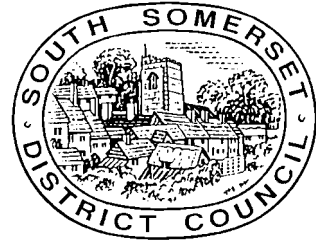


South Somerset District Council

Notice of Meeting



**South Somerset
District Council**

Making a difference where it counts

Thursday 17th September 2015

7.30 pm

**Council Chamber
Council Offices
Brympton Way
Yeovil
BA20 2HT**

(disabled access is available at this meeting venue)



All members of Council are requested to attend the meeting:

The public and press are welcome to attend.

If you would like any further information on the items to be discussed, please ring the Agenda Co-ordinator, **Angela Cox, Democratic Services Manager**, website: www.southsomerset.gov.uk

This Agenda was issued on Wednesday 9 September 2015.

Ian Clarke, Assistant Director (Legal & Corporate Services)

This information is also available on our website
www.southsomerset.gov.uk



INVESTORS IN PEOPLE

South Somerset District Council Membership

Chairman: Mike Best
Vice-chairman: Tony Capozzoli

Clare Aparicio Paul
Jason Baker
Marcus Barrett
Cathy Bakewell
Mike Beech
Neil Bloomfield
Amanda Broom
Dave Bulmer
John Clark
Nick Colbert
Adam Dance
Gye Dibben
Sarah Dyke-Bracher
John Field
Nigel Gage
Carol Goodall
Anna Groskop
Peter Gubbins
Henry Hobhouse
Kaysar Hussain

Tim Inglefield
Val Keitch
Andy Kendall
Jenny Kenton
Mike Lewis
Sarah Lindsay
Mike Lock
Tony Lock
Paul Maxwell
Sam McAllister
Graham Middleton
David Norris
Graham Oakes
Sue Osborne
Tiffany Osborne
Ric Pallister
Stephen Page
Shane Pledger
Crispin Raikes
Wes Read

David Recardo
Dean Ruddle
Jo Roundell Greene
Sylvia Seal
Gina Seaton
Peter Seib
Garry Shortland
Angie Singleton
Alan Smith
Sue Steele
Rob Stickland
Andrew Turpin
Linda Vjeh
Martin Wale
William Wallace
Nick Weeks
Colin Winder
Derek Yeomans

Information for the Public

The meetings of the full Council, comprising all 60 members of South Somerset District Council, are held at least 6 times a year. The full Council approves the Council's budget and the major policies which comprise the Council's policy framework. Other decisions which the full Council has to take include appointing the Leader of the Council, members of the District Executive, other Council Committees and approving the Council's Consultation (which details how the Council works including the scheme allocating decisions and Council functions to committees and officers).

Members of the Public are able to:-

- attend meetings of the Council and its committees such as Area Committees, District Executive, except where, for example, personal or confidential matters are being discussed;
- speak at Area Committees, District Executive and Council meetings;
- see reports and background papers, and any record of decisions made by the Council and Executive;
- find out, from the Executive Forward Plan, what major decisions are to be decided by the District Executive.

Meetings of the Council are scheduled to be held monthly at 7.30 p.m. on the third Thursday of the month in the Council Offices, Brympton Way although some dates are only reserve dates and may not be needed.

The agenda, minutes and the timetable for council meetings are published on the Council's website – www.southsomerset.gov.uk/councillors-and-democracy/meetings-and-decisions

The Council's Constitution is also on the web site and available for inspection in Council offices.

The Council's corporate aims which guide the work of the Council are set out below.

Further information can be obtained by contacting the agenda co-ordinator named on the front page.

South Somerset District Council – Council Aims

Our key areas of focus are: (all equal)

- Jobs – a strong economy which has low unemployment and thriving businesses
- Environment – an attractive environment to live in with increased recycling and lower energy use
- Homes – decent housing for our residents that matches their income
- Health & Communities – communities that are healthy, self-reliant and have individuals who are willing to help each other

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South Somerset District Council

Thursday 17 September 2015

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 16th July 2015.

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (adopted July 2012), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the Agenda for this meeting. A DPI is defined in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) and Appendix 3 of the Council's Code of Conduct. A personal interest is defined in paragraph 2.8 of the Code and a prejudicial interest is defined in paragraph 2.9.

Members are reminded that they need to declare the fact that they are also a member of a County, Town or Parish Council as a Personal Interest. As a result of the change made to the Code of Conduct by this Council at its meeting on 15th May 2014, where you are also a member of Somerset County Council and/or a Town or Parish Council within South Somerset you must declare a prejudicial interest in any business on the agenda where there is a financial benefit or gain or advantage to Somerset County Council and/or a Town or Parish Council which would be at the cost or to the financial disadvantage of South Somerset District Council. If you have a prejudicial interest you must comply with paragraphs 2.9(b) and 2.9(c) of the Code.

4. Public Question Time

5. Chairman's Announcements

Items for Discussion

6. Chairman's Engagements (Page 6)

7. Presentation from the Chairman and Chief Executive of Yeovil District Hospital NHS Trust (Page 7)

8. The Somerset Rivers Authority and Flood Action Plan - Update Report (Pages 8 - 28)

9. Progress on Joint Working with Neighbouring Authorities (Page 29)

10. Report of Executive Decisions (Pages 30 - 35)

11. Audit Committee (Pages 36 - 39)

12. Scrutiny Committee (Pages 40 - 43)

13. Motions (Page 44)

14. Questions Under Procedure Rule 10

There were no questions submitted under Procedure Rule 10.

15. Date of Next Meeting (Page 45)

Agenda Item 6

Chairman's Engagements

27th July

Mike presented Sally Nash with flowers and a certificate in recognition of 40 years service.

2nd August

Mike attended the Opening Ceremony of the "Access for All" footpath at Seavington playing field, following a week of celebrations to mark the 40th anniversary of the opening of The Seavington Playing Field and 5th birthday of the Seavington Community Store and Café.

19th August

At the invitation of the Chairman of North Dorset District Council, Tony and Vivienne attended the Chairman's Civic Day at the Gillingham and Shaftesbury Showground.

4th September

At the invitation of The Hon Mrs James Nelson, Mike and Liz attended the Somerset High Sheriff Awards at Forest Lodge, Penselwood.

Agenda Item 7

Presentation from the Chairman and Chief Executive of Yeovil District Hospital NHS Trust

Peter Wyman (Chairman) and Paul Mears (Chief Executive) of Yeovil District Hospital NHS Trust will brief the Council on their plans to transform the way healthcare is delivered in South Somerset (the YDH is an NHS "Vanguard" site)

A partnership of organisations, led by Yeovil Hospital, with Somerset Clinical Commissioning Group, local GPs, and Somerset County Council, submitted a bid to NHS England in February to become a Vanguard site, outlining a range of innovative developments that will make it easier than ever before for local patients to receive the care and support they need.

Agenda Item 8

The Somerset Rivers Authority and Flood Action Plan – Update Report

Executive Portfolio Holder: Ric Pallister, Leader, Strategy & Policy
Strategic Director: Vega Sturgess, Operations & Customer Focus
Contact Details: Vega.sturgess@southsomerset.gov.uk, 01935 462200

1. Purpose of the Report

The report updates Council on the development of the Somerset Rivers Authority (SRA) since the reports to District Executive in December 2014 and August 2015. The report sets out progress this year, together with the ongoing discussions for future funding and governance. Full Council is requested to endorse and agree SSDC's preferred long term funding option for the SRA as recommended by DX on 6th August 2015.

2. Public Interest

The flooding across a wide area of Somerset in the winter of 2013-14 brought wide spread distress to South Somerset. Many homes were flooded for long periods, Muchelney was cut off for about ten weeks and many roads were closed. The impact was therefore felt by the many of South 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.

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.

3. Recommendations

That Council:

- (1) Notes progress to date in the development of the Somerset Rivers Authority
- (2) Notes progress of the Levels & Moors 20 Year Flood Action Plan (2014).
- (3) Agrees the recommendation from District Executive that SSDC's preferred funding option is that of a creating a new precepting body and that the Leader is authorised to communicate this view to the SRA Board meeting later this month.

4. Background

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 Middle Moor and Aller Moor 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 that the SRA has secured Growth Deal funding for this phase of the project.
- Trigger documents for 10 key locations across the levels 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

- £100k has been secured to complete survey work and £550k to deliver a programme of small scale on-farm schemes in 2015/16.

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

- 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 Sowe/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 (Led by SSDC – Assistant Director, Health and Wellbeing)

- 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.

5. Somerset Rivers Authority

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 & 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 Strategic Director (Operations and Customer Focus) 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 (DEFRA), the Department for Communities & Local Government (DCLG), Natural England and the Environment Agency (EA).

6. 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 DEFRA and DCLG. 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 SSDC 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 One 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. SSDC officers and Leader contributed to the review after discussion with the Finance Manager, Assistant Director for Legal and Corporate Services and Assistant Director for Finance and Corporate Services. There are four options:

- (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. A charge of £12.50 per band D house per year £3.50 per hectare for land occupiers in other areas of Somerset would raise £2.7 million. 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. Six partners (including SSDC) have said publically that this is the only acceptable funding solution. The IDB position and partner final decisions on this will be updated verbally at the meeting.
- (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 SSDC 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.
- (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. 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.
- (4) **Internal Drainage Boards (IDBs) extend boundaries or increase levy.** Currently the Parrett Drainage Board levy £58,215 on SSDC which is equivalent to £0.95 per household across the district. 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 £178k of this being levied on SSDC. This is not sufficient for the enhanced work programme of the IDB in future years nor would it 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. Other options that have been put forward are a County Drainage District and a Somerset Regional Flood and Coastal Committee. Unless it was possible to show how all land would benefit from a County Drainage District this would require new legislation. And Flood and Coastal Committees are not independent of government.

7. Consultation

In April 2014 a letter was sent to all 121 town and parish councils in South Somerset asking some general comments on future funding of the 20 year action plan. 12 parishes responded with only one saying that they felt that people would pay more for additional flood alleviation. Since then, the focus of the Somerset Rivers Authority and works done has changed to county-wide and a considerable amount of flood alleviation works will have been seen by local people. Nevertheless, this shows a potential issue of triggering the referendum threshold.

All local partners (officers and members) were consulted as part of the Defra and DCLG strategic funding review. More recently a stakeholder workshop was held on 24th July to discuss the funding options. This was well attended by a range of councillors and council officers, IDB members and their overarching body ADA, EA, community representatives, CLA, Defra and CLG officers, and wildlife groups amongst others.

The funding options report was presented by DEFRA and DCLG officers who reiterated that only local solutions will be considered by Ministers and that there is no option for funding for enhanced maintenance from Central Government. Indeed even the idea of retaining part of business rates could not be considered as this money currently goes to the Treasury and hence would be seen as central government funding.

A wide ranging discussion included:

- Asking Central Government for the council tax trigger point on Somerset district councils to be lifted for the time being to help them fund the SRA.
- Consideration of a wider flood and coastal committee.
- Changing the Medway letter and the Act.
- Changing landowner levies.
- The fact that all options, except the council tax option were lengthy, requiring interim funding.

There was an agreement that Somerset needs the right option, which may not be the quickest option. There was also a consensus that there was considerable common ground between the partners about the best funding option now that each one had heard the issues facing the other partners. In addition, it would be necessary to word the response back to Government carefully to reduce the potential of unintended consequences. Not until each SRA partner has formally consulted their own bodies can a final decision be reached by the SRA Board in late September.

8. Summary of SSDC position

Having looked carefully at the funding options review and heard the views of local stakeholders, District Executive believes that the right option for South Somerset District Council is to set up 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.

SSDC 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, a resolution at the Leaders Implementation Group on 6 November 2014 and at District Executive on 4 December 2014. The report to District Executive 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.

9. Views of other partners

Partners in the SRA have been making their individual decisions in August and early September on their preferred funding option prior to the SRA meeting on 23rd September.

A verbal update on the outcome of those decisions will be given at Full Council.

10. Financial Implications

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.

11. Legal Implications

At this stage there are no direct legal implications. 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.

12. Corporate Priority Implications

The Flood Action Plan links closely with the vision set out within our Council Plan. In particular the objectives which seek to create a thriving local economy, maintaining employment and business vitality, supporting positive environmental outcomes, protecting and promoting health and wellbeing support communities to help themselves and become more resilient. It would also bring crucial benefits by creating better links by joining up with partners, to ensure that services are more effectively delivered to Somerset's residents.

13. Carbon Emissions and Climate Change Implications

None directly arising from this report.

14. Equality and Diversity Implications

None directly arising from this report.

15. Background Papers

Reports to District Executive - December 2014

The Somerset Levels & Moors Flood Action Plan – Executive Summary, March 2014.

The Somerset Levels & Moors Flood Action Plan - A 20 year plan for a sustainable future – Full Plan March 2014.

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.

Draft

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% increase¹.

Authority	2015-16 Council Tax Requirement	Extra revenue available from a 2% rise assuming an increase in the Tax Base²	Extra revenue available from a 2% rise assuming no increase in the Tax Base³
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
District Councils total	£26.5m	£0.98m	£0.54m
Combined total	£215.9m	£8.04m	£4.33m

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.

¹ Department for Communities and Local Government figures

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

³ 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

Authority	2015-16 Council Tax requirement	% increase (no Tax Base change)	Additional amount raised
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
Total	£215,907,164	-	£2,700,000

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

Authority	Estimated percentage tax base increase⁴	Additional council tax revenue generated
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
Total	-	£3,661,290

⁴ 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 illustration⁵

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.

⁵Figures 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 drainage⁶ 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 boards⁷ 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.

⁶ As defined in S72 of the Land Drainage Act 1991

⁷ 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

Authority	Band D households £/h'hold	Council tax increase %	Increase in levy paid £k
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.

Agenda Item 9

Progress on Joint Working with Neighbouring Authorities

Portfolio Holder: Ric Pallister, Strategy and Policy, Leader of Council

Councillor Ric Pallister will provide Members with a verbal update on the progress of joint working with neighbouring authorities.

Agenda Item 10

Report of Executive Decisions

Lead Officer: Angela Cox, Democratic Services Manager
Contact Details: angela.cox@southsomerset.gov.uk or (01935) 462148

This report is submitted for information and summarises decisions taken by the District Executive and Portfolio Holders since the last meeting of Council. The decisions are set out in the attached Appendix.

Meetings of the District Executive were held on 6th August and 3rd September 2015.

Members are invited to ask any questions of the Portfolio Holders.

Background Papers

All Published

Ric Pallister, Leader of the Council
Angela Cox, Democratic Services Manager
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Appendix

Portfolio	Subject	Decision	Taken By	Date
Strategy & Policy	Investment in Housing: Purchase of a Three Bedroom Bungalow	The Portfolio Holder for Strategy and Policy has agreed to the acquisition of a three bedroom bungalow in accordance with the terms set out by the District Executive in February 2015.	Portfolio Holder	Executive Bulletin No. 680 24/07/15
Leader, Strategy & Policy	The Somerset Rivers Authority and Flood Action Plan – Update Report	District Executive: 1. noted progress to date in the development of the Somerset Rivers Authority and South Somerset District Council's position on the way forward as set out in the report. 2. noted progress in the delivery of the Levels & Moors 20 Year Flood Action Plan (2014). 3. recommends to Full Council on 17 September 2015 that SSDC's preferred funding option is that of a creating a new precepting body and that the Leader is authorised to communicate this view to the SRA Board meeting in late September.	District Executive	06/08/15
Strategic Planning (Place Making)	Approval of Local Development Scheme (2015 – 2018)	District Executive: 1. endorsed the Local Development Scheme (2015 – 2018) and resolved that it be effective as of 6th August 2015 (See Appendix A). 2. delegated responsibility to the Assistant Director for Economy, in consultation with the Portfolio Holder for Strategic Planning, to make any final minor text amendments which may be necessary to enable the Local Development Scheme (2015 – 2018) to be published.	District Executive	06/08/15
Strategy & Policy	Draft Asset Management Plan 2015-16	District Executive: 1. approved the draft Asset Management Plan 2015-16. 2. agreed to add Yeovil Crematorium to the Asset Management Strategy as one of the strategic buildings to be retained.	District Executive	06/08/15

Finance & Legal Services	2015/2016 Capital Budget Monitoring Report for the Period ending 30th June 2015	<p>District Executive:</p> <ul style="list-style-type: none"> a. approved the revised capital programme spend as detailed in paragraph 6; b. noted the slippage over £50,000 in the capital programme as detailed in paragraph 8; c. approved the virements of £5,000 outline in paragraph 9; d. approved the allocation of additional funding to be used within the capital programme as detailed in paragraph 11; e. noted the current position with regard to funds held by the Wessex Home Improvement Loans as detailed in paragraph 15; f. noted the progress of individual capital schemes as detailed in Appendix A; g. noted the total land disposals to registered social landlords as detailed in Appendix B; h. noted the balance of S106 deposits by developers held in a reserve as detailed in Appendix C; i. noted the schemes that were approved prior to 2010, as detailed in Appendix D, and confirm approval for those projects that they wish to remain in the programme; j. noted the post completion reports outstanding from 14/15 in Appendix E. 	District Executive	06/08/15
Finance & Legal Services	2015/2016 Revenue Budget Monitoring Report for the Period ending 30th June 2015	<p>District Executive:</p> <ul style="list-style-type: none"> a. noted the current 2015/16 financial position of the Council; b. noted the reasons for variations to the previously approved Directorate Budgets as detailed in paragraphs 3.2; c. noted the transfers made to and from reserves outlined in paragraph 11.1 and the position of the Area Reserves as detailed in Appendix C and the Corporate Reserves as detailed in Appendix D; d. noted the virements made under delegated authority as detailed in Appendix B. 	District Executive	06/08/15

Strategy & Policy	Commercial Property Disposals - Land at Lakefields, West Coker	District Executive approved: 1. the leasehold transfer of Council land at Lakefields, West Coker to the Parish Council for 175 years for £1 per annum i.e. less than best consideration; 2. the lease would restrict the use to that of residential parking only; 3. the Parish Council will be responsible for all legal and professional costs incurred as a result of this transaction	District Executive	06/08/15
Strategy & Policy	Commercial Property Disposals - 1- 4 St Johns Cottages, Charlton Musgrove	District Executive approved: 1. the leasehold transfer of Council land adjacent to 1 - 4 St Johns Cottages, Charlton Musgrove to the Parish Council for 75 years at £1 per annum (less than best consideration); 2. that the lease would restrict the use to that of an allotment site or community garden; 3. that the Parish Council would be responsible for all legal and professional costs incurred as a result of this transaction.	District Executive	06/08/15
Strategy & Policy	Disposal of the former Grove Alley Public Conveniences in Bruton (Confidential)	District Executive approved: 1. the disposal of the freehold of the former Grove Alley Public Conveniences. 2. that an overage clause be placed on the Title protecting against any future residential development or change of use. 3. that each party bear their own legal and professional costs.	District Executive	06/08/15
Property & Climate Change	Technical Review of Transport Assessments – Ansford / Castle Cary	The Portfolio Holder for Property and Climate Change has agreed to: (1) approve the scope of works and authorises the commission of consultancy services to deliver in accordance with budget and timescale. (2) approve the allocation of £10,000 from General Fund Balances to fund the work.	Portfolio Holder	Executive Bulletin No. 686 28/08/15

Environmental Health, Health & Safety, Democratic Services and Member Development	Confirmation of the Environmental Health Service Plan 2015/16, the Food & Safety Unit Service Plan 2015/16 and the Health & Safety work plan 2015/16	<p>The Portfolio Holder for Environmental Health, Health & Safety, Democratic Services and Member Development has agreed to:</p> <ol style="list-style-type: none"> 1. confirm the Environmental Health Service Plan for 2015/16. 2. confirm the Food & Safety Unit Service Plan for 2015/16 on behalf of SSDC in accordance with the Framework Agreement between the Local Government Association (LGA) and the Food Standards Agency (FSA). 3. confirm the Health & Safety work plan 2015/16 	Portfolio Holder	Executive Bulletin No. 686 28/08/15
Leisure & Culture	Future of Westland Leisure Complex	<p>District Executive agreed:</p> <ol style="list-style-type: none"> 1. to give serious consideration to the refurbishment and operation of facilities at the Westlands Sports and Leisure Complex on a broadly similar basis to their current use; 2. that prior to considering the published recommendations 8.1 to 8.6, the Executive requires regular monitoring of the risk log by the project board, and in particular the following items: <ol style="list-style-type: none"> 1. Previous hire and bookings. 2. Roof structures. 3. The condition and remaining life of the electrical services installation and mains equipment. 4. The condition and remaining life of the mechanical services installation and mains equipment. 5. A structural assessment of retaining walls around the site. 3. to approve the once-off use of up to £3,500 of general revenue balances to fund this further evaluation work; 4. the formation of a project board. 	District Executive	03/09/15

Strategic Planning (Place Making)	Update on the SSDC 5 Year Housing Land Supply	District Executive agreed to: 1. endorse the Five-year Housing Land Supply update paper, and resolve that the conclusions and implications are effective as of 3 rd September 2015 (See Appendix A); 2. delegate responsibility to the Assistant Director for Economy in consultation with the Portfolio Holder for Strategic Planning to make any final minor text amendments which may be necessary to enable the Five-year Housing Land Supply update paper to be published. 3. provide guidance to communities affected by policy SS2 on the conclusions detailed in section 6 of the report.	District Executive	03/09/15
Strategy & Policy	Quarterly Performance and Complaints Monitoring Report - 1st Quarter 2015/16	District Executive agreed to note the information contained in the corporate performance monitoring report.	District Executive	03/09/15
Strategy & Policy	Consent for disposal of a property in Henstridge by Yarlington Housing Group	The Portfolio Holder for Strategy and Policy has agreed to the proposed disposal of number 23, Woodhayes, Henstridge by Yarlington Housing Group on the proviso that the usable funds raised are redeployed in the local area.	Portfolio Holder Executive Bulletin No. 686	03/09/15
Leisure & Culture	Future Delivery of the Community Resource Service	The Portfolio Holder for Leisure and Culture has agreed that: 1. the Manor Stables lease and contract with the Hub to deliver the Community Resource Service should simultaneously end on 14th September 2015. 2. the Hub will retain all stock and scrap materials and Scrapstore van with a view to continuing a Scrapstore service and arts store at one of their other premises. 3. SSDC will retain the community hire equipment with a view to continuing to deliver this service through an alternative community organisation.	Portfolio Holder Executive Bulletin No. 686	03/09/15

Agenda Item 11

Audit Committee

This report summarises the items considered by the Audit Committee on 23rd July and 27th August 2015.

Assessment of Going Concern Status

The Finance Manager introduced the report and advised that the report was a new requirement for the purpose of producing the Statement of Accounts for 2014/15. The report contained snapshots which confirmed that the Council reserves were in a healthy position, the correct governance arrangements were in place to spend money and the Council was overall a viable going concern.

In response to questions from Members, the Finance Manager confirmed that the risks to the 2016/17 budget were:-

- the costs of the works to be completed by the Somerset Rivers Authority.
- a further cut in the Governments Rate Support Grant subsidy.
- A proposed cut in funding by Somerset County Council to the Pathways for Adults (P4A) scheme which funded the Newton Road Homeless Shelter.

During discussion, the Finance Manager also confirmed that:-

- Although the changes to the National Minimum Wage announced in the recent Budget statement could affect a small number of SSDC staff in the Country Park café or at the Octagon Theatre, the major impact was more likely to come from existing contracts with outside organisations.
- The majority of the £1.4m budget underspend in 2014/15 was additional income and the remainder was prudent budget management by service managers rather than overstated budgets.
- The Council's net assets had been reduced by additional pension contributions during 2015/16.

At the conclusion of the debate, Members were content to note the assessment of the Council's status as a "going concern" for the purpose of the Draft Statement of Accounts for 2014/15.

RESOLVED: That the Audit Committee noted the outcome of the assessment made of the Council's status as a "going concern" for the purposes of the draft Statement of Accounts for 2014/15.

Exemptions from Procurement Procedure Rules

The Procurement and Risk Manager advised that the Contract Standing Orders had been updated and renamed as the Procurement Procedure Rules. There were circumstances where it was not appropriate or feasible to abide by the rules and it had been agreed that these exceptions would be reported to the Audit Committee. He also noted that Councils were required to abide by EU Procurement Regulations which covered areas relating to construction works and additional supplies or services not included in an original contract.

In response to questions from Members, the Procurement and Risk Manager advised that:-

- New software purchases usually included the purchase price plus 5 years of maintenance.
- His current projects included a new tender for the electrical work in SSDC buildings, new equipment for the Print Room, unbundling the Broadband contract at the Innovation Centre and keeping the Careline contact centre local to maintain knowledge of the local area.
- A risk sharing basis was usually adopted with suppliers and contractors where a sum was paid on purchase and a sum held back.
- He had resisted on-line e procurement as small traders often struggled to comply, however, Councils would be forced to be fully compliant within 2 years and he had allocated £5,000 complying with this EU directive.

At the conclusion of the debate, the Procurement and Risk Manager agreed to provide a short training session on the broader aspects of procurement at a future meeting of the Audit Committee.

RESOLVED: That the Audit Committee noted the exemptions from Procurement Procedure Rules report.

Risk Management update - Confidential

The Procurement and Risk Manager provided Members with a risk management update. He explained the current risk matrix which was included in District Executive reports and the proposal to move to a dual inherent and residual matrix to explain the existing risk situation and the residual risk after controls were put in place. He also drew Members attention to the TEN risk monitoring dashboard.

In response to a question, the Procurement and Risk Manager advised that there were no plans to use contactless card payment methods for Council services at the current time. It was noted that there was a £20 limit on these transactions.

At the conclusion of the debate, Members were content to agree the recommendations of the report.

RESOLVED: That the Audit Committee agreed:

1. to note the risk report details in the Agenda report.
2. to note the change to member reports to add a second risk Heat map showing risk position if the Council did nothing and risk position if the recommendations contained in the report were approved. Management Board had approved this change.

Treasury Management Performance Quarter 1 to June 2015

The Finance Manager presented the report as detailed in full in the agenda.

In response to a query from Cllr Winder regarding Places for People Capital Markets in the Breakdown Investments Chart, she replied that Arlingclose had introduced them to SSDC and although they were an unknown entity they were currently doing very well and were being monitored by a 'watching brief'.

Since the meeting the Finance Manager confirmed that Places for People Group specialises in the provision of a range of affordable homes for rent and sale. They are a property, leisure management, development and regeneration company in the UK. The £1million invested by SSSC is against a £3billion portfolio.

She also explained that the best deal possible was sought once loans had matured and Arlingclose had predicted an interest rate rise in the near future.

Members were content to note recommendations.

- RESOLVED:** That the Audit Committee
- Noted the Treasury Management Activity for the three-month period ended 30th June 2015.
 - Noted the position of the individual prudential indicators for the three-month period ended 30th June 2015.

Progress of External Auditors Grant Thornton

The Director of Grant Thornton introduced the report and the new Audit Manager, Ashley Allen. She explained that the team was now complete after the recent changes of staff. The 2014/15 final accounts audit was on track and there were no problems that she was aware of, the audit needed to be signed off by the 30th September 2015.

There had been 2 objections to the closing of the 2013/14 audit, details of which were explained to the new members of the Audit Committee: one complaint had not been upheld and the concluding statement to that effect had been circulated a few months ago. The other objection was nearing a conclusion, but the statement affirming the reasons needed to be signed off before being issued to the complainant. Once due process had been carried out the certificate closing the 2013/14 audit would be signed.

It was brought to member's attention that a similar objection could possibly be raised again by the same complainant (as was her right) before the 2014/15 audit could be closed.

The Director of Grant Thornton pointed members to material on their website which Audit Committee members could download and may find useful. She was to meet with both the Assistant Director Finance and Corporate Services and the Assistant Director Legal and Corporate Services shortly regarding the Local Governance Review 2015 and relevant training focusing on the three key issues as detailed in the report: Governance of the organisation ; Governance in working with others and Governance of stakeholder relations.

The Director of Grant Thornton felt that local authorities needed to ensure that their core objectives and values were fulfilled through many other agencies, which suggested a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements were as transparent as possible for stakeholders.

She also referred to the national report: Evolution of Local Governance and Rising to the Challenge she considered that district councils tended to manage better in response to the challenge of austerity.

In conclusion she mentioned that Legislation had recently been passed to bring forward the deadlines for the preparation and audit of Local Government financial statements from

2017/18 onwards. The timeframes for the preparation of the financial statements and their subsequent audit would be reduced by one month and two months respectively. Local authorities and their auditors would have to make real changes in how they work to ensure they could achieve this deadline.

In response, the SSDC Finance Manager replied that SSDC would not have an issue with the change of date as their accounts were usually produced by June each year. The Finance Team work with Grant Thornton throughout the year and they both worked hard to ensure that there were no risks. As requested a copy of the 'Guide to Local Authority Accounts' would be included with the minutes of this meeting.

The chairman concluded that SSDC was aware of the need to ensure that their core objectives and values were fulfilled through many other agencies and SSDC was already looking at integrating services and they already had a good scrutiny set up and a very competent financial team.

Members were content to note the report.

RESOLVED: That the Audit Committee noted the Grant Thornton Audit Committee update

2015/16 SWAP Internal Audit Quarter 1 Update

The Finance Manager explained that the report had been prepared for the Audit Committee to review the progress made on the 2015/16 Annual Internal Audit Plan.

In response to a question the Finance Manager explained that a great deal had been learnt regarding the financial control of Leisure Centres and the knowledge would be put to good use with any future involvement.

RESOLVED: That the Audit Committee noted the progress made

Agenda Item 12

Scrutiny Committee

This report summarises the work of the Scrutiny Committee since 1st July 2015.

Items considered at 4th August 2015 Committee

Scrutiny Committee requested a report on the current telephony response for the council.

Jason Toogood - Customer Focus Support Manager attended the meeting with Roger Brown – ICT Manager.

The Committee members appreciated the work that been done to date to try to maintain service. A further update report is scheduled to come to Committee in December 2015 to review the impact of a software fix that is due for installation later this month.

Reports to be considered by District Executive

Members considered the reports outlined in the District Executive Agenda for 6th August 2015. The following comments were taken forward to District Executive for consideration:

Somerset Rivers Authority

Scrutiny Committee members support the recommendation that creating a separate precepting body is the preferred option for sustainable funding of the SRA.

Members sought clarification as to how the SRA would be funded in the interim, whilst a long term solution is formulated. The current funding is only in place for 2015/16 and it anticipated that at least 2 years' funding will need to be identified.

Members questioned the impact of creating a new precepting body on SSDC's Council Tax Support scheme? Assistant Director (Finance and Corporate Services) kindly clarified if the requirement was to raise £2.7 million the cost to SSDC would be approximately £270,000.

The report states that progress against delivery of the 20 Year Levels and Moors Action Plan is currently being reviewed – Scrutiny members requested that the findings of this review be reported to SSDC Members.

Approval of Local Development Scheme

Members noted that the funding for the external resources identified in the report would be coming from the Local Plan Reserve and that it was most cost effective to use consultants.

Draft Asset Management Plan

Scrutiny members endorsed the inclusion of the Yeovil Crematorium within the Asset Management Strategy and noted the improved layout and format of the report.

Members would like clarity on the current position of the Car Parking Strategy, in particular, when does the current strategy run out and what plans are in place to draw up the successive strategy?

Capital Budget Monitoring Report

Members questioned the position regarding Broadway Farm in Merriott and why the £240k had been moved back to reserves?

Revenue Monitoring Report

No comments.

Commercial Property disposals – land at Lakefields, West Coker (for residential parking)

Members asked if the residents would be charged for the permit parking proposed in the report and suggested that the legal agreement should specify how any profit made would be allocated.

Commercial Property disposals - land adjacent to 1-4 St Johns Cottages, Charlton Musgrove (for use as a community garden or allotment site)

Again, members questioned if there were to be any charges applied by the Parish Council to allotment holders, and if so, the legal agreement made reference to how any profits would be allocated.

Monthly Snap shot

Members would like to commend the Development Management Service for the improved performance relating to number of planning decisions overturned at appeal.

Disposal of former Grove Alley Public Conveniences, Bruton

Members had no comments.

Items considered at 1st September 2015 Committee

Reports to be considered by District Executive

Members considered the reports outlined in the District Executive Agenda for 3rd September 2015. The following comments were taken forward to District Executive for consideration:

Future of Westlands Leisure Complex

- Scrutiny members would like to commend the officers for the considerable amount of work they have put into this report, and whilst broadly supportive to the general premise, would make the following questions:
- Members sought clarification about the decision making process – Scrutiny members would rather a more sequential approach is taken. The report states that Full Council be recommended to approve the 30 year loan – Scrutiny would recommend that final approval is postponed to a future meeting date and that an interim recommendation is made to agree the principle with further reports to be submitted in due course and prior to the signature of any lease.
- Scrutiny members recognised the community value of this venue but questioned the viability of running both the leisure and social complexes and suggested that the potential of separating the two elements be further explored before progressing?
- Scrutiny recommend that a member of the Scrutiny Committee be included in the Project Board Group that was suggested by the Portfolio Holder at the Scrutiny Committee meeting.

Five Year Land Supply

- Members noted the significant implications in terms of Local Plan policy documents represented by the shortfall in the 5 year land supply and the subsequent shift in perspective required. Scrutiny members agreed that all necessary support and resources should be provided to the Spatial Planning Team so that every effort can be made to improve the situation.
- Scrutiny members noted the importance of planning decisions needing to be made in accordance with the adopted Local Plan and potential impact this could have.

Update on Task and Finish Reviews

Council Tax Reduction Policy and Monitoring – The proposed Scheme is currently out for consultation, the group have met on 13 August 2015 to:

- Review the interim consultation results.
- Agree what performance/monitoring information they require in terms of collection, arrears and costs monitoring for the current scheme.
- To identify what information and data is required to monitor the impact on different households to ensure no specific type is adversely affected.

Licensing Fees and Charges – The first meeting of this Task and Finish Group had gone well with the review Terms of Reference now agreed – the next meeting will be held on 16th September.

Informal Scrutiny Committee Briefing - Exploration of potential Joint Management Arrangements

At the August Scrutiny Committee Members requested the Leader give a briefing on the process to date and the process and methodology that would be applied to assess all potential options.

Councillors Ric Pallister, Jo RoundellGreene and Dave Bulmer with Andy Bates - South West Principal Adviser, Local Government Association gave a brief overview of the current situation and answered member's questions.

Agenda Item 13

Motions

The following Motion has been submitted by Councillor Graham Oakes:

Provision of bike lockers

Proposal – That this council investigates the feasibility and cost of the provision of bike lockers in the towns of South Somerset.

The following Motion has been submitted by Councillor Tim Inglefield:

SSDC Five Year Housing Land Supply

Proposal – The Planning and Development group have now produced a paper to the District Executive that indicates in their judgement SSDC no longer can support a 5 year housing supply position, and that despite warnings to that group, Full Council and the relevant Planning Inspector by the Conservative Group; the Local Plan proposed by the current leadership and approved in March 2015 has quickly become deficient in that respect

In view of the serious impact this will have on Planning and Development Control this council agrees to take whatever action is necessary to urgently review the current housing supply targets and begin the process of adjusting that content in the Local Plan, keeping Council informed as to progress, and as part of this process to work with other local authorities to address the deficiencies in the process and procedures which have contributed to this problem.

Agenda Item 15

Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council will take place on **Thursday, 19th November 2015** in the Council Chamber, Council Offices, Brympton Way, Yeovil **commencing at 7.30 p.m.**

The reserve meeting date of 15th October will only be engaged if there is any urgent business to progress.
