANAGEMENT IMPLICATIONS**

12.1 None directly in this report.

**13. ENVIRONMENTAL IMPACT IMPLICATIONS**

13.1 None directly in this report.

**14. HEALTH & WELLBEING**

14.1 Demonstrate that the authority has given due regard for:

- People, families and communities take responsibility for their own health and wellbeing;
- Families and communities are thriving and resilient; and
- Somerset people are able to live independently.

14.2 There are no implications identified in respect of this report.

**15. LEGAL IMPLICATIONS**

15.1 None directly in this report.