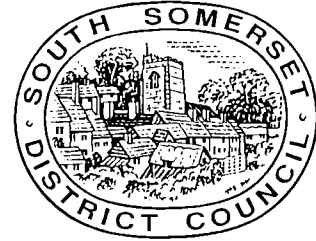


South Somerset District Council

Notice of Meeting



South Somerset District Council

Making a difference where it counts

Thursday 20th September 2018

7.30 pm

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

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



All members of Council are requested to attend this meeting:

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

This Agenda was issued on Wednesday 12 September 2018.

Alex Parmley, Chief Executive Officer

This information is also available on our website
www.southsomerset.gov.uk and via the mod.gov app



INVESTORS IN PEOPLE

South Somerset District Council Membership

Chairman: Tony Capozzoli
Vice-chairman: Mike Best

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

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

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

Information for the Public

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

Members of the Public are able to:-

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

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

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

Agendas and minutes can also be viewed via the mod.gov app (free) available for iPads and Android devices. Search for 'mod.gov' in the app store for your device and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

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

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

South Somerset District Council - Council Aims

South Somerset will be a confident, resilient and flexible organisation, protecting and improving core services, delivering public priorities and acting in the best long-term interests of the district. We will:

- Protect core services to the public by reducing costs and seeking income generation.
- Increase the focus on Jobs and Economic Development.
- Protect and enhance the quality of our environment.
- Enable housing to meet all needs.
- Improve health and reduce health inequalities.

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South Somerset District Council

Thursday 20 September 2018

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 19th July 2018.

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. Chairman's Engagements (Page 6)

7. Presentation from Yarlington Housing Group (Page 7)

8. 2017/18 Treasury Management Activity Report (Pages 8 - 23)

9. Changes to the Constitution - Financial & Other Delegations and Re-allocation of functions (Pages 24 - 40)

10. Membership of Committees - Appointment of New Councillors to Audit, Scrutiny, Standards and Regulation Committees (Page 41)

11. Confirmation of Appointment of a Councillor to the Parrett Internal Drainage Board (outside body) (Pages 42 - 43)

12. Report of Executive Decisions (Pages 44 - 46)

13. Audit Committee (Pages 47 - 49)

14. Scrutiny Committee (Pages 50 - 52)

15. Motions

There were no Motions submitted by Members.

16. Questions Under Procedure Rule 10

There were no questions submitted under Procedure Rule 10.

17. Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council is a reserve date of 18th October 2018.

Unless there is any urgent business to progress on this date, the next scheduled meeting of the Full Council will take place on **Thursday, 15th November 2018** in the Council Chamber, Council Offices, Brympton Way, Yeovil **commencing at 7.30 p.m.**

Agenda Item 6

Chairman's Engagements

4th August

At the invitation of the Dean and Chapter of Wells Cathedral, the Chairman attended a Prayers for Peace Evensong Service held at the Cathedral.

9th September

At the invitation of the Chairman of West Somerset, Tony and his wife attended a civic service at All Saints' Church, Dulverton.

16th September

The Vice-Chairman and his wife attended the Burnham-on-sea and Highbridge Civic Service.

21st September

At the invitation of the Mayor of Sherborne, the Chairman attended the Service of Remembrance at Sherborne

Agenda Item 7

Presentation from Yarlington Housing Group

Executive Portfolio Holder: Val Keitch, Leader of Council, Strategy and Policy

Chief Executive: Alex Parmley

Stephen Lodge, Executive Director of Growth and Development at Yarlington Housing Group will provide a presentation on the recent work of the Group followed by a question and answer session.

Agenda Item 8

2017/18 Treasury Management Activity Report

Director Netta Meadow, Director – Strategy and Support Services
Lead Officer: Paul Fitzgerald, S151 Officer
Paul Matravers, Specialist - Finance
Contact Details: Paul.fitzgerald@southsomerset.gov.uk or (01935) 462226
Paul.matravers@southsomerset.gov.uk or (01935) 462275

Purpose of Report

1. To review the treasury management activity and the performance against the Prudential Indicators for the 2017/18 financial year as prescribed by the revised CIPFA Code of Practice and in accordance with the Council's Treasury Strategy and Annual Investment Policy and Treasury Management Practices. This report was considered by the Audit Committee on 28th June 2018.

Recommendations

2. The Council is requested to:
 - Note the Treasury Management Activity for the 2017/18 financial year;
 - Note the position of the individual prudential indicators for the 2017/18 financial year;
 - Note the outlook for the investment performance in 2018/19
 - Note the council operated within all of the Prudential Indicators during 2017/18.

Background

3. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. The Council reports six monthly to Full Council against the strategy approved for the year. The scrutiny of treasury management policy, strategy and activity is delegated to the Audit Committee.
4. Treasury management in this context is defined as:

"The management of the local authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks".
5. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.
6. Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

External Context (provided by Arlingclose)

Economic background:

7. 2017/18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.
8. The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.
9. The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018.
10. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now be span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.
11. The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result.
12. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.
13. In contrast, economic activity in the Eurozone gained momentum and although the European Central Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates.
14. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019.
15. Additional commentary from Arlingclose on financial markets, credit background, money market fund regulation, credit rating developments, MiFIDII and other developments is provided in Appendix B to this report.

Local Authority Regulatory Changes

16. CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code are being incorporated into Treasury Management strategies and monitoring reports.
17. The 2017 Prudential Code introduces the requirement for a Capital Strategy which provides a high-level overview of the long-term context of capital expenditure and investment decisions and their associated risks and rewards along with an overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions.
18. Appendix D to the report on the Practical Implications of the Revised Prudential Code, Treasury Management Code, Local Authority Investments and Minimum Revenue Provision includes details of the requirements of a Capital Strategy.
19. The Council has not prepared the Capital Strategy to date, which is permitted due to the timing of the release of the updated Code and recognises that authorities have prepared their treasury strategies for the 2018/19 financial year. A report on the regulatory changes including the Capital Strategy is included on the agenda for this meeting. The report includes details of the requirements of the Capital Strategy and an action plan for the production of the strategy.
20. The target date for the preparation of a new Capital Strategy included in the action plan is February 2019. The strategy will be updated annually alongside the Budget and Treasury Strategy and will incorporate relevant quantitative indicators that allow Councillors and the public to assess the Council's total risk exposure as a result of its investment decisions.
21. The updated 2017 Treasury Management Code revised the definition of 'investments', which has been widened to include financial assets and non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Statutory Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP). Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called "loans" (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate).

22. The Guidance introduces the concept of proportionality, sharpens the definition of "borrowing in advance of need" and proposes additional disclosure for borrowing solely to support commercial investment. It also sets out a range of recommended indicators to meet the requirement for local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. Investment strategies must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.
23. The definition of prudent MRP has been changed to "put aside revenue over time to cover the CFR"; it cannot be a negative charge and can only be zero if the CFR is nil or negative.

Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

Investment Activity

24. The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18, the Authority's investment balance ranged between **£35** million and **£75** million due to timing differences between income and expenditure.
25. Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
26. The Authority's best performing investments in 2017/18 were its £5m of externally managed pooled property funds. This generated income of £258,046 averaging 5.16% used to support services in the year. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. In light of their strong performance and the Authority's latest cash flow forecasts, investment in these funds has been maintained for the 2018/19 financial year.
27. In line with the Council's financial strategy agreed in August 2017, we are exploring options to update our range of investments to deliver an increase in investment performance and income received through treasury investments. Options have been discussed with Arlingclose and with their advice we have during the last quarter of the financial year increased our investment in the CCLA Property Fund by £1m and invested a further £8m in four other Funds. The total principal amounts invested in externally managed / pooled funds at 31 March are summarised as follows:

Organisation	Fund Name	Amount Invested
CCLA	LAMIT Property Fund	£5,000,000
Investec	Diversified Income Fund	£3,000,000
Schroders	Income Maximiser Fund	£3,000,000
Payden	Sterling Reserve Fund	£1,000,000
Royal London	Cash Plus Fund	£1,000,000

Interest Rates 2017/18

28. As detailed in the Arlingclose external context provided above, the base rate began the financial year at 0.25% but this was increased to 0.50% in November 2017. The MPC has heightened expectations of more increases in Bank Rate despite only modest changes in inflation and growth forecasts.
29. The Arlingclose central case is for Bank Rate to rise twice in 2018 and once in the first half of 2019.

	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75

Investment Portfolio

30. The table below shows the Council's portfolio of investments at the start and end of the 2017/18 financial year:

	Value of Investments at 1/4/2017	Value of Investments at 31/3/2018	Fixed/ Variable Rate
Investments advised by Arlingclose	£	£	
Money Market Fund	1,004,326	4,984,482	Variable
Diversified Income Fund		2,948,061	Variable
Property Fund	5,349,196	5,603,228	Variable
Total	6,353,522	13,535,771	
Internal Investments			
Certificates of Deposit	4,020,207	1,502,877	Fixed
Corporate Bonds	8,693,672	4,767,078	Fixed
Floating Rate Notes (FRNs)	10,018,545	2,008,716	Variable
Long Term Deposits (Other LAs)	3,000,000	3,000,000	Fixed
Short Term Deposits (Banks)	6,000,000	3,000,000	Variable
Short Term Deposits (Other LAs)	14,000,000	5,000,000	Variable
Money Market Funds (Constant Net Asset Value) & Business Reserve Accounts	1,000,000	2,230,000	Variable
Total	46,732,424	21,508,671	
Total Investment Values	53,085,946	35,044,442	

31. The reduction in the value of investments from £53m to £35m is due to the Councils' strategy to use cash reserves in the short term to finance the borrowing needed for the purchase of commercial property as per the commercial strategy. The Council will work closely with Arlingclose to ensure that, if there is a requirement to borrow externally in 2018/19, all options are explored and that the cost of borrowing is kept to a minimum.

Returns for 2017/18

32. The returns to 31st March 2018 are shown in the table below:

	Actual Income £'000	% Rate of Return
Investments advised by Arlingclose:		
Money Market Funds (VNAV)	8	
Diversified Income Fund (Investec)	9	
Property Fund (CCLA)	258	
Total	275	4.11%
Internal Investments:		
Certificates of Deposit (CD's)	11	
Corporate Bonds	81	
Floating Rate Notes (FRNs)	31	
Fixed Term Deposits	133	
Money Market Funds (CNAV) & Business Reserve Accounts	14	

	Actual Income £'000	% Rate of Return
Total	270	0.83%
Other Interest:		
Miscellaneous Loans	62	
Total	62	
2017/18 Total Treasury Investment Income	607	1.82%
2017/18 Treasury Income Budget	478	
Surplus	129	

33. The table above shows investment income for the year compared to the budget. The figures show a surplus over budget of £129,000. The original treasury management budget of £477,820 was derived by forecasting an average rate of return of 0.81% based on an average investment portfolio of £58.7m. The actual average investment return achieved during the year was 1.82%.
34. The outturn position is affected by both the amount of cash we have available to invest and the interest base rate set by the Bank of England. Balances are affected by the timing of revenue and capital income and expenditure, and the collection and distribution of council tax and business rates income.

Investments

35. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2017/18.
36. The graph shown in Appendix A shows the performance of the in-house Treasury team in respect of all investments for the quarter ending 31st March 2018 in comparison to all other clients of Arlingclose, showing that the Council is striking a comparatively good balance between risk and return. The following table lists the investments held on 31 March 2018

Breakdown of investments as at 31 March 2018

Date Invested	Counterparty	Nominal Amount	Rate %	Maturity Date
11 Nov 16	Northumberland County Council	1,000,000	1.00	11 Nov 20
09 Feb 17	Liverpool City Council	2,000,000	0.92	11 Nov 19
26 Jan 18	IPA SCB TD Incoming (Santander)	1,000,000	0.60	25 Jul 18
19 Apr 17	Bank of Scotland	1,000,000	0.80	19 Apr 18
27 Feb 18	Conwy County Borough Council	2,000,000	0.54	12 Apr 18
16 Mar 18	Cheshire East Council	2,000,000	0.59	02 May 18
28 Feb 18	Nationwide Building Society	1,000,000	0.63	31 Aug 18
19 Mar 18	Kings Lynn & West Norfolk Borough Council	1,000,000	0.70	05 Apr 18
	Certificates of Deposits			
10 Oct 17	Cooperative Rabobank	1,000,000	0.45	10 Apr 18
09 Feb 18	Rabobank	500,000	0.69	08 Feb 19
	Corporate Bonds			
4 Aug 14	Leeds Building Society *Covered*	500,000	2.13	17 Dec 18
22 Oct 14	Yorkshire Building Society *Covered*	1,500,000	1.56	12 Apr 18
20 Oct 16	Santander UK Plc *Covered*	1,000,000	1.04	14 Apr 21
20 Oct 16	Coventry Building Society *Covered*	500,000	0.62	19 Apr 18

Date Invested	Counterparty	Nominal Amount	Rate %	Maturity Date
10 Nov 16	National Australia Bank *Covered*	1,000,000	1.10	10 Nov 21
	Floating Rate Notes (FRN's)			
16 Jan 17	Lloyds Bank Plc *Covered*	1,600,000	0.63	16 Jan 20
16 Jan 17	Lloyds Bank Plc *Covered*	400,000	0.62	16 Jan 20
	Pooled Funds & Money Market Funds			
	Federated	1,000,000	0.32	
	Standard Life (IGNIS)	330,000	0.23	
	Invesco Aim	500,000	0.28	
	Payden Fund VNAV	1,000,000	0.69	
Various	CCLA Property Fund	5,000,000	5.16	
23 Jan 18	Royal London Cash Plus Fund	1,000,000	0.66	
1 Feb 18	Investec Diversified Income Fund	3,000,000	1.90	
27 Mar 18	Schroder Income Maximiser Fund	3,000,000		
	Santander Business Reserve	400,000	0.27	
	TOTAL	34,230,000		

Note: Money Market Funds are instant access accounts so the rate displayed is a daily rate

Borrowing

37. As at 31 March 2018 the Council had no external borrowing.
38. The Council's underlying need to borrow is defined as its 'Capital Financing Requirement (CFR)'. The CFR was £9.2 million at the beginning of 2017/18. Capital expenditure during 2017/18 was funded through a combination of capital receipts, revenue reserves, external contributions (e.g. S106 receipts) and borrowing. As a result the borrowing requirement (CFR) has increased to £17.4 million. However, we have followed a strategy of using our cash reserves to finance this borrowing requirement in the short term – known as "internal borrowing" – as short term investment returns foregone are currently lower than longer term borrowing rates.

Prudential Indicators – 2017/18

39. In February 2017, through approval of the Treasury Management Strategy Full Council approved the Prudential Indicators for 2017/18, as required by the Prudential Code for Capital Finance in Local Authorities. The Local Government Act 2003 allows local authorities to determine their own borrowing limits provided they are affordable and that every local authority complies with the Code.

Prudential Indicator 1 - Capital Expenditure:

40. The actual capital expenditure incurred for 2017/18 compared to the revised estimate was:

	2016/17 Outturn £'000	2017/18 Revised Estimate £'000	2017/18 Outturn £'000	2017/18 Variance £'000	Reason for Variance
Approved capital schemes	6,187	16,628	16,424	(204)	Re-profiling of the expenditure to future years
Total Expenditure	6,187	16,628	16,424	(204)	

Prudential Indicator 2 - Ratio of Financing Costs to Net Revenue Stream:

41. A comparison needs to be made between financing capital costs and the revenue income stream to support these costs. This shows how much of the revenue budget is committed to the servicing of finance.

	2016/17 Outturn £'000	2017/18 Revised Estimate £'000	2017/18 Outturn £'000	2017/18 Variance £'000	Reason for Variance
Financing Costs	(512)	(52)	(434)	(382)	Additional investment income from the Pooled Funds
Net Revenue Stream	17,782	17,793	17,983	190	
%*	(2.9)	(0.3)	(2.4)		

*figures in brackets denote income through receipts and reserves

42. The financing costs include interest payable and notional amounts set aside to repay debt less interest on investment income. The figure in brackets is due to investment income outweighing financing costs significantly for SSDC but is nevertheless relevant since it shows the extent to which the Council is dependent on investment income.

Prudential Indicator 3 - Capital Financing Requirement:

43. The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The year-end capital financing requirement for the council is shown below:

	2016/17 Outturn £'000	2017/18 Original Estimate £'000	2017/18 Outturn £'000	2017/18 Variance £'000	Reason for Variance
Opening CFR	9,343	9,249	9,338	89	
Capital Expenditure	8,675	4,903	18,854	13,951	Capital schemes part funded through internal borrowing in 2017/18
Capital Receipts*	(6,187)	(4,589)	(8,265)	(3,676)	Additional spend has resulted in more capital receipts required to fund the projects in year
Grants/Contributions*	(2,488)	(314)	(2,319)	(2,005)	
Minimum Revenue Position (MRP)	(113)	(74)	(169)	(95)	Initial MRP towards borrowing for commercial investments
Additional Leases taken on during the year	109	0	0	0	
Closing CFR	9,339	9,175	17,439	8,264	

*Figures in brackets denote income through receipts or reserves.

Prudential Indicator 4 – Gross Debt and the Capital Financing Requirement:

44. The Council is also required to ensure that any medium term borrowing is only used to finance capital and therefore it has to demonstrate that the net external borrowing does not, except in the short term exceed the total of capital financing requirements over a three year period.

	2017/18 Outturn £'000	2017/18 Revised Estimate £'000	2017/18 Outturn £'000	2017/18 Variance £'000
Borrowing	0	0	0	0
Finance Leases	227	136	138	2
Total Debt	227	136	138	2

45. Total debt is expected to remain below the CFR for the foreseeable future.

Prudential Indicator 5 - Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

46. The Council must set three years of upper limits to its exposure to the effects of changes in interest rates. As a safeguard, it must ensure that its limit would allow it to have up to 100% invested in variable rate investments to cover against market fluctuations. For this purpose, term deposits of less than 365 days are deemed to be variable rate deposits. Fixed rate deposits are investments in Eurobonds, Corporate Bonds and term deposits exceeding 365 days.

	2016/17 Actual %	2017/18 % Limit	2017/18 Actual %	2017/18 Variance %
Fixed	14.37	80	20.45	(59.55)
Variable	85.63	100	79.55	(20.45)

47. The Council must also set limits to reflect any borrowing we may undertake.

	2016/17 Actual %	2017/18 % Limit	2017/18 Actual %
Fixed	0	100	0
Variable	0	100	0

48. The indicator above has been set at 100% to maximise opportunities for future debt as they arise.

Prudential Indicator 6 - Upper Limit for total principal sums invested over 364 days:

49. SSDC must also set upper limits for any investments of longer than 364 days. The purpose of this indicator is to ensure that SSDC, at any time, has sufficient liquidity to meet all of its financial commitments.

Upper Limit for total principal sums invested over 364 days	2016/17 Actual (Principal amount) £'000	2017/18 Maximum Limit £'000	2017/18 Actual (Principal amount) £'000
Between 1-2 years	2,500	25,000	4,000
Between 2-3 years	4,000	20,000	1,000
Between 3-4 years	1,000	10,000	2,000
Between 4-5 years	2,000	10,000	0
Over 5 years	0	5,000	0

50. The table above shows that the Council adopts a policy of safeguarding its investments by minimising investments that are redeemable more than five years ahead.

Prudential Indicator 7 – Credit Risk:

51. The Council considers security, liquidity and yield, in that order, when making investment decisions.
52. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution and its sovereign
 - Sovereign support mechanisms
 - Credit default swaps (where quoted)
 - Share prices (where available)
 - Economic Fundamentals, such as a country's net debt as a percentage of its GDP
 - Corporate developments, news articles, markets sentiment and momentum
 - Subjective overlay
53. The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Prudential Indicator 8 - Actual External Debt:

54. This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities (this represents our finance leases). This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2018	£'000
Borrowing	0
Other Long-term Liabilities (Finance Leases)	
- Vehicles	128
- Photocopiers	10
Total	138

Prudential Indicator 9 - Authorised Limit for External Debt:

55. This limit represents the maximum amount that SSDC may borrow at any point in time during the year. If this limit is exceeded the Council will have acted ultra vires. It also gives the Council the responsibility for limiting spends over and above the agreed capital programme. A borrowing requirement was identified in year to finance the capital programme and further

borrowing may be undertaken to fund the agreed plans to acquire investment properties. [Note the borrowing limit has increased during 2018/19]

	2016/17 Actual £'000	2017/18 Original Estimate £'000	2017/18 Actual £'000
Borrowing	0	26,000	0
Other Long-term Liabilities	227	1,000	138
Total	227	27,000	138

Prudential Indicator 10 – Operational Boundary for External Debt:

56. The operational boundary sets the limit for short term borrowing requirements for cash flow and has to be lower than the previous indicator, the authorised limit for external debt.
57. The S151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

	2016/17 Actual £'000	2017/18 Original Estimate £'000	2017/18 Actual £'000	2017/18 Variance £'000
Borrowing	0	24,200	0	(24,200)
Other Long-term Liabilities	227	800	138	(662)
Total	227	25,000	138	(24,862)

Prudential Indicator 11 - Maturity Structure of Fixed Rate borrowing:

58. This indicator is relevant when we borrow, then we can take a portfolio approach to borrowing in order to reduce interest rate risk. This indicator is shown as the Council has set limits in anticipation of future borrowing.

Maturity structure of fixed rate borrowing	2017/18 Upper Limit %	2017/18 Lower Limit %	2017/18 Actual %
Under 12 months	100	0	0
12 months and within 24 months	100	0	0
24 months and within 5 years	100	0	0
5 years and within 10 years	100	0	0
10 years and within 20 years	100	0	0
20 years and within 30 years	100	0	0
30 years and within 40 years	100	0	0
40 years and within 50 years	100	0	0
50 years and above	100	0	0

Prudential Indicator 12 - Incremental Impact of Capital Investment Decisions:

59. SSDC must show the effect of its annual capital decisions for new capital schemes on the council taxpayer. Capital spend at SSDC is financed from additional receipts so the figure below actually shows the possible decreases in council tax if all capital receipts were invested rather than used for capital expenditure.

Note: This prudential indicator has been deleted in the revised Prudential Code.

Incremental Impact of Capital Investment Decisions	2016/17 Actual £	2017/18 Actual £
Decrease in Band D Council Tax	0.12	0.15

Prudential Indicator 13 - Adoption of the CIPFA Treasury Management Code:

60. This indicator demonstrates that the Council has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council initially approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 18 th April 2002.

Note: The requirement to formally adopt the Prudential Code has been removed in the 2017 edition, as statutory guidance requires the Council to have regard to the Code.

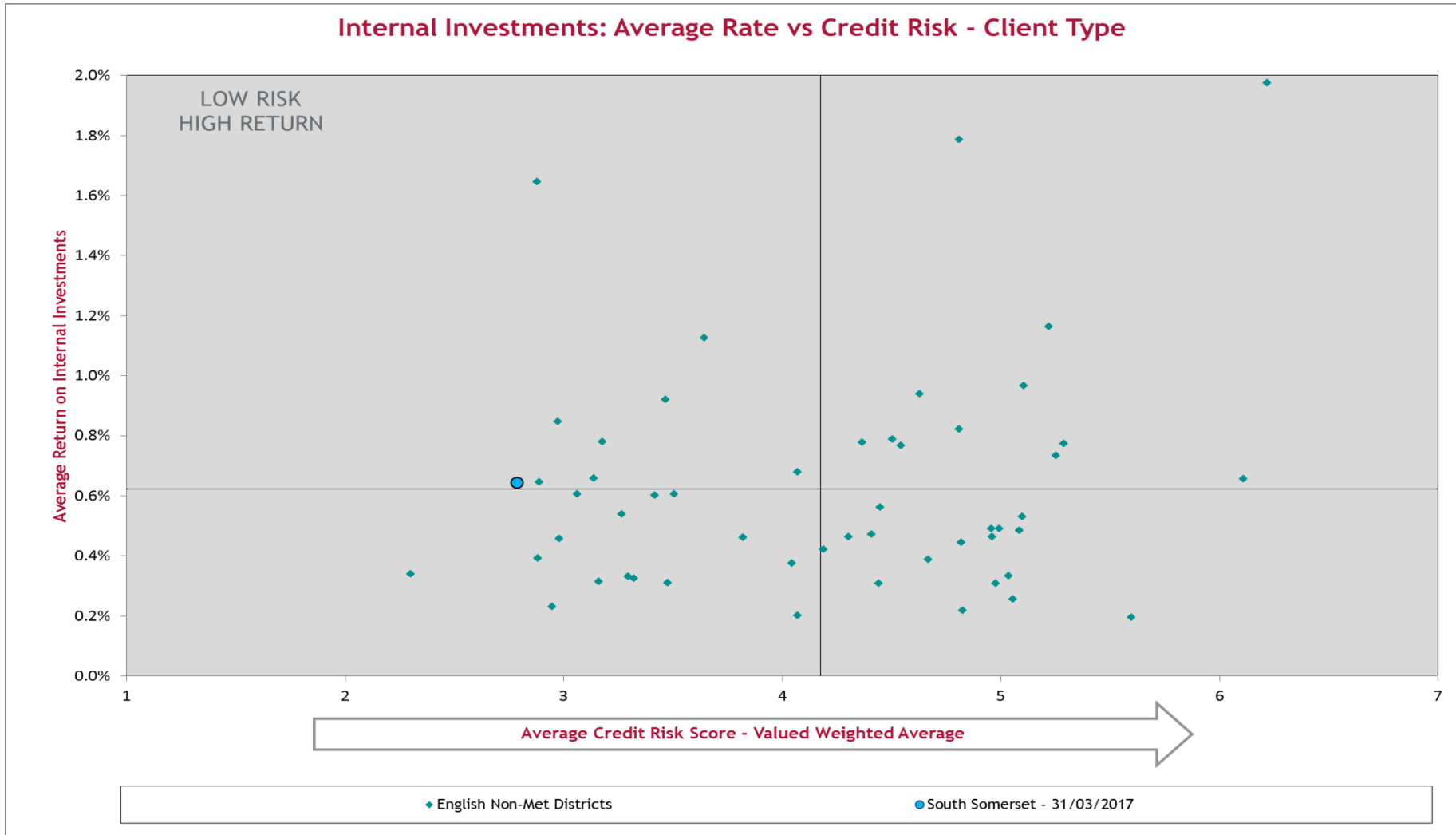
Conclusion

61. The council operated within all of the Prudential Indicators during 2017/18.

Background Papers

Treasury Management Strategy Statement 2017/18
Capital Outturn 2017/18

Appendix A – South Somerset District Council Investments compared to English Non-Met Districts



APPENDIX B – Additional commentary from Arlinglose

Financial markets:

The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ringfencing were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would be dealing with once ringfencing was implemented and what the balance sheets of the ringfenced and non-ringfenced entities would look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays was the first to complete its ringfence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ringfenced bank.

Money Market Fund regulation:

The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements.

MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments:

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ringfencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ringfencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following deterioration in its financial position.

Moody's downgraded Rabobank's long-term rating due to its view on the bank's profitability and the long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors. S&P also upgraded the long-term rating of ING Bank to A+.

Other developments:

In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.

In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19.

The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ringfencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

MiFID II:

As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could "opt up" to professional client status, providing certain criteria was met which includes:

- having an investment balance of at least £10 million

- and the person(s) authorised to make investment decisions on behalf of the authority have at least a year's relevant professional experience.

In addition, the regulated financial services firms to whom this directive applies have had to assess that that person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

Agenda Item 9

Changes to the Constitution – Financial & Other Delegations and Re-allocation of functions

Lead Officer: Angela Watson, Lead Specialist – Legal, & Monitoring Officer
Contact Details: angela.watson@southsomerset.gov.uk or (01935) 462183

Purpose of the Report

1. Over recent months, members have agreed to delegate matters to officers or officer/member bodies that would otherwise be for the Executive to determine. In addition, it has been necessary to re-allocate the delegations previously held by the Director (Support Services). These changes now need to be reflected in the Constitution.
2. This Report seeks agreement to the re-allocation of Ian Clarke's delegated functions and to make the changes necessary to reflect additional delegations already agreed by District Executive and/or Full Council.

Public Interest

3. Part 3 of the Council's Constitution sets out who within the Council has the power to do what, sets out any associated limitations and, in particular, sets out which decisions can be taken by committees and which can be taken by officers.
4. The District Executive and Full Council have previously agreed to allocate certain executive and non-executive matters to others, and it is important that these changes are made clear on the face of the Constitution. In addition, due to staffing changes, some delegated functions need to be re-allocated to other officers.
5. This report is seeking Council approval to the necessary constitutional changes to ensure the Council's decision-making processes are transparent and the Constitution is kept up-to-date.

Recommendations

6. That Council agree the following changes be made to the Council's Constitution:
 - a) Section 4 of Part 3 be amended to reflect previously approved delegations to the Investment Assessment Group, the Disposal Assessment Group, and the Strategic Development and Regeneration Programme Boards;
 - b) Section 4 of Part 3 be amended to reflect the previously approved delegation for establishing limited companies and limited liability partnerships;
 - c) Section 6 of Part 3 be amended to delegate to the Lead Specialist – Legal those duties that appropriately sit with the senior legally qualified officer and to delegate elsewhere those aspects that appropriately sit with a another officer.
 - d) Financial Procedure Rule 13.2 be amended to reflect the financial limits of the delegation to the Investment Assessment Group, the Disposal Assessment Group, the Strategic Development Board and the Regeneration Programme Boards.

7. That Council confirms that, until recruitment processes linked to the Transformation programme are complete, officer delegations set out in Part 3 Section 6 referring to named posts below Senior Leadership Team level are delegations to the officer properly exercising that function. Once the full transformed structure is known, the Monitoring Officer will update references to job titles in accordance with her authority to do so under Article 15.02(a).

Introduction

8. The Council's Constitution includes allocations of executive and non-executive functions and provides for delegations. In broad terms, the non-executive functions are strategic functions and responsibility for those functions resides with the Full Council. The vast majority of local authority functions are executive functions, and responsibility resides with the District Executive. Both Full Council and District Executive may then delegate powers onto committees, individual councillors, or officers. The current scheme of agreed delegations is set out in Part 3 of the Constitution (March 2018).

Background

Previously approved delegations

9. The following delegations have already been approved and now need to be reflected on the face of the Constitution:
 - August 2017 - District Executive and Full Council agreed a number of measures relating to the Commercial Land & Property Strategy, including delegation to the CEO in consultation with the Leader authority to approve acquisitions up to an individual limit of £10 million as part of the Investment Assessment Group ("the IAG") process.
 - April 2018 - District Executive agreed a new Asset Disposal and Community Asset Transfer Policy, including delegation to the Chief Executive in consultation with the Leader authority to approve disposals up to an individual asset value of £250,000 for non-investment properties or up to £10,000,000 for investment properties as part of the Disposal Assessment Group ("the DAG") process.
 - May 2018 – District Executive and Full Council agreed to establish a Strategic Development Board and three Regeneration Programme Boards and to delegate a Gross Spend and Net Cost budget to the Regeneration Programme Boards subject to s151 Officer approval. It also agreed to delegate authority to the s151 Officer to approve funding arrangements for Gross and Net arrangements.
 - June 2018 - District Executive agreed to delegate to the Chief Executive in consultation with the Leader authority to set up limited companies and limited liability partnerships where these are required to give effect to a decision under the IAG approval process.

Re-allocation of functions

10. Previously, the Solicitor to the Council was also the Director of Support Services, and the functions delegated to that post were a combination of legal and non-legal functions.

11. Following the loss of Ian Clarke, Netta Meadows has taken over his responsibilities in relation to Support Services and Angela Watson is now the most senior legal officer and the Council's Monitoring Officer. It has therefore been necessary to disaggregate Ian's delegated functions and the suggested delegations are now reflected in the extract of Section 6 attached, and in particular items 13, 18 and 40 – 48.

Financial Implications

12. There are no financial implications arising from this proposal.

Legal Implications

13. These are set out and/or referred to in the body of the report.

Carbon Emissions and Climate Change Implications

14. There are no specific environmental implications arising from the subject matter of this report.

Equalities and Diversity Impact

15. There are no specific equality or diversity implications arising from the subject matter of this report.

Background Papers

The Local Government Act 2000
Council Constitution - Section 4, Section 6 and Financial Procedure Rules

Section 4 Executive Functions

Most day to day operational decisions are delegated to Officers. The majority of decisions made at member level (i.e. decisions taken by councillors) relate to activities which are defined as “executive matters” and can only be dealt with by the Executive (known in South Somerset as the “District Executive”)

This means that:

- Members of the Council who are not on the District Executive cannot take these decisions
- Full Council itself cannot take executive decisions
- Non-executive or regulatory committees cannot take executive decisions
- The Executive can take decisions collectively or:
 - Individual members of the District Executive may take decisions where the District Executive or the Leader of the Council has approved such arrangements (to be shown in this section of the Constitution or by a subsequent written authorisation by the Leader or District Executive).
 - Area Committees may be given delegated authority to exercise both “executive” and “non-executive” functions. All executive delegations will be shown in this section.
 - The Executive may appoint, and delegate functions to Executive Committees as identified in this section.
 - Joint committees established by the Executive may exercise executive functions and where established by the Council may exercise a combination of executive and non-executive functions. All executive delegations will be shown in this section.
 - Officers may exercise executive functions. These will be identified in Section 6 of this part of the Constitution.

1. Decisions to be taken collectively by the District Executive

	Function	Decision Taker	Delegation
Policy and Budget Framework			
4.1.	To make recommendations to the Council on the Council's key priorities and in respect of the plans and strategies that form the Policy and Budget Framework.	District Executive	Not delegated
4.2.	To utilise Council balances (capital and revenue) in responding to matters of urgency or to deliver the agreed policy framework provided that all uses of balances are reported to full Council in the Budget and Medium Term Financial Plan report and Audit Committee in the Annual Outturn report subject to a limit of 5% of useable capital balances.	District Executive	Not delegated
4.3.	To approve policies and strategies with the exception of those (as listed in section 1 no.2) which the Council has reserved to it, by legislation or through its own discretion.	District Executive	Portfolio Holders may approve minor amendments to existing policies and strategies other than those reserved to Council.
4.4.	To agree policies in respect of the Council's regulatory functions, other than where legislation prescribes that such policies must be determined by the full Council. Licensing policies to be approved by the Executive including all policies relating to the licensing functions listed in section 2 above with the exception of the Licensing Act 2003.	District Executive	Not delegated
4.5.	To co-ordinate the policy objectives of the Council, monitor progress towards the corporate objectives, and give Area Committees strategic direction.	District Executive	Not delegated
4.6.	To consider referrals from Area Committees on matters which have major policy or resource implications.	District Executive	Not delegated
4.7.	To agree the policy and guidelines for all grants made by the Council to include grants made by Area Committees.	District Executive	Not delegated
4.8.	To write off irrecoverable debts	District Executive	Portfolio Holder – Finance and Legal Services may write off debts over £20,000. Debts of £20,000 or less delegated to s151 Officer Director (Support Services)
4.9.	To maintain an awareness of the ongoing financial position of the Council.	District Executive	Not delegated

4.10.	To approve loans in line with the Council's loans policy.	District Executive	Area Portfolio Holders may approve loans of less than £5000.
4.11.	To recommend to Council the Treasury Management Strategy and Prudential Indicators.	District Executive	Not delegated
4.12.	To take decisions on budgetary matters, including budget virements, within the budgetary framework agreed by the Council and in accordance with the Financial Procedure Rules.	District Executive	Portfolio Holders and Officers may make budgetary decisions in line with F financial P procedure R rules.
4.13.	To agree fees and charges for car parking as part of the budget and Medium Term Financial Plan To agree charges for personal licences and registrations To agree other charges	District Executive Licensing Committee District Executive	No delegation No delegation Relevant Director or Manager in consultation with Portfolio Holder and s151 Officer/Lead Specialist – Finance Director (Support Services) (to be reported to District Executive as part of the Budget and Medium Term Financial Plan report.)
Performance			
4.14.	To agree core minimum standards for service delivery. The Executive will receive reports from the Scrutiny Committee on performance matters	District Executive	Portfolio Holders are responsible for the performance of services within their remit. No delegation of corporate governance matters
4.15.	District Auditor's Management Letter - the Audit Committee will consider the response to the letter and make recommendations to District Executive on areas of improvement.	District Executive	No delegation

4.16.	To approve the Audit Plan	District Executive	All the executive functions in respect of the Council's internal audit function have been delegated to the South West Internal Audit Partnership
Other decisions that shall be taken by the Full Executive			
4.17.	To agree waivers of, or exemptions to, Contract Standing Orders (where not delegated to officers).	District Executive	Director (S trategy & S upport Services) in line with the F inancial P rocedure R ules.

4.18.	To approve strategic disposals and acquisitions including leases and sales of land valued in excess of £10,000.	District Executive	<p><u>Disposals and acquisitions above the threshold permitted as follows:</u></p> <ol style="list-style-type: none"> <u>1. Acquisitions for investment purposes up to an individual limit of £10 million delegated to the Chief Executive in consultation with the Leader in accordance with the Commercial Land and Property Strategy;</u> <u>2. Disposals of up to £250,000 for non-investment property and up to £10 million for investment purposes delegated to the Chief Executive in consultation with the Leader in accordance with the Asset Disposal & Community Asset Transfer Policy; and</u> <u>3. Acquisitions and disposals for strategic development and regeneration purposes to the Lead Director in consultation with the Chair and s151 Officer in accordance with the terms of reference of the Strategic Development Board and the Regeneration Programme Boards.</u> <p><u>Disposals and acquisitions below defined thresholds may be approved by the Chief Executive, Directors, or Portfolio Holder in line with the Financial Procedure Rules.</u> March 2018</p>
Part 3 – Section 4			

4.19.	<u>To establish limited companies and limited liability partnerships and decide all associated matters, including the appointment of individuals to hold offices in such company or partnership</u>	District Executive	<u>Chief Executive in consultation with the Leader where required to give effect to a decision of the Investment Assessment Group</u>
4.19.4.20	To approve Compulsory Purchase Orders.	District Executive	Not delegated
4.20.4.21	To approve the Annual Members' Training and Development Policy and Programme, and other matters relating to members support.	District Executive	The Member Support Portfolio Holder may approve attendance by members at conferences and training events.
4.21.4.22	To approve the Council's Emergency Planning arrangements.	District Executive	Chief Executive
4.22.4.23	To agree submissions to the County Council in respect of the Annual Local Transport Plan.	District Executive	Not delegated
4.23.4.24	To prepare, monitor and review the Human Resources Strategy, and the policies that comprise the strategy.	District Executive	Member Support Portfolio Holder
4.24.4.25	The Executive may agree the establishment and deletion of posts other than those required to be established by the full Council in accordance with the Employment Procedure Rules. Financial Procedure Rules will make for provision for new posts to be approved by officers, where there is existing budget provision and subject to the support of the Senior Leadership Team. This Team shall also decide if a post needs to be submitted to District Executive for approval. District Executive may not take decisions in respect of terms and conditions, the appointment or dismissal of staff. Changes to the organisational structure of the Council's management shall be recommended for approval to the full Council.	District Executive	Staffing Delegations shown separately
4.25.4.26	To exercise all the duties of the Council as Housing Authority	District Executive	Levels of delegation to Portfolio Holder shown in 2a of this part.
4.26.4.27	To exercise all the powers and duties of the Council which are not delegated to another committee or person other than those which either cannot be delegated to the Executive or are specifically reserved to the Council.	District Executive	Not delegated

Section 6 - Schedule of Functions Delegated to Officers

- 1 Members have the right to ask for a matter to be considered by a Committee even though it may have been delegated to an officer subject to complying with any agreed procedures. Officers may also occasionally refer matters to a Committee where they consider the subject matter to be particularly sensitive and would better be decided by members.
- 2 Where an officer has been given delegated authority to undertake a function the officer shall have the authority to authorise another officer within their department or service to carry out that function on their behalf. In determining the suitability of an officer to be given this authority, regard must be had to the nature of the authority being given, the seniority of the post, the experience of the relevant officer and all other relevant circumstances so as to ensure that the authority and the relevant officer are appropriately matched. This authorisation must:
 - be in writing, dated and signed by the officer giving the authority.
 - specifically identify the post and person authorised to carry out the functions.
 - specifically identify the functions to which the authorisation relates (attach an extract from the scheme as the numbering may change over time).
 - identify any conditions (if any) to which the authorisation is subject.
- 3 A copy of all authorisations under this provision must be provided within seven days of being made to the Specialist - Democratic Services who will provide a copy to the Monitoring Officer. ~~Director (Support Services)~~.
- 4 The officer who has been given delegated authority under this schedule retains concurrent jurisdiction to act in those matters where that officer has given another officer authority to undertake any function.
- 5 The functions shown in this schedule are specific delegated powers. Officers shall also undertake all the operational duties within the remit of their team or service and all necessary powers to do this are therefore deemed to be delegated to the relevant director or officer who has responsibility for the discharge of the function. Officers shall exercise their delegated powers subject to statutory limitations, duties and responsibilities and in compliance with Council policies, approved budget limitations, the Constitution and Financial Procedure Rules.
- 6 The Chief Executive and Directors must ensure that functions in relation to the management of employees must be carried out in accordance with the Council's approved human resources policies.
- 7 Where legislation specifically referred to in this schedule, is amended or replaced or added to by new legislation and in the event that the powers contained in the new legislation are substantially the same as those which it replaces or relate to the same service areas, then it shall be deemed that the relevant authority delegated in this schedule applies as if the new legislation had been specifically referred to as regards that relevant authority.

No	Function	Delegated to	Delegated By
Chief Executive			
1	As Head of Paid Service to be responsible for the corporate and overall strategic management of the authority and other statutory functions as listed in the Council's Constitution.	Chief Executive	Council
2	To make any decision which has been delegated to any other officer.	Chief Executive	Council
3	To draw up the list of authorised officers in relation to Housing Corporation activity in consultation with the Leader of the Council and relevant Portfolio Holder.	Chief Executive	Executive
4	To take urgent decisions as follows: <ul style="list-style-type: none"> in relation to Executive matters in consultation with the Leader of the Council (or Deputy) and the relevant Portfolio Holder; in relation to non-Executive matters in consultation with the Chairman (or Vice-Chairman) of Council or Chairman (or Vice-Chairman) of the relevant committee. An urgent decision is one that is considered by the Chief Executive to be necessary to protect the interests of, or advancing the business of, the Council. All such action shall in all cases be reported to the next appropriate meeting of the Executive, Council or relevant Committee.	Chief Executive	Council / Executive
Deputy Chief Executive and all Directors (as indicated)			
5	To authorise proceedings in any Court or Tribunal.	Chief Executive and Director (<u>Strategy & Support Services</u>)	Council
6	To authorise officers to appear in any Court or Tribunal.	Chief Executive and Director (<u>Strategy & Support Services</u>)	Council
7	In the absence of a prior decision of the Council, a Committee or Sub-Committee, to select the most appropriate method of tendering for any contract.	Chief Executive and Directors	Council
8	To invite all or a selected number of persons or firms named in the Standing List to take part in a tendering exercise <u>under Standing Order No.49 (Ad Hoc List)</u> .	Chief Executive and Directors	Council
9	Acceptance of a tender for works except where a tender other than the lowest value tender is proposed to be accepted and there is sufficient budget provision.	Chief Executive and Directors	Council
10	Purchase at a price not exceeding the District Valuer's or other expert valuation of property required for schemes, which have been approved by the Council or a Committee, and for which capital finance from any source has been approved.	Chief Executive and Directors <u>in line with the Financial Procedure Rules</u>	Executive

No	Function	Delegated to	Delegated By
11	(a) In conjunction with the Chief Executive to consider claims for compensation up to and including £5,000. (b) To consider claims for compensation up to and including £500.	Chief Executive and Directors	Executive
12	To appoint consultants, provided that the cost is covered by an approved capital or revenue budget.	Chief Executive and Directors	Executive
13	In consultation with the <u>Lead Specialist – Legal Director (Support Services)</u> :- a. to seek the opinion of Counsel; or b. to appoint outside Solicitors or Counsel provided that the cost can be met from an appropriate heading in a budget.	Chief Executive and Directors	Council
14	To decide staff and expert authorisations to exercise statutory powers in respect of those functional areas that fall within the Directors' respective areas of responsibility.	Chief Executive and Directors	Council / Executive
15	All functions in relation to the management of employees. These must be carried out in accordance with the council's approved human resources policies.	Chief Executive and Directors	Executive
16	Disciplinary action subject to compliance with the Council's disciplinary procedures.	Chief Executive and Directors	Executive
17	Power to serve requisitions for information under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976	Chief Executive and Directors	Council
18	In consultation with the Director (<u>Service Delivery Support Services</u>) authorisation under the Regulation of Investigatory Powers Act to authorise enforcement Officers to carry out surveillance as part of an enforcement investigation.	Chief Executive, Director (<u>Strategy & Support Services</u>), Director (<u>Commercial Services & Income Generation</u>)s and Lead Specialist - Legal	Executive
19	Attendance by themselves, and to approve the attendance of employees at meetings, courses and conferences in line with the corporate training programme and subject to budget approval	Chief Executive and Directors	Executive
20	The Portfolio Holders are authorised to respond to consultation documents. The relevant Director or someone authorised by them may respond to consultation documents, after consultation with the Portfolio Holder subject to the Council's consultation protocol set out in Part 5 of this Constitution.	Chief Executive and Directors	Executive
21	To manage budgets and financial transactions in accordance with Financial Procedure Rules.	Chief Executive and Directors	Council
22	To let contracts in accordance with Procurement Procedure Rules and the Council's Financial Procedure Rules and other policies which govern the letting of contracts.	Chief Executive and Directors	Council

No	Function	Delegated to	Delegated By
23	To undertake all functions allocated to their post within Council Financial Procedure Rules and other Council Procedure Rules.	Chief Executive and Directors	Council
24	To authorise others to sign notices and take enforcement action on the Council's behalf subject to approval of a Council officer with suitable qualifications and experience.	Chief Executive and Directors	Council
25	To set fees for chargeable services and revise existing fees on a regular (normally annual) basis.	Chief Executive and Directors	Council
26	To execute all deeds and documents on behalf of the Council (including affixing the Council's Seal thereto) as they consider necessary to implement any decision of the Council or any Committee or any officer of the Council acting under delegated authority. Any documents required to be sealed shall have the seal affixed to them in the presence of any <u>one</u> of the officers referred to in this section. Every such document shall be attested by the signature of the person in whose presence the seal was affixed. <i>Note: When executing documents the person shall include their name or office alongside the unique sealing reference.</i>	<ul style="list-style-type: none"> - Chief Executive - Director (<u>Strategy & Support Services</u>) - Director (Service Delivery) - Director (Commercial Services & Income Generation) - Lead Specialist - Legal 	Council
S151 Officer			
27	As the Council's Chief Financial Officer, to be responsible for the proper administration of the Council's financial affairs and other statutory functions as listed in the Council's Constitution.	Designated S151 Officer	Council
28	Setting the Council Tax Base under the Local Authorities (Calculation of Tax Base) Regulations 1992.	Designated S151 Officer	Council
29	Write off bad debts of £20,000 or less	Designated S151 Officer	Executive
30	In consultation with the Director concerned, to recover all liquidated and ascertained damages arising from contracts let by any Committee.	Designated S151 Officer	Executive
31	Decisions on applications for the reduction or remittance of non-domestic rates and <i>discretionary rate relief</i> up to £5,000 subject to the conditions and limitations set out in Minute 199 of the District Executive meeting held on 2 nd March 2000. (Decisions on applications over £5,000 to be determined by the District Executive.)	Designated S151 Officer	Executive
32	Repayment of mortgages on the rates on the death of the mortgagee, and otherwise to prematurely repay mortgages if the mortgagee is prepared to pay the appropriate premium.	Designated S151 Officer	Executive
33	Payment of small claims up to the value of £2000, which have not been accepted by the Insurance Company - grievances to be referred to the District Executive.	Designated S151 Officer	Executive

No	Function	Delegated to	Delegated By
34	Waiving of premiums for premature repayment of loans in appropriate cases where the premium does not exceed £200.	Designated S151 Officer	Executive
35	Implementation of salary and wage awards to employees.	Designated S151 Officer	Executive
36	Day-to-day administration of the Collection Fund including estimating the surplus or deficit as required by the Local Authorities (Funds) (England) Regulations 1992.	Designated S151 Officer	Executive
37	Reimbursement of reasonable Cashier operating shortages.	Designated S151 Officer	Executive
38	To be responsible for all Treasury Management matters including the borrowing of money, management of investment funds and to take all executive decisions on borrowing, investment or financing and to act in accordance with CIPFA's Code of Practice on Treasury Management in Local Authorities.	Designated S151 Officer in consultation with Director (Support Services)	Executive
39	Authorisation of the National Non-Domestic Rates 1 Returns (NNDR1)	Designated S151 Officer in consultation with Portfolio Holder for Finance and Legal Services	Council (Jan 2013, min 58)
Director (Support Services)Lead Specialist – Legal/Monitoring Officer			
40	To authorise proceedings in any Court or Tribunal.	Lead Specialist - Legal	Council
41	To authorise officers to appear in any Court or Tribunal.	Lead Specialist - Leal	Council
42	Request to Court for warrant for possession in cases where Court Order has not been complied with, subject to right of a member to request referral to a Committee.	Director (Support Services)Lead Specialist - Legal	Council
43	Authority to make application for costs in connection with court and tribunal proceedings and planning and enforcement appeals in all cases where he/she considers it appropriate.	Director (Support Services)Lead Specialist - Legal	Council
44	To defend any legal proceedings brought against the Council in any court or tribunal.	Director (Support Services)Lead Specialist - Legal	Council
45	Power to serve requisitions for information under Section 330 of the Town and Country Planning Act 1990.	Director (Support Services)Lead Specialist - Legal	Council

No	Function	Delegated to	Delegated By
<u>46</u>	<u>Power to serve requisitions for information under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976</u>	<u>Lead Specialist - Legal</u>	<u>Council</u>
<u>474</u>	Making of appropriate orders temporarily closing bridleways and footpaths subject to closure not exceeding 3 months and to notice being given to the Ward Member(s) and Parish Council - difficult and complex cases and requests to the Secretary of State to be referred to the Committee for consideration.	Director (Support Services) <u>Lead Specialist – Legal</u>	Council
<u>485</u>	Applications for diverting, stopping up and extinguishment of public rights of way and confirmation of consequent orders, subject to consultation with Ward Members.	Director (Support Services) <u>Lead Specialist - Legal</u>	Council
Revenues & Benefits Manager			
<u>496</u>	To administer the Council's functions in relation to the collection of non-domestic rates in accordance with the Local Government Act 1988 (as amended) and all relevant regulations made thereunder including the granting of charitable rate relief under the Act.	Revenues & Benefits Manager	Executive
<u>5047</u>	Registration of charging orders against properties the subject of rate arrears.	Revenues & Benefits Manager	Executive
<u>5148</u>	Determination of benefit claims in accordance with the appropriate regulations.	Revenues & Benefits Manager	Executive
Environment Services Manager			
<u>5249</u>	Provision of Floral Displays on payment of charges.	Environment Services Manager	Executive
<u>530</u>	In respect of Parks, open spaces and other recreational facilities or establishments for which the Assistant Director has managerial responsibility:- (i) the variation, for special events, of the charges and opening hours and (ii) approve the occasional use of the same by outside organisations/bodies	Environment Services Manager	
<u>544</u>	Powers under the Cleaner Neighbourhoods and Environment Act 2005	Environment Services Manager	Executive



- ..
- a. units/sections of the Council or to be disposed of securely.
 - b. Managers shall amend inventories to reflect disposals and acquisitions.
 - c. Disposal of mobile telephones belonging to SSDC shall be agreed through the Procurement & Risk Manager.

Procedure:

Completion of an Asset Sale Appraisal Form. Meet any requirements stipulated by DAG review. Approval via DAG procedure and CEO sign off.

12 CAR LOANS AND LEASED CARS

All loans and leases for the provision of motor vehicles shall be administered in accordance with the scheme approved by the District Executive.

13 BUILDINGS, LAND AND PROPERTY

13.1 Asset Register

The Section 151 Officer shall maintain a full and accurate register of all Council fixed assets for the purpose of calculating capital charges in accordance with relevant Codes of Practice.

d. Delegation:

Disposals above £250,000 for Non-Investment Properties except to RSLs, or above £10 million for Investment Properties.

Procedure:

Completion of an Asset Sale Appraisal Form. Meet any requirements stipulated by DAG review. District Executive report recommending approval.

e. Delegation:

Disposals at less than best consideration.

Procedure:

With the exception of transfers to RSLs under £250,000 (for social housing or associated parking) or disposals outside of policy, the Commercial Property, Land and Development Manager in conjunction with the relevant Portfolio Holder and Director (Commercial Services and Income Generation) report to the DAG requesting approval to proceed with the disposal in such circumstances where either the use of a specific or general disposal consent or a Qualifying Meeting (as defined in the General Disposal Consent of 2003) is required before the disposal can be completed or in any other circumstances where the recommendation is to accept a tender which is other than the tender which offers the best consideration reasonably obtainable.

13.2 Buildings, Land and Property Transactions

The following levels of delegation and procedures apply:

a. Delegation:

Acquisitions of Investment Properties between £10,000 and £10 million.

Procedure:

Completion of an Investment Assessment Appraisal Form. Meet any requirements stipulated by IAG review. Approval via IAG procedure and CEO sign off.

b. Delegation:

Acquisitions of Investment Properties above £10 million.

Procedure:

District Executive approval.

c. Delegation:

Disposals up to £250,000 for Non-Investment Properties except to RSLs, or up to £10 million for Investment Properties.

Approval via DAG procedure and governance.

f. Delegation:

Transfers to RSLs up to £250,000 for social housing or associated parking.

Procedure:

Completion of an Asset Sale Appraisal Form. Approval from s151 Officer and



FINANCIAL PROCEDURE RULES

Portfolio Holder (Strategy & Policy). Approval via DAG procedure and CEO sign off.

g. Delegation:

Transfers to RSLs above £250,000 for social housing or associated parking.

Procedure:

Approval via DAG procedure and CEO sign off. If outside policy, District Executive approval is required.

h. Delegation:

Disposal under the Community Asset Transfer Policy.

Procedure:

Approval via DAG procedure and CEO sign off. If outside policy, District Executive approval is required.

i. Delegation:

Disposals and acquisitions in relation to the work plan of the Regeneration Programme Boards.

Procedure:

S151 Officer to approve Gross Budget, Net Budget and any funding arrangements. Decision on individual transactions delegated to the Lead Director in consultation with the Board Chair and the s151 Officer

j. All arrangements for the acquisition and disposal of land and buildings shall be in accordance with approved governance arrangements for the IAG, DAG, SDB and RPBs or otherwise in accordance with the Scheme of Delegation and these Rules.

k. In respect of receipts from sale of assets where values are less than £10,000: net proceeds credited to the appropriate revenue budget.

l. In respect of receipts from sale of assets where values are more than £10,000: where permitted under the Statutory Guidance on the Flexible Use of Capital Receipts (March 2016), net receipts can be used to fund revenue costs up to and including March

2022, provided the expenditure meets the requirements for qualifying expenditure under this guidance.

m. The Section 151 Officer (or designated representative) shall, in the absence of any specific conditions or exemptions agreed by the District Executive and these Financial Procedure Rules, have authority to undertake the following in consultation with the relevant Director, or Portfolio Holder, where the value of the consideration, rent, licence fees, easement or wayleave payment in each case does not exceed £50,000 annually and is in accordance with the District Valuer (or other properly qualified professional) valuation:-

- the agreement of all monthly tenancies;
- the agreement of all licences;
- the conducting and agreement of all rent reviews;
- the agreement of all lease renewals;
- the agreement of lettings;
- the agreement of all easements and wayleaves;
- the agreement of all changes of use;
- the agreement of all compensation claims where there is budgetary provision;
- the agreement of all releases/variations of covenants.

13.3 Condition Surveys

The Director Commercial Services & Income Generation shall ensure that condition surveys of all buildings and property assets in which the Council has a proprietary interest are carried out at least once every 5 years. Survey details are to be recorded in appropriate systems and work programmes prepared in accordance with priorities set out in the Property Repairs and Maintenance Policy.

13.4 Asset Management Plans

a. The Section 151 Officer and the Director Commercial Services & Income Generation shall maintain an Asset Management Plan in respect of the Council's land and property portfolio. The Plan must detail the actions

Agenda Item 10

Membership of Committees – Appointment of New Councillors to Audit, Scrutiny, Standards and Regulation Committees

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

1. Purpose of the Report

To confirm an addition to the Audit, Scrutiny, Standards and Regulation Committees appointments following the appointment of Councillors to various committees and working groups at Council on 17th May 2018 and 19th July 2018.

2. Public Interest

Each year at their annual meeting, Council agree to appoint Councillors to the various committees and to represent SSDC on outside organisations. This report confirms the wishes of the Conservative and Liberal Democrat groups to make amendments to the Councillors appointed to the Audit, Scrutiny, Standards and Regulation Committees.

3. Recommendations

In accordance with Section 16 (1) Local Government and Housing Act 1989 and the duty therein to give effect to the wishes of the political group to which seats on any committee are allocated, the Council confirm that:-

1. Councillor Nigel Gage be appointed to the Audit Committee
2. Councillor Jo Roundell Greene be appointed to Audit Committee
3. Councillor Graham Middleton be appointed to the Regulation Committee.
4. One Conservative Councillor (to be advised) be appointed to the Standards Committee
5. Councillor Neil Bloomfield be appointed to the Scrutiny Committee

4. Report

The membership of committees and working groups for 2018/19 was approved at the Annual Council meeting on 19th May. At that meeting, not all the committee vacancies were immediately confirmed. This report seeks to fill the remaining vacancies.

5. Background Papers

Minutes of Council – 17th May 2018 and 19th July 2018

Agenda Item 11

Confirmation of Appointment of a Councillor to the Parrett Internal Drainage Board (outside body)

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

Purpose of the Report

1. To report an amendment to the outside bodies appointments made at Council on 17th May 2018.

Public Interest

2. Each year at their annual meeting, Council agree to appoint Councillors to represent SSDC on outside and partner organisations. These can include community groups, national and regional bodies, and partnerships.

Recommendation

3. That Council approve the appointment of Councillor Nick Weeks as the SSDC representative on the Parrett Internal Drainage Board.

Report

4. At the Annual meeting of Council in May 2018, three councillors were appointed to sit on the Parrett Internal Drainage Board. The three seats were held by virtue of two that SSDC were entitled on the basis of the percentage of special levy raised by the district, and one which was gifted to SSDC from Sedgemoor DC's allocation.
5. Legislation has since been introduced reducing the number of elected Members on the Drainage Boards. The impact of this is that the number of Local Authority appointed members on the Boards has reduced by half. For SSDC this means we now only have one place.
6. It was originally thought that these changes would come into effect in the autumn but circumstances have changed and the statutory instrument has been implemented earlier than anticipated, therefore, the change in representation requires confirmation by Council.
7. The allocation of seats is now as follows:-

Allocation of Seats (Parrett IDB) – Board Size 25

			Board size	25	
District Council	Special Levy 18/19	Percentage of Special Levy		Appointed member seats by percentage contribution	Allocation
Sedgemoor DC	£665,084.98	87.53%		13	
South Somerset DC	£62,032.12	8.16%		11.38	11
West Somerset	£2,875.22	0.38%		1.06	1
Taunton Deane DC	£24,989.70	3.29%		0.05	0
Mendip DC	£4,852.59	0.64%		0.43	0
Total	£759,834.61	100.00%		0.08	0
			TOTAL		1**
					13

** - this seat is allocated by agreement between all contributing authorities

- SSDC has suggested that the one remaining seat on this board be offered to Taunton Dean BC as they are currently not represented, or, an Independent person, with knowledge of drainage and waterways.

Background Papers

- Minutes of Full Council – 17th May 2018

Agenda Item 12

Report of Executive Decisions

Director: Netta Meadows, Director (Strategy & Commissioning)
Lead Officer: Angela Cox, Democratic Services Specialist
Contact Details: angela.cox@southsomerset.gov.uk or (01935) 462148

This report is submitted for information and summarises decisions taken by the District Executive and Portfolio Holders since the last meeting of Council in May 2018. The decisions are set out in the attached Appendix.

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

Background Papers

All Published

Val Keitch, Leader of the Council
Angela Cox, Democratic Services Specialist
angela.cox@southsomerset.gov.uk or (01935) 462148

Appendix

Portfolio	Subject	Decision	Taken By	Date
Leisure and Culture	Corporate Grants report 2017 - 2018	District Executive noted the Corporate Grants report 2017-2018	District Executive	02/08/2018
Finance and Legal Services	2018/19 Revenue Budget Monitoring Report for the Period Ending 30th June 2018	District Executive agreed to:- a. Note the current 2018/19 financial position of the Council. b. Note the reasons for variations to the previously approved Directorate Budgets as detailed in paragraph 8, Table 1. c. Note the transfers made to and from reserves outlined in paragraph 26, Table 4 and the position of the Area Reserves as detailed in Appendix B and the Corporate Reserves as detailed in Appendix C.	District Executive	02/08/2018
Finance and Legal Services	2018/19 Capital Budget Monitoring Report for the quarter ending 30th June 2018	District Executive agreed to: a. Note the content of the 2018/19 Capital Budget Monitoring Report for the quarter ending 30th June 2018. b. Approve the revised capital programme spend as detailed in paragraph 6, Table 1.	District Executive	02/08/2018
Strategy and Policy	Corporate Performance Report 2018-19: 1st Quarter	District Executive noted the Corporate Performance Report 2018-19: 1st Quarter.	District Executive	02/08/2018
Leisure and Culture	Proposed Designation of Herne Hill, Ilminster as a Local Nature Reserve	District Executive agreed to:- a. endorse the proposal that Herne Hill becomes a Local Nature Reserve. b. delegate to Ilminster Town Council under s19 of the National Parks and Access to Countryside Act 1949 the power to declare Herne Hill as land held and managed by the Town Council as a Local Nature Reserve.	District Executive	06/09/2018
Strategic Planning (Place Making)	Revisions to the Statement of Community Involvement in respect of Neighbourhood Plans	District Executive agreed to the proposed revisions to the Council's Statement of Community Involvement, with some minor text amendments.	District Executive	06/09/2018
Strategic Planning (Place Making)	The 'Making' of the South Petherton Neighbourhood Plan	District Executive agreed to the making of the South Petherton Neighbourhood Plan.	District Executive	06/09/2018

Portfolio	Subject	Decision	Taken By	Date
Strategic Planning (Place Making)	The East Coker Neighbourhood Plan Referendum	District Executive:- a. agreed to the Examiner's report and recommendations for Proposed Modifications to the East Coker Neighbourhood Plan. b. agreed to the Council organising a referendum for local people on the Electoral Register as to whether they want South Somerset District Council to use the Neighbourhood Plan for East Coker to help it decide planning applications in the neighbourhood area. c. delegated responsibility to the Director for Strategy and Commissioning in consultation with the Portfolio Holder for Strategic Planning to make any final minor text amendments to the Neighbourhood Plan, and to sign off the final version of the Plan in agreement with East Coker Parish Council and the Neighbourhood Plan Steering Group.	District Executive	06/09/2018
Environment and Economic Development	Update on Superfast Broadband for Rural Businesses	District Executive:- a. Noted the content of the report. b. Agreed that officer time and resource be allocated to working with Broadband Delivery UK (BDUK) and Connecting Devon and Somerset (CDS) (and other parties as necessary) to clarify and promote their voucher schemes to maximise the coverage of Superfast Broadband across the District. c. Requested officers to report back to District Executive and Full Council as soon as sufficient information is available for members to take a decision on committing any SSDC funding to 'top-up' such a superfast broadband voucher scheme.	District Executive	06/09/2018
Finance and Legal Services	Financial Strategy and Draft Medium Term Financial Plan 2019/20	District Executive:- a. approved the Financial Strategy. b. noted the current position and timetable for the Medium Term Financial Plan and Budget estimates.	District Executive	06/09/2018
Property, Climate Change and Income Generation	SSDC Operational Office Accommodation - Update on review of options for Brympton Way and Petters House (Confidential)	District Executive agreed the recommendations of the report.	District Executive	06/09/2018

Agenda Item 13

Audit Committee

This report summarises the items considered by the Audit Committee on 19th July:

18. 2017/18 Annual Governance Statement (Agenda Item 6)

The Section 151 Officer introduced the report and reminded members that the Annual Governance Statement provided a summary of the framework that the Council works within, the control environment, and the approach to risk management. He noted that there were no significant governance issues or risks that he needed to bring to the attention of the Audit Committee.

During a short discussion members queried the how often risk management and the policy were reviewed. The Section 151 Officer provided an overview of the process and reassured members that major programmes, such as Transformation, had good risk management which was reviewed fortnightly.

The Chairman commented it was important the Audit Committee were kept updated regarding the risk management processes in place. He also noted that in the past regular reports had been considered by the Committee, and requested that a similar report be added to the Forward Plan. Members were in general agreement that the risk management policy should be reviewed annually.

In response to comments made, the Section 151 Officer noted he would discuss with the Director (Strategy & Commissioning) about future reporting, as due to Transformation many processes were under review. At the end of discussion members requested a risk management update report be made to the next meeting of the Committee if possible.

RESOLVED: That the 2017/18 Annual Governance Statement be approved.

19. External Audit - Audit Findings Report (Agenda Item 7)

Barrie Morris (Engagement Lead, Grant Thornton) presented the report as detailed in the agenda. He highlighted key headlines and drew attention to the audit adjustments detailed in Appendix C.

David Johnson (Engagement Manager, Grant Thornton) summarised the Value for Money element of the report. He highlighted the overall conclusion and referred to the key findings.

There was no discussion or queries raised about the report. Members did however request that the minutes record the positive comments made by the external auditors about the team of SSDC Finance Specialists regarding their timely responses to requests for information, and that the finance element of SSDC business was performing well.

The Section 151 Officer also wished it to be noted that he personally thanked the efforts of the team, both at SSDC and Grant Thornton. He acknowledged that staff were working within a different environment and to shorter timescales than in previous years.

RESOLVED: That the Audit Committee noted:

- the matters identified in the Audit Findings Report 2017/18.
 - the draft audit findings as outlined in section two of the report.
 - the opinion on the financial statements, opinion on other matters, and the conclusion regarding the arrangements for securing economy, efficiency and effectiveness in the authority's use of resources, as stated in Appendix E of the report.
-

20. Statement of Accounts 2017/18 (Agenda Item 8)

The Lead Specialist (Finance) introduced the report that presented the 2017/18 Statement of Accounts to Audit Committee for approval. She noted that the timeframes had been very tight and she conveyed her thanks to the team for their work. Key elements of the covering report were highlighted which included paragraphs 13, 24 and 32.

She informed members of some revised figures in the table at paragraph 43 of the draft Statement of Accounts due to the treatment of the Marlborough investment, and noted that whilst some of the figures had been amended the overall closing capital financing requirement remained unchanged. The revised figures reported were 14,807 should read 12,879; 18,854 should read 16,926; (8,265) should read (6,337); and (10,753) should read (8,825).

During a short discussion the Lead Specialist and Section 151 Officer responded to points of detail and provided a brief explanation regarding Business Rates Retention, and also information about SSDC liabilities associated with the SCC Pension Fund.

A vote was taken to note the external auditor's opinion, approved the 2017/18 Statement of Accounts and to authorise the Section 151 Officer and Audit Committee Chairman sign the Letter of Representation, which was carried unanimously.

RESOLVED: That the Audit Committee:

- Noted the external auditor's unqualified opinion on the financial statements.
- Approved the 2017/18 Statement of Accounts.
- Authorised the Section 151 Officer and Audit Committee Chairman to sign the letter of representation.

(Voting: Unanimous)

Post meeting note:

Following the meeting, and prior to publication of the Statement of Accounts, some minor errors were identified which were notified to all Audit Committee members. The errors were regarding two figures within the 'Narrative Report to the Statement of Accounts' – there were no errors on the primary statements in the accounts.

The Chairman of Audit Committee has authorised the following amendments:

- *On page 9 of the agenda supplement (page 7 of the Statement of Accounts)*
 - *85,064 should read 84,936 (top table on the page)*
 - *19,924 should read 16,924 (bottom table on the page)*

The errors and amendments have been notified to the external auditors who have agreed the amendments and have issued their opinion of the accounts.

21. Summary Statement of Accounts (Agenda Item 9)

The Lead Specialist (Finance) presented the report which summarised the Statement of Accounts and included headlines from the full statement.

During a brief discussion, some members felt the banner at the bottom of each page may be confusing. It was agreed with officers that the banner would be moved to the top of each page. Members were content to note the report.

RESOLVED: That the report and Summary Statement of Accounts be noted.

Post meeting note:

Following the meeting, and prior to publication of the Summary Statement of Accounts, some minor errors were identified which were notified to all Audit Committee members. The Chairman of Audit Committee has authorised the following amendments:

- *Top of page 24 of the agenda supplement (page 2 of the Summary Statement of Accounts):*
 - *£85.064 million should read £84.936 million*
- *Bottom of page 24 of the agenda supplement (page 2 of the Summary Statement of Accounts):*
 - *£85.064 million should read £84.936 million*
 - *£3.798 million should read £3.670 million.*
- *Top two tables of page 26 of the agenda supplement (page 4 of the Summary Statement of Accounts):*
 - *73,560 should read 74,327*
 - *24,850 should read 25,617*
 - *50,184 should read 49,610*
 - *54,944 should read 57,145*
 - *(86,471) should read (81,138)*
 - *18,657 should read 25,617.*

22. Audit Committee Forward Plan (Agenda Item 10)

The Chairman reminded members that earlier on the agenda it had been agreed that a update report regarding risk management be added to the Forward Plan, for October if possible.

RESOLVED: That the Audit Committee Forward Plan be noted, including the addition of the following report:

- Risk Management Update – October TBC

Cllr Derek Yeomans
Chairman of Audit Committee

Agenda Item 14

Scrutiny Committee

This report summarises the work of the Scrutiny Committee since the last report to Full Council. The Committee met on 31 July and 4 September to consider:

31 July 2018

Reports to be considered by District Executive on 2 August 2018 (Agenda Item 8)

Members considered the reports within the District Executive agenda for 2 August and made comments as detailed below. Responses to most comments and questions were provided at the Scrutiny Committee by the relevant officer or Deputy Leader.

Corporate Grants Report 2017-2018

- Members noted the differences across the four areas regarding the percentage awarded against project costs and the town / parish council contributions. Members asked if the variation in figures was due to the types of grant (e.g. revenue, capital or Service Level Agreement) or if there was another reason.

2018/19 Revenue Budget Monitoring Report for the Period Ending 30 June 2018

- Members queried if the virement of £61,610 to the regeneration budgets for Chard, Wincanton and Yeovil had been evenly split between the schemes?
- Building Control Income – members queried what could be done about the predicted shortfall in fee income, and whether the charges need to be reviewed?
- Westlands – Members acknowledged there was annual reporting but asked if it would be possible to have a verbal update on how it's going mid-term.
- Some members asked if the income from property investments could be more clearly reported.
- Westlands – members asked for further detail regarding the issue with utilities (as detailed in the comment).
- The Closed Churchyards Reserve is showing a positive figure – members queried if this meant no further funding will be available?
- Scrutiny made a general observation that the comments in both budget reports contained several acronyms and some readers may be unsure of their meaning.

2018/19 Capital Budget Monitoring Report for the Quarter Ending 30 June 2018

- Members sought clarity about the frequency of reporting for the progress of investments (Commercial Strategy)

Corporate Performance Report 2018-19: 1st Quarter

- Some members expressed concern that they had experienced long waits on the telephone when ringing the main number. They acknowledged there was a recorded message encouraging people to go online, but they had concerns about vulnerable people who may not be able to get online or did not have the confidence to do so.
- Members queried what tolerance levels were being used to give the amber RAG rating e.g. +/- 10%.

- Past performance figures – members queried which figures were being used in this report – was it the previous quarter, the same period last year or an average of the previous year? It was felt a key or brief narrative would be useful.
- Members acknowledged there were better metrics now but noted a number of indicators were in the red, and queried if SSDC were doing enough to explain Transformation to the public in order to manage expectations.
- Members raised several queries regarding specific indicators (detailed in the Scrutiny minutes).

District Executive Forward Plan

No comments.

4 September 2018

Reports to be considered by District Executive on 6 September 2018 (Agenda Item 8)

Members considered the reports within the District Executive agenda for 6 September 2018 and made comments as detailed below. Responses to most comments and questions were provided at the Scrutiny Committee by the relevant officer, director or Portfolio Holder.

Proposed Designation of Herne Hill, Ilminster as a Local Nature Reserve

- Scrutiny supported the recommendations
- Members queried if status as a Local Nature Reserve would have any weight in terms of planning.

Revisions to the Statement of Community Involvement in Respect of Neighbourhood Plans

- Scrutiny sought clarity as to how many Neighbourhood Plans are currently underway.
- Members queried if there was a breakdown of the costs to SSDC for supporting each Plan, and if there were expenses to SSDC above the grant funding available.
- Members asked if officers were aware of any groups who had applied for the additional grant of £8,000.
- Members sought clarity about revisions to Neighbourhood Plans and whether there is a requirement for them to be updated when the Local Plan is revised.

The 'Making' of the South Petherton Neighbourhood Plan

- Members asked how much weight the Neighbourhood Plan carried until it is 'made', and at what point and at what point it would become a material consideration for planning?

The East Coker Neighbourhood Plan Referendum

- No comments.

Update on Superfast Broadband for Rural Businesses

- Members queried if phase 2 of the programme had a set end date?

- Members acknowledged that Superfast Broadband speeds are still low in some rural areas.
- Scrutiny commented that the delivery and availability of Superfast Broadband across the district is patchy. There is a need to map and identify poor broadband areas to see what we may be able to do.
- Some members queried if the state aid criteria was for a fixed timeframe.

Financial Strategy and Draft Medium Term Financial Plan 2019/20

- Members asked for further information regarding some technical points in the report, and thanked the Section 151 officer for his explanations.
- Table 6b – ‘Other Earmarked Reserves’ – members asked from where the figure of 1216 had been derived as it wasn’t clear in the report.

District Executive Forward Plan

- Scrutiny noted the item scheduled for December – Local Plan Review – and sought reassurance that all members will have some involvement prior to the report.

SSDC Operational Office Accommodation – Update on Review of Options for Brympton Way and Petters House (Confidential)

- Scrutiny made several comments in closed session.

Verbal update on Task and Finish reviews (Agenda Item 9)

Members noted the updates provided by the Case Services Officer on each of the Task and Finish Groups currently in progress.

Customer Accessibility – some members have trialled using the new website which is under development, and comments have been made about the design and ease of use.

Council Tax Support Scheme 2019 – the public consultation ended on 2 September 2018, and responses are now being collated by officers.

Homefinder Somerset Plain English – no updates since the last meeting.

Cllr Sue Steele
Chairman of Scrutiny Committee