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## District Executive

**Thursday 9th January 2020**

**9.30 am**

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

(disabled access and a hearing loop are available at this meeting venue)



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Members listed on the following page 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 contact the Democratic Services Specialist on 01935 462148 or [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk)

This Agenda was issued on Monday 23 December 2019.

**Alex Parmley**, *Chief Executive Officer*



This information is also available on our website  
[www.southsomerset.gov.uk](http://www.southsomerset.gov.uk) and via the mod.gov app

# District Executive Membership

Jason Baker  
Mike Best  
John Clark  
Adam Dance  
Sarah Dyke  
Peter Gubbins  
Henry Hobhouse  
Val Keitch  
Tony Lock  
Peter Seib

## Information for the Public

The District Executive co-ordinates the policy objectives of the Council and gives the Area Committees strategic direction. It carries out all of the local authority's functions which are not the responsibility of any other part of the Council. It delegates some of its responsibilities to Area Committees, officers and individual portfolio holders within limits set by the Council's Constitution. When major decisions are to be discussed or made, these are published in the Executive Forward Plan in so far as they can be anticipated.

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 District Executive are held monthly at 9.30 a.m. on the first Thursday of the month in the Council Offices, Brympton Way.

The Executive Forward Plan and copies of executive reports and decisions are published on the Council's web site - [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk).

The Council's Constitution is also on the web site and available for inspection in Council offices. The Council's corporate priorities which guide the work and decisions of the Executive are set out below.

Questions, statements or comments from members of the public are welcome at the beginning of each meeting of the Council. If a member of the public wishes to speak they should advise the committee administrator and complete one of the public participation slips setting out their name and the matter they wish to speak about. Each individual speaker shall be restricted to a total of three minutes. Answers to questions may be provided at the meeting itself or a written reply will be sent subsequently, as appropriate. Matters raised during the public question session will not be debated by the Committee at that meeting.

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

# District Executive

**Thursday 9 January 2020**

## Agenda

### 1. Minutes of Previous Meeting

To approve as a correct record the minutes of the District Executive meeting held on 5<sup>th</sup> December 2019.

### 2. Apologies for Absence

### 3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), 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.

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. 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.

### 4. Public Question Time

### 5. Chairman's Announcements

#### Items for Discussion

6. **Somerset Waste Partnership Annual Report and Draft Business Plan 2019 - 2024** (Pages 5 - 26)
7. **District-wide strategic grants - funding arrangements with CASS and SPARK 2020-2021** (Pages 27 - 39)
8. **Council Tax Support Scheme 2020/21** (Pages 40 - 56)
9. **2020/21 Draft Budget and Medium Term Financial Plan Update** (Pages 57 - 67)
10. **Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance** (Pages 68 - 82)
11. **Commercial Assets Update Report** (Pages 83 - 99)
12. **District Executive Forward Plan** (Pages 100 - 103)

**13. Date of Next Meeting** (Page 104)

# Agenda Item 6

## **Somerset Waste Partnership Annual Report and Draft Business Plan 2020 - 2025**

*Executive Portfolio Holder:* Sarah Dyke, Portfolio Holder Environment  
*Director:* Clare Pestell, Commercial Services and Income Generation  
*Service Manager:* Chris Cooper, Environmental Services Manager  
*Lead Officer:* Mickey Green, Managing Director, Somerset Waste Partnership  
*Contact Details:* Chris.cooper@southsomerset.gov.uk or 01935 462840

### **1. Purpose of the Report**

- 1.1 This report seeks a decision from South Somerset District Council on the Somerset Waste Partnership's Draft Business Plan 2020-2025. The plan provides a framework within which the Somerset Waste Board can make decisions and steer the delivery of waste partnership services. The Business Plan is attached as Appendix A.
- 1.2 The actions in the draft business plan sets out how the SWP will work towards the vision over the next five years, with a particular focus on the coming years' actions. There are three main areas of focus within the business plan which are delivering excellent services, changing behaviours and building our capability.
- 1.3 It also seeks approval of the draft budget for 2020/21 and approval of the proposed revisions to the Waste Partnership's Inter-Authority Agreement necessary to align it with the new collection contract and the approach to the roll-out of Recycle More. The Business Plan budget and Inter-Authority Agreement were approved for consultation by SWB in December 2019.

### **2. Forward Plan**

- 2.1 This report appeared on the District Executive Forward Plan with an anticipated Committee date of 9<sup>th</sup> January 2020.

### **3. Public Interest**

- 3.1 This report is to inform the Council of the work that is proposed to develop the waste and recycling functions across the area managed by the Somerset Waste Partnership which includes South Somerset, giving reasons behind the proposed future of the services.

### **4. Recommendations**

- 4.1 That the District Executive approves:
  - a. the Somerset Waste Partnership's Draft Business Plan 2020-25.
  - b. the draft budget for 2020/21.
  - c. the amended Inter-Authority Agreement

### **5. Background**

- 5.1 The Somerset Waste Partnership (SWP) is responsible for providing waste and recycling services on behalf of all five local authorities in Somerset. The partnership is governed through a Joint Committee known as the Somerset Waste Board (SWB). The SWB Constitution requires the preparation of a Business Plan on an annual basis. The plan has a five year

horizon with particular focus on the next 12 months. The Board has delegated authority for decision making across all services and therefore must make proposals to the partners on how savings can be made, taking into account any requirements to make savings and proposals on how this can be achieved.

5.2 The Board's business planning cycle requires a draft report to be approved by the Board in December and circulated to partners for comment prior to the adoption of the Board's Annual Budget the following February. Once approved or noted by all partners, the plan will be formally adopted by the Board to provide a framework within which the Board can make decisions and steer the delivery of Waste Partnership services.

5.3 The update of the business plan focusses on the progress that has been made, and continues to be made, following the change in waste disposal methodology from landfill to an energy from waste facility, the procurement of a new collections contractor, and the subsequent implementation of Recycle More, which is planned for introduction in South Somerset in 2020 - 2021. SWP's Business Plan contains three areas of focus, beneath which site a range of activities. The three areas of focus are:

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

5.4 With a new collection contract and the roll-out of Recycle More a number of changes to the Inter-Authority Agreement (IAA) are necessary. The draft amended IAA was approved by the Board in December 2019, reflecting principles agreed by the Board in September 2019 which had been developed by the Strategic Management Group (SMG) and all partner Section 151 Officers. The following principles (agreed by the Board and SSDC Officers) have informed the revisions required to the IAA (Appendix B):

- District collection partners should not be penalised or rewarded for when they roll out within the programme. No savings will be taken from the Somerset Waste Partnership until roll out has been fully funded.
- As a significant proportion of Recycle More savings will be from disposal costs, the disposal partner SCC will also contribute its savings from Recycle More until the break-even point has been reached (2022/23). Should there be extraordinary circumstances beyond that has been forecast that have a significant impact on disposal costs or savings, then we a view would need to be taken at the time on how any additional savings or costs should be fairly apportioned.

- Somerset Waste Partnership hold the Recycle More Project Fund and any deficits will be funded through contract savings before they then become attributable to partners. Once breakeven point is reached, contract savings will be shared on the basis currently stated in the IAA.

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

5.6 The Somerset Waste Partnership and SUEZ will share recycling revenue risk. Recyclate revenue can fluctuate according to the tonnages of each materials collected and due to market prices. Once roll-out of Recycle More has been completed all partner section 151 Officers (endorsed by SMG) agreed that an equalisation reserve should be put in place in order to smooth out the risk of fluctuations in the level of recyclate income received by District Council partners (noting that this will not impact on SCC). The following principles were endorsed by the Board in December:

- The equalisation reserve should only be commenced after roll-out is complete but similar prudent forecasts should be used during the roll-out period (without building up a reserve)
- The fund should be built up from 20% of SWP's recyclate revenue as this value was considered prudent.
- The level of the reserve will be reviewed annually as part of the budget setting process.

District Partners will pay Somerset Waste Partnership the gross monthly costs and will then receive a quarterly payment in arrears for their share of recyclate income.

5.7 All partners have agreed capital borrowing to purchase the vehicles, fund depot works and equipment, and purchase the new containers. Each district partner is borrowing £5.0m on behalf of the Somerset Waste Partnership at a return of PWLB plus 1%. and Section 151 officers have agreed the borrowing principles and schedule and to capitalise the new container costs within this. Loan agreements have been agreed between SCC and the Districts for this, and a number of minor amendments to the IAA are necessary to ensure consistency between the IAA and these loan agreements.

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

## **6. Council Plan Implications**

6.1 Our Aims:

Protect and enhance the quality of our environment.

6.2 Our Values:

Working with partners to improve services, efficiencies, resilience and influence.

6.3 Council Plan Environment Theme:

Work with partners to promote recycling and minimise waste.

## **7. Financial Implications - SWP**

The Board is almost exclusively funded from contributions from partners and, apart from one-off funding bids, has no automatic block grant from Central Government. It is therefore dependent on agreement between partners on the level of funding provided by each of them in line with the cost sharing formula.

- 7.1 Section 6 of the Business Plan shows the projected year budget for Somerset Waste Partnership. A draft Annual Budget for the forthcoming year will be brought to the December meeting of the Somerset Waste Board. While the figures shown here are subject to refinement, historically projections at the stage have been very close to the final budget due in February 2020, particularly for collection partners, with only minor variations for final customer numbers. It is therefore considered a very low risk to approve the Business Plan ahead of the final Annual Budget for 2020/21.
- 7.2 The current estimate for collection partners is that there will be between a 2.5% and 4.25% budget uplift from the 2020/21 budget. The projection varies for each collection partner, primarily according to household growth and garden waste customer growth. All recycle more one-off costs are excluded from these figures (these are set out later in the report).
- 7.3 The key drivers for the variance are:
- Collection inflation – estimate 3% (mostly fixed). The key drivers for this are CPI and fuel increases.
  - Household growth estimated average 1% (final figures will be available on 1<sup>st</sup> December).
  - Garden customers growth estimated at 6% (although this provides a corresponding income to each partner).
- 7.4 An update on Recycle More and its implementation is included within the business plan under section 6.2. The overall savings from Recycle More are anticipated to be over £2 million per annum once it is fully rolled out. The Board have previously agreed that the roll out will be funded from the Recycle More Project Fund (and where appropriate from capital), and that no savings as a result of the new collection contract will be taken until all roll out costs have been fully funded. Roll out is due to complete in February 2022. Savings will start to be seen in 2022/23 once roll out has been fully funded.

## **8. Financial Implications - SSDC**

- 8.1 The September estimates showed our share of the SWP would go up by £216,649 (3.97%). The figures being taken to the December waste board meeting show that this has increased to £248,403 (4.55%). Most of this movement is for garden waste but there is also an increase for household growth and salary costs.
- 8.2 Some of this increase is reduced by SSDC only factors. Original budget estimates produced in September calculated an overall budget increase of £154,194, however that has now increased to £185,948. SSDC's Medium Term Financial Plan had an increase of £180,800 built in, however the update report on this agenda now includes an increase of £5,150.
- 8.3 The costs of the contract include an element of risk sharing on the income received for sale of recyclable materials. It is proposed to establish an equalisation reserve and set aside a proportion of the savings from Recycle More to mitigate possible increases in net costs. This risk will be underwritten by general reserves in the interim period until the roll out is completed.

## **9. Carbon Emissions and Climate Change Implications**

- 9.1 SWP is already independently ranked as the seventh-best area in England for carbon saving, equivalent to taking more than 25,000 cars off the road for a year. In 2018/19 SWP reused and recycled 133,734 tonnes of waste. Thanks to residents and recycling crews separating



recycling, over half stays in Somerset and over 90% stays in the UK. Back in 2008 SWP was the first authority to produce a full annual report showing exactly what happens to all its recycling. For the first time, SWP has turned this into an infographic so that we can clearly show the public what happens to their recycling. This is an important part of SWP getting the message out to more people that sorting your recycling means it's high quality and can be kept in the UK and maximise our carbon savings. Moving to Recycle More will result in capturing more recycling and generating energy from residual waste. Amongst other environmental benefits, fewer refuse vehicles will be required and these will be more efficient and generate lower emissions than our current fleet. Opportunities for using bio-fuels or other more environmentally beneficial power sources can be realised as technology develops.

- 9.2 The diversion of waste from landfill to become a fuel source for energy production significantly reduces the overall environmental impact of Somerset's residual waste and has huge implications for carbon emissions.
- 9.3 Other elements of the business plan, including the emphasis on waste reduction, re-use and the outcomes of building partnerships will also contribute to promoting the message of combating climate change.

## **10. Equality and Diversity Implications**

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

## **11. Privacy Impact Assessment**

- 11.1 A Privacy Impact Assessment is not essential to accompany this report as the information will fundamentally be the same as is currently used and managed.
- 11.2 Looking forwards, as the SWP looks to build capacity and use technology to understand people's behaviour to reduce waste and improve recycling, we will need to assess the management of personal information and an impact assessment may need to be carried out if we are to ensure compliance with data protection regimes.

## **Background Papers**

DX report – 6<sup>th</sup> Dec 2018

SWP Business Plan 2019 - 2024

SWP Risk Register 2019 - 2024

Waste Board Constitution

<http://democracy.somerset.gov.uk/mgCommitteeDetails.aspx?ID=196>

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# **SWP Business Plan 2020 – 2025**

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Page 3	About Somerset Waste Partnership
Page 4	Key Challenges and Opportunities
Page 5	Approach to Business Plan
Page 6	Action Table
Page 15	Draft Budget Table 2020/21

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

## About Somerset Waste Partnership

### Our vision and values

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

### Background to SWP

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

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

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

## Key Challenges and Opportunities

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

## Approach to Business Plan

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

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

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

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

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

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

## Business Plan 2020-25

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



## Business Plan 2020-25

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

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

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

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

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

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

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



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



## SWP Budget 2020 - 21

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

### Recycle More Implementation

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

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

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

## Business Plan 2020-25

### 6.2 Full Draft Budget Summary 2020/21

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

# Agenda Item 7

## **District-wide strategic grants – funding arrangements with CASS and SPARK 2020-2021**

*Executive Portfolio Holder:* Cllr Mike Best - Health and Wellbeing Portfolio  
*Director:* Netta Meadows – Director, Strategy and Support Services  
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### **Purpose of the Report**

1. This report seeks the approval of District Executive on the funding of two strategic voluntary sector partners, Citizens Advice South Somerset (CASS) and SPARK for the period 2020-2021, and to note the possible closure of Access for All.

### **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of January 2020.

### **Public Interest**

3. SSDC supports a range of voluntary and community sector groups, organisations and projects via its one-off community grants programme, administered by the Area Committees. It also supports, through regular funding, a small number of strategic district-wide organisations approved by District Executive. This financial investment in the sector not only provides direct support to groups working in the local community but also assists the council in the delivery of the council plan.

### **Recommendations**

4. That District Executive -
  - a) Agrees to a one year funding agreement for the period April 2020 to March 2021, for Citizens Advice South Somerset and SPARK
  - b) Agrees to a one-off increase of **£30,000** to the Grants Budget to:-
    - i. Provide an additional **£23,305** to Citizens Advice South Somerset to further mitigate against the effects of the removal of the County Council core grant.
    - ii. Provide an inflationary uplift of **£1,260** to the annual grant to SPARK
    - iii. Fund an initial allocation of **£5,435** as SSDC's contribution to the package of support work with the Citizens Advice as described in Section 5.1
  - c) Agrees that the funding of CASS beyond 2021 will be subject to the outcome of the package of support work described in paragraph 4b(iii) above.
  - d) Agrees that the future funding of SPARK beyond 2021 will be subject to the outcome of a wider piece of commissioning activity to be determined in line with emerging council priorities.

- e) Notes that Access for All's future is currently uncertain, and that until further investigative work has been completed on future sustainability, no commitment to funding is being sought.

## **Background**

5. South Somerset District Council has maintained a long-term service delivery and funding relationship with the above two organisations over many years.
6. The organisations are considered strategic voluntary sector partners for the District Council delivering services across the whole district that support some of the most vulnerable residents and contribute to a resilient and thriving voluntary and community sector.
7. Whilst previously supported with three year contracts, CASS had been in receipt of annual funding from 2012, and Spark from 2015, whilst subject to reviews following concerns about their performance. Access for All had a rolling one year agreement, renewed annually.
8. In February 2018, District Executive received a report recommending that two year agreements be awarded for the period 2018-2020. This was supported by members.
9. In January 2019 District Executive received a report requesting an additional one-off grant of £32,000 to mitigate against the worst effects of the cut that CASS received to its County Council core grant and Local Assistance Scheme management contribution. Members fully supported this increase.
10. There has been no increase in the core grant received by CASS and SPARK since 2013/14, despite the increase in cost of living and both the expansion of, and increasing demand on, their services.
11. Funding of both organisations has been subject to District Executive approval with performance also reported to District Executive.

## **12. CASS**

13. CASS is an independent charity and part of the Citizens Advice network across England and Wales. They work in partnership with other agencies and groups.  
CASS provides free, confidential, advice to help people resolve their problems and also campaign to raise awareness about the big issues that affect people's lives.  
They provide advice on a wide range of issues including benefits, debt, employment, consumer, housing and family relationships. Their goal is to help everyone find a way forward no matter what problem they face.
14. CASS is the major provider of free, confidential, independent and impartial advice in the South Somerset area. Advice services are quality assured under the national Citizens Advice Membership Scheme
  - In addition, the organisation aims to improve policies and practices that affect people's lives
  - CASS has been serving the community of South Somerset since 1961
15. Following the 100% cut to the county council's core grant, SSDC awarded an additional one-off grant of £32,000 in January 2019 to help offset its worst effects and to ensure an acceptable level of service could be maintained during 2019/20.

16. Despite the cut CASS have continued to deliver consistency and quality of service through prudent management. Nonetheless the current operating environment is very demanding and the future extremely challenging.
17. Demand is increasing with CASS dealing with a 12% increase in the first six months of the current financial year.
18. A six month review meeting was held between the four District Councils and all five of the Somerset CA's in September 2019 to establish how they were fairing since the county council cut and what future sustainability was looking like.
19. The outcome of this meeting was reported to the Somerset councils Chief Executives on the 25th October 2019 with a number of possible options for supporting the CA's moving forwards.
20. It was agreed, by the Chief Executives to support an option where the councils jointly commission external support for the CAs to explore different ways of delivering their service outcomes, including looking at transformation, technology and interventions to reduce demand/deal earlier with some of the issues that are creating demand.
21. The officers from the District Councils are currently working up a costed proposal to go back to the Chief Executives for final approval with a view to work commencing by April 2020.
22. In recognition of the time it would take to implement any measures arising from the support put in place it was also agreed that each District Council would be prepared to consider a further one-year uplift in their grant to provide the necessary sustainability during this transition.

### **23. SPARK**

24. Set up in 1981, SPARK was part of a national network of Councils for Voluntary Service (now commonly called Voluntary & Community Action) that traditionally have existed at a district council level. These are civil society, development organisations whose main purpose is to support the work of other organisations in the VCS; particularly smaller and volunteer run community groups. This type of organisation is also known as VCS Infrastructure. In 2018 it formally separated from its then parent organisation, South Somerset Voluntary and Community Action, and set up as an independent organisation taking on the legal structure of a Charitable Incorporated Organisation (CIO)
25. Its role includes:
  - Representing the views of its members to statutory bodies and others.
  - Helping new initiatives to develop and new organisations to form.
  - Providing advice and information on all aspects of running and managing the organisations they work with, including effective governance, recruiting volunteers and accessing sustainable funding or generating income.
  - A leadership role within the sector, encouraging organisations to work together in collaboration and partnership.
26. Having originally been part of South Somerset Voluntary and Community Action, SPARK is now a stand-alone organisation established as a Charitable Incorporated Organisation (CIO) with a very experienced board of trustees who between them have extensive knowledge and experience of managing and running Voluntary Sector organisations at a local, regional and national level.
27. SSDC has been core funding SPARK at the level of £74,260 per annum for the past 7 years with no increase in funding or inflationary uplift during this period.

28. As the profile and standing of SPARK has grown, particularly in its role of representing and advocating for the wider Voluntary and Community Sector, they have been able to attract funding to support projects that are of direct benefit to South Somerset residents; particularly in the areas of Health and Wellbeing and Volunteering.
29. They have also won national awards most notably for their contribution to the work of the Symphony Project in South Somerset.
30. SSDC funding contributes to the organisation's core funding, including the salary of the South Somerset Voluntary Sector Adviser (25 hours) and contributions to the Volunteering brokerage service, Chief Executive Post and associated management costs.
31. Critically, it is through providing adequate levels of Core funding that SPARK is in a position to bid for and/or be awarded project work. By acting strategically in funding core infrastructure functions at the local level, our investment helps act as a multiplier, drawing in other resources and creating social capital.
32. Demand for SPARK services is increasing. Two areas where SPARK is having to provide additional group support is to Active Living Centres (groups supporting older vulnerable residents) and youth groups; both of which have required support due to County Council cuts. In the case of Active Living Centres, support is crucial due to the age profile of the residents who are responsible for running the groups, many of whom are of advanced years themselves.
33. Furthermore, as the focus, priorities, capacity and skill set of our own Locality Service has changed significantly from that of the Area Development Service, referrals to SPARK for direct support for community groups has definitely increased.
34. The Healthy and Self Reliant Communities Community of Practice (COP) has also identified a potential key role for SPARK in relation to the Health and Wellbeing agenda. Not only are they a beneficial partner to have as a member of the COP but would be well placed in the facilitation and delivery of community based initiatives that will help deliver council and COP identified outcomes.
35. There is an opportunity to work more closely with SPARK around the promotion and take up of community grants, particularly as we begin to identify a role for the local voluntary and community sector through the discussions taking place at the Healthy and Self Reliant Communities COP.

### **Constitutional implications**

36. Grants to Outside Bodies are covered by Financial Regulations (15.3). Relevant considerations for compliance with financial regulations include:
  - District Executive or relevant Area Committee shall approve all grants greater than £1,000
  - It must not form a commitment of future years' annual budget unless it matches the criteria set within the Council's Community Grants Policy

- Reports to district Executive seeking approval for grants shall provide assurance that the following are met:
  - The receiving body has been properly identified, has suitable lead parties, a defined work area/purpose, and suitable trust documents/constitution
  - Any conflicts of interest have been declared and properly managed;
  - Any risks are adequately and appropriately managed
  - Possible to confirm proper use of the funds
  - The assistance contributes to the delivery of the councils services or achievement of Council's corporate objectives
  - The extent and purpose of the assistance have been properly identified
- Arrangements to recover the value of grant are in place in the event of default by the recipient
- Any specific conditions have been identified
- Monitoring in place to ensure grant used for approved purpose
- The recipient will provide evidence of proper accounting and access to supporting information / documents / evidence
- A legally binding agreement is in place.

## **Financial Risks**

### **37. CASS**

38. As at the 31st March 2019 the organisation held unrestricted reserves of £225,202. This fund included a donation of £23,000 which the Board designated for use in the current year to continue the Assist Pathway Mental Health Service. The forecast year end reserve for 2019/20 is, therefore, a sum of at least £185,202.
39. The organisation continues to have a diverse income stream and secured new sources of funding for various projects and specialist services in 2019. The reduction in core funding, as a result of Somerset County Council's decision not to award an annual grant, leaves the core service, as it currently stands, under-funded.
40. The forecast Income for 2020/21 is approximately £478,370 made up of £256,698 for core services (includes continuation of Universal Credit support) and £221,672 for project funding. New funding is expected for mental health services through a joint commission from SCC and the Clinical Commission Group (Radical Transformation for Mental Health NHSE funding). Other likely new funding sources currently in negation include money advice service funding for debt advice through a partnership with Talking Money (a Bristol Based Partnership).
41. The Board has approved a revised 3 year strategic plan for financial sustainability that will expand the organisation's range and sources of funding, increase the application of full cost recovery into project funds and maximise opportunities to make efficiency savings through collaboration and service transformation.
42. Collectively these measures ensure that CASS is in a reasonably secure financial position with adequate reserves.

### 43. SPARK

44. SPARK have been looking very carefully at the diversification of funding in order to enhance and supplement their public sector funding and to increase their capacity, with a particular focus on income generation rather than grants. As part of this they are beginning to grow their paid-for services such as training, DBS and consultancy, whilst also looking for other funding streams elsewhere. In the past two years, they have diversified and extended their income generation very considerably and will be looking to continue on this path going forward.

45. Other key income secured this year includes:

- Mendip District Council grant - £25k
- Sedgemoor District Council - £20k
- Somerset County Council infrastructure grant - £32k
- SCC grant for strategic funding support - £10k
- SCC grant: memory loss and dementia - £10k
- NHS England: social prescribing roles - £68k
- NHS Volunteering - £40k
- Yarlington - £25k
- Carers Service - £15k p.a. (for 3 years from October 2017)
- SCC/SCF VCSE Strategic Forum Project - £6k p.a.

46. Despite growth in the both the staff team and activity during 2019/20, SPARK are projecting a small surplus at the end of the financial year that they will use to develop their services and increase capacity going forward.

47. SPARK is, therefore, also in a secure financial position and presents a low financial risk.

### Financial Implications

48. The recommendation to Members is to approve a one-year extension to the agreement with SPARK, including an inflationary uplift, an extension by another year of the core and additional funding for CASS, and a contribution to the proposed Citizens Advice support package.

### 49. CASS

50. In addition to the core contribution of £121,730, it is proposed to increase CASS's funding for 2020/21 by **£23,305**. The additional funding is to be allocated as follows:-

- Continuation of the well-used Chard and Wincanton Outreach sessions (venue rent) - **£11,069**
- First year's rent and associated advice supervision costs on a new Outreach surgery on the Westfield estate (South Somerset's most deprived area) - **£3,256**
- A further year's match funding contribution to the management costs of administering the Local Assistance Scheme - **£6,480**
- Contribution to the associated management costs, specifically back-filling time for the CEO's participation in the transformative work - **£2,500**

### 51. SPARK



52. In view of the consideration that a wider piece of third sector commissioning work should be undertaken to support SSDC as it moves forward on the delivery of the ambitions of the new Council Plan, SPARK's funding will continue for a further year at the current level plus an inflationary increase of **£1,260**.
53. Current and proposed payments to these two organisations are summarised in the following table:

Organisation	2019/20			2020/21		
	Core Grant	One Off Uplift/Inflation	Total	Core Grant	One Off Uplift/Inflation	Total
CASS	121,730	32,000	153,730	121,730	23,305	145,035
SPARK	74,260	0	74,260	74,260	1,260	75,520
<b>Total</b>	<b>195,990</b>	<b>32,000</b>	<b>227,990</b>	<b>195,990</b>	<b>24,565</b>	<b>220,555</b>

54. In addition to the above it is proposed to ring fence the **£9,000** currently paid to Access for All until their future sustainability has been fully considered.
55. Citizens Advice Support Package

An initial allocation of **£5,435** as SSDC's contribution to the Citizens Advice package of support is also being sought.

## 56. Summary

The 2020/21 base budget for strategic district-wide voluntary and community sector grants is **£206,190**.

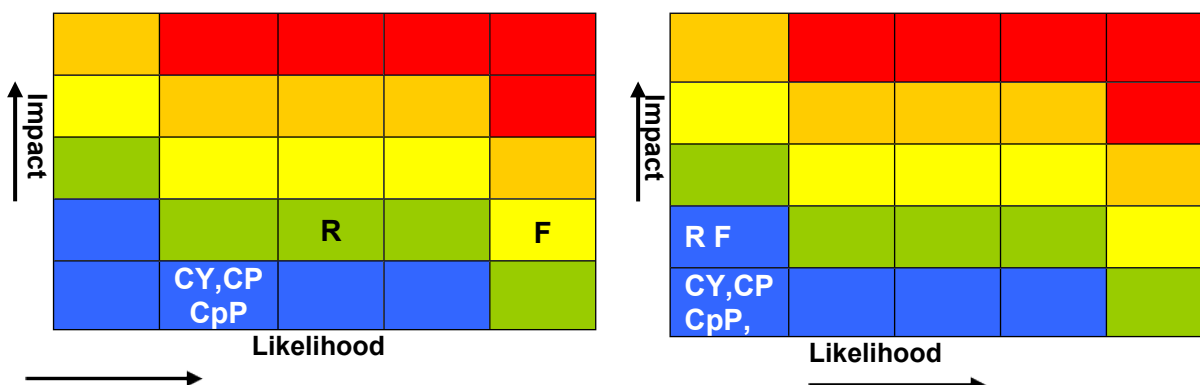
To accommodate the required one-off increases for 2020/21, as detailed in this report, will therefore require a budget increase of **£30,000**.

Provision for the increase has been included as a budget pressure for 2020/21, has been approved by SLT and will be subject to approval by Full Council at their meeting on the 20<sup>th</sup> February 2020.

## Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

## Council Plan Implications

57. The funding of the district-wide organisations detailed in this report helps the Council deliver on the following values and priorities in the 2016/21 Council Plan:

### 58. SPARK

The work of SPARK contributes to the following elements of the council Corporate Plan

**Aim:** Improving health and reducing health inequality - As evidenced by the extensive Health and Wellbeing work they are undertaking in the areas of tackling Loneliness, Social Prescribing and Mental Health.

#### Values:

- Supporting people and communities, enabling them to help themselves
- Working with partners to improve services, efficiencies, resilience and influence.

**Theme:** 'Healthy and Self Reliant Communities' and the following three 2019/20 priorities

- Embed social value into all processes and activities to ensure we maximise the support we give to our communities.
- Work with partners to reduce the impact of social isolation and create a feeling of community.
- Work with partners to support people in improving their own physical and mental health and wellbeing.

- Support residents facing hardship.

By contributing to an effective Voluntary and Community Sector, SPARK can also be shown to make a contribution to the priority of making SSDC a cost effective organisation through building a mature voluntary sector which the council can confidently do business with and thereby achieve greater Social Value.

## 59. CASS

The work of CASS contributes to the following elements of the Council Plan 2019/20

### Aims:

- Improving health and reducing health inequality – particularly addressing poor mental health experienced by those dealing with, amongst other things, debt, low incomes, threatened homelessness, unemployment and relationship breakdown.
- Protect core services to the public by reducing costs and seeking income generation – particularly by helping residents tackle Council Tax arrears thereby helping the council achieve maximum realisation of a key income stream.

### Values:

- Supporting people and communities, enabling them to help themselves

### Theme:

'Healthy and Self Reliant Communities' and the following three 2019/20 priorities

- Work with partners to reduce the impact of social isolation and create a feeling of community.
- Work with partners to support people in improving their own physical and mental health and wellbeing.
- Support residents facing hardship.

By supporting a universal information and advice service the Council is improving people's individual life circumstances (reducing hardship), supporting the economy by realising an increase in people's disposable income and helping reduce demand on council services.

## Carbon Emissions and Climate Change Implications

60. None

## Equality and Diversity Implications

61. Working with the voluntary sector is one of the Council's means of providing services to hard to reach groups and engaging with communities and individuals who otherwise find it hard to access public services. CASS and Access for All deliver services to some of the most vulnerable people in the district whilst SPARK contributes to a thriving and resilient voluntary and community sector. Supporting the VCS increases community engagement and participation.
62. If members support the recommendation then there will be no negative impacts in respect of the Protected Characteristics covered by the Equality Act.

63. If members are minded to recommend either a reduction in the value, or to not support any of the recommended levels of funding, a full Equality Analysis will need to be carried out and reported to District Executive before recommendations are implemented.

### **Privacy Impact Assessment**

63. None

### **Background Papers**

59. Funding for Citizens Advice South Somerset (CASS) February 2019; District-wide strategic grants – Proposal for new two -year funding agreements with Access for All, CASS and SPARK 2018-2020; District-wide Voluntary Grants 2017-18; District-wide Voluntary Grants 2016-17; District-wide Voluntary Grants 2015-16;
-

## APPENDIX 1

### Performance headlines for the SLA monitoring period April to September 2019

#### CASS

- An overall **12%** increase in the demand for the service during this first 6 months of the year
- Approximately **20%** of clients come from the most deprived areas (using IMD LSOA's)
- **3,161** clients helped covering **8,831** issues, generating **3,307** cases requiring a total of **6,170 activities**.
- Of the above;
  - **3,667** were benefit/tax credit related issues, of which
    - **1,164** were initial claim issues
    - **587** issues were concerned with Personal Independence Payment (PIP)
  - **1,090** were debt related issues, of which
    - **132** issues were council tax debt.
    - **142** were concerned with Debt Relief Orders
  - **426** clients presented with Housing issues.
  - **406** clients presented with employment related issues.
- 'face to face' is the primary channel for delivering services (**1,524 clients**)
- **29%** of all face to face clients are seen through the Outreach Services
  - Of these **219** have used the Chard outreach and **90** Wincanton.
- **171** clients have used the webchat facility
- **47%** of clients had a long-term health condition or were disabled.
- The number of volunteers active during the period was **56**
- **5,376** volunteering hours (average of **896** month)
- **£44,137** of volunteer time (based on the conservative minimum wage figure of £8.21 p.h.
- **£554,276** of income realised for clients
- **£99,144**, of debts written off

#### SPARK

##### Learning opportunities provided

- 2 forums held in South Somerset District with 103 participants
  - South Somerset VCSE Forum
  - VCSE Leaders' Conference
- 1 targeted forum for Active Living Groups
- 15 Training courses with 182 participants (No course received less than a 75% Excellent rating from participants)

*'Great training, pitched at the right level; and post support offer really appreciated'.  
(Writing Better Funding Bids)*

## Information

- 31 e-bulletins (comprising general newsletters, funding newsletters and training announcements).
- Social Media
  - The Spark Somerset Facebook page has 953 followers and 804 likes, the average post reach is 241.
  - Twitter following has grown to 1591.
  - The Wellbeing South Somerset Facebook page has 254 likes and 281 followers, the average post reach is 184.
  - The Twitter following has grown to 449.
- Website self-help resources
  - New resource pack to support Active Living Groups added
  - Resources previously hosted by the County Youth and Community Service added
  - Overall the resources landing page had 392 views, 195 unique visitors and 68 resource downloads

## Group Support

- one-to-one advice and support provided to 39 groups. Of these:
  - 19 received funding support
  - 21 received advice on governance/setting up
  - 4 were supported with planning a community activity
  - 4 received advice on volunteering
  - A number of groups received support with multiple issues

*"I would like to thank Spark Somerset for the help they have provided to me over the last few months in helping me gaining charity status. Without their help it would have been a longer process; their knowledge and experience is so valuable to people seeking this information." (Stoma Heroes)*

## Volunteering

- 132 new volunteers registered
- 27 volunteers placed (the number of known successful placements is dependent on the receiving organisation providing feedback to SPARK)
- 16 new organisations registered
- 83 new opportunities registered
- 50 new Community Connectors engaged (now 300+ in South Somerset)

*“I had recently retired from nursing and missed being involved with my community. I felt I would be able to use some of the skills I acquired whilst working and apply them to a voluntary role. I have met new people and learnt all sorts of things from our speakers. I wouldn't hesitate to recommend volunteering to others. I have met a great group of people and also feel that I am still doing something useful.”*

## **Leadership and Voice of the Sector**

- Spark has represented the sector on the following groups
  - South Somerset Together (SST) Strategy Group
  - Somerset VCSE Strategic Advisory Group
  - South Somerset Care Board
  - STP Neighbourhood Board
  - Stronger Communities Group
  - 12 of the 13 PCN/Neighbourhood Boards
- In addition SPARK are co-ordinating the development of a Mental Health Alliance, a consortium of mental health organisations, in order to bid for the NHSE Transformation Fund.
- Spark also attended a roundtable discussion about grant giving across the UK at the Cabinet Office in London; the only representative organisation from the South West.
- SPARK has also helped facilitate the ‘Somerset Richmond Group’, a consortium that will be exploring better opportunities for collaborative working.
- Spark have been commissioned by Somerset Community Foundation and the VCSE Strategic Forum to manage the 2019 ‘State of the Sector’ research.

*“Currently we are working on an exciting partnership of voluntary sector organisations around mental health provision in the county. Both in my role at Mind in Somerset and as lead for the Somerset Mental Health Hub I would like to say that we would not be where we are with this process if it were not for the support, input and guidance from Spark Somerset. They are a vital ingredient of the voluntary sector provision in the county, without whom we would often not be able to achieve the system change that is needed.”*

**Andrew Pritchard, COO of Mind in Somerset and Lead for the Somerset Mental Health Hub**

# Agenda Item 8

## **Council Tax Support Scheme 2020/21**

*Executive Portfolio Holder:* Peter Seib, Finance and Legal Services  
*Director:* Martin Woods, Director – Service Delivery  
*Lead Specialist:* Ian Potter, Lead Specialist – Vulnerable People, Service Delivery  
*Lead Officer:* Ian Potter, Lead Specialist – Vulnerable People, Service Delivery  
*Contact Details:* [ian.potter@southsomerset.gov.uk](mailto:ian.potter@southsomerset.gov.uk) or 01935 362690

### **Purpose of the Report**

1. To request that the District Executive recommend the proposed Council Tax Support scheme for the 2020/21 financial year to Full Council for approval.

### **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 09 January 2020.

### **Public Interest**

3. From April 2013 the Government changed the way in which financial help is given to working age residents to pay their Council Tax. The national Council Tax Benefit scheme was replaced with a local Council Tax Support scheme for working age people to help with the costs of Council Tax for those with low incomes. For those residents who have reached the qualifying age for a state pension continue to have support assessed under a national scheme. The Council is required to review and set a Council Tax Support scheme for each financial year.
4. In setting the scheme each year the Council has to balance the needs of those who need help towards paying their Council Tax with the Council Tax payers who help to pay for the scheme. The Council also looks to see if there are any ways the scheme can be simplified to make it easier for customers and reduce the cost of administering the scheme. The administration grant provided by the Ministry of Housing, Communities and Local Government to help pay for the administration of the scheme reduces each year.

### **Recommendations**

5. That District Executive is requested to recommend to Council:
  - (a) that personal allowances and premiums are uprated in line with those for Housing Benefit;
  - (b) that non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;
  - (c) that the non-dependent income bands are increased by the same percentage as those applied to the national Council Tax Support scheme for pensioners;
  - (d) that the hardship scheme budget be set at £30,000 for the 2020/21 financial year;
  - (e) to note the recommendations of the Scrutiny Task and Finish Group attached at Appendix 1;
  - (f) to note the scheme has been amended to reflect changes to the Prescribed Requirements;



- (g) that the 2020/21 Council Tax Support Scheme attached at Appendix 2 (to follow) is adopted;
- (h) to note that the proposed Council Tax Support Scheme has been reflected within the overall Council Tax Base.
- (i) that officers investigate a move to an income banded Council Tax Support scheme for the 2021/22 financial year

## **Background**

- 6. The South Somerset Council Tax Support scheme (CTS) was introduced on 1 April 2013 and has now been running for almost seven years. Councils are required to review and set their CTS scheme each financial year. Applications to the CTS hardship scheme are monitored, along with the Council Tax collection rate and reported to members each quarter.
- 7. We carried out an extensive consultation process prior to the introduction of CTS in April 2013 and the scheme proposals were carefully and fully considered by the Scrutiny Task and Finish Group. Each year so far we have carried out further consultation and some additional changes have been made to the scheme. It was the view of the Scrutiny and Overview Task and Finish Group that all previously adopted proposals be retained.
- 8. The SSDC Council Tax Support scheme states that certain elements of the needs assessment may be uprated each financial year but does not specify the level of that uprating.

The Scrutiny Task and Finish Group originally considered what would be the most appropriate method of uprating certain figures used in calculating CTS awards and recommended the following:

- That while Housing Benefit (HB) still exists it would be appropriate for the CTS applicable amount figures (basic need allowance) to mirror those in the HB scheme
- That non-dependent deductions are uprated in line with the annual percentage increase in Council Tax
- That the non-dependent income bands are increased by the same percentage as those in the national CTS scheme for pensioners

These methods were adopted in the original scheme and have been retained.

## **Equality Impact Assessment**

- 9. Councils have a legal responsibility to have due regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 when setting a Council Tax Support scheme. There has been a High Court ruling that there was insufficient evidence that members making the decision to implement a CTS scheme had given due regard to the Equality Impact Assessment (EIA) that had been attached to the council report in order that they could discharge their statutory obligation.

It is important that members have due regard to the PSED when making their decision on the various scheme proposals.

An equalities assessment was carried out prior to the scheme being introduced and this has been updated each year to consider any revisions to the scheme.

As we are not proposing any revisions to the scheme for 2020/21 there are no new equalities issues associated with this report.

## **Cost of CTS scheme**

### Caseload trajectory

10. The number of recipients of CTS had fallen consistently year on year in both the working age and pensioner groups until 2017/18. This had the effect of reducing the overall cost of the scheme. Details of the caseload reduction since the introduction of CTS are shown in the following table.

<b>Financial year</b>	<b>Caseload count at beginning of year</b>	<b>Caseload count at end of year</b>	<b>Reduction in caseload</b>
2013/14	11925	11568	357
2014/15	11568	11023	545
2015/16	11023	10411	612
2016/17	10411	9997	434
2017/18	9997	9939	48
2018/19	9939	9898	41
2019/20	9898	9710 (30/11/19)	188

11. The scale of caseload reduction for 2017/18 and 2018/19 was smaller. With effect from 1 June 2017 we removed the requirement for recipients of Universal Credit to make a separate claim for Council Tax Support. It is likely that this contributed to the smaller reduction in caseload as fewer people are missing out on Council Tax Support.
12. Some customers who receive a small amount of support often cease to receive it when re-calculating their entitlement where their income increases. This can happen at any time in the year but frequently occurs at the beginning of new financial year where there is an increase in benefits, pensions and tax allowances and when the national living wage increases. This has the effect of reducing the caseload.
13. The caseload figure at the end of November 2019 shows a larger reduction for this financial year. However, there are a number of CTS application forms yet to be processed which will increase the caseload count potentially beyond the opening count for the year. This will mean that we are providing support to an increased number of households.
14. We promote our Council Tax Support Scheme through a link on the Council's website homepage, and on the back of Council Tax bills. In addition to this we promote the scheme when dealing with customers who are in arrears with their Council Tax and tell us they are struggling to pay.

### Effect of increases in Council Tax

15. The cost of the scheme will increase where SSDC and other preceptors put up their share of the Council Tax.

## **Legislation Changes – Prescribed requirements**

16. At the time of writing we are awaiting details of any changes to the prescribed requirements – these are elements of the scheme that are set by central government. Confirmation of any such changes

will be sent to members along with a revised version of the scheme document once announced by government.

### Hardship Scheme

17. A Hardship Scheme was set up as a safety net for households who could demonstrate they could not afford to pay their Council Tax contribution following the introduction of the SSDC Council Tax Support Scheme. The level of demand in 2019/20 suggests that a Hardship Scheme budget of £30,000 for 2020/21 should be sufficient. At the end of November 2019 we had allocated £12,684 with 71 of the 81 applications being successful. This spend is monitored monthly and reported to members each quarter.

### Council Tax Collection Rate

18. It was anticipated that the in-year Council Tax collection rate would fall as a result of the introduction of the CTS scheme in April 2013. There were also a number of changes to Council Tax discounts and exemptions introduced from April 2013 which impacted on the in-year collection rate.

Financial Year	Collection rate	Change on previous year
2012/13	97.80%	
2013/14	97.40%	-0.40%
2014/15	96.88%	-0.58%
2015/16	97.24%	+0.36%
2016/17	97.73%	+0.49%
2017/18	97.80%	+0.07%
2018/19	97.11%	-0.69%

19. The in-year collection rate fell in 2013/14 and again in 2014/15. However, collection performance improved in 2015/16, 2016/17 and 2017/18 returning to pre CTS levels.
20. The 2018/19 collection figure was impacted by the loss of resources resulting from the transformation programme rather than any aspect of the Council Tax Support scheme design.

### Risks

21. The continued risk is that demand could rise with a downturn in the economy and the cost of the scheme would also rise. There is also a risk that reductions in other welfare support might result in an increase in entitlement to Council Tax Support.
22. Universal Credit (UC) awards are updated monthly where there is a change in the recipient's income. This happens on a regular basis for many UC recipients. The consequence of this is that as our current CTS scheme requires we recalculate their CTS entitlement this leads to frequent revised Council Tax bills being issued. This frequent recalculation can lead to fewer instalments being available to the CTS recipient which makes budgeting more difficult and risks late or non-payment. It also creates high demand for administration resources.

### Income band scheme

23. An income band scheme typically has a number of bands and which one a customer falls in to depends on their income and household make up. Each band has a discount value, for example, 25%, 50%, 75% or 100%. This is distinctly different to the council's current scheme which where entitlement is means tested and calculated to the nearest penny.

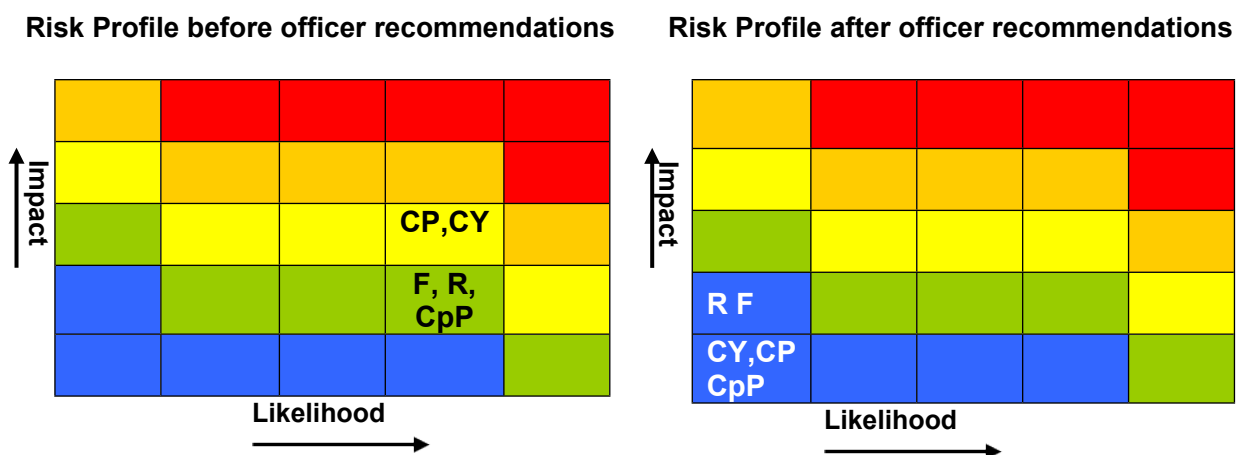
24. A scheme can have more than four bands with different percentages applicable. An income band scheme means that a customer's income can change by any amount within a band and not affect how much support they receive. This means fewer changes and more stability of the instalments they need to pay which helps with customers budgeting, reducing the risk of them falling in to arrears and entering the recovery and enforcement process. This in turn reduces the amount of administration for the council.
25. A number of councils have already, or are planning to introduce income banded schemes which give a much wider variation in income change before it effects a recalculation of CTS. It is estimated that there will be more than 100 such schemes in place by April 2020. The managed migration of current Housing Benefit cases to Universal Credit is planned to begin in 2020, and the natural migration (where a person has a relevant change in their circumstances) is on-going. This means that increasing numbers of CTS recipients are having their entitlement recalculated on a frequent and sometimes monthly basis. This means more demand on resources to administer these changes and frequent changes to council tax liability and instalment amounts for customers. This risks them falling in to arrears which is undesirable for those customers and leads to further demands on resources in making arrangements and dealing with arrears.

### Financial Implications

26. If members agree the recommendations set out in this report there will be minimal financial implications associated with this report since no changes to the scheme design are being proposed. The risk is that costs will ultimately be affected by any increase in council tax charges in 2019/20. We have made assumptions in this respect, and any differences between our assumptions and the preceptors' ultimate tax setting decisions will affect the surplus or deficit on the Collection Fund.

### Risk Matrix

The risk matrix shows risk relating to the Council Plan 2016-21 headings.



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	

	Blue = Insignificant impact and insignificant probability
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### **Council Plan Implications**

27. Health and Communities - Support residents through national benefit changes including universal credit

### **Carbon Emissions and Climate Change Implications**

28. None associated with this report.

### **Equality and Diversity Implications**

29. None associated with this report - The current EIA is unchanged as there are no design changes proposed this year.

### **Privacy Impact Assessment**

30. None associated with this report

### **Background Papers**

31. The following background papers can be viewed on the council's website [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)

- Report to District Executive – January 2019 – item 10
  - Report to District Executive – January 2018 - Item 7
  - Report to District Executive – January 2017 - Item 8
  - Report to District Executive – January 2016 - Item 6
  - Report to District Executive – January 2015 - Item 8
  - Report to District Executive – December 2013 - Item 10
  - Report to District Executive – January 2013 – item 8
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# **South Somerset District Council**

Appendix 1

# **Monitoring SSDC Council Tax Support Scheme**

**Report and Findings of the Overview  
and Scrutiny Task and Finish Group**

December 2019

The Overview and Scrutiny Committee has commissioned a Task and Finish review each year since the introduction of Council Tax Support (CTS). The Task and Finish group conduct specific monitoring work to ensure the scheme continues to be effective and balances the needs of support recipients and all South Somerset Council Tax payers. This report summarises the monitoring activity and work conducted since the last Task and Finish report in December 2018.

The original Task and Finish report and December 2018 report are available at

<https://modgov.southsomerset.gov.uk/Data/South%20Somerset%20District%20Council/20130117/Agenda/7%20Appendix%201%20-%20Report%20and%20Findings%20of%20the%20Overview%20and%20Scrutiny%20Task%20and%20Finish%20Group%2017-01-2013.pdf>

<https://modgov.southsomerset.gov.uk/documents/g2364/Public%20reports%20pack%2017th-Jan-2019%2019.30%20South%20Somerset%20District%20Council.pdf?T=10>

### **Task and finish group members:**

Tim Kerley  
Sue Osborne  
Jeny Snell  
Rob Stickland – Task and Finish Chair

### **Officers supporting:**

Joanna Gale – Scrutiny Specialist  
Tamsin Gold – Specialist - Benefits  
Ian Potter – Lead Specialist – Vulnerable Customers

Members met and worked individually to consider the actions in response to the previous task and finish group's recommendations, and the outcomes of the monitoring activity shown in appendix 1 to assess the success and sustainability of the present Council Tax Support (CTS) Scheme.

The Task and Finish group concluded that the scheme was still successful in achieving the original ambitions and that there was no evidence to suggest the scheme disadvantaged any particular group, or combination of household makeup, in terms of qualification of support. However, evidence did suggest that the scheme might need to alter to try to provide more stability to recipients due to external pressures:

- The changes in employment contracts and in particular zero hours contracts
- More CTS recipients in receipt of Universal Credit and the frequency of changes to the level of support which adversely impacts on the number of instalments available and the amount to be paid each month. (Universal Credit awards frequently change due to the real time link for earnings with HM Revenues & Customs).

With more frequent changes in an individual's income, altering the amount of Council Tax Support given and consequently the sum of Council Tax to be collected, the bill payer can be

offered fewer instalments, making it more difficult to pay<sup>1</sup> and this can result in Council Tax being carried forward to the following year, causing debt to accumulate.

With more changes to income and consequently the Council Tax Support award, there is much greater staff administration time to manage these cases.

Currently there is little flexibility in the scheme to cope with these frequent fluctuations. Last year a £5.00 tolerance was introduced (so if a person's income changed by less than £5.00 per week no change to CTS would take place, if a second change took place altering the income by an additional sum that made the difference from the original award greater than £5.00 then the CTS would be revised).

Increasingly now, Councils are looking to move, or are moving to an income related banded scheme for CTS to provide stability for customers, and to reduce the administration costs. It is expected that more than 100 councils will have such a scheme from April 2020. Last year the Task and Finish group considered this but recommended reviewing the impact of others banded schemes and cross checking arrears, and in particular stacking arrears (arrears accumulating over multiple years).

Members considered the format and structure of other authority banded schemes, and if it was viable and appropriate, to consider a change of scheme for 2020. Members concluded that there was not enough readily available data to make an informed decision about the potential transfer to a banded scheme. They felt it would therefore be better to conduct a detailed impact analysis - comparing the current scheme with forms of banded scheme, to assess outcomes for the customer, administration costs for the Council and risk of financial vulnerability by reviewing real cases over at least one year long period using a variety of households and income types.

Members agreed this was too big a piece of work to conduct for the 2020 scheme given the amount of work officers are already managing and the tight timescales, so have requested this is done in preparation for the 2021 scheme.

The group concluded that a new principle needs to be included to underpin the scheme moving forward for 2021 – The scheme needs to provide stability to help recipients better manage their circumstances (household budgets) in response to external changes and minimise their risk of falling into debt.

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<sup>1</sup> We are required by law to provide a minimum notice period before collecting an instalment because of this customers can have fewer instalments to pay their Council Tax, for example if a customer has chosen to pay their Council Tax on the first of each and a change of income is processed on the 25<sup>th</sup> of the month altering the award of CTS and the amount of the next Council Tax instalment, the next instalment on the first of the month would not be taken, consequently the Council Tax liability will have to be split out across fewer instalments, making each instalment higher in value.



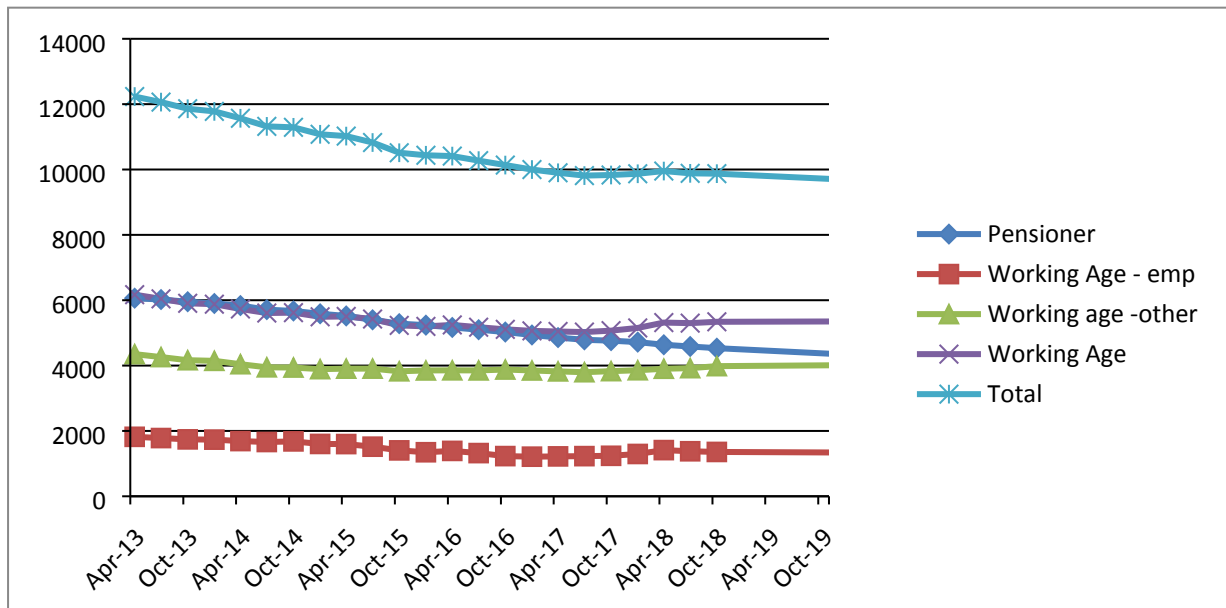
## Recommendations

- a) A new principle is included to underpin the scheme moving forward for 2021 – The scheme needs to provide stability to help recipients better manage their circumstances (household budgets) in response to external changes and minimise their risk of falling into debt. (The full set of principles is included at Appendix 2).
- b) In preparation for the 2021/22 scheme, officers conduct a detailed impact analysis comparing the current scheme with forms of banded scheme by examining sample cases over a year long period that cover a wide sample of differing types of households and income type to assess:
  - Accessibility of the schemes
  - Outcomes for the customers overall awards, variance in support amounts, frequency of instalment changes
  - Administration costs for the council
  - Impact of risk of financial vulnerability in Council Tax Support recipients and potential new approaches to mitigation.
- c) For consideration to be given to a corporate approach/policy to managing customer debt. It was evident in some case studies that arrangements with customers had to be repeatedly revised due to changes, but also due to SSDC wanting to collect other debts from the same individual. Members felt a single point of contact would provide a more efficient and customer friendly service.
- d) The Hardship scheme budget is reviewed, to assess if it will be adequate to accommodate the anticipated increase in people applying as a result of wider promotion, and the caseload no longer decreasing as a result of increased take up in Council Tax Support due to the roll out and promotion of Universal Credit.
- e) That for the 2020/21 scheme annual upratings are implemented as usual:
  - Personal allowances and premiums are uprated in line with those for Housing Benefit;
  - Non-dependent deductions are uprated in line with the annual percentage increase in Council Tax;
  - Non-dependent income bands are increased by the same percentage as those in the Prescribed Requirements relating to pensioners
- f) The Task and Finish group who review the scheme for 2021/22 seek advice from an expert on successful schemes across the country and further consider feedback from those who have:
  - Introduced fixed periods moving forward – benefit on not altering instalment plans and reduction in number of customer notices- help mitigate upset and reduce avoidable contact/response.
  - Changed to an income banded scheme with specific focus on the customer experience, vulnerability, collection rates and stacking arrears.
  - Still award or have reverted to awarding 100% CTS in some circumstances.

Monitoring

Number of CTS Recipients

Number of Council Tax Support recipients from the start of scheme through to November 2019



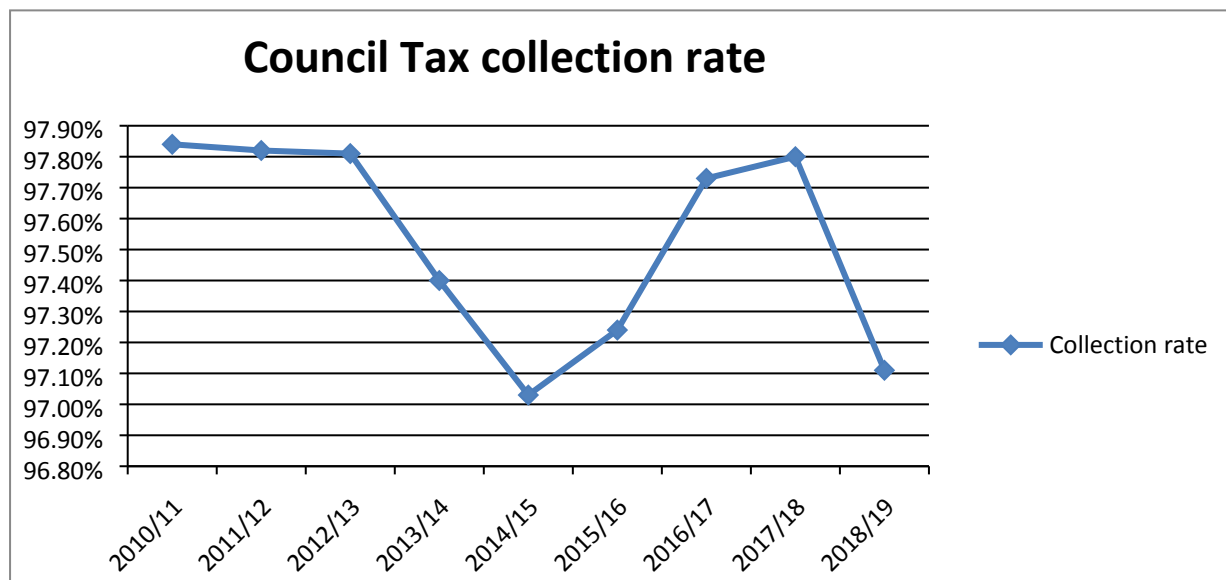
The above chart shows an overall slight decrease in CTS recipients over the last financial year. However, there has been a slight increase in working age recipients and this is likely to have been a consequence of the council accepting an application for CTS via the Department of Work and Pensions as part of the roll out of Universal Credit (UC). UC has been rolled out across South Somerset since October 2016 for new recipients of six benefits that moved to be included in UC. People have naturally migrated to receive UC and consequently apply for CTS either by a change of benefit award or change of address. At present approximately 60 cases a month transfer to UC through natural migration.

Please note the full UC roll out - Managed Migration, for people who are in receipt of the qualifying benefits but do not change address or have a change of benefit will take place in 2021 after a test migration in Harrogate.

With the full UC roll out there is a chance that numbers of CTS recipients could increase, however the scheme is already currently promoted via council tax bills and recovery notices, via partner organisations and charities and of course on SSSDC website.

## Council Tax Collection Rate

In the original Task and Finish report members recommended that Council Tax collection rates were monitored. (The collection rate is the proportion of all net collectable council tax that has been collected; this shows how much of a gap there is between what SSDC needs to collect and the amount actually collected). This was to assess if the council has adopted appropriate methods to successfully collect Council Tax from new Council Tax payers and to prevent the authority from any financial risk; the monitoring is carried out every quarter and reported in the Medium Term Financial Plan Quarterly monitoring.



The Task and Finish group were disappointed in the collection rate, but having discussed all the evidence and case examples with officers, concluded there was no evidence to suggest a correlation in the drop in collection rate with the Council Tax Scheme and in particular the changes to the scheme last year which were:

1. A Minimum Award of £0.50 being introduced.
2. Introduction of a tolerance for small changes in income of up to £5.00, which prevented a change to entitlement of up to £1.00 due to the income taper in the CTS means test of 20%.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Average Collection rate for England<sup>2</sup></b>	97.3	97.4	97.0	97.0	97.1	97.2	97.1	97.0
<b>SSDC Collection rate</b>	97.82	97.81	97.4	97.03	97.24	97.73	97.8	97.11

<sup>2</sup> Department of Communities and Local Government

## **The cost of the Council Tax scheme since it has been in operation**

2013/14 £9.359 million

2014/15 £8.882 million

2015/16 £8.219 million

2016/17 £8.496 million

2017/18 £8.417 million

2018/19 £8.773 million

At the time of writing this report we have 385 outstanding CTS application forms so it is difficult to predict what the cost of the scheme will be at the end of the financial year.

To date the scheme has been affordable whilst maintaining the objectives in the Council Plan and the ambitions of the Task and Finish group. With the reduction in the collection rate and changing external pressures, we always have to be reviewing the approach to this support and learning from good practice. The Task and Finish group intend to seek the advice of an external expert next year who can advise on lessons learned and best practice.

### **Council Tax Arrears where Council Tax support is awarded**

Council Tax arrears arise when a resident falls behind with their Council Tax payments. The approach councils take to pursue missed payments or incomplete payment varies. The statutory procedure is for a council to send up to two reminders about unpaid Council Tax before embarking on further collection and enforcement strategies. This may include asking for the entire year's liability to be paid in one instalment (a "Final Notice"), before making an application to the magistrate's court for a liability order. An order permits the council to use a range of measures such as, an attachment of earnings or benefits (where the council collects Council Tax direct from the household's wages or DWP benefits). They may proceed also with enforcement measures, such as debt collection by Enforcement Agents.

The total amount of Council Tax arrears on accounts where CTS has been awarded is £1,252,459.71. This figure is for arrears accrued since the CTS scheme was introduced in April 2013.

We know from the evidence of reviewing cases no specific types of household are more adversely affected than others, however what we have yet to determine is if there is any trend to those who have fallen into arrears. The Task and Finish group request officer resource is committed to investigating if any particular group(s) have fallen into council tax arrears that are also in receipt of CTS. If there are to identify if there are any new measures that could be introduced to make the CTS scheme more fair and robust or if additional debt advice measures could be introduced to try to prevent arrears accumulating.

Having undertaken analysis of some accounts in arrears it was identified that there are some accounts in arrears where Council Tax Support is awarded where the customer has never paid any council tax instalments. The Task and Finish members request that officers contact the individuals with these accounts to identify if there is a pattern to these non-payers to see if there is an issue of education, process or financial vulnerability and report the findings to the next Task and Finish group.

## Discretionary Hardship

The original Task and Finish report recommended, creating a hardship fund for those people who are financially vulnerable (unable to afford a basic standard of living shelter, heat, light, water and food) and that awards are monitored in terms of identifying trends.

Year	No. of requests	Awarded	Not Awarded	Total paid £
13/14	171	121	50	11,292.82
14/15	152	115	37	11,581.32
15/16	163	136	27	14,551.14
16/17	152	128	22	16,540.95
17/17	107	84	23	14,211.00
18/19	123	98	25	14,362.37
19/20 (Nov 2019)	81	71	10	12,684.88

The Task and Finish group requested officers conduct a review of the applications made to the Hardship Fund, in order to identify if there were any trends, in terms of the numbers and age of people in the household, and the type of income they were in receipt of, to identify any trends. No trends were identified, The group were satisfied that the relatively low numbers of awards and the disparity to who they were awarded, gave no indication the scheme was the cause of any financial vulnerability.

To date there have been very few applications compared to the numbers of households that are in arrears with their Council Tax. However, having undertaken some analysis last year of cases in arrears, it was determined there was only a very small proportion of cases that could get some help through Council Tax Support and Discretionary Hardship that hadn't already applied. These cases are currently under review to see what support can be given. The Task and Finish group have requested the officer team consider:

- If there are any new approaches to further promote the Discretionary Hardship relief.
- If the current £30,000 annual budget is adequate for 2020/21 given that we still have a high number of cases to assess for Discretionary Hardship (as per the quarterly performance report), the high percentage of cases that have been awarded this year and the possibility that we may have more new people becoming aware of CTS through Universal Credit.

Members have requested monitoring of the hardship rewards continue. Monitoring this fund is the best internal way to identify real financial vulnerability, potential issues arising because of external changes and subsequent Council Tax collection problems

## Costs of collecting Council Tax

Whilst it is important that SSDC collect Council Tax to pay for local services, we have to be sure that we do not inadvertently spend too much Tax Payers money trying to do so, therefore making the scheme inefficient.

The SSDC collection costs with effect from April 2019 are:

- Up to and including the cost of issuing a summons - the cost of collection from 2<sup>nd</sup> reminder stage onwards is currently £50.00.
- The cost of the Liability Order is £21.75.
- The total charge is £71.75

The Task and Finish group are concerned that the actual costings of officer time have not been reviewed in the last year, and suggest this is done as part of the data to help inform the 2021/22 scheme in terms of proportional effort and costs, while recognising this is less straight forward in the new working model.

**Previous Task and finish recommendations still in progress:**

<b>Recommendation</b>	<b>Progress</b>
<p>Providing a summary front sheet for Council Tax Support notification letters that detailed the sum owed/received and how to proceed</p> <p>The letters have now been switched off as they are not a legal requirement. The award information is on the council tax bill.</p>	<p><i>Some of the information that would be provided on a summary sheet is available through customer's personal online accounts</i></p>
<p>Benefits Officers explore the potential of creating a consultative group who can meet to discuss the Council Tax Support scheme</p>	<p><i>It is intended that this will be considered as part of the Customer insight and engagement work of the Transformation Programme</i></p>

**Future monitoring**

The Task and Finish group request monitoring of:

- Discretionary Hardship rewards continue
- Arrears for cases where Council Tax Support is being given, this is to best manage the scheme and have an effective and efficient approach to collection and recovery
- Costs of collecting Council Tax - It is important to ensure the balance is correct, whilst we must ensure we collect Council Tax to pay for local services, we have to be sure that we do not inadvertently spend too much Tax Payers money trying to do so, therefore making the scheme inefficient
- Other Local Authority schemes and National Best Practice to consider if the South Somerset scheme could be improved upon.

The Task and Finish group request officers:

- Contact individuals who are in arrears with their Council Tax, have been awarded Council Tax Support and have not paid any Council Tax instalments to identify if there is a pattern to these non-payers to see if there is an issue of education, process or financial vulnerability and report the findings to the next task and finish group.
- Assess the costs of collection of Council Tax arrears to ensure we have the assessment of affordability and financial vulnerability correct for the CTS scheme, and that appropriate sums of taxpayers money is being spent collecting unpaid council tax.
- Commit time to investigate if any particular group(s) that have fallen into council tax arrears that are also in receipt of CTS. If there are, to identify if there are any new measures that could be introduced to make the CTS scheme more fair and robust, or if additional debt advice measures could be introduced to try to prevent arrears accumulating.

## **Future Risks**

The risk is always a downturn in the local economy and this is not possible to mitigate. It is a case of adopting a policy and working practices, that achieve the best collection rate, whilst protecting those who are financially vulnerable.

There are some groups suggesting CTS is unfair and too much of a postcode lottery and suggesting a national benefit or discount scheme should be reintroduced.

Food costs increase because of Brexit, making more people financially vulnerable. We will continue to publicise and monitor the hardship scheme, we work with numerous local agencies offering debt advice so we will be able to detect early any impact. We will signpost customers to receive the best support and advise whilst considering the scheme and affordability for our customers, we may need to revise the scheme awards and increase the hardship fund.

## Appendix 2

The Task and Finish group principles for the SSDC Council Tax Support Scheme:

- Everyone should contribute something towards the cost of local services through Council Tax
- All income should be included to ensure the scheme is fair
- Greater account should be taken of the total income of a household
- Provide incentives to encourage people into work or increase their hours
- Provide protection for those who may become vulnerable under the scheme 'Unable to afford basic shelter, food, water, heating and lighting and essential transport'
- Not penalise those that have already saved for the future (to a greater extent than the Council Tax Benefit scheme)



# Agenda Item 9

## **2020/21 Draft Budget and Medium Term Financial Plan Update**

*Executive Portfolio Holder:* Councillor Peter Seib, Finance & Legal Services  
*Director:* Netta Meadows, Strategy & Support Services  
*Lead Officer:* Nicola Hix, Interim S151 Officer  
*Contact Details:* Nicola.hix@southsomerset.gov.uk or (01935 462612)

### **Purpose of the Report**

1. The purpose of this report is to provide an update the latest estimates for 2020/21 draft budget and Medium Term Financial Plan estimates for the period 2020/21 to 2024/25, together with an update on the Capital Programme.

### **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of January 2020.

### **Public Interest**

3. This report is an update on setting the Council's budget for the next financial year 2020/21 and the council's longer term financial sustainability.

### **Recommendations**

4. That the District Executive:
  - a. Note the current estimates and next steps in respect of the draft Medium Term Financial Plan and Capital Programme.
  - b. Approve in principle the changes to budget estimates in respect of pressures and savings included within the report (para 17).

### **Background**

5. The Financial Strategy and Medium Term Financial Plan estimates for the period 2020/21 to 2024/25 were originally approved and noted by the District Executive on 5<sup>th</sup> September 2019.
6. On 3<sup>rd</sup> October 2019 the Ministry of Housing Communities & Local Government (MHCLG) issued a Technical Consultation on the 2020/21 Financial Settlement. This provided additional information to inform assumptions within the Council's MTFP, which were outlined in an update of the Financial Strategy 2020/21 report to District Executive on 7<sup>th</sup> November 2019.
7. This report provides members with a progress update on the preparation of draft estimates for 2020/21 and towards achieving a balanced budget over the medium term.

### **The Autumn Statement 2019**

8. On 5<sup>th</sup> November 2019, MHCLG issued a letter confirming that the Autumn Statement would be delayed due to the General Election. However, they anticipate that the provisional Settlement will be a priority for Ministers to consider after the General Election, and all possible steps would be taken to ensure that the final settlement aligns with local authority budget setting timetables. It

advised, in the meantime, local authorities should take account of the proposals the Government has published in the technical consultation in drawing up draft budgets for next year. These proposals were picked up in the update to District Executive in November.

9. At the time of writing this report, the provisional local government finance settlement had not been announced by the Secretary of State for Housing, Communities and Local Government. If the settlement is published before the actual meeting on the 6<sup>th</sup> January 2020 then a verbal update will be presented at the meeting.

## 2020/21 Budget and MTFP Update

10. The report to District Executive in November showed the projected Budget Gap forecasts – the difference between our estimated budget requirement and the estimated funding available – a balanced budget in 2020/21 before rising to a deficit of £2.648m by 2024/25 financial year.

**Table 1 - Medium Term Financial Plan (as previously reported at November 2019)**

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Total Budget Requirement	15,726	15,868	16,683	17,333	18,056
Total Funding	-15,726	-14,757	-15,170	-15,337	-15,408
Budget Gap (Cumulative)	0	1,111	1,513	1,996	2,648
Budget Gap Increase on Prior Year	0	1,579	402	483	652

11. A range of estimates have been updated since the November report was prepared, and are reflected in the up to date MTFP position set out below. It is important to emphasise that the budget estimates and medium term forecasts remain indicative at this stage, and further updates will be included in the final budget information presented for approval in February 2020.

**Table 2a – Medium Term Financial Plan – Net Budget Requirement Estimates**

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Base Budget B/F</b>	<b>16,198</b>	<b>14,887</b>	<b>14,752</b>	<b>14,669</b>	<b>15,333</b>
Incremental Changes:					
Employment Cost Inflation	210	467	454	374	423
Inflation allowance on contracts	169	174	179	180	180
Unavoidable budget pressures	304	200	200	200	200
Planned savings	-355	10	-90	-148	-59
Investment Income & Revenue effects of Capital Programme	-1,645	-764	-826	58	59
Other	6	-222	0	0	0
<b>Total Budget Requirement</b>	<b>14,887</b>	<b>14,752</b>	<b>14,669</b>	<b>15,333</b>	<b>16,136</b>

Note: The Total Budget Requirement is 'carried forward' as the Base Budget at the start of the following year, and adjusted for approved budget changes (e.g. funding for inflation is added to the base budget) to arrive at the Total Budget Requirement for each year.

**Table 2b – Medium Term Financial Plan – Funding and Budget Gap Estimates**

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total Budget Requirement (per Table above)</b>	14,887	14,752	14,669	15,333	16,136
<b>Funded By:</b>					
Revenue Support Grant	0	327	327	327	327
Rural Services Delivery Grant	-166	-166	-166	-166	-166
New Homes Bonus Grant	-1,820	0	0	0	0
Business Rates Retention	-5,263	-3,734	-3,807	-3,881	-3,954
Collection Fund Surplus - Business Rates	-609	0	0	0	0
Council Tax - SSDC	-10,348	-10,702	-11,041	-11,433	-11,781
Less: Council Tax Paid to SRA	112	114	115	117	118
Collection Fund Deficit - Council Tax	18	0	0	0	0
<b>Sub-total: Funding</b>	<b>-18,076</b>	<b>-14,161</b>	<b>-14,572</b>	<b>-15,036</b>	<b>-15,456</b>
<b>Other Reserve Transfers</b>					
MTFP Support Fund Reserve	1,820	-650	-650	-350	0
BRR Volatility Reserve	555	0	0	0	0
Other Earmarked Reserves	288	300	300	300	300
General Reserves	0	0	0	0	0
<b>Sub-total: Reserves</b>	<b>2,663</b>	<b>-350</b>	<b>-350</b>	<b>-50</b>	<b>300</b>
<b>Total Funding</b>	<b>-15,413</b>	<b>-14,511</b>	<b>-14,922</b>	<b>-15,086</b>	<b>-15,156</b>
<b>Budget Gap / (-)Surplus</b>	<b>-526</b>	<b>241</b>	<b>-253</b>	<b>247</b>	<b>980</b>
<b>Budget Gap Increase on Prior Year</b>		<b>767</b>	<b>-494</b>	<b>500</b>	<b>733</b>

(Negative figures = income / cost reductions, positive figures = cost increases / income reductions)

12. As the updated MTFP estimates show, the progress in delivering the Council's agreed financial strategy continues to make a positive impact on the financial position. Based on the updates incorporated so far – in particular through confidence in meeting the transformation savings target and the effects of the income generation through commercial and treasury investment – good progress has been made towards producing a balanced budget for next year.
13. It is important to note that the above position is not the final position. We are on track to set a balanced budget in 2020/21 and at the same time set aside funds in reserve to manage financial risks. Whilst we have made excellent progress to date we still face a medium term deficit. The ongoing and increased success of the commercial strategy is pivotal in addressing this gap to enable the Council to maintain its ambition of protecting frontline services from the impact of funding reductions.

### **2020/21 Draft Budget Estimates - Main Changes to Date**

14. The main financial planning assumptions underpinning the MTFP forecasts were set out in the report to District Executive in September and November. This includes explanations around costs pressures such as staff pay award, pension costs, etc. The majority of the assumptions are unchanged.
15. The changes included in the forecasts since November in respect of 2020/21 are summarised in the table below. This provides a reconciliation of the change from November to January estimates:

**Table 3 – Budget Changes since November 19**

	<b>2020/21 £'000</b>	<b>2020/21 £'000</b>
<b>Budget Gap Estimate – 7 November 2019</b>		<b>0</b>
Reduce contingency budget allocation (during budget drafting)	-368.0	
Net adjustments to Investments and revenue effects of capital	-86.3	
Update to Pay and Pension	-200.5	
Transformation non pay savings	-150.0	
Net increase in Treasury Management Income	-53.7	
Income from Brympton Way Office Rental	-105.7	
Removal of Standby Allowance Budget	-24.7	
Increase in Unavoidable Budget (shown in table 4)	98.8	
Countryside Income from Business Plan delayed by 1 year	21.0	
Additional one-off increase to the Districtwide grants budget	30.0	
<b>Sub-total: Changes to Budget Requirement</b>		<b>-839.1</b>
Council Tax Provisional Deficit for 2019/20	17.7	
Tax Base Update	94.9	
Business Rates Provisional 19/20 Surplus	-609.4	
Business Rates Provision surplus to Volatility Reserve	609.4	
Transfer to Commercial Investment Risk Reserve	100.0	
Transfer to Treasury Management Risk Reserve	100.0	
<b>Sub-total: Changes to Funding and Reserves</b>		<b>312.6</b>
<b>Budget Gap Estimate – 19 December 2019</b>		<b>-526.5</b>

The changes are explained as follows:

- The Transformation non pay savings, and Treasury Management Income movements shown above are the savings targets agreed by District Executive in September as part of the financial strategy for 2020/21. The original figure for Treasury Management Income was an increase of £100K on the income budget but this has been reduced to £53.7K as there was a need to reset the base budget back to the correct starting position.
- Pay and Pension have been updated following completion of work on the detailed salaries estimates for 2020/21. Figures have been amended in relation to pensions which have seen a reduction in the lump sum contribution, based on the provisional triennial pension fund valuation received in November 2019. The final valuation results are expected to be confirmed in January or February 2020.
- The proposed income from the rental of Brympton Way Offices to the Police has been included for 2020/21. A corresponding loss of income from the closure of Churchfields Offices have been included in the unavoidable section.
- The Standby Allowance budget has been offered as a saving for 2020/21 due to different ways of works meaning this is no longer required.
- 2019/20 budget setting agreed a capital sum for Ninesprings and Yeovil Rec – an increase in revenue was attached to this which was built into the budget. It is proposed to push this increase back one year to allow for delays in achievement of this. For 2020/21 as part of the fees and charges exercise, the budget for Ninesprings has been increased to coincide with an increase in charges.
- A provisional increase to the district wide grants budget, in particular funding for CASS and SPARK, but this is subject to members agreeing the recommendations of the separate report to District Executive on this agenda.

16. It is important to state at this stage that this reflects changes to draft budget estimates to date, and is not the final position. Final budget proposals will be reported to District Executive and Full Council in February 2020.

### Unavoidable Pressures and Savings

17. The following table summarises the pressures and savings that are reflected in the current draft budget estimates. District Executive is requested to approve in principle the retention of these items within the draft budget for 2020/21, subject to approval of final budget in February 2020.

**Table 4 – Unavoidable Pressures for 2020/21**

<b>Unavoidable Pressures</b>	<b>2020/21 £'000</b>	<b>2020/21 £'000</b>
Waste contract allowance for growth in demand (new properties)	21.3	
Waste budget increase linked to SWP Business Plan	5.2	
Removal of 19/20 Members Training & Development once off budget	-30.0	
Somerset Wide Graduate Scheme	33.0	
Touchdown Spaces in Market Towns	14.0	
Reduction in Rental & Service Charge Income Churchfields Offices	29.6	
Reduction in Property Income Budget	40.0	
Reduction of External Printing Income Budget	40.0	
Reduction of Housing Properties Income Budget	40.7	
Reduction in Car Parking Income Budgets	100.0	
Increase in External Audit Fees	10.0	
<b>Total Allowance for Unavoidable Pressures</b>		<b>303.8</b>

**Table 5 – Savings for 2020/21**

<b>Savings</b>	<b>2020/21 £'000</b>	<b>2020/21 £'000</b>
Transformation Savings	-150.0	
Increase in Rental & Service Charge Income Brympton Way Offices	-105.7	
Service Fees and Charges Financial Strategy income target	-75.0	
Standby Allowance Budget	-24.7	
<b>Total Planned Savings</b>		<b>-355.4</b>

18. It is likely that further changes will be included in final budget proposals, however the above reflects changes identified to date.

### Investment Income & Revenue effects of Capital Programme

#### Investment Income - Commercial

19. Members will recall the approval of the Interim Commercial Strategy in September 2019. This report was an update to the Commercial Strategy agreed in August 2017. The original Commercial Strategy detailed plans to generate significant additional income from commercial investment in order to mitigate the cuts to government grant funding and protect the council's delivery of services to the community.
20. The strategy is now two years into its four year programme. Since the introduction of the first Commercial Strategy, SSDC has purchased a number of investment properties, and has grown experience in implementing the Commercial Strategy. The Financial Strategy agreed by Members in September 2019 recognised the Council's funding requirements have grown due to further central government cuts and ambitions in the Council Plan have been formulated in more detail. With both

the success of investments in mind and the Council's funding requirement it was agreed that the annual net revenue target has been increased from £2.2m p.a. to £3.35m p.a. by 2021/22 financial year. The investments made to date are therefore making good progress towards this target.

21. At this stage the MTFP has been updated to reflect completed acquisitions as at November 2019, but also an anticipation of achieving the original target of £2.2m in 2020/21. The budget reflects net income – after deducting capital financing costs (debt repayment and interest).

### **Investment Income – Treasury Management**

22. As part of the agreed financial strategy, the Council also annually reviews its approach to treasury management. The Treasury Strategy for 2020/21 is currently being updated, and will be reviewed by Audit Committee in January, prior to being considered for approval at Full Council in February. The approach to our treasury investments continues to follow the principles of the Prudential Code and Guidance issued by CIPFA.
23. The 2019/20 budget included an increase of £200,000 in investment income expected for the year, which reflected an expected increase in returns through a diversified range of investments in higher earning financial instruments. Regular monitoring of this budget shows this additional income is on target and expected to exceed the target for the year.
24. In line with the updated financial strategy, the draft budget for investment income in 2020/21 has been increased by a further £100,000. Given the performance in 2019/20, this is expected to be achieved through further updating our mix of investments, and taking a longer term view for investing a proportion of the Council's cash reserves.
25. The Council will continue to use advice from Arlingclose to effectively manage its portfolio of investments. In 2019/20 the Council set aside £150,000 into a Treasury Risk Management Reserve, to provide some resilience to volatility in capital values and/or budget variations on investment income. This budget proposes to transfer a further £150,000 in 2020/21, with the MTFP assuming transfers of £50,000 each year thereafter.

### **Revenue Effects of Capital Programme**

26. The revenue effects of capital comprise the interest cost (interest on loans and loss of interest on investments). The current estimates reflect the assumed loss of interest as reserves are used to support already approved capital schemes, plus a contingency for new schemes to be considered for next year's capital programme.
27. The increase in 2020/21 reflects the financing of the Council's commercial investment property acquisitions to date. This includes a Minimum Revenue Provision (MRP) charge to the revenue budget to set aside funds to repay debt, plus interest costs on capital borrowing. As at November 2019 the Council has no external loans, with the capital financing requirement currently provided through internal borrowing from cash reserves.

### **Funding and Reserves Estimates**

#### **New Homes Bonus (NHB)**

28. As detailed in the November District Executive report, through the Spending Round the Government has confirmed that New Homes Bonus (NHB) funding will be available in 2020/21. There has been no change in this budget report, and all NHB received in 2020/21 is still forecast to be fully set aside

for use in future years. The final allocated NHB Grant for 2020/21 will be confirmed as part of the Provisional Settlement in December 2019 / January 2020.

### Business Rates

29. The current draft budget reflects business rates income estimates completed in the summer. Updated estimates will be finalised in early January and reflected in the final budget report.
30. A prudent sum of £609,487 has now been included in the budget as SSDC's gain from being in the pool. This is a volatile funding stream therefore appropriate caution should be applied. With this in mind, the 2020/21 budget includes a transfer of this whole amount to the Business Rates Volatility Reserve.

### Business Rates Pooling and 75% Retention Pilot

31. As reported in November, through the spending round the Government confirmed that the pilot will definitely be for one year only, with the pool reverting to the 50% BRR system for 2020/21. Business Rates on this basis has been built into the budget for 2020/21 with remaining years remaining uncertain at this stage as this is subject to reform of the BRR system and the Fair Funding Review.
32. Final estimates of the potential pooling gain will be confirmed in January and included in the final budget report.

### Regeneration Programmes Funding

33. The Council has approved gross and net budgets for the priority regeneration programmes in Yeovil, Chard and Wincanton. The net budget requirement for these programmes is £7.5m however this is not all currently fully funded. As part of this year's proposed budget the Executive is minded to address this funding gap through a combination of a transfer from the surplus revenue budget and business rates pooling / pilot gains.

<b>Regeneration Funding Plan</b>	<b>£000</b>
Existing approvals:	
Consolidation of previous Yeovil capital budgets – funded from existing capital receipts	424
Area South Capital Fund contribution – funded from existing capital receipts	151
Agreed allocation from commercial investment (Marlborough)	500
Agreed allocation from 2018/19 business rates pooling gain	500
Agreed allocation from 2019/20 business rates pooling and pilot gain	1,425
Surplus revenue budget from 2019/20	500
Useable Capital Receipts	2,500
<u>Sub-total</u>	6,000
Proposed first call on future unallocated business rates pooling gains (will need contingency plan if insufficient income received)	1,500
<b>Total Funding for Net Budget Requirement</b>	<b>7,500</b>

### Council Tax

34. The S151 Officer approved the 2020/21 Council Tax Base in early December, which is set at 60,710.78 Band D Equivalents. This is lower than previously estimated, mainly due to slower than forecast housing growth in the 12-month period to October 2019.
35. The Council Tax income estimate is therefore calculated as follows:

	<b>2020/21</b>
Council Tax Base – Band D Equivalents	60,710.8
SSDC Council Tax Rate per Band D Estimate (not yet approved)	£170.44
Council Tax Income Estimate (Tax Base x Tax Rate)	£10,347,545

36. The Council Tax Rate includes £168.59 for SSDC services and £1.85 levied on behalf of the Somerset Rivers Authority (SRA). Therefore, of the council tax income figure shown in the table above, £112,315 will be passported to the SRA.

### **Earmarked Reserves**

37. The Interim S151 Officer will finalise a review of earmarked reserves in December/January, and include an updated reserves position with the final budget reports at the end of January.

38. The current draft budget for 2020/21 includes net transfers to/from earmarked reserves of £2.6m. This includes:

- £150,000 to the Treasury Risk Reserve
- £200,000 to the Commercial Investment Risk Reserve
- £555,487 to the Business Rates Volatility Reserve
- £1,820,361 to the Medium Term Financial Plan Support Fund from NHB receipt and
- £61,700 from Infrastructure Reserve for Regeneration Programme Management costs

### **General Reserves**

39. The current approach to setting the budget for 2020/21 aims to achieve a balanced budget without the need to use funds from general balances. The current estimates indicate we are on track to meet this aim.

40. The adequate minimum General Reserve requirement was reviewed in August 2019, and was approved to be set at £2.6m. The current balance is as follows:

<b>General Fund Balances</b>	<b>£000</b>
Balance at 1 April 2019	-4,593
Area & Economic Development Balances	121
2019/20 Carry Forwards	170
Commitments (including A303)	157
Current Estimated underspend in 2019/20	-6
<b>Unallocated General Fund Balance at 30<sup>th</sup> September 2019</b>	<b>-4,151</b>

### **Capital Programme**

41. The Senior Leadership Team has reviewed the capital bids for 2020/21. A summary of these bids are included within Appendix A. All bids submitted fall largely outside of the new corporate plan. Appendix A divides the bids into those deemed to being essential, and the other bids that fall outside of these categories. Notes have been added to show to some projects where reserves can be used.



## **Summary of Items to be Finalised for the 2020/21 Budget**

42. Unavoidable costs: The draft budget includes a provision for unavoidable costs of £303.8k for 2020/21. Actual pressures identified to date are significantly less than this as shown in the table above.
43. Revenue Effects of Capital: The MTFP has been updated to reflect the revenue implications for commercial property investment, but will need to be updated for the prioritised capital programme bids for 2020/21. A contingency sum is included pending finalising the agreed programme.
44. Business Rates Retention (BRR): The detailed budget estimates for BRR will be completed in January, and will inform final estimates. Details regarding next year's baseline and tariff are due as part of the Provisional Settlement the end of December / beginning of January.
45. Collection Fund: The final estimates for the 2019/20 surplus or deficit for council tax and business rates will be finalised in January, and feed into final budgets for 2020/21.
46. New Homes Bonus: The grant allocations for 2020/21 are expected to be confirmed with the provisional settlement. This will include any change by Government on the continuation of the funding in future years. The figure on the affordable homes element is currently being verified with the Housing Associations.
47. Council tax: The MTFP assumes the tax rate will increase by 1.99% as per guidance issued ahead of the provisional settlement.
48. Business plans: A review of the business plan for Yeovil Crematorium and Elleston against current budget position needs to be undertaken, and to ensure it is built into the MTFP going forward.

## **Public/Stakeholder Consultation**

49. It is recommended that individual savings and additional income plans that are approved in principle are individually consulted upon where there is partnership, economic, or equalities issues to consider.

## **Budget Scrutiny**

50. This report will be presented to Scrutiny Committee on 7th January 2020, with the final proposed budget presented to Scrutiny on 4<sup>th</sup> February 2020 before being considered for approval by District Executive on 6<sup>th</sup> February 2020 and Full Council on 20<sup>th</sup> February 2020.

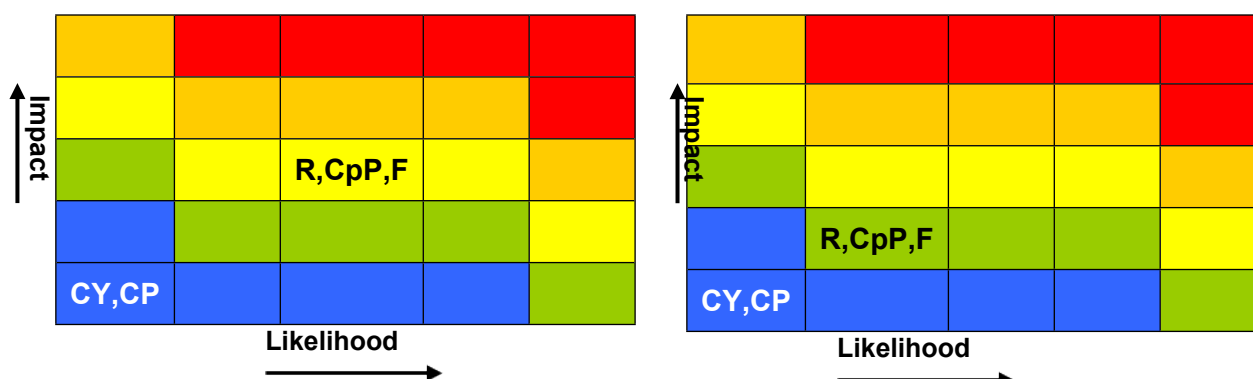
## **Financial Implications**

51. This report contains financial implications throughout.

## Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
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## Council Plan Implications

52. The MTFs and MTFP incorporate costs, income and funding implications directly related to the delivery the Council’s aims and priorities. The Council Plan for 2020/21 is due to be presented to Council for approval in February at the same time as the final budget.

## Carbon Emissions and Climate Change Implications

53. Not applicable within this report.

## Equality and Diversity Implications

54. Not applicable within this report.

## Privacy Impact Assessment

55. There are no specific privacy impacts in respect of this report. Individual budget changes will be assessed and salient comments included in budget update reports through the budget setting process.

## Background Papers

56. The following reports may provide helpful background information in support of this report:

- Financial Strategy 2020/21 (District Executive September 19 and November 19)

Profile of 2020/21 Initial Capital Bids

APPENDIX A

Bid No.	Scheme Name	Brief Description of Scheme	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Total £'000	Funding information / options
<b>SSDC Council Portfolio Schemes</b>									
2020-04	Installation of Photovoltaic Panels on Ninesprings Cafe and John O'Donnell Pavilion	To enable the installation of photovoltaic (PV) panels on the roof of the Ninesprings Café in Yeovil and also the John O'Donnell (JoD) Pavilion Building at Yeovil Recreation Centre.	23.5	10.0				34	Total cost £50K. £16.5K grant already secured for YIC to be transferred to this project therefore request is for net amount.
2020-05	YIC Car Park Extension	To tarmac over the existing overspill car park to make fit and proper establish a new extended car park for the Innovation Centre. The new Car park will also have a new fitted lockable bike storage area to encourage cycling to the centre. Additional works include the installation of a new pedestrian walk way into the centre and footpath across the busy car park to the innovation centre front doors.	94					94	As need has been generated from YIC2, possibility of using estimated underspend from loan fit out from YIC2 towards this, approx £40K. Would reduce funding request to £54K.
2020-06	Brympton Way Building Improvement Works	To replace a broken boiler (£25K) and update and maintain the Fire & Intruder Alarm systems (£80K) in Brympton Way offices. Existing boiler has failed - sections have broken. BW operates with 2 boilers and is thus currently exposed to a single boiler which is the same age as the boiler that has failed. If the second boiler fails during the winter period, we would have to close the building until replacement works can be completed. Single boiler performance will not meet heating needs in coldest weather conditions.	46					46	There is £199k in the Capital Approved Reserve Schemes for 'Plant Failure Contingency', which can be used to fund the boiler replacement. There is also £59k remaining from a previous year's bid for Fire & Intruder alarm upgrades for Brympton Way, so only the balance of £21k is required from the original bid of £80k.
2020-07	Land Drainage Maintenance Improvements	To carry out improvements to the land drainage infrastructure that we maintain. This is to improve the safety of the maintenance crews where often the access is down steep banks or restricted. Streetscene carry out land drainage maintenance and it has come to light that there is some H&S risks associated with the access points.	25					25	
2020-08	District Wide CCTV Contribution to new system for Yeovil Town Centre	The current CCTV system is due to fail and requires replacement. The total system replacement is believed to be in the order of £125K, with SSDC's share to be £25K. The existing supplier at Sedgemoor has pulled out of their contract leaving Sedgemoor to procure a replacement provider.	25					25	
2020-09	Birchfield Leachate Pumping Station	To carry out essential repairs to the roof of the pump house kiosk to ensure the integrity and operation of the pumping station is maintained. To upgrade the telemetry system to provide more effective warning of issues and increased remote functionality.	45					45	There is £485k in the Capital Approved Reserve Schemes for 'Gas Control System - Birchfield', which was moved to reserves in 2018/19 from an approved bid in 2013, as no money was being spent.
2020-10	Car Park Improvement Works	To update and modernise SSDC's ticket machines (£100k), to repair a damaged wall at Court Ash (£120k) and to do extensive improvements to West Hendford underground car park due to vandalism and pigeon nesting damage (£90k).	310					310	
2020-11	Westlands Building Improvement Works	To replace the boiler in the Leisure Complex (£330k), to replace the roof of the Sports Centre (£100k), and update the Parish Room and 1st floor offices - air-con + roof lights (£30K).	460					460	Possibility of loan from SSDC and repaid via ticket levy however likely to have to be over a substantial number of years to make it affordable.
<b>Subtotal of Essential Bids</b>			<b>1,028</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,038</b>	
<b>Other Schemes</b>									
2020-01	Private Sector Housing Grants	To seek funding of £180,000 to continue to provide Private Sector Housing Grants in 2020/21 across the district.	120					120	
2020-02	Renewal of Skate Park Provision in Area South	To renew up to 3 skating/wheeled play parks in Yeovil.	30	210	100			340	Work to be carried out with Income Opportunities Development Manager to look for sources of external funding.
2020-03	Works to Chard Reservoir and Dam Outlets	To fund capital repairs and improvement works to the dam, outlets and reservoir mechanisms at Chard Reservoir.	18					18	
2020-11	Westlands Building Improvement Works	Banked seats in ballroom, Artists walkway, Tennis court car park, Site barrier - height restriction, Door entry controls/security, Parish Room and 1st floor offices - air-con + roof lights, Patio doors and windows, Projection room, Walk-in freezer, New bollard/posts, Light controls, Bar external patio re-surface, Fascia renewal and remove redundant lights.	420					420	Possibility of loan from SSDC and repaid via ticket levy however likely to have to be over a substantial number of years to make it affordable.
<b>Subtotal of Other Bids</b>			<b>588</b>	<b>210</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>898</b>	
<b>Non-Scoring</b>									
	Area Committee Funding	Historically have always provided the Area Committee's with a top up of capital funds of £25K each.	100					100	Useable Capital Receipts would have to be allocated.
<b>Total of All New Capital Bids</b>			<b>1,716</b>	<b>220</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>2,036</b>	
<b>Total Loss of Interest @ 2%</b>			<b>34.3</b>	<b>4.4</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>40.7</b>	

# Agenda Item 10

## **Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance**

*Executive Portfolio Holders:* Val Keitch, Strategy and Housing  
Tony Lock, Protecting Core Services  
*Director:* Martin Woods, Service Delivery Director  
*Service Manager:* Nigel Marston, Specialist Team Manager, Service Delivery  
*Lead Officer:* Vicki Dawson, Lead Specialist, Environmental Health  
*Contact Details:* vicki.dawson@southsomerset.gov.uk or 01935 462546

### **Purpose of the Report**

1. For members to consider and adopt the Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance in Appendix 1 of this report.

### **Forward Plan**

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 4<sup>th</sup> January 2020.

### **Public Interest**

3. With increased housing pressures the Government continues to see working with the private sector as being increasingly important in order for local authorities to meet their statutory responsibilities to deal with empty properties, disrepair, homelessness, overcrowding and other related housing matters. The provision of financial assistance is considered an integral part of any strategy to improve housing conditions. Likewise there is a clear link between poor housing and ill health and the Government is keen to see action taken to prevent poor housing and ill health. In addition there is a need to save money to the NHS/Social services by helping disabled people to continue living in their homes and by accelerating hospital discharge. These grants and loans also support energy efficiency measures which will contribute to the carbon reduction targets set by the Council in its Environment Strategy.

### **Recommendations**

4. That the District Executive:
  - a. Agree that the Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance in Appendix 1 concerning the provision of financial assistance for private sector housing and associated matters, including disabled facilities grants be adopted as the future policy of the Council..

### **Background**

5. This is a revised version of the previously agreed policy and whilst much of it remains the same there are a number of changes in many cases just to provide clarification and fuller explanation of the grants available. The new policy is produced in appendix 1 and changes are highlighted in green for ease of reference. The adoption of this policy does not commit nor imply that any funds will be available to be spent on the grants, loans or other financial assistance outlined but rather sets out the criteria which will be applied when providing such financial assistance if and when funds are available.

6. Additional explanation has been added in loan policy 1 and 2 on home loans regarding the types of energy efficiency works we may be able to assist with. In addition an increase to a maximum grant of £25k is suggested to encourage home improvement and energy efficiency measures. Take up of loans by landlords is very low and so we are proposing to increase the rent allowable to be the LHA rate plus £50. This is considered acceptable by our housing team. In addition the nomination right period would be reduced from 5 years to 2 years, again in agreement with the housing team. This is hoped to make the loans more attractive to landlords and will provide viable funding to help provide decent homes and in particular bring empty properties back into use.
7. The last Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance was adopted in February 2019. Since this time further discussions have been held with SCC regarding the agreed use of the Better Care Fund for prevention work to support the work of the Clinical Commissioning Group to reduce costs to the NHS/Social Services by accelerating hospital discharge and by reducing the need for more expensive care packages. These works are covered in grant policy 2 on DFGs but mostly this is to clarify the policy. There is an addition in section 2.2 item 2) to allow discretionary DFG up to £4000 for urgent work which falls outside of the usual DFG allocation. Also the acceptance of Council tax reduction as a passporting benefit has been added. This brings this into line with the repair grant policy and will make the means testing process more efficient whilst ensuring funds are still targeted to those in need.
8. Changes have also been made to the HMO policy set out in grant policy 4. In February 2019 the Scheme was modified to use fixed price to make the process more efficient and transparent for landlords. The upper limit was also reduced to ensure that grants were available to more applicants particularly as there had been around a fivefold increase in the number of licensed HMOs due to legislative changes. The been running successfully and helped raise standards in HMOs. Building on this success the proposal is now to extend the eligible works slightly as set out in the schedule to the policy. These measures help to build on fire safety and fire prevention features as well as promoting new and better amenities. With these changes in mind it is also proposed that the upper limit be increased from £7,000 to £7,500.
9. To help promote take up of the empty property grants it is proposed to make the same changes as for the landlord loans namely; to increase the rent allowable to be the LHA rate plus £50 and to reduce the nomination right period from 5 years to 2 years. To improve energy efficiency as properties are brought back into use and promote higher standards to help reduce carbon emissions the additional allowance for energy efficiency measures is proposed to increase from £1000 to £2000.
10. The rest of the policy remains largely unchanged from previous versions.
11. Vicki Dawson, Lead Specialist for Environmental Health, Nigel Marston, Specialist Team Manager, Service Delivery have delegated authority to approve all grants, loans and payments under this policy.

### **Consultation**

12. Consultation discussions have taken place with Wessex Resolutions who administer the loans. They have actively encouraged these changes to encourage more uptake of the loans and to bring our policy more in line with many others in the scheme.
13. The changes relating to use of DFG funding are mainly to clarify what is already in place. Discussions have been held with relevant people within the Clinical Commissioning Group at SCC and other districts in terms of how the Better Care funding is spent across our services for prevention works. This includes an Occupational Therapist representative.

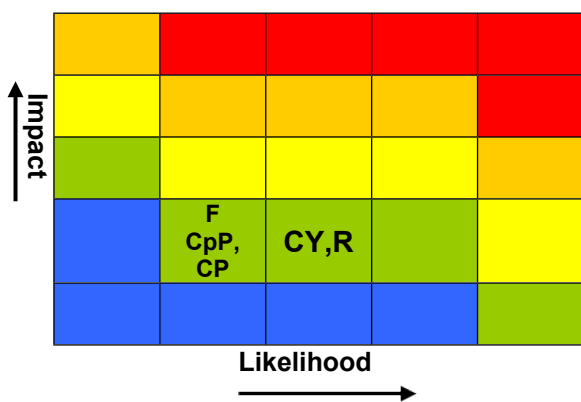
14. The change to HMO grants have not been formally consulted on however officers have found landlords supportive of our proposals in their discussions with them. It is a discretionary grant and we are entitled to set policy at our discretion. The changes are designed to allow better targeting of the resources available.

**Financial Implications**

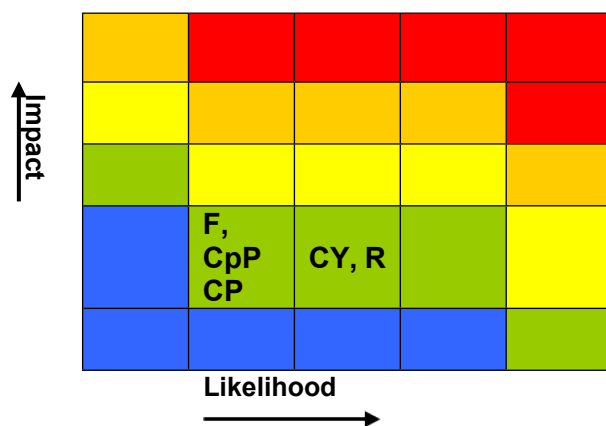
15. All capital spending associated with this updated policy are subject to the usual capital bidding process. No new money is being asked for at this time.

**Risk Matrix**

**Risk Profile before officer recommendations**



**Risk Profile after officer recommendations**



**Key**

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

**Council Plan Implications**

16. This revised policy clearly supports the Council Plan priority on Homes that is to;
- To work with partners to enable the provision of housing that meets the future and existing needs of residents and employers we will:
  - Minimise homelessness and rough sleeping.
  - Work with the private rented sector to improve the standard and availability of rented accommodation.
  - Tackle fuel poverty.
  - Enable people to live independently for as long as they are able.

## **Carbon Emissions and Climate Change Implications**

17. The adoption of this policy will have clear implications for the climate change agenda and will support actions in the Environment Strategy. All grant aided works will meet the latest building Regulation requirements and therefore help reduce carbon emissions. Energy efficiency work will also reduce the need for heating and hence reduce fossil fuel use contributing to the Councils carbon reduction targets for the district.

## **Equality and Diversity Implications**

18. A stage 1 Equality Analysis (EqA) has previously been completed and as this report does not pose any significant change that would impact on any of the protected characteristics a further impact analysis is not required.

## **Privacy Impact Assessment**

19. The policy which is the subject of this report does not in itself involve the processing or handing of personal data. The provision of specific grants and loans in accordance with this policy would involve the handling of personal data a privacy impact assessment is being carried out on the procedures and service design of this service.

## **Background Papers**

20. Private Sector Housing Strategy 2015-19
  21. Empty Homes Strategy
-

## **APPENDIX 1**

### **Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance**

#### **Introduction**

The Regulatory Reform (Housing Assistance) Order 2002 came into force on the 18<sup>th</sup> July 2002. The Order provided greater freedom for local authorities to enable improvements to the private rented sector, empty properties and privately owned dwellings. In order to make use of these opportunities local authorities must have in place a policy for the provision of assistance.

This policy **replaces the current version** and describes the purpose for which grants, loans and other financial assistance will be provided by South Somerset District Council for private sector housing in compliance with the above requirement. This is to meet both targets set down in the Council plan and legal requirements as well as the wishes of the Joint Commissioning Board (JCB) of the Somerset Clinical Commissioning Group.

Such grants, loans and other financial assistance are awarded under the provision of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 and in accordance with the Housing Grants, Construction and Regeneration Act 1996 and other relevant legislation. Grant aid will be available for the provision of Disabled Facilities Grants (DFGs), Home Repair Grants, Empty Property Grants and HMO Grants. Loans will also be available for similar purposes. Wherever possible loans will be used in preference to grants as it is clearly more cost effective to do so. All grants awarded are discretionary, with the exception of DFGs, and will only be awarded subject to the funds available within the capital programme.

#### **Home Loans**

The Council has been running the Home Loan Scheme in partnership with Wessex Resolutions (now operating as Wessex Resolutions CIC) since 2006. A variety of loan products are available at a 4% fixed interest rate. Under the contractual arrangements, Wessex Home Loans will only provide loans to clients referred by SSDC. Under the scheme Wessex Home Loans provide low cost loans using capital provided by SSDC. The Government is very keen to promote loan schemes and in effect replace grants with loans where possible so as to recycle available funding. It is recognised however that grant aid in some form or other will always be needed as a safety net for vulnerable people where loans are not an appropriate option and as an incentive for various types of work. In certain cases a combination of grants and loans may be awarded. The following forms of loans will be available:

#### **Loan Policy 1: Loans for homeowners**

Loans will be available to homeowners for the following purposes:

- 1) To bring privately owned properties up to the Decent Homes standard (see definition at end of report) or to work towards the Decent Homes standard ensuring all Category 1 Hazards are dealt with under the Housing Health & Safety Rating System (HHSRS).
- 2) To bring homes purchased by first time buyers up to the decent homes standard or to work towards the Decent Homes standard ensuring that all Category 1 Hazards (under HHSRS) are remedied.
- 3) To improve energy efficiency measures and assist in carbon reduction measures within the home environment, including the provision of energy efficient heating measures and renewable energy products.



The types of works potentially considered are listed below, although it will be made clear people need to have usual eligibility check first and provide partners with reports before proceeding if needed:

- Solar Panels
- Solar Thermal Systems
- Air Source Heat Pumps
- Ground Source Heat Pumps
- Biomass Heating Systems
- Solid Wall Insulation

- 4) To top up Disabled Facilities Grants (DFGs) where the cost of works exceed the combined maximum and discretionary grant limit (currently £40,000), to fund discretionary DFG work or to help pay for the clients contribution towards the overall cost of the works.
- 5) To improve the condition of mobile/park homes on permanent licensed residential sites including energy efficiency measures.
- 6) To assist in the purchase of mobile homes for local residents on permanent residential sites.

Where loans are provided in conjunction with other SSDC grants, they shall be provided to meet the purposes of the grant in question.

Loans will be available where the following criteria are met:

- 1) The applicants must own and occupy the property/land as their sole residence and as their only or principal home and must be over 18.
- 2) The applicants must have sufficient disposable income to cover the loan repayments and must have sufficient equity in their property to secure the loan.
- 3) Homeowners assisted by this scheme should normally be considered to be vulnerable by virtue of age, disability or financial circumstances. The ability of the householder to secure a commercial loan will be a factor in considering eligibility for a loan from the Council.
- 4) The applicants must be living in non-decent accommodation or in the case of mobile homes must be in similar substandard accommodation.  
The criteria defining decency require of a home that:
  - a) It meets the current statutory minimum standard for housing (HHSRS);
  - b) It is in a reasonable state of repair;
  - c) It has reasonably modern facilities and services; and
  - d) It provides a reasonable degree of thermal comfort.
- 5) In the case of 2 above, provided the applicants are vulnerable they need not have an equity stake in the property. In such cases the Council may underwrite the loan. If the criteria in 2 above cannot be met zero percent loans may be available. In all other cases a 4% interest loan product will be offered.
- 6) Loans will only be offered in cases where the applicant have no known serious disputes or outstanding debt owing to the Council or any other Local Authority.

The maximum loan available will be £25,000, or £10,000 for a Park Home the minimum loan will be £1,000.

It is not intended that the loans scheme available from the Councils should be used as a cheap alternative to a commercial loan, and evidence of non-availability of finance from a commercial provider may be required before a referral can be made to WRCIC.

### **Loan Policy 2: Loans for landlords**

Loans will be available to landlords for the following purposes:

- 1) To bring rented accommodation up to the Decent Homes standard.
- 2) To enlarge property to create extra living space where there is overcrowding.
- 3) To improve conditions in houses in multiple occupation (HMO's) to meet statutory requirements and SSDC standards regarding amenities and minimising or eliminating Category One hazards.
- 4) To improve the energy efficiency of the property.
- 5) To bring empty property back into use or to convert under-utilised property into units of accommodation.

Loans will only be available where the landlord:

- 6) Has sufficient disposable income to cover loan repayments and has sufficient equity in the property to secure the loan.
- 7) Will or intends to charge rent at the Local Housing Allowance (LHA) rate **plus £50**
- 8) Will be expected to provide nomination rights in most cases (as per Grant Policy 3, Empty Property Grants, item 4)

The maximum loan available will be **£25,000** and the minimum loan £1,000.

Landlord loans will only be available at a 4% fixed interest rate.

### **Loan Policy 3: Loans for Gypsies and Travellers**

1) Loans will be made available to Gypsies or Travellers to either provide services to their land (e.g. mains water, electricity or sewage connections), to assist in the purchase of land with planning permission or to purchase mobile homes.

2) Loans will only be offered in cases where the Gypsies or Travellers have no known serious disputes or outstanding debt owing to the Council or any other Local Authority.

3) Loans of up to £15,000 may be offered to Gypsies or Travellers in cases where the loan can be secured against their land.

4) Loans of up to £5000 only will be offered in situations where the loan cannot be secured against land. This situation will normally apply where SSDC owns the site and will usually only be for the purchase of mobile homes. The loan offered to assist with the purchase of a mobile home will be secured, in principle, against the value of the mobile home in question.

5) It is agreed that SSDC will underwrite all such loans and will meet any outstanding payments should the Gypsies or Travellers default on their loans (otherwise Wessex Home Improvement Loans (WHIL) will not be prepared to offer loans). Recovery of these amounts will be treated as a civil debt. In all cases the provision of unsecured loans will be at the discretion of the appropriate Director and Portfolio Holder.

6) In order to restrict potential losses to SSDC, in the event of default on loans by Gypsies or Travellers, no more than £45,000 worth of unsecured loans in total is to be agreed by SSDC.

## Grant Policy 1: Repair Grants - Dealing With Essential Repairs

Repair Grants will be available to prevent poor housing conditions having an adverse effect on people's health. They will be provided to enable vulnerable people keep their homes weatherproof, minimise or eliminate Category One hazards and meet the "Decent Homes" standard.

To be eligible for this type of assistance an applicant must:

- 1) Be an owner or legal tenant of a dwelling who lives in the dwelling as his/her only or main residence.
- 2) Be aged 18 or over on the date of application
- 3) Have an owner's interest in the dwelling, alone or jointly with others, or be occupying the dwelling under a right of exclusive occupation granted for life with at least five years to run.
- 4) Have a legal duty or power to carry out the works in question
- 5) Be in receipt of one of the following income related benefits; income support, income based Job Seekers Allowance, Working Tax Credits with a total annual income of less than £16,040 (this figure subject to periodic review) or equivalent, housing benefit, Council Tax Reduction, Disabled Persons Tax Credits, Employment & Support Allowance income related, Universal Credit or Guaranteed Pension Credit.
- 6) As an alternative to 3) above, an applicant may be an occupier of a mobile/park home who is presently living on a permanent licensed residential site and is liable to pay Council tax.

The purposes for which Repair Grants can be used are outlined below. All applications would be prioritised with those with the most pressing needs being dealt with first.

- a) General Repairs - for urgent and essential repairs to make sure properties are weatherproof and prevent them being a danger to the occupant. To deal with other repairs and improvements concerning matters that could adversely affect the safety and health of the occupant such as Category One and high Category Two hazards e.g. inadequate heating, penetrating dampness, dangerous electrics and gas fittings or missing standard amenities.
- b) Radon Remediation-for works to reduce radon levels in domestic property where it exceeds the radon action level (200 Bqm<sup>3</sup>).
- c) Energy Efficiency - to contribute towards the making of properties more energy efficient where cost effective in situations where full funding from other sources is not available. This form of grant aid would allow people to apply for the cost of gas condensing and other energy efficient boilers, cavity fill, double glazing as well as more usual things, such as loft insulation, lagging of cylinder tanks, thermostatic radiator controls and energy saving light bulbs, etc.
- d) Home Security -to pay for works to improve the security of homes not covered by other Home Security Schemes. This could include items such as deadlocks to front and rear doors, patio door locks, window locks, security spy holes, the toughening up of substandard doors and the installation of smoke alarms.

The amount of Grant awarded will be as follows:

The maximum amount of Repair Grant awarded will be of £5,000 in any three-year period. This grant will be entered as a charge on the Land Charge Register. The grant shall be repaid in full if the house/mobile home is sold within ten years. These grants are subject to means testing and are only available to people on income related benefit and the Council Tax Reduction scheme. When offering grant aid an initial grant offer of only £2,000 will be made. The client will be offered a loan to pay for any outstanding work costing more than this. In emergency situations however a full £5,000 grant may be offered.

Where energy efficiency grants are given through third parties such as the Centre for Sustainable Energy (CSE) in Bristol, the eligibility criteria shall be that which pertains to their scheme at the time.

Payment into such schemes will usually be made from funds taken from the Better Care Prevention funding

## **Grant Policy 2: Disabled Facilities Grants – Helping Disabled People In Need**

Disabled Facilities Grants (DFGs) are awarded to disabled applicants to provide specialist facilities to enable them to remain in their homes. Typically these include stair lifts, handrails, bathroom/kitchen adaptations and heating as well as larger scale extensions for more complex needs.

Increased funding for Disabled Facilities Grants (DFGs) has continued over the last few years through the Better Care Fund (BCF), introduced in 2014. The BCF is a programme spanning both the NHS and local government. DFGs are the main source of funding for home adaptations and increasingly are being used more flexibly to meet local needs; for instance, fast-tracking adaptations to make a house safer to return to. The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, sets out how a local housing authority may provide assistance for the purpose of meeting local needs. Those powers are pretty flexible provided the local housing authority has adopted and published a policy for the provision of assistance as is the case here.

The Care Act 2014 recognises the interdependence between health, housing and care/ support needs describing Housing as “a crucial health related service which is to be integrated with care, support and health services to promote the wellbeing of adults and carers in order to improve the quality of services offered” The accessibility of the home is recognised as important for successful hospital discharge, to enable care to take place at home, and to allow people to live independent lives.

Many grants tend to be awarded to elderly people who, due to general infirmity associated with old age can no longer use their baths or climb stairs and consequently have a need for replacement showers or stair-lifts. In all cases we act upon the recommendations of Occupational Therapists from Somerset Social Services. It is recognised that by providing such facilities the need for re-housing is reduced, as is the need for lengthy hospital stays or more complex care packages.

### **Grant policy 2.1 : Mandatory DFGs**

DFGs are mandatory and in all cases are subject to an assessment of need by the Occupational Therapist from Somerset County Council. The works have to be necessary and appropriate, reasonable and practicable as specified by legislation and guidance. Disabled adaptations assist in fulfilling the Care and Support element and it is recognised that by providing such facilities the need for re-housing is reduced, as is the need for lengthy hospital stays or more complex care packages. Currently the limit for mandatory DFGs is £30,000.

Grants are provided for one of the following reasons:

- a) Facilitating access to and from the dwelling or building by the disabled occupant
- b) Making the dwelling or building safe for the disabled occupant
- c) Access to the principal family room by the disabled occupant
- d) Access to or providing a bedroom for the disabled occupant
- e) Access to or providing a room containing a bath or shower for the disabled occupant or facilitating the use by the disabled occupant of such a facility
- f) Access to or providing a room containing a WC for the disabled occupant or facilitating the use by the disabled occupant of such a facility
- g) Access to or providing a room containing a wash hand basin for the disabled occupant or facilitating the use by the disabled occupant of such a facility
- h) Facilitating the preparation and cooking of food by the disabled person
- i) Improving or providing a heating system for the disabled person

- j) Facilitating the use of power, light or heat by the disabled person by altering same or by providing additional means of control
- k) Facilitating access and movement around the dwelling to enable the disabled person to provide care for someone
- l) Making the dwelling or building suitable for the accommodation, welfare or employment of the disabled person
- m) Providing access and egress to and from the garden safely

We enjoy a good working relationship with the Occupational Therapist Service of Somerset Social Services who provide the statutory referrals for all DFG work. DFGs continue to be mandatory for approved works and mean testing procedures continue to apply. Council tax reduction will now be considered as a passporting benefit along with income related benefits; income support, income based Job Seekers Allowance, Working Tax Credits with a total annual income of less than £16,040 (this figure subject to periodic review) or equivalent, housing benefit, , Disabled Persons Tax Credits, Employment & Support Allowance income related, Universal Credit, Guaranteed Pension Credit.

#### 2.1.1 Minor adaptations

Up to £1,000 grant, non-means tested, designed to assist a vulnerable person with minor adaptations and/or adjustments to their home to assist with hospital discharge or generally maintaining independent living. This may be for a grab rail, specialist equipment or minor alterations to the framework of the building to enable wheel chair access. This funding could also be used for clearing cluttered rooms to allow access to facilitate rapid hospital discharge. The list is not exhaustive. Eligibility is based upon an assessment and recommendation by an Occupational Therapist from Somerset County Council or from the hospital. Funding will be provided, following prior agreement, to the Joint Community Equipment Service managed by Somerset Social Services using Trusted Assessors who work with the Occupational Therapists.

#### 2.1.2 Specialist equipment – ramps and stair lifts

Funding will continue to be available from the Better Care Fund for the provision of services and equipment that will help facilitate early release from hospital or prevent admission to hospital where a need is identified.

##### a) Ramps

Where a request for a ramp is received via an Occupational Therapist, in the first instance modular ramping is the preferred method. All ramping requests will be agreed by the duly appointed officer and Quality Assurance Officers at Somerset County Council. Concrete ramps will only be considered where it is not practicable to install modular ramps. Adequate funding will be provided to conjointly procure modular ramping with Somerset County Council as part of the Community Equipment Service. We will provide an amount to be agreed each year to fund this work.

##### b) Stair lifts

Any urgent request (hospital discharge etc.) for a straight run stair lift via an Occupational Therapist will be supplied by an agreed provider to ensure prompt installation to meet the urgent need. This will not be subject to means-testing. The stair lift will be sourced from recycled stock where available, or failing that, a new one will be provided. A curved or non-urgent stair lift will be subject to the full DFG process. Approximately £5000 will be made available for this purpose.

#### **Grant policy 2.2: Discretionary DFG**

Whilst most of the conditions that apply to DFGs are statutory, the following additional policy will apply:

- 1) A discretionary top-up of up to £10,000 will be offered where the cost of eligible works exceeds the mandatory grant limit. Discretion to pay this top up grant on up to six separate occasions lies

with the Lead Specialist – Environmental Health. Any request for funding other than this will be referred to the Exceptions and Appeals Panel

- 2) A discretionary prevention DFG of up to £4000 will be offered for assistance that falls outside of the mandatory categories of work. This assistance is expected to be in exceptional circumstances and the need must be supported by an occupational therapist. Circumstances considered will include
  - An urgent requirement for assistance to prevent hospital admission or further clinical intervention
  - No realistic probably of the need being met from alternative funding
- 3) DFGs will be available to the occupants of mobile homes as well as traditional houses.
- 4) DFGs will be available to adapt a dwelling to enable a disabled person who lives or proposes to live in the dwelling as his or her only or main residence to be cared for (this allows for a situation where someone wishes to bring an elderly disabled relative to come and live with them).

The decision to award the discretionary DFG will be made by the Lead Specialist, Environmental Health along with the Specialist Services Manager. Any request for funding other than this will be referred to the Exceptions and Appeals Panel

#### Grant policy 2.2.1: DFG Relocation Grants

Funding of up to £5,000 will be provided to assist with the cost of moving house if this is the most cost efficient option for the Council as opposed to funding disability adaptations. This is in the case of properties that cannot easily be adapted for disabled people. This could also include the cost of providing temporary mobile home accommodation in situations where someone's house was beyond the cost of economic repair.

Note: Extra DFG funding is available for certain Ex Service personnel.

#### 2.2.2 Discretionary funding to Wessex Resolutions

It is proposed to provide Wessex Resolutions with funding from the Better Care Fund to increase the ability for some applicants to be able to afford repayments on loan packages who otherwise would not be able. If for instance an applicant could only afford to service a loan for £5,000 and the works cost £6,000 then a top up grant of this amount could be given. It is intended to allocate £10,000 for this purpose.

#### 2.2.3 Funding to pay for Housing Occupational Therapists (OTs)

One of the matters causing delays in hospital discharge in the past has been the lack of OTs to organise and stipulate the care packages and equipment required. To address this problem it has been agreed to allocate £40,000 (or other amount agreed each year) to assist the funding of a Housing OT to help assess applicants for DFGs and speed up the DFG process. This Housing OT would only be working in South Somerset to assist our local residents. Further funding may be allocated subject to availability.

### **Grant Policy 3: Empty Property Grants – Creating Affordable Accommodation**

All empty properties brought back into use currently attract New Homes Bonus of approximately £8,000 per property. It is therefore recommended that the existing scheme be continued and that grant aid of up to £12,000 per unit be awarded to create flats or other accommodation in property that has been standing empty for at least six months. To be eligible for an empty property grant the landlord will be required to give the Council nomination rights for five years to re-house tenants from the South Somerset Housing Register. The property will also have to be let at the LHA rent level. The grant is subject to availability.

The maximum figure of £12,000 will only be available for a full-sized two bedroom flat or similar and lower figures will be negotiated for smaller units of accommodation. This maximum grant figure will comprise of an £11,000 grant for repair and refurbishment and an extra £1,000 allocated for energy efficiency work. Higher rates of grant may be available in exceptional circumstances in exchange for longer nomination rights.

Empty Property Grants of up to £12,000 will therefore be offered to owners of empty properties for renovation and/or conversions, subject to:

- 1) The amount of grant, being based on a percentage, of the actual cost of the works. A grant of 80% of the cost of the agreed works will be awarded until the maximum amount is reached.
- 2) Prior to the making of the grant application, it can be clearly demonstrated that the property has been stood empty for at least 6 months. Where property has been empty for less than 6 months applications can be referred to the Exceptions and Appeals Panel where they will be considered.
- 3) Agreement that rents charged during the five-year letting period would not exceed the Local Housing Allowance (LHA) rate plus £50.
- 4) That the property is let to tenant(s) nominated by the Council from the South Somerset Housing Needs Register for two years from the certified completion date of the grant.
- 5) That all of the other regulations in the Department of the Environment circular 17/96, that apply to renovation grants hereby apply to Empty Property Grants.
- 6) That in addition to this grant being awarded in 1 above, up to an extra £2,000 can be awarded for energy efficiency measures.
- 7) Empty property grants will also be available where an empty property is demolished and replaced with a new building.

#### **Grant Policy 4: HMO Grants – Improving Rented Accommodation**

HMO Grants are grants designed to upgrade facilities, deal with disrepair and upgrade the means of escape in case of fire in houses in multiple occupation. HMOs are key providers of rented accommodation for single people, often housing the young and vulnerable.

With recent changes in housing benefit regulations they will continue to meet an essential and increasing need. HMOs are in fact the main type of accommodation used to deal with single person housing need, and the rent deposit scheme has been used to help young people gain access to HMO accommodation. With the 'bedroom tax' and the single room allowance restricted to persons under 35 years of age, demand for HMOs has continued to increase.

Recent surveys of HMOs have shown that they tend to be the poorest form of any housing tenure. The Council has a published HMO Policy that outlines the standards expected and the steps being taken to upgrade HMOs. The Housing Act 2004 also introduced the licensing of HMOs over three or more storeys with five or more residents. This requirement was extended in October 2018 to all HMOs with five or more residents in two or more households regardless of the number of storeys.

Experience has shown that when trying to upgrade substandard HMOs, it is best to have a policy of coupling firm enforcement action with the provision of grant aid where appropriate. It is therefore proposed that our existing policy be continued whereby the Council gives HMO Grants as an incentive to assist good landlords to improve substandard HMOs.



## HMO Grant levels.

To enable the upgrading of HMOs the following grant policy will apply. The grant aid offered will enable the upgrading of existing HMOs but could also be used towards the creation of new HMOs. **The grant is subject to availability.** The policy will be that:

- 1) Grant aid will be available up to a maximum of **£7500** in accordance with the agreed schedule of rates in Appendix 2. Any items not on the agreed schedule will not be eligible for grant aid.
- 2) Grant aid will only be available if the HMO is licensed, where required, has planning permission or building regulation approval, where appropriate.
- 3) HMO landlords can also apply for loans on top of an HMO grant.

## **Grant Policy 5: Exceptions and Appeals Panel**

In framing any grant policy there will inevitably be exceptions to the rules and it is likely that there will be appeals made against officer's decisions concerning grants. It is proposed that the Leader, Portfolio Holder for Private Sector Housing and Service Delivery Director **and Portfolio holder, Protecting Core Services** make up the Exception and Appeals panel and be given delegated authority to deal with any exceptions to the agreed policy and deal with any appeals concerning grants made by the public. It is also recommended that the Leader be given delegated authority to select new members for the Exception and Appeals Panel as and when members retire from the panel.

Whilst the Council will have an agreed policy in place, it is suggested that the Exceptions and Appeals Panel be given the authority to consider any grant applications that falls broadly in line with the policy. This would allow financial and other assistance to be given in exceptional circumstances where it is clearly to the benefit of the Council and the applicant to do so.

## **Grant Policy 6: Repayment of Grant**

The Council currently has a policy of demanding the repayment of grants where the future occupation and/or associated conditions of the grant are breached. It is intended that this policy should generally continue with any requests for the waiving of repayment conditions being referred to the Exceptions and Appeals Panel. The agreement to waive such conditions only being given in exceptional circumstances.

## **Grant Policy 7: Return of Equipment**

Where grant aid is provided for specialist medical equipment (e.g. stair lifts etc.) and it becomes surplus to the needs of the client during the clawback period the council will exercise its right to reclaim the equipment and allocate it for the use of another individual with similar needs.

## **Grant Policy 8: Fees**

Fees-The council will pay fees of up to 12% for home improvement agency or other professional fees (architects, surveys etc.) for the preparation of grant/loan applications.

## **Grant Policy 9: Grant processing**

The processing of all grants should comply with the guidance in DoE Circular 17/96 where not covered elsewhere in this policy



## Decent Homes Standard

A property is considered a decent home if it is;

- a) Free from Category one hazards
- b) In reasonable repair
  - i. Dwellings which fail to meet this criterion are those where either:
  - ii. one or more of the key building components are old and, because of their condition, need replacing or major repair; or
  - iii. need replacing or major repair; or
  - iv. two or more of the other building components are old and, because of their condition, need replacing or major repair.
- c) Has modern facilities
  - i. Dwellings which fail to meet this criterion are those which lack three or more of the following:
  - ii. a reasonably modern kitchen (20 years old or less);
  - iii. a kitchen with adequate space and layout;
  - iv. a reasonably modern bathroom (30 years old or less);
  - v. an appropriately located bathroom and WC;
  - vi. adequate insulation against external noise (where external noise is a problem); and
  - vii. adequate size and layout of common areas for blocks of flats.
  - viii. A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.
- d) Is thermally comfortable

This criterion requires dwellings to have both effective insulation and efficient heating. It should be noted that, whilst dwellings meeting criteria b, c and d are likely also to meet criterion a, some Category 1 hazards may remain to be addressed. For example, a dwelling meeting criterion d may still contain a Category 1 damp or cold hazard.

## Schedule of rates for HMO grants

Item	Fixed grant contribution	Certificates to be provided
LD2 Grade A	£650.00	commissioning certificate
LD2 Grade D	£550.00	commissioning certificate
Emergency Lighting	£350.00	commissioning certificate
FD30 plus frame each	£150.00	
30 minute stud per m2	£40.00	
Thumb turns only each	£30.00	
Sprinkler system	£3,000.00	commissioning certificate
Shower	£100.00	electrical certificate
Shower cubicle	£180.00	
Bath and fittings	£150.00	
WC and fittings	£100.00	
WHB and fittings	£80.00	
new boiler	£800.00	commissioning certificate
heating system inc boiler	£1,500.00	commissioning certificate
Electric heating per heater	£300.00	electrical certificate
bathroom heater	£20.00	electrical certificate
PVR each	£30.00	
loft insulation to BR per m2	£20.00	commissioning certificate
Electrical rewire – up to two storey	£1,200.00	Electrical certificate
Electrical rewire – three or more storeys	£1,500.00	Electrical certificate
Kitchen sink and unit	£150.00	
Kitchen worktop (1.5 – 3m)	£50.00	
Kitchen cupboard (one per room) each	£50.00	
Socket with USB each	£15.00	Electrical certificate
Escape window each	£100.00	BR cert

# Agenda Item 11

## **Commercial Assets Update Report**

*Executive Portfolio Holder:* John Clark, Economic Development including Commercial Strategy  
*Director:* Clare Pestell, Commercial Services and Income Generation  
*Lead Specialist:* Robert Orrett, Commercial Property, Land and Development Manager  
*Contact Details:* Robert.orratt@southsomerset.gov.uk or 01935 462075

### **Purpose of the Report**

1. To update members on progress with implementing the Commercial Strategy agreed by Council including the commercial investments and management of the existing asset portfolio since the last half yearly update in June 2019.

### **Forward Plan**

2. This report appeared on the latest District Executive Forward Plan with an anticipated Committee date of January 2020. It had been previously shown for December 2019 but then deferred one month in response to need to release resource to work on the General Election.

### **Public Interest**

3. This report is to update members on progress made to date on the Commercial Strategy. The Council agreed to receive update on progress every six months with the previous update being reported in June 2019. The report includes updates on the purchasing of new commercial investments and the financial performance of investments and their contribution to delivery of the objectives of SSDC's Financial Strategy originally agreed in September 2017 and the Commercial Strategy agreed in August 2017. There has been review by District Executive and Full Council of the Financial Strategy and Commercial Strategy in September 2019. The aim of this report is to give Members and the public an update on the performance and impact of the commercial strategy to date including its contribution to mitigating the impact of reductions in Government funding and protecting services.
4. Due to the sensitive commercial nature of investment acquisitions, and the need to manage risk and protect the value of the Council's investments over the long term, certain detailed information is included in a confidential appendix and not to be disclosed.

### **Recommendations**

5. That the District Executive:
  - a. Note progress made to date in acquiring new commercial investments
  - b. Note the return being achieved across the portfolio which is slightly above the Council's target of 7%.
  - c. Note progress being made in securing income from our existing assets and the contribution to the revenue budget in excess of the original £2.25m target.
  - d. Note progress being made in disposals and transfers of existing assets, resulting in a reduction of future liabilities associated with these assets.

## **Background**

6. While presenting the “Commercial Services Income Update” report to District Executive in February 2018, members requested regular updates to show progress made in meeting the Commercial Strategy (approved by Council in August 2017). These reports are normally provided at six monthly intervals. This particular report has been deferred by a month in response to need for resources to be released for work on the General Election. The cut-off date for information has not been changed so that this report and the next will each cover a six month period.
7. This report is a succinct update of high level figures for new investments since May 2019, updated to 1 November 2019. It also updates members on work being carried out to increase income from existing assets and reduce liabilities.
8. The Commercial Property Team has been stable in terms of staffing since the last report.
9. SSDC has a wide and varied range of assets that have been accumulated via various means over the years. The creation of South Somerset Homes (SSH) in 1998 meant that many assets were transferred via a Large Scale Voluntary Transfer (LSVT) to SSH, now Yarlinton, albeit numerous tranches of land were retained for strategic purposes.
10. After the LSVT, SSDC retained a portfolio of assets that mainly comprised of operational offices, listed buildings, industrial units, car parks and an assortment of land, i.e. grass verges, open spaces and “ransom strips”. These assets do not generate a substantial annual income and are now in many cases costing SSDC money through increased maintenance and running costs. Some, however, provide opportunities to generate value through development, sale receipts and development to also provide Council Tax, business rates and New Homes Bonus grant funding.
11. As part of the Commercial Strategy, Council approved a commercial approach to Land and Property management in August 2017.

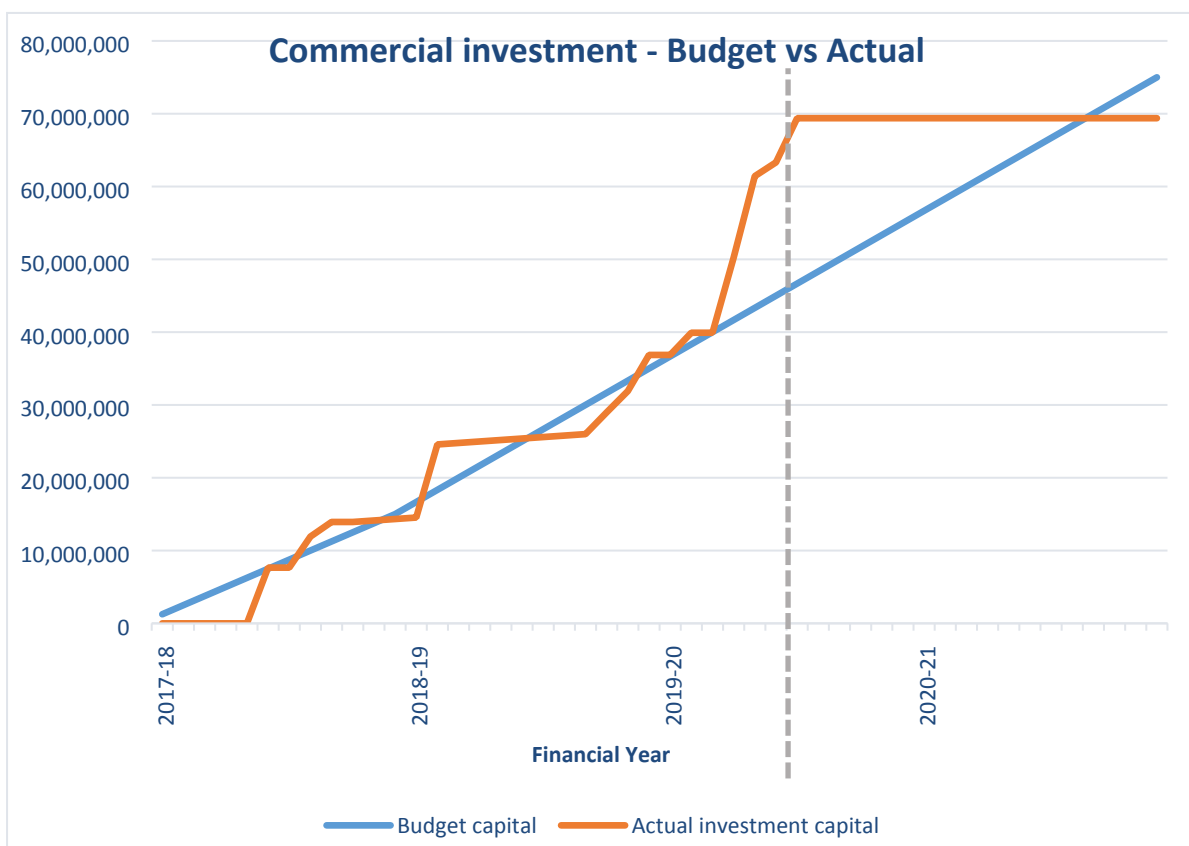
## **Commercial Investments**

12. In 2017, the Council approved the objective of creating a commercial property investment portfolio with a fund total of £75m, and the goal of meeting a savings target of £2.25m. The period for implementation was to commence from August 2017 and achieve the full fund by March 2021. In September 2019 it was reported to Full Council that having committed £73.44m of the existing fund into a range of investments to date in 2019, a portfolio wide running yield on commercial property interests of 6.61% improving to 7.25% in 2020 has been achieved. This is to be compared against the target of 7% set in the initial Commercial Strategy 2017-2021. This target is net of all costs of borrowing, acquisition, risk reserve and staffing and equates to a 7% return from the investment.
13. In developing an investment portfolio, the Council has decided not to utilise all of the revenue generated to support the Council’s revenue budget. Instead, as well as paying interest, the Council decided to utilise a proportion of the income to pay down the capital borrowing. This

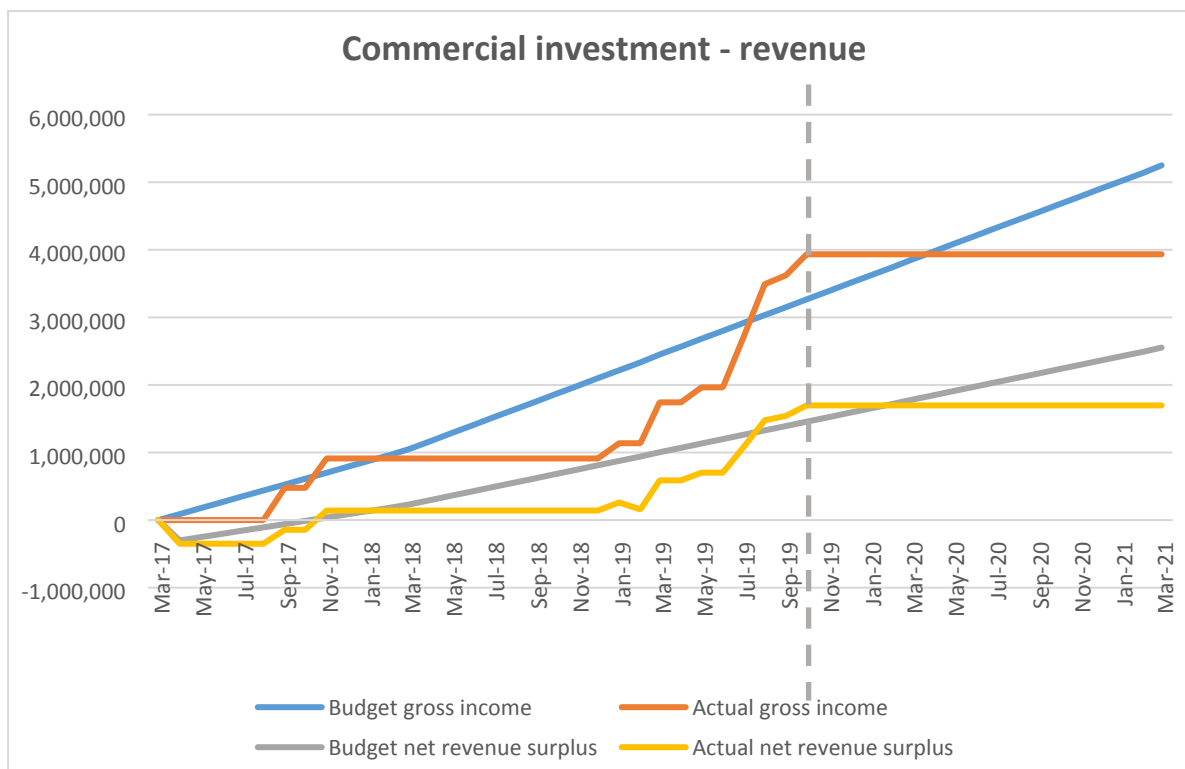
is distinct from the approach taken by many commercial property companies and increasingly some other councils who tend only to pay the interest. However, for the Council this means a decreasing level of debt and an increasing net value of the Asset Portfolio as the debt to value ration increases in the Council's favour.

14. In addition, the Council has recognised that there is risk attached to holding a Commercial Asset portfolio and using income for this to support the revenue budget and provision of services. Therefore the Council is also utilising a proportion of the commercial income to develop a Commercial Asset Risk reserve to protect the Council and the revenue budget from any potential future volatility or changes in the portfolio. This reserve currently stands at in excess of £6m as previously report to District Executive. As a result of the Councils prudent approach, whilst the Asset Portfolio is generating 7%+ return, the Council has chosen to utilise 3% return to support the revenue budget.

15. Progress is shown on the graph below for the actual capital invested to date in new commercial assets. This is compared with the approved budget objective to invest £75m by March 2021. The fund was allocated across four financial years and to assist review is shown as a straight line budget progression enabling progress over the time period to be seen as either below or ahead of the objective.

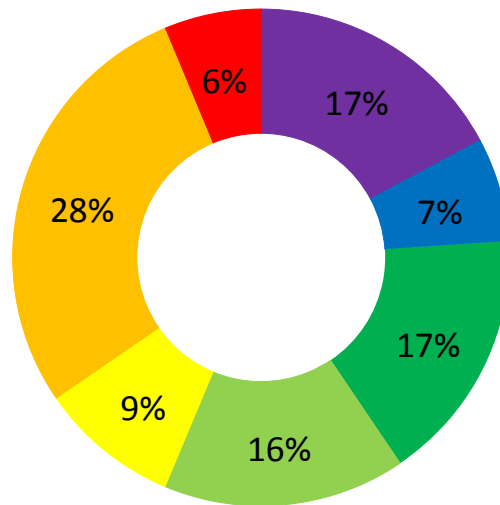


16. Progress in terms of generating additional revenue – gross and net – as a return from the capital invested is:



17. The income used in the graph above uses the contracted income (rent) from commercial property investments where the purchase has been completed. It excludes the returns from the residential development at Marlborough and the Energy Storage Scheme as the basis of financial return on capital invested is not directly comparable.
18. In September 2019, the Council approved an increase in the fund from £75m to a new total of £150m to be achieved by March 2022. The revised savings / net income target (after interest, capital repayment and risk reserve) is £3.35m. Saving in this context is delivered by net revenue income.
19. Since the introduction of the Commercial Strategy, SSDC has purchased a number of investment properties. This report summarises the high level figures to demonstrate the annual income achieved via rent or sales. The investments made to date are aiding progress towards this target with commercial income in the 2019/20 revenue budget and beyond to protect and support services to the communities.
20. The Council currently has sixteen assets in its 'new' portfolio, providing a gross income (before cost of borrowing) of £4.99m per annum using the whole year income for 2020/21 from assets in SSDC ownership as at 1 November 2019. This excludes the expected returns from the Marlborough development project, which are not in the form of annually recurring income. The current sector split of these assets is:

## Current Portolio



■ High Street   ■ Retail Warehouse   ■ Energy   ■ Office  
■ Alternatives   ■ Industrial   ■ Housing

Note: Alternatives – relates to a property used for “other” purposes – at this stage a single property used as a veterinary hospital.

21. Further acquisitions have been approved by Investment Assessment Group (IAG) followed by the Leader and Chief Executive in accordance with the purchase approval procedure. If these are completed they will be reported with any further acquisitions in the next half-yearly report.
22. These have been funded through a combination of capital receipts, cash resources and borrowing to date. In line with the Council’s treasury management strategy we continue to utilise ‘internal borrowing’ to meet some of the financing requirement for the investments purchased. This approach reduces treasury risk. All borrowing will be asset backed (i.e. if the Council wished to pay off the borrowing it will have an asset to sell to achieve this) and the investment is required to produce a rate of return for the Council which meets the Commercial Strategy targets and therefore, covers interest, capital debt repayment and produces additional income to fund the delivery of services.
23. In making investments the Council seeks to meet its corporate ambitions as set out in the Council Plan to maximise the benefits to the communities of South Somerset. The costs and funding of the investment is set out in Confidential Appendix, table 1.

## **Market Commentary**

24. After strong growth in 2017 and early 2018, economic growth slowed in the latter part of 2018 as a result of a range of phenomena affecting major industrialised nations. In July 2019 The International Monetary Fund predicted that global growth would slow from 3.6 percent to 3.2 percent in 2019, before improving to 3.5 percent in 2020. Both of these figures are 0.1 percent less than their April 2019 projections.
25. The Office for National Statistics reported that British productivity had dropped in Q2 2019 by 0.6 percent on the same quarter in the previous year. This was the fourth successive quarter in which productivity had dropped. The Office for Budgetary Responsibility projects GDP growth of 1.2 percent in 2019 and 1.4 percent in 2020.
26. The RICS' Q2 Commercial Property Survey predicted a fall in capital values in all retail markets and demand to continue to outstrip supply in the industrial sector and suggested that a slim majority of its members feel that the market is entering a downturn, with decreased demand from overseas investors. On the rental side it predicted growth of 3 percent for prime industrial stock, 2 percent for prime offices and 3.5 percent falls in prime retail stock.
27. Savills 'Market in Minutes' published in September 2019 points to a total of £27.9bn of commercial property investment in the year to date. Prime yields have softened to 4.9%, compared to 4.8% reported in April 2019, and the weakest since December 2016, on the back of ailing retail yields, with sentiment static in all sectors excluding high street retail and shopping centres.
28. Despite evidence pointing to the beginning of a period when values and activity decline, markets are still more competitive than when the Commercial Strategy was devised. This has meant that opportunities suitable for the Council have been harder to uncover. Nevertheless the Council has built a reputation as a dependable purchaser which means we are introduced to properties early in the marketing phase, which has enabled us to develop a diverse portfolio capable of meeting the objectives laid out in the revised Commercial Strategy.

## **New Assets**

29. Progress has continued well to build up the assets within the portfolio with a total of eight investment purchases concluded in the half year period from 1 May to 1 November 2019. In this report there is a brief comment about each asset purchased since the last report. There is also continued individual comment on the two "development" properties SSDC is investing in as these are more complicated positions and have evolving situations. Investment properties already owned prior to this report are not commented on individually as there has not been material change in these fully let assets.
30. The investment by sector in the half year has been:



Sector	Investment
Energy	1,663,055
Office	3,049,947
Alternatives	6,310,328
Industrial	16,620,337
<b>TOTAL</b>	<b>27,643,667</b>

### **Bell House, Milton Keynes**

31. Purchased for £2.92m in May 2019. A smart modern office building constructed in 2007 and let to four good tenants. The opportunity was targeted as having potential for above trend growth in rents due to office rents in the town being below other related regional centres and considerable infrastructure investment being made in the region. The tenants are all outside the 1954 Act, giving the Landlord a stronger negotiating position at renewal.

### **D1 Christchurch Business Park, Christchurch**

32. At the time of the last report the property was under offer but the sale has now completed. A large, modern, single let property, built to institutional standards within the past decade and let to a strong tenant covenant. SSDC capitalised on the failure of a major property fund to complete, getting the property under offer at a figure below market value, £7.05m. The Solent market has very little supply leading to projections of rental growth. The property has a four year term certain.

### **Reevesland Industrial Estate, Newport**

33. The UK distribution hub of worldwide toy and board game giant Hasbro was acquired in July for £2,780,000, reflecting a net initial yield of 7.0%. The property is a 77,200 square foot industrial unit, used as a distribution centre by the tenant. The particularly attractive feature of the property is the freehold ownership of the remainder of the estate by Hasbro, which SSDC consider makes it far less likely for the tenant to vacate at the end of the lease.

### **B&Q, Glastonbury**

34. Acquired for £4,405,000, reflecting a net initial yield of 7.19%. The property is a 27,000 square foot retail warehouse, with 8,000 square foot external garden centre and 4,000 square foot secure delivery yard. It has been tenanted by B&Q since its construction with an unexpired lease term of seven years. The market for retail warehouses is soft, however there is a lack of supply in Glastonbury. The B&Q business is understood to trade well in this location, and there are requirements within the town from other occupiers. The Council has attracted an occupier for the proposed coffee pod in the car park which will increase the value of the asset and spread risk.

### **The Ralph, Marlow**

35. Purchased for £5.95m in August 2019. The purchase price reflects a net initial yield of 7.09%. The only veterinary referral hospital between the M4 and the M40 was opened to the public

in February 2019 following an extensive development period. The Ralph's occupation provides an income stream of fourteen years term certain. The assessment is that with increasing levels of pet ownership and increasing levels of insurance for care of pets, The Ralph has been launched in good time to take full advantage. The South East location allows the Council to diversify geographically into a region that has historically benefitted from greater capital growth than the rest of the UK, whilst the use allows a diversification of sectoral investment within the portfolio.

### **Trafalgar House, Taunton**

36. Bought in August 2019 for £1.75m reflecting a net initial yield of 7.80%. A small lot size purchased to allow SSDC to access a market sector where yields are currently hard. The purchase price reflects value for money. The property requires management but has good tenant mix, including three national tenants. We are currently engaged in letting the vacant unit.

### **Centurion Mill, Exeter**

37. Purchased for £4.2m in October 2019, reflecting a net initial yield of 7%. Excellently located close to J30 of the M5 on the well-established Sowton Industrial Estate, with a strong local anchor tenant who also hold the adjacent premises. The property also contains one of the most profitable Greggs bakeries in the south-west, and an electrical wholesaler.

### **Residential Development, Marlborough**

38. The construction period for this property has been extended due to design improvements involving additional work but also delays in connections of mains service utilities to the new homes and other construction work. Practical completion was achieved in October. Management arrangements for the property are in place.
39. The houses and flats are on the market and there has been considerable immediate interest from potential purchasers despite the dampening effect that Brexit and the General Election have had on the residential market generally.
40. Sales are expected to complete by summer 2020 although this will depend on the state of the market. Forecast selling prices are above expectations when SSDC agreed to invest in this project. This has been due in part to design improvements which have involved an increase in the construction cost and programme, and also due to growth in market values and the quality of the scheme delivered. The sales of completed homes should generate a healthy receipt for SSDC, which can be reinvested into our town centre regeneration schemes. The additional community benefit of this scheme is that whilst it is out of SSDC area we are using South Somerset contractors and suppliers wherever possible, aiding the local economy.

### **Energy Storage Scheme**

41. The on-site 25MW project roll out was completed in this spring and over the summer Western Power (WPD), who are the local District Network Operator, have been working with British

Solar Renewables (BSR) to connect and test the SSDC OPL site linking into their equipment. From the WPD connection, this connection will then run into the National Grid (NG) Sub Station.

42. SSDC Opium Power Ltd had hoped that the site would be energised sooner, but legal easements for rights to run cables through third party land between WPD and NG have taken longer than anticipated. SSDC Opium Power have pressed for progress as hard as they judged was constructive but this was not within their control and therefore we have been dependent on the rate of progress by third parties. These legal easements are now agreed and work has commenced on the final cable run into the National Grid substation. It is on target to be completed before Christmas 2019.
43. In early January, National Grid will then undertake some 'real time testing' to ensure everything is safe and working correctly before we become energised. This facility is high voltage and the impact of energisation on the national grid needs to be tested, known and timing managed before being 'switched on' to ensure that there are no adverse impacts for the national grid. We hope to be energised and income producing by the end of January, but this is subject to National Grid proceeding when they are satisfied with their testing.
44. In terms of the financial impact of the delay, it should be noted that the first energy contract was due to commence in the latter part of October. Recognising their role in the delay, National Grid have agreed to hold the contract over until the site is energised.
45. Meanwhile, Phase 2 for an additional 5 MW has commenced, in line with both SSDC's Commercial Strategy and Environmental Strategy, to deliver more clean energy and invest in the green energy sector. This smaller but final Phase for the site maximises the licence before that opportunity was lost, and use of site area suitable for Battery Energy Storage at this location. It also makes use of the infrastructure and connections developed for Phase 1 (25 MW) and will deliver more income to SSDC for the future, as well as aiding the balancing of the National Grid with cleaner energy. This will assist with fossil fuel production of energy being phased out more swiftly.
46. The valuation of the site, as at 31 March 2019, for our accounts purposes confirmed that the facility and land was valued at more than the project costs expended. It also commented that by maximising the site with an additional 5 MW this would remain the case and increase appropriately. The investment Market Value, once energisation and trading are established may well mean that the value increases again and we are now close to that position. An updated valuation will be sought at the financial year end. In summary, national data confirms that this project demonstrates 'value for money' when the cost per MW is considered against the national averages for similar installations in the UK to date. In addition, energy storage is recognised as a growing market with an increasing number of commercial companies now looking to follow SSDC's lead, as well as significant interest from other councils.
47. Our investment return in SSDC Opium Ltd is initially in the form of loan financing secured against the assets of the business, which provides a commercial rate of return. Loan and interest repayments are scheduled to reflect the expected cash flows of the business. In the longer term, once the loan facilities are fully repaid, the Council expects to receive its investment income through dividend distribution of profits. As a result of the way the

investment has been structured the delay in energising the site delays interest being paid back to SSDC by a few months but actually means SSDC will generate increased income from the investment because SSDC Opium Power Ltd will be required to pay more interest.

### **Commercial Investment Acquisitions**

48. Activity is being sustained to continue strong progress to meet the Council's objectives for commercial investment. We consider some 40 investment opportunities each month and have a regularly updated set of criteria for agents identifying target yield, lot size, sector, unexpired term, location and tenant.
49. The Commercial Property Team has developed a reputation in the property investment market for acting quickly and professionally. This ensures that SSDC is offered the most attractive opportunities and does not overpay for property.
50. SSDC's Commercial strategy also aims to create a risk-mitigated and balanced portfolio and therefore we will continue to be highly selective, in order to meet our strategic objectives.

### **Asset Management Update**

51. Since the previous update to District Executive in June 2019, a number of enquiries have been received regarding the potential disposal of SSDC assets. These disposals can deliver estate management savings to SSDC, reducing our asset costs for the future and in turn improving the overall quality, values and returns of the wider portfolio.
52. Work has continued to identify and assess small development sites across the district. Of the two applications submitted earlier in the year, one was deferred at Area North committee and remains under review. The second application in Area East has now been recommended for approval and is going through the internal due diligence process. Whilst these have been progressing a joint application with Yarlinton Housing Group has been approved for two new homes in Yeovil. A number of other opportunities are being progressed.
53. Specific asset management transactions are included in the Confidential Appendix.

### **Financial Implications**

54. The financial implications for the progress with commercial investments and of asset management activity are set out above within the report and also in further detail in the Confidential Appendix.
55. SSDC has approved a large sum for commercial investment. The commercial strategy has been operating for 27 months, and excellent progress has been made, ahead of target timeframes.
56. This report demonstrates that a number of acquisitions have been progressed. Others have been considered and rejected for a variety of reasons. This demonstrates the strategy is working, with the overall outcome that SSDC is making good progress in acquiring a balanced

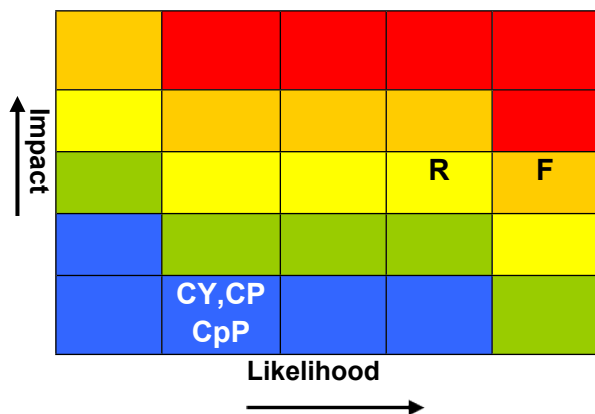
portfolio of investments that is on track to meet overall income generation targets within the financial strategy.

57. Detailed and robust due diligence has been completed with extensive involvement of SSDC’s finance and legal specialists together with external advisors (e.g. valuers, tax specialists, legal advisers, sector specialists) to support the property team in completing robust business cases that underpin recommendations and investment decisions. The decisions made have been through the agreed governance arrangements as approved by SSDC with the Investment Assessment Group providing unanimous recommendations to the Council Leader and Chief Executive for final decisions. Arrangements have been reviewed by Internal Audit and the minor improvements recommended have been implemented

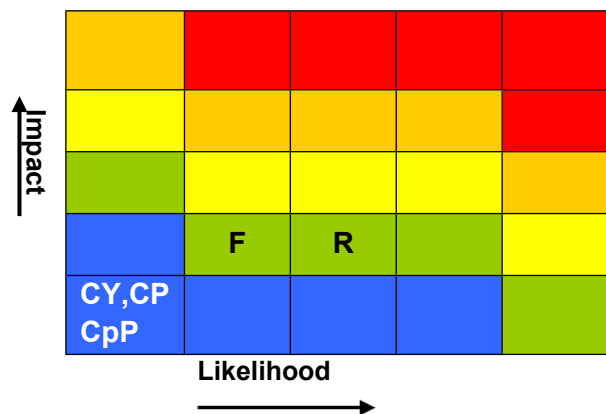
58. The financial implications of completed acquisitions including costs, income and funding arrangements will continue to be incorporated in budget setting and monitoring processes, in line with SSDC’s financial procedures framework.

### Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



### Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

### Council Plan Implications

This report links to the following Council Plan objectives:

- Protecting Core Services

- Take a more commercial approach to become self-sufficient financially
- Supporting the Regeneration of Chard, Yeovil and Wincanton
- Supporting local businesses

### **Carbon Emissions and Climate Change Implications**

None

### **Equality and Diversity Implications**

This report does not involve any equality or diversity implications

### **Privacy Impact Assessment**

There is no personal information included in this report

### **Background Papers**

- SSDC Commercial Strategy 2017

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

# Agenda Item 12

## **District Executive Forward Plan**

*Executive Portfolio Holder:* Val Keitch, Leader, Housing and Strategy  
*Director:* Netta Meadows, Strategy and Support Services  
*Lead Officer:* Angela Cox, Democratic Services Specialist  
*Contact Details:* angela.cox@southsomerset.gov.uk or (01935) 462148

### **1. Purpose of the Report**

1.1 This report informs Members of the current Executive Forward Plan, provides information on Portfolio Holder decisions and on consultation documents received by the Council that have been logged on the consultation database.

### **2. Public Interest**

2.1 The District Executive Forward Plan lists the reports due to be discussed and decisions due to be made by the Committee within the next few months. The Consultation Database is a list of topics which the Council's view is currently being consulted upon by various outside organisations.

### **3. Recommendations**

3.1 The District Executive is asked to:-

- a) approve the updated Executive Forward Plan for publication as attached at Appendix A
- b) note the contents of the Consultation Database as shown at Appendix B.

### **4. Executive Forward Plan**

4.1 The latest Forward Plan is attached at Appendix A. The timings given for reports to come forward are indicative only, and occasionally may be re scheduled and new items added as new circumstances arise.

### **5. Consultation Database**

5.1 The Council has agreed a protocol for processing consultation documents received by the Council. This requires consultation documents received to be logged and the current consultation documents are attached at Appendix B.

### **6. Background Papers**

6.1 None.



## Appendix A - SSDC Executive Forward Plan

Date of Decision	Decision	Portfolio	Service Director	Contact	Committee(s)
February 2020	Capital & Revenue Budget monitoring reports for Quarter 3	Portfolio Holder - Finance, Legal & Democratic Services	Director Strategy and Support Services	Nicola Hix, Interim Section 151 Officer	District Executive
February 2020	Quarterly Corporate Performance Report	Portfolio Holder - Strategy & Housing	Director Strategy and Support Services	Cath Temple, Specialist (Performance)	District Executive
February 2020	2020/21 Revenue and Capital Budget	Portfolio Holder - Finance, Legal & Democratic Services	Director Strategy and Support Services	Nicola Hix, Interim Section 151 Officer	District Executive
February 2020					South Somerset District Council
February 2020	2020/21 Capital and Investment Strategy	Portfolio Holder - Finance, Legal & Democratic Services	Director Strategy and Support Services	Nicola Hix, Interim Section 151 Officer	District Executive
February 2020					South Somerset District Council
February 2020	Council Plan 2020/21	Portfolio Holder - Strategy & Housing	Director Strategy and Support Services	Jan Gamon, Lead Specialist (Strategic Planning)	District Executive
February 2020					South Somerset District Council

<b>Date of Decision</b>	<b>Decision</b>	<b>Portfolio</b>	<b>Service Director</b>	<b>Contact</b>	<b>Committee(s)</b>
March 2020 March 2020	Adoption of Yeovil Public Realm Design Guide - Supplementary Planning Document	Portfolio Holder - Area South including Yeovil Refresh	Director Service Delivery	Ian Timms, Yeovil Refresh Project Manager	District Executive South Somerset District Council
May 2020	Quarterly Corporate Performance Report	Portfolio Holder - Strategy & Housing	Director Strategy and Support Services	Cath Temple, Specialist (Performance)	District Executive
May 2020	Capital & Revenue Budget Outturn reports for Quarter 4	Portfolio Holder - Finance, Legal & Democratic Services	Director Strategy and Support Services	Nicola Hix, Interim Section 151 Officer	District Executive
TBC	Recycle More - information on the extended recycling programme	Portfolio Holder - Environment	Director Commercial Services & Income Generation	Chris Cooper, Environment Services Manager	District Executive
TBC	Leisure Contracts	Portfolio Holder - Health & Well-Being	Director Service Delivery	Lynda Pincombe, Specialist (Strategic Planning)	District Executive
TBC	Dualling of A303 from Sparkford to Ilchester	Portfolio Holder - Protecting Core Services	Director Strategy and Support Services	Lynda Pincombe, Specialist (Strategic Planning)	District Executive

**APPENDIX B - Current Consultations – January 2020**

Purpose of Document	Portfolio	Director	Response to be agreed by	Contact	Deadline for response
<p><b>Provisional local government finance settlement 2020 to 2021: consultation</b></p> <p>This consultation seeks views on proposals for the local government finance settlement for 2020 to 2021.</p> <p><a href="https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2020-to-2021-consultation?utm_source=6f090146-88c5-47f6-8623-b2987d221a65&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=daily">https://www.gov.uk/government/consultations/provisional-local-government-finance-settlement-2020-to-2021-consultation?utm_source=6f090146-88c5-47f6-8623-b2987d221a65&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=daily</a></p>	Finance and Legal Services	Director – Strategy and Support Services	Officers in consultation with Portfolio Holder	Section 151 Officer	17 January 2020

# Agenda Item 13

## **Date of Next Meeting**

Members are asked to note that the next scheduled meeting of the District Executive will take place on **Thursday, 6<sup>th</sup> February 2020** in the Council Chamber, Council Offices, Brympton Way, Yeovil commencing at 9.30 a.m.