
South Somerset District Council

Thursday 19th September 2019

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 11 September 2019.

Alex Parmley, Chief Executive Officer

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



South Somerset District Council Membership

Chairman: Paul Maxwell
Vice-chairman: Jenny Kenton

Jason Baker	Henry Hobhouse	David Recardo
Robin Bastable	Ben Hodgson	Paul Rowsell
Mike Best	Charlie Hull	Dean Ruddell
Neil Bloomfield	Kaysar Hussain	Gina Seaton
Dave Bulmer	Val Keitch	Peter Seib
Hayward Burt	Andy Kendall	Garry Shortland
Tony Capozzoli	Tim Kerley	Alan Smith
Martin Carnell	Mike Lewis	Jeny Snell
Malcolm Cavill	Mike Lock	Andy Soughton
John Clark	Pauline Lock	Mike Stanton
Nicola Clark	Tony Lock	Rob Stickland
Louise Clarke	Kevin Messenger	Lucy Trimmell
Nick Colbert	Graham Oakes	Gerard Tucker
Adam Dance	Tricia O'Brien	Anthony Vaughan
Sarah Dyke	Sue Osborne	Linda Vijeh
Karl Gill	Tiffany Osborne	Martin Wale
David Gubbins	Robin Pailthorpe	William Wallace
Peter Gubbins	Clare Paul	Colin Winder
Brian Hamilton	Crispin Raikes	
Mike Hewitson	Wes Read	

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 19 September 2019

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 18th July 2019.

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 the Fire Brigade Union on the Safer Together Consultation (Page 7)

8. Presentation from the St Margaret's Somerset Hospice, Yeovil (Page 8)

9. Commercial Strategy 2017-2021 (Interim Update 2019) (Pages 9 - 29)

10. Membership of Committees - Appointment of New Councillor to Regulation Committee and change of representation on the Health and Well-Being Partnership (Page 30)

11. Report of Executive Decisions (Pages 31 - 34)

12. Audit Committee (Pages 35 - 38)

13. Scrutiny Committee (Pages 39 - 41)

14. Motions

There were no Motions submitted by Members.

15. Questions Under Procedure Rule 10

There were no questions raised under Procedure Rule 10.

16. Date of Next Meeting (Page 42)

17. Exclusion of the Press and Public (Page 43)

18. Notification of an Urgent Executive Decision - Update on the Refurbishment and Development of Yeovil Crematorium (Confidential) (Pages 44 - 51)

Agenda Item 6

Chairman's Engagements

24th July

The Chairman met the team of Rangers and volunteers at Ham Hill Country Park and at Ninesprings Country Park.

27th August

The Chairman met staff and spent an afternoon at the SSDC Chard Reservoir Centre.

28th August

The Chairman visited the Octagon Theatre and Westland Entertainment Centre to tour the facilities and to meet staff.

30th August

The Chairman visited the Yeovil Innovation Centre to tour the facilities and to meet staff.

4th September

The Chairman spent the afternoon with staff at the SSDC Petters House office.

12th September

The Chairman spent the morning meeting and working with staff based at the Lufton Depot in Yeovil.

12th September

The Chairman spent the afternoon at the SSDC Community Heritage Access Centre in Yeovil.

25th September

The Chairman is due to spend the afternoon meeting and working with staff based at the Lufton Depot in Yeovil.

28th September

At the invite of the Chair of Somerset County Council, the Chairman will attend the Annual Civic Service held at St John the Evangelist Church, Tatworth, Chard.

Agenda Item 7

Presentation from the Fire Brigade Union on the Safer Together Consultation

Executive Portfolio Holder: Val Keitch, Strategy and Housing

Director: Netta Meadows, Strategy and Support Services

Contact Details: Netta.meadows@southsomerset.gov.uk or (01935) 462200

Officers from the Fire Brigade Union will attend to provide Members with a presentation on the possible consequences of the proposals contained on the Devon and Somerset Fire and Rescue Service's Safer Together Consultation, followed by questions.

Details of the Consultation can be found at:

<https://www.dsfire.gov.uk/SaferTogether/ServiceDeliveryConsultation/TakePartInTheConsultation.cfm?siteCategoryId=18&T1ID=211&T2ID=460>

Agenda Item 8

Presentation from the St Margarets Somerset Hospice, Yeovil

Executive Portfolio Holder: Mike Best, Health and Well-Being

Director: Netta Meadows, Strategy and Support Services

Contact Details: Netta.meadows@southsomerset.gov.uk or (01935) 462200

The Chief Executive, Mrs Ann Lee, will attend to provide Members with a presentation on the recent proposed changes to the in-patient service at St Margaret's Hospice, Yeovil.

Details of the proposals can be found at:

<https://www.somerset-hospice.org.uk/information-2019>

Agenda Item 9

Commercial Strategy 2017-2021 (Interim Update 2019)

Executive Portfolio Holders: Cllr Tony Lock, Portfolio: Protecting Core Services
Cllr John Clark, Portfolio: Economy and Income Generation
Director: Clare Pestell, Director, Commercial Services & Income Generation
Service Manager: Robert Orrett, Commercial Property, Land & Development Manager
Lead Officer: Clare Pestell, Director, Commercial Services & Income Generation
Contact Details: Clare.pestell@southsomerset.gov.uk or 01935 462520

Purpose of the Report

1. This report is a mid-term review of the Commercial Strategy 2017-2021 which was originally approved by District Executive and Full Council in August 2017. This was a brand new strategy and area of business for the Council at that time. It is linked to the Transformation programme to achieve financial savings and income targets needed to ensure the Council's financial stability for the future. It also aims to implement the new ways of working that the Council wished to adopt including becoming a more ambitious and commercial organisation.
2. The strategy is now two years into its four year programme. A number of matters have evolved during this time, including corporate objectives, funding requirements, audit outcomes and experience of operationally implementing the governance.
3. This report seeks approval to update and strengthen the Commercial Strategy to ensure that it is fit for purpose until 2021, by taking into account:
 - a. approval of a new investment fund requirement to align with the council's Financial Strategy.
 - b. adoption and incorporation of the Commercial Strategy Audit recommendations
 - c. minor revisions and improvements to the Commercial Strategy by way of written clarifications and additional explanations; to aid understanding to the reader and those using and being guided by it.

Public Interest

4. The Commercial Strategy 2017-2021 (Interim Update 2019) at Appendix 1 of this report is of public interest because it sets out how the Council aims to become a more commercial organisation, and what it needs to achieve by way of annual net income, in order to ensure that services to our communities are not cut and can continue to be funded into the future. Additionally, how it will meet the Council's Vision and wider corporate objectives that link to commercial activity and support them.
5. It also explains how we will resource those aims to achieve the income targets and other commercial objectives. It outlines the governance arrangements for how we will invest money, categorise our assets and acquire and dispose of them.
6. The revised strategy, at Appendix 1, includes a number of changes to update and improve the strategy with the experience of the last two years and incorporate changes that have emerged during that time. It aims to give greater clarity in some areas which have been noted during the last two years, to incorporate the audit's minor recommendations and to strengthen the governance arrangements further. This report and updated strategy aims to ensure that the strategy is fit for purpose until 2021 and updates financial targets to align with the Council Financial Strategy and emerging needs for future annual net income.

Recommendations

7. That Full Council:
 - a. note that District Executive approved the Commercial Strategy 2017-2021 (Interim Update 2019) as per the attached revised Strategy at Appendix 1
 - b. note that District Executive approved that any capital received from the disposal of investment assets (only) are used as part of a revolving investment fund, unless specifically agreed otherwise by council.
 - c. approves an increased investment fund limit and borrowing limit to take the council through to 2021, as set out at Appendix 2 as a Confidential item.
 - d. agrees the increased level of delegation of individual investment / acquisition approvals to the CEO in consultation with the Leader as set out at Appendix 2 as a Confidential item.

Background

8. The Commercial Strategy 2017-2021 was approved by District Executive and Full Council in 2017. To date it has been very successful in its implementation. Having committed £73.44m of the existing fund into a range of investments to date in 2019, a portfolio wide running yield on commercial property interests of 6.61% improving to 7.25% in 2020 has been achieved. This is to be compared against the target of 7% set in the initial Commercial Strategy 2017-2021. This equates to £2.0m or 91% of our annual net income target of £2.2m set in 2017 and required by 2021 from commercial property investment, ahead of schedule. SSDC has also been awarded a national MJ Achievement of Highly Commended for Best Commercial Council.
9. During this time, we have gained experience in implementing the Commercial Strategy and working with it and noted some areas that could be improved upon. Additionally, the Council's funding requirements have grown due to further central government cuts and ambitions in the Council Plan have been formulated in more detail. A review of the experience of working with the new commercial governance arrangements has been undertaken and this year we were able to undertake the first Commercial Strategy audit. This had a very positive outcome and made some minor recommendations for the strategy, which are incorporated into this updated Commercial Strategy.
10. All of these factors have led to a number of minor recommended revisions, including more detailed explanations and clarifications being considered appropriate. Financially, an additional investment fund will be required to take the Strategy to 2021 and align with the council's Financial Strategy revised funding requirements of council services into the future. These updates and investment funds will ensure that the strategy has evolved with external market and funding changes and is even more relevant and robust, so that it remains fit for purpose for the remainder of its term until 2021.

Summary of Key Changes in the Commercial Strategy 2017-2021 (Interim Update 2019)

11. Whilst the majority of the Commercial Strategy remains unchanged a summary of the headline updates are given here for ease of reference as to what has been changed:
 - The annual net revenue target has been increased from £2.2m p.a. to £3.35m p.a. by 2021/22 financial year – in line with financial strategy and new projections for revenue requirements. This will require an additional investment fund to be approved. Please see confidential item at Appendix 2.

- A more detailed explanation and definition for property portfolio target yields/returns of 7% and what the net revenue return of 3% + means in line with the Financial Strategy and to aid understanding of the differences between the property market perspective when acquiring assets and how the Council in house accountancy requirements deal with and present the net income, which also explains what happens to the margin between the 7% return on investment and 3% target net revenue.
 - Investment Fund purpose: Clarification on what the investment fund can be used for. This includes new and existing assets, where they are categorised as investments e.g. the asset is held purely for investment/income purposes. This would NOT include our operational buildings and land, community assets or strategically held regeneration assets.
 - Strengthening of Investment Assessment Group (IAG) and Disposal Assessment Group (DAG) governance: Whilst the audit was very satisfied with existing governance procedures, internally it was felt that this could be more robust. Therefore, official deputies for IAG /DAG members are now provided with delegated authority. Experience has shown that there are occasions where group members are conflicted or absent. Having official deputies for each member role on IAG and DAG ensures a full and broad debate, challenge and wider representation to the recommendation making process. For example: it is proposed that the Portfolio Holder for Income Generation will now have the Portfolio Holder covering Finance as their deputy on these groups.
 - Income & Opportunities Development role in Commercialisation: This was a brand new role approved in 2017 and further clarity and explanation of the extent of this role and how it will shape the commercialisation of the organisation internally and externally is now provided.
 - SWAP Audit Recommendation: The audit recommended removal of reference to the Income Generation Board in its previous guise, as members were not appointed with any formal delegated authority, it was considered to be a 'think tank' and therefore held no place in the Commercial Strategy. This has been replaced with an explanation of the WeShape forum which will take income generating ideas forward with the relevant Portfolio Holder oversight, or their nominated member deputy to work with the service the idea relates to and the Income and Opportunity Development Manager to drive forward. This increases councillor involvement in the commercialisation of the council services.
 - Capital Receipts: Capital receipts received from the disposal of assets needed further clarification as to what they will be used for. This is now more clearly defined in the strategy. In summary they will be used either as a revolving investment fund to invest into more income producing assets that meet the strategy requirements for all assets categorised as Commercial Investment, or otherwise as approved by capital decision making arrangements.
12. In terms of how the Commercial Strategy has been implemented and how the council is performing against its targets and objectives, formal reports on assets are provided to District Executive every 6 months, with the last update report in June 2019 and the next due in December. In summary, to date we are ahead of schedule towards achieving and identifying income to meet the 2017 known income shortfall by 2021; and achieving the target yields/returns across the portfolio investments to date. However, due to market conditions and uncertainty around financing costs the S151 Officer has prudently budgeted for income slightly below target from the current investment fund limit.
13. In recognition of the Council's successful progress in commercialisation and commercial achievements to date, the council were awarded the MJ Highly Commended Achievement Award, for Best Commercial Council, winning joint second place nationally. This also demonstrates that the Council is raising its reputation in the commercial sector and meeting its ambitions to thrive. All

commercial activity to date has been based around the Commercial Strategy and the Council's implementation of it has worked exceptionally well. This coupled with a very positive outcome of the first Commercial Strategy Audit is extremely positive news for South Somerset. Therefore the Interim Update of the Commercial Strategy is timely to take us forward for the next 2 years.

Financial Implications

14. Please refer to Appendix 2 for the Confidential Item detail in relation to a new investment fund to take the Council forward to meet its revised financial needs in line with the Financial Strategy of £3.35m per annum of net revenue.

Council Plan Implications

15. Council Plan Priority - Protecting Core Services – Commercial Strategy.

Carbon Emissions and Climate Change Implications

16. Commercial Investment has already enabled provision of new sustainable energy infrastructure in Somerset. Further opportunities will be considered. Otherwise, the interim update report on the Commercial Strategy does not have any carbon emission or climate change implications.

Equality and Diversity Implications

17. There are no equality or diversity implications associated with the interim update report on the Commercial Strategy.

Privacy Impact Assessment

18. There are no adverse personal data implications to this report.

Background Papers

- Commercial Strategy 2017 -2021 (non-confidential papers)
- Appendix 1 Commercial Strategy 2017-2021 (Interim Update 2019)



Commercial Services and Income Generation
Commercial Strategy: 2017-2021

Version Details	
Programme:	SSDC Commercialism
Version:	Final – August 2019 Interim Update
Author:	Clare Pestell
Review Date:	October 2020

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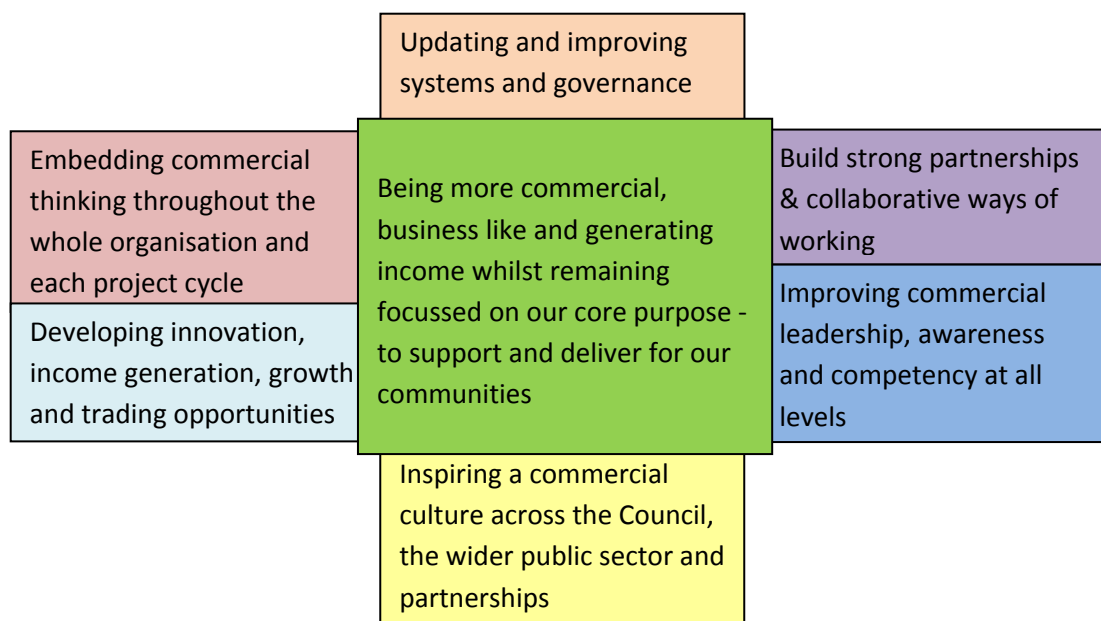
1 Commercial Strategy Overview

SDDC recognises that we exist in a rapidly changing world and are working in a challenging financial environment, which is forecast to become even more demanding in the coming years. We want to meet these challenges and exceed them, survive and thrive in this environment, become a leading Council that is financially self-sufficient. This is with the aim of delivering high quality services to our customers and communities, being able to deal with the challenges the district faces and invest in improving quality of life for residents.

To do this, it is accepted that we need to change our culture, thinking, and ways of working, and embrace and deliver commercialism throughout the Council at every level. Over the next pages, the Commercial Strategy will focus on outlining our aims and objectives, how we will achieve them and know that we have been successful. This will be presented as follows:

- The **commercial strategic aims** describe what we are going to do to support the overall Council objectives and strategy as set out in the Council plan and related documents.
- The **rationale** explains why this is important and the current context.
- The objectives explain **what we will need to do** or put in place to achieve our strategic aims
- The measures describe **how we will evaluate our success**

1.1 Commercial Strategic Aims



1.2 Rationale - Why do we need a Commercial Strategy?

- 1.2.1 All public sector organisations currently find themselves in an extremely challenging environment, with mounting financial pressure, reduced resources, growing demand and greater market competition for services.
- 1.2.2 South Somerset District Council (SSDC) financial strategy recognises the growing gap between core funding and costs of service. The Financial Strategy in 2017 projected a Budget Gap rising to £5.2m by 2022/23, and set a savings target rising to £6m per year by 2022/23 building in a contingency for new financial pressures and opportunity to support new priorities. There is significant uncertainty beyond 2020 due to factors beyond our control, and we need to plan to be more self-sufficient and much less reliant on Government grants. The Transformation programme will make us more modern and efficient and is due to be fully implemented before the end of 2019, delivering £2.5m of the £6m needed. The remainder of the revenue shortfall must be found through commercialism and income generation if we are to avoid cutting services and if we are going to be able to invest in council priorities such as the regeneration of our towns and the development of our economy.
- 1.2.3 There will inevitably be uncertainties in future Government funding through the Spending Review 2019, Fair Funding Review, Business Rate Retention reform, and review of New Homes Bonus. We also face increasing demands on costs of services, including housing. These are some of the reasons for the financial shortfall which is anticipated to increase in the future.
- 1.2.4 The Financial Strategy and MTFP have been reviewed in August 2019, with £5.5m of the £6m savings target built into the Medium Term Financial Plan. The £5.5m includes £2m net income per year from commercial property investment. Despite strong progress towards the savings target set in 2017, reductions in expected funding through business rates and new homes bonus has hardened the residual Budget Gap with a new savings target of £2m (on top of the £5.5m built into base budget) required by 2022/23.
- 1.2.5 SSDC recognises this ongoing need and the requirement to take a more commercial approach to be self-sufficient financially and ensure that services are not adversely affected, so that we are 'future-proofed' and thriving into the future.

1.3 How do we achieve Council objectives through our Commercial Strategy?

- 1.3.1 For SSDC commercialism means the ability to think and act more business-like when considering the ways we manage, operate, deliver and resource our services and products in order to deliver best value for communities and customers.

Commercialism does not mean just making a profit for profit sake. It includes:

- Considering the whole life cost of policy decisions, including market impact and benefits realisation.
- Improving efficiency of service delivery – reducing costs and streamlining processes
- Maximising value for money from contractual relationships
- Making robust decisions on a consistent basis with evidence and a sound business case
- Considering new and innovative ways of generating income
- Taking an investment based approach to the use of financial resources including assessing the return from the investment in terms of financial return, delivery of the council's priorities and added value to our communities

- 1.3.2 This means making sound and clear decisions in using our resources, investing public funds to become more efficient and generate income for the Council to deliver better services whilst retaining a clear focus on our communities. This will affect different parts of the Council in different ways and to varying degrees, as some services will never be fully commercial.
- 1.3.3 However, commercial principles can be applied to most operations and must be considered when reviewing all policy objectives and direction. It will involve physical, technical and cultural change with strong and effective leadership and management at all levels and throughout the organisation.
- 1.3.4 To achieve these requirements we will need to work to a clear Commercial Strategy and deliver its objectives on time and on target.
- 1.3.5 We need to understand that embracing a more commercial culture, in both our thinking and actions will be of paramount importance to help us deliver revenue and high quality services, effectively and efficiently.
- 1.3.6 We will need to be ambitious and innovative in our thinking to invest to earn and save additional, secure and long term revenue streams in order to support the Council priorities and service delivery objectives. By adopting this mind-set and achieving in all of these areas we will ultimately be in a better position to meet the wider Council objectives.

1.4 What is the outcome?

- 1.4.1 Revenue shortfalls will be met, with the contribution from the commercial investment portfolio **net income target** of £3.35m per annum income by the end of 2021/22 (compared to the £2.25m target in 2017/18). The Council's **overall savings target** is increased to £7.5m per year by 2023/24 (compared to the £6m target in 2017/18). With £5.5m already built in as 'delivered' the Council needs to ensure these savings are sustained and now deliver a further £2m to meet the overall updated forecast Budget Gap of £7.5m. The Financial Strategy Report (September 2019) provides further detail on the savings delivered and still required.
- 1.4.2 The latest Financial Strategy also recognises that market prices and returns have changed since the Commercial Strategy was first prepared in Q2 2017. The combined impact of the expectation of additional savings being needed and changed market conditions leads to the Financial Strategy proposing an increase in the investment fund.
- 1.4.3 However, commercialism work will evolve and continue into the future to meet or exceed ongoing revenue targets wherever possible.
- 1.4.4 In summary SSDC will continue to grow its revenue through commercial, ambitious and innovative investment, development, trading of its more commercial services as viable business plans are developed and cost reduction of its services.
- 1.4.5 By delivering the Commercial Strategy which aligns with and supports the Council Plan and complements other corporate strategies such as Finance and Information Technology SSDC will:
- develop into a more cohesive and ambitious, economically efficient organisation
 - become a partner of choice for the community and commercial sectors by demonstrating its commercial awareness and effective delivery of services, partially through commercially traded services
 - be a desirable and respected employer that invests in its staff and attracts the next generation
 - become a leader in its field, delivering high quality, efficient, effective and timely services to its communities and customers.

In delivering the Commercial Strategy SSDC will also contribute to achieving its Vision:

Our Vision for a Transformed Council:
“ONE TEAM,
Ambitious for South Somerset”

<p>Great to work for</p> <ul style="list-style-type: none">*Agile and empowered staff*Inspiring people 	<p>Leading the way</p> <ul style="list-style-type: none">*Modern and resilient*Adaptable to change*Technology enabled 
<p>Excellent to work with</p> <ul style="list-style-type: none">*Commercial mindset*Efficient and effective 	<p>Delivering for our communities</p> <ul style="list-style-type: none">*Resilient services*Customer focused*Data driven*Proactive 

Section 2 Commercial Approach to Income Generation

2.1 Commercial Approach - Our Core Principles and Methodology

- 2.1.1 This strategy applies whenever we spend money with external suppliers, enter into or manage our commercial arrangements, invest in assets or services that generate income or we make a commercial decision. Whilst the Commercial Services teams will lead on delivery, they will also work in partnership, forming relevant communities of practice for each project or service area across the organisation and externally with partners and customers.
- 2.1.2 However, we recognise that not all services can 'trade' or charge for what they do for customers to generate a direct income, but to some degree commercial strategy principles could still apply; we can demonstrate that other services can be more innovative but believe that in the past they have never been encouraged or enabled to do so in a commercial manner prior to this strategy implementation.
- 2.1.3 SSDC will adopt a commercial approach across the organisation, which allows everybody to share their ideas through the WeShape Programme encouraging staff and members to put forward their ideas and by working with the Income and Opportunities Development Manager who will drive relevant Communities of Practice (CoP)¹ appropriate to the service involved to help develop viable ideas and deliver commercial outcomes. This will allow avenues for all ideas within internal business services and with external partners and customers to the Council to be evaluated swiftly, using a robust early assessment criteria model and fully costed business case approach. In this way we can take forward the right projects, measure efficiencies, deadlines and income, through to delivering the final project. Any project taken forward will involve member input and oversight, through the relevant portfolio holder to the service it involves; or their nominated deputy for a particular project.
- 2.1.4 We have enterprising staff, partners and members, their skills and ideas need to be clearly and effectively communicated and harnessed to help achieve our commercial strategy. We will invest in our staff training to enhance staff skills and raise the level of commercial expertise across the Council; which we see as an investment and of value to our organisation not a cost. Commercialisation training has commenced and will continue to be rolled out across the organisation, as well as to members and our partner councils that request it; supporting their development, shared working practices and services wherever possible.
- 2.1.5 Stakeholders, staff and customers will feel engaged and valued in our new commercial and innovative approach, realistic targets and projects will be agreed having engaged with them to obtain views, inputs and buy-in. Regular headline summary updates on commercial investments, achievements and service yield improvements will be reported back to Full Council quarterly, as part of the Corporate Performance Report, as baseline data becomes available to develop and add to performance monitoring.
- 2.1.6 We accept that the Council will need to take more and different risk than in recent times in order to achieve its ambitions and commercial success. This risk should be balanced with an efficient and proportional regard to governance, policy, management, processes and systems to ensure robust decision-making, performance and success of new commercial enterprises, contracts and partnerships. All of which will continue to evolve and be refined over time to ensure that the Council adheres to its statutory responsibilities and that public money continues to be appropriately invested, used and accounted for.

¹ CoP – a group of people with the relevant skill or experience brought together to drive and deliver a specific piece of work or project.

Section 3 Organisation Wide Objectives for 2017 – 2021

3.1 Business Services Objective

- 3.1.1 Each and every business service will look to enhance its yield by 5% p.a. commencing from 2017/8 by reviewing fees, charges, processes, the cost of delivering services and potential to deliver new added value services.
- 3.1.2 This will be done in conjunction with the Commercial Services, Income & Opportunities Development Manager and relevant CoP, working with each service as a 'critical friend' to achieve a common goal. They will assist the internal business services and offer advice and specialist experience to draw upon in order take the best innovative ideas forward to improve service yields by 5% per annum across the organisation, with a comprehensive proposal and business plan for approval and implementation.

3.2 Income Generation Objectives, Process and Governance

- 3.2.1 Commercial Investments in property and renewable energy need to be dealt with swiftly and confidentially if local authorities are to compete within the commercial marketplace. Therefore, a schedule of delegation has been approved to enable positive decisions to be made that respect market requirements for swift action and confidentiality.
- 3.2.2 Stage 1 of our process, with any proposed investment, is for an early analysis and assessment to be completed by property and finance specialists, with external advice as necessary, to develop the business case for the Investment Assessment Group (IAG) to consider at stage 2. Most opportunities will not pass Stage 1; if not in accordance with the basic requirements of this strategy they will not proceed to stage 2.
- 3.2.3 The IAG, comprising the relevant Portfolio Holder for Income Generation (currently Economic Development and Commercial Strategy), S151 Officer, Monitoring Officer, Director for Commercial Services and Income Generation and the Commercial Property Land and Development Manager provide a Stage 2 governance panel to consider and debate new investment proposals, including external investment proposals and partnership working. Each opportunity is assessed against a range of investment and risk criteria and requires unanimous support of all IAG members before a recommendation is made to the Chief Executive in consultation with the Council Leader to approve, Stage 3. In turn they will have the option to approve, refuse or refer the investment proposal to District Executive for a final decision. The recommendation to approve may contain a bidding range that officers can work within, accepting that non material matters may need to be addressed during negotiations. This is accepted normal commercial activity to complete a transaction.
- 3.2.4 However, any material changes to the original recommendation during due diligence and negotiations post approval will be referred back to the IAG if necessary and a further recommendation made to Chief Executive in consultation with Council Leader. Examples of a material change could include matters such as discovering a heavily contaminated site devaluing the investment or restricting its future development; or the financial status of the tenant in situ suddenly diminishing prior to completion of the transaction.
- 3.2.5 Each member of the IAG will have a nominated deputy, in case of absence or conflict of interest arising for any specific investment proposal. The deputies will comprise Portfolio Holder for Finance, Deputy S151 Officer, Deputy Monitoring Officer, Director for either Strategy & Commissioning or Service Delivery, and a Commercial Property Investment Project Manager.
- 3.2.6 These investment proposals will be measured against agreed assessment criteria, in order to ensure they meet the required returns/objectives and so that investment of public money is applied with proportionate and efficient regard to procurement and governance procedures. The IAG and Chief Executive have agreed delegated authority limits for individual transactions and are empowered to make decisions to proceed

within these parameters and to report these to DX and Council in due course. This includes the setting up of an appropriate vehicle, such as a company Special Purpose Vehicle (SPV) or Joint Venture if the investment proposal involves the trading of services in order to generate income. Wherever appropriate, this will be undertaken fully prior to the final decision making processes or approval given subject to named conditions to be met, to ensure that only valid projects with real merit are taken forward. Where potential investments exceed delegated limits they will be considered through District Executive and if appropriate, Full Council.

- 3.2.7 The headline financial objective is to progress investment property proposals that offer a target 7% return on investment across the investment term adopted, and/or provide a consistent balance to the overall investment portfolio in terms of security, liquidity and spread. In some cases investments will achieve a higher return on investment and in others less, in order that balance within the portfolio and spread of risk is achieved and an average return is maintained at the target rate of 7%. All projects will be in accordance with reviewed and updated procurement and governance procedures. These will be regularly reviewed, updated and refined in order to ensure flexibility with operational needs, so that a proportionate and efficient reliance can be applied in their use. In any event individual transactions should not be accepted below a 6% return on investment or minimum net revenue returns will not be able to be achieved across the portfolio.
- 3.2.9 An exception to this may be where there is an opportunity to purchase an investment in order to then sell part off to release capital receipts and raise remaining returns to 6%+. For example, a long leasehold industrial estate let for 125 years with multiple units may provide a very secure, long term income to the portfolio helping to balance risk, but initially may only achieve say 4% yield. However, an opportunity to achieve break-up value and recover some initial capital may then increase the remaining returns to an acceptable level of over 6% return on investment enabling IAG to recommend approval. This would be acceptable as considered an estate management opportunity. This strategy for the purchase would need to be made clear in the IAG report prior to a recommendation.
- 3.2.10 Since the preparation of the first Commercial Strategy in Q2 2017 the commercial property market has seen significant increases in typical prices with consequent reduction in the levels of return on investment that properties deliver. As an example, the industrial property investment sector has seen prices rise over this period to produce a fall in the rate return greater than 0.5%. Thus a property that would have delivered a rate of return of 7% if sold at Q2 2017 would now command a higher price delivering a rate of return below 6.5% as at Q2 2019.
- 3.2.11 Our first Commercial Strategy identified a target yield of 7%, which we have been able to achieve. However, because of the demand for income much of the stock that we have been able to afford has shorter unexpired lease terms than we might have expected at the outset. Consequently, assuming a worst case scenario wherein all tenants vacate at the earliest possible opportunity, the annual yield until 2028 at present averages 6.46% due to the allowance for periods of reduced income whilst properties are re-let.
- 3.2.12 As a Local Authority investor, we need to recognise that we meet a number of other financial commitments from the rental income of our property investments, prior to reporting the net revenue return of that income to the council. These include interest costs on borrowing, MRP which is provision for repaying borrowing, sinking fund for future costs and income volatility risk arising and management costs. The net revenue position subsequently reported gives the residual amount of available revenue to the council each year, after all of the required monetary provisions have been made and are retained within the council for their required purpose. This net position is reflected in the financial strategy savings targets.
- 3.2.13 Not all investments and assets remain fit for purpose indefinitely. Therefore, it is also prudent to consider the disposal of assets, as part of normal estate management practice. Disposal follows a similar governance procedure to the IAG, through the Disposals Assessment Group (DAG) comprising the same members as above. However, DAG has different limited delegated authority to consider assets up to varying values for

investments and operational assets. The DAG needs to have consulted in advance with relevant members, as well as considered relevant assessment criteria, prior to making a recommendation with a majority group agreement. Full details are available under the Disposals and Community Asset Transfers policy.

3.2.14 The fund invested in new property and renewable energy assets together with the capital invested in existing commercial investment property assets will generally be managed as a revolving fund enabling capital released via asset disposals to be retained within the fund for reinvestment. This is expected to ultimately contribute to growth in the capital within the fund.

3.3 Other Corporate Plan Objectives and Social Value

3.3.1 Other projects that do not meet income generation criteria, but do provide some financial return and also bring collective benefit to the community in accordance with our wider Corporate Plan objectives, will be considered under other appropriate strategy and policy. They will have a different form of assessment criteria and their primary objective may be to deliver a service of community benefit, over income i.e. regeneration, economic development, housing need etc. Each project will set its own terms of reference and objectives. E.g. a leisure project may meet a wider corporate objective, cover its costs by generating a return to repay the funding for its development, but will not meet the primary objectives of the Commercial Strategy.

Section 4 Specific Property, Land and Development Objectives

4.1 Overview

- 4.1.1 In order to become an enterprising and commercially focused Council which achieves its vision, SSDC will need to make effective use and invest in its skills, existing land and property assets, as well as look to invest in development and regeneration of infrastructure, land, housing, commercial property and renewable energy sources.
- 4.1.2 By investing in schemes and projects that improve productivity and reduce costs the Council will generate extra revenue. Generating significant levels of new income for the Council will help it to become financially sustainable for the future. Delivering these objectives will help to shape and improve public services and enable economic growth across the District. These assets and attributes will be applied to redefine and redesign how we work, where we work, who we work with and influence how we take investment decisions forward.

4.2 Commercial Services and Income Generation Directorate

- 4.2.1 Investment in resource and skills to deliver - In redefining and redesigning how we work and who we work with, investment in a new role for Director of Commercial Services and Income Generation has already been appointed. This Director oversees additional resource of a Commercial Property, Land and Development Manager and associated team comprising both in-house and specialist external resource where required.
- 4.2.2 The in house team was appointed over 2018, with external elements being recruited as and when required. The remainder of this Directorate aligns with the Transformation programme and comprises existing commercial services.
- 4.2.3 There is also a Commercial Directorate role recruited to assist with the Income Generation objective. This role has been recruited on a 'self-funding' basis for new business and income generation. The Income & Opportunities Development Manager is tasked with overseeing and managing existing business units and developing them into more efficient, commercially minded services and where appropriate independent profit centres (such as the Yeovil Innovation Centre or arms-length trading companies); investigating new business and income opportunities, partly through leading on the new proposed WeShape programme; and taking these projects forward to fruition.
- 4.2.4 Both Transformation and Commercial Services & Income Generation will be pivotal in delivering the overall initial income targets. (See proposed estimated breakdown at 1.4).

4.3 Defined Areas of Commercial Investment & Income Generation

- 4.3.1 Investment in New and Existing Commercial Property and Land Assets - Invest to Earn – Process and Performance Reporting In order to reach our annual income targets, immediate investment in income producing assets achieving a target return on investment of 7% (or more) across our land, commercial and housing investment portfolio, forms part of this strategy. In considering such opportunities, a predetermined set of assessment criteria and summary business case report for each proposed investment project will be used, supported by additional due diligence or business planning where appropriate prior to completing each case to ensure transparency, due diligence, governance and consistency to aid achievement of our objectives.
- 4.3.2 The governance and decision making process is outlined at 3.2 above and will reflect the specific circumstances of each case. There will also be regular performance monitoring to demonstrate how the investments are performing over time, and to enable portfolio review to take place to maximise benefit over

time. Detailed reporting to the District Executive every 6 months specifically on our assets and new investments will be undertaken to ensure transparency and information is provided to demonstrate how well the Commercial Strategy is performing. Further general financial reporting will be provided through usual budget monitoring and budget setting processes.

- 4.3.3 Existing Commercial and Operational Asset Management - Invest to Save The Council already owns a significant number of valuable property and land assets from which commercial value can be derived. The Property Project Review June 2017 by David Lock Associates (confidential report) makes a number of recommendations which will inform the agreed way forward and objectives for the coming years to contribute towards income generation.
- 4.3.4 The headline recommendations are to retain, invest in, regenerate and consider disposal of a number of these assets. Action will be taken in line with these recommendations when approved.
- 4.3.5 The overarching principle for existing assets will be that unless they either contribute positively to a policy objective, and represent value for money compared to other ways in which the same benefit could be achieved, or provide an adequate financial return on investment, they should be considered for disposal.
- 4.3.6 The overall aim is to move to a balanced, more financially beneficial, well managed estate that includes a performing investment portfolio in line with agreed criteria.
- 4.3.7 Renewable Energy Schemes - Invest to Save and Invest to Earn A number of renewable energy measures and projects will be investigated to manage our existing and future energy costs and requirements on our own operational property, as well as opportunities for investment purely for income generation. A valid business case in line with assessment criteria will need to be met and also considered within the overall asset portfolio in order to ensure correct governance and a balanced investment and income portfolio is maintained, having regard to investment risk in new technology, in terms of security, liquidity and yield in financial terms.
- 4.3.8 Housing Development, Sale and Retention - Invest to Earn and Corporate Objective By the end of financial year 2019/20 the Council will investigate the benefits of the best vehicle or vehicles to take forward investing in housing land and mixed use development projects including Wholly Owned Companies, Joint Venture and Commercial Partnerships. It will source expert advice in Company set up, trading ventures and VAT implications to ensure that it then creates the most commercially appropriate vehicle for the range of projects it progresses. It will develop in house skills and partnership working to ensure that projects taken forward are suitably resourced to deliver the project objectives.
- 4.3.9 In developing Housing the initial objective is to provide Market Housing to help deliver the market needs and sell the completed units to recover development costs and make a set capital receipt benchmark of no less than 10% Profit on Cost. Once this has been achieved any remaining units still available may be considered for Market and Affordable Rent dependent on both housing need in that location and achieving the running target yield of 7% across the investment portfolio. These units will be retained by the Council for long-term income production and capital value growth. Each housing development case will need to be assessed on its own merits and need in terms of the split required between sale and/or whether to hold any units for rental.
- 4.3.10 A further potential benefit that will be sought is to partner with developers on schemes with the intention that any direct investment made by SSDC is matched by the developer, thus using SSDC's involvement and cash flow to kick start the delivery of more units to the market in a shorter timescale. When possible these developments will be within the district and given priority, but it is recognised that this is market opportunity and viability driven and will not always be possible. However, the benefit will ultimately return

to the Council through additional financial resources to invest in service delivery and other local priorities e.g. Regeneration schemes.

- 4.3.11 The Council's exposure to the housing market will be monitored over time as part of its overall investment portfolio, so that the impact of changes in market conditions can be considered.
- 4.3.12 Regeneration Major Regeneration Schemes –SSDC already has a number of major regeneration schemes planned, such as the Chard Regeneration Scheme, Yeovil Refresh and the Wincanton Town Centre Regeneration, and these are projects with their own strategies and plans for delivery, but they link to the Commercial Strategy objectives in the longer term and the same principles apply in executing these projects.
- 4.3.13 Other Strategic Regeneration - there are also a number of smaller and more local schemes targeted at specific needs such as the Yeovil Crematorium Refurbishment and Extension and Delivering Employment Land across the District, which are both current projects and ongoing longer term projects.
- 4.3.14 Regeneration usually takes a longer time until it is income producing than direct income generation investment. It often requires more resource, capital or grant funding in the early stages and usually relies on partnership working with third parties. However, regeneration schemes and projects do also meet other SSDC Corporate Objectives, such as economic development, housing, jobs and infrastructure.
- 4.3.15 Regeneration delivers both tangible commercial and community objectives resulting in income generation for the wider district in the medium to long-term, as well as directly to the Council through business rates or council tax, for example.
- 4.3.16 Therefore our Commercial Strategy is just as applicable to regeneration proposals, as it is for income generation. The main variance is the timescale for income delivery. Therefore, the council has set up a Strategic Regeneration Board which oversees the approved specific regeneration projects and will continue to progress, consider and assess Regeneration proposals over the life of this Commercial Strategy, using an investment based approach that seeks to create viable regeneration schemes that not only pay for themselves but generate a return on the investment over the longer term. As a result, these will become the income generation deliverables for the future SSDC Commercial Strategies. If SSDC is to adopt commercialism in its thinking and actions the Commercial Strategy cannot apply only until 2021 but must look to continually generate income for the future.
- 4.3.17 Liquid Assets - Invest to Earn SSDC have cash reserves that will be reviewed continually under Finance and Treasury Management policies, to ensure that the best yields and returns are achieved whilst maintaining, suitable levels of security and liquidity to ensure a balanced portfolio for the organisation both ensuring the smooth running and maximising returns wherever possible.
- 4.3.18 The Council also has access to low cost borrowing. As part of the commercial strategy the Finance department will review each proposal for investment and income generation prospects to ensure that proposals which meet our investment criteria are progressed. This will be undertaken through keen commercial management and consideration of all financial vehicles available to us. These may include short term low cost borrowing from other organisations, borrowing from the Public Works Loan Board, or investing cash reserves into income generating financial products for the best returns over the short and longer term.

4.4 Summary

- 4.4.1 Directors will oversee all commercial business activities ensuring that they are appropriately governed, scrutinised, managed and monitored. Managers and officers throughout the organisation will also be empowered and responsible to consider and progress proposals such as:
- Capital receipts generated from asset sales
 - Asset retention and enhancement
 - Borrowing proposals, internal and external
 - Capital spending decisions
 - External lending decisions
 - Income generation proposals and trading opportunities
- 4.4.2 Ultimately, all investment decisions will be made having applied a robust business case or evaluated against agreed key assessment criteria prior to progressing.
- 4.4.3 A set of financial and non-financial criteria will be used to assess which schemes and projects progress.
- 4.4.4 Final decisions for larger investments and income generating proposals will be taken by the appropriate officers and members under the reviewed and pre-agreed governance and procurement procedures.

5 How will we know that we have been successful?

5.1 Commercial Objectives will be measured overall by the level of additional income generated, but also in a number of other ways, for example;

- Embed a commercial culture across the organisation through developing and upskilling our staff to empower them to be more commercially aware, enterprising and innovative.
- An increase in commercial activity demonstrated by the level of additional income being achieved, such as an increase in total contribution to fixed costs and overheads (by %) and contribution to staff costs (by %).
- Reducing the net budget of a service by reducing variable costs of that service.
- Additional investment income will be measured and monitored in terms of increase in turnover, profit and return on investment, as appropriate
- Income targets will be agreed with and set for teams that can/are charging for services and efficiency targets agreed with and set for all teams.

5.2 Ongoing refinement of individual commercial objectives

5.2.1 The refined and detailed commercial objectives within each commercial business service are agreed and will be reviewed and updated annually to reflect projects implemented and new objectives to be achieved over the next years. Other services will adopt a similar approach as and when business plans can be developed with commercial objectives. These will be linked to and complement our corporate, financial, capital and treasury management strategies. In the meantime, the following overarching targets are proposed and may be defined further during the life of this strategy.

- To maintain the Commercial Property, Land and Development Team, delivering new income from Housing, Energy, Property, Land and Development.
- To complete the first investment and commercial programmes delivering a minimum of £2.0m per annum of revenue from property investment and £500k per annum of revenue from commercial services and other service income by year end 2019/20.
- To deliver a minimum of £1.35m per annum of revenue by 2021/22 via the additional capital investment of £75m as outlined in the Financial Strategy and commercial activity and/or existing asset management, be that renewables, commercial or residential property investment, regeneration or development, with a target average of 7% return on investment across all new commercial investment proposals. This will equate to a lower net revenue of 2.5% to 3%, or more, available to the council after accounting and financing provisions.
- To deliver an additional £150k per annum of revenue from commercial services and other service income by year end 2021/22.
- To deliver the Property Project review recommendations for existing assets including potential for disposal, for investment in change of use and retention or letting of existing assets by 2021.
- To review all fees and charges and look to increase them in line with inflation annually, or where more appropriate every four years, in order to maintain 'true value' and cost effective fees and charges.
- To deliver a 5% per annum improvement in yield collectively across all internal services.

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

Document is Restricted

Agenda Item 10

Membership of Committees – Appointment of New Councillor to Regulation Committee and change of representation on the Health and Well-Being Partnership

Executive Portfolio Holders: Val Keitch, Strategy and Housing
Peter Seib, Finance, Legal & Democratic Services
Director: Netta Meadows, Strategy and Support Services
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 amendment to the Regulation Committee membership and representation on the Health and Well-Being Partnership following the appointment of Councillors to various committees and working groups at Council on 21st May 2019 and 20th June 2019.

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 group to make an amendment to the Councillors appointed to the Regulation Committee and an amendment to the representation on the Health and Well-Being Partnership.

3. Recommendation

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:-

- a) Councillor Linda Vijeh be appointed to the Regulation Committee to replace Councillor Colin Winder.
- b) Councillor Brian Hamilton be appointed to represent SSDC on the Health and Well-Being Partnership to replace Councillor Jeny Snell.

4. Report

The membership of committees and working groups for 2019/20 was approved at the Annual Council meeting on 21 May. Since that meeting, the Liberal Democrat group have indicated that Brian Hamilton will replace Jeny Snell as SSDC representative on the Health and Well-Being Partnership. Also, the Conservative group have indicated that Councillor Linda Vijeh will replace Councillor Colin Winder on the Regulation Committee. This report seeks to confirm these requests.

5. Background Papers

Minutes of Council – 21st May 2019 and 20th June 2019 and 18th July 2019

Agenda Item 11

Report of Executive Decisions

Executive Portfolio Holder: Val Keitch, Leader of Council, Strategy and Policy
Director: Netta Meadows, Director (Strategy & Support Services)
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 July 2019. 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

Portfolio	Subject	Decision	Taken By	Date
Strategy and Policy	Corporate Performance Report 2019-20: 1st Quarter	District Executive noted and commented on the Corporate Performance Report 2019-20: 1st Quarter and the new report format.	District Executive	01/08/19
Finance, Legal & Democratic Services	2019/20 Capital Budget Monitoring Report for the Period Ending 30th June 2019	District Executive agreed to:- a. note the content of the report; b. approve the revised Capital Programme spend profile as detailed in paragraph 7, Table 1. c. approve the projects listed on Appendix B remain in the capital programme.	District Executive	01/08/19
Finance, Legal & Democratic Services	2019/20 Revenue Budget Monitoring Report for the Period Ending 30th June 2019	District Executive agreed to:- a. note the current 2019/20 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 virements made under delegated authority as detailed in Appendix B; and d. note the transfers made to and from reserves outlined in paragraph 27, Table 4 and the position of the Area Reserves as detailed in Appendix C and the Corporate Reserves as detailed in Appendix D.	District Executive	01/08/19
Health and Well-Being	Allowenshay Private Water Supply (PWS)	District Executive agreed that the Exceptions and Appeals Panel be asked to vary the policy for this case only for the approval of a Home loan through Wessex Resolutions CIC to make it available to all residents served with the Notices regardless of the vulnerability or financial status.	District Executive	05/09/19

Portfolio	Subject	Decision	Taken By	Date
Finance and Corporate Services	Financial Strategy 2020/21	District Executive agreed to:- a. approve the Financial Strategy including the proposed new Savings Targets; b. approve the planned movements in reserves as set out in paragraphs 62 and 65; c. note the initial 2020/21 Budget and Medium Term Financial Plan estimates; d. note the approach and timeline for budget setting for 2020/21.	District Executive	05/09/19
Protecting Core Services Economy and Income Generation	Commercial Strategy 2017-2021 (Interim Update 2019)	District Executive:- a. approved the Commercial Strategy 2017-2021 (Interim Update 2019) as per the attached revised Strategy at Appendix 1; b. approved that any capital received from the disposal of investment assets (only) are used as part of a revolving investment fund, unless specifically agreed otherwise by council; c. recommends to Full Council the approval of an increased investment fund limit and borrowing limit to take the council through to 2021, as set out at Appendix 2 as a Confidential item; d. recommends to Full Council the increased level of delegation of individual investment / acquisition approvals to the CEO in consultation with the Leader as set out at Appendix 2 as a Confidential item.	District Executive	05/09/19
Strategy and Housing	Accelerating Housing Supply in South Somerset - Housing Infrastructure Fund	This item was withdrawn from the agenda.	District Executive	05/09/19
Strategy and Housing	Public Space Protection Orders: Yeovil	District Executive agreed to:-	District Executive	05/09/19

Portfolio	Subject	Decision	Taken By	Date
		a. make a Public Space Protection Order to restrict street drinking in the town centre of Yeovil; b. make a Public Space Protection Order to restrict begging in the town centre of Yeovil.		
Strategy and Housing	The 'Making' of the Castle Cary and Ansford Neighbourhood Plan	District Executive agreed to the making of the Castle Cary and Ansford Neighbourhood Plan.	District Executive	05/09/19

Agenda Item 12

Audit Committee

This report summarises the items considered by the Audit Committee on Thursday 27th June 2019:

6. Internal Audit Annual Activity Report 2018/19 (Agenda Item 6)

The Assistant Director of the South West Audit Partnership (SWAP) introduced the Internal Audit Annual Activity report for 2018/19. He drew Members attention to the audit work in progress, the risk definitions and partial assurance audit. He noted that although the Council's current lone working policy had only received a partial assurance, this was not a high risk to the authority and it was acknowledged that the Council were currently working on a new lone working policy.

He confirmed that he would share the Internal Audit Plan for 2019/20 which was agreed at the Audit Committee meeting in March 2019 with all Committee members.

In response to questions from Members, the Assistant Director (SWAP) and the Director for Strategy and Support Services confirmed:-

- Lone working covered officers working in the community, attending meetings at remote or other locations as well as officers working from home.
- The Council had introduced Skyguard pendants which geo-located officers and were activated by them in cases of emergency. This could be extended to Councillors when carrying out their Ward work or Councillor surgeries.
- Several of the Council services operated 'red flags' to register potential dangerous customers and the Council were working to integrate those identified into one system whilst taking account of the GDPR rules which allowed for the right to be forgotten.
- Officers could opt to work at home and there was no requirement to do so. For some people the working environment at home may not be suitable and therefore this was one reason why working from home was optional.

At the conclusion of the debate, Members were content to note the progress made in delivery of the 2019/20 Internal Audit Plan.

7. Internal Audit Annual Report and Opinion 2018/19 (Agenda Item 7)

The Assistant Director of the South West Audit Partnership (SWAP) introduced the Internal Audit Annual Report and Opinion 2018/19 which was the annual opinion of governance and risk throughout the year. He advised that the Audit Committee were responsible for internal controls and governance and the report offered reasonable assurance which was good with room for improvement.

In response to questions from Members, the Assistant Director (SWAP) advised:-

- Neither of the two significant Corporate risks identified were assessed as high.
- Although the supplier financial resilience was assessed as a medium risk, because SSDC did not have any large outsourcing contracts, this was not a great risk.

- The report was broadly in line with previous years but due to the Transformation Programme, some controls were weaker but this was expected.
- SSDC paid a fee for the Audit service however, if a request for additional information was made and if it was felt beneficial to that authority or others, then the Partnership would seek to do this work as 'added value'.
- The SWAP Partnership complied with Institute of Internal Auditors (IIA) standards and were externally assessed every 3 years.

At the conclusion of the debate, members were happy to note the Internal Audit Annual Report and Opinion 2018/19.

8. 2018/19 Treasury Management Activity Report (Agenda Item 8)

The Finance Specialist introduced the report and drew Members attention to the Council's performance on its investments, noting that property and pooled funds had performed the best. He said that Arlingclose provided financial advice to the Council and the finance team spoke regularly to them. He advised that money was not borrowed unless required and it was mostly to cover the Council's commercial strategy. He concluded that the Council agreed their own prudential indicators as required by the Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003.

In response to questions from Members, the Section 151 Officer advised:-

- Treasury Management was one of several factors which fed into the Council's financial strategy and budget. Council had set a savings target of £6m per year and so good treasury management was resulting in improved investment returns to contribute to the savings.
- SSDC had been debt free for many years and whilst the borrowing requirement had increased due to commercial investments, through treasury arrangements the Council was using the most cost effective approach by using SSDC funds, which could be cheaper than taking out actual loans from the Treasury or other financial institutions.
- The next Treasury Management Strategy would be produced in line with the Council's budget and presented to Council in February 2020.
- The Council's cash flow changed on a daily basis as council tax and business rates were collected. These were usually at their lowest at year end so short-term borrowing was used to manage cash flow requirement at low interest rates for that period, keeping costs to a minimum.

At the conclusion of the debate, Members unanimously agreed to note recommendations a – d and recommend the 2018/19 Treasury Management Activity Report to Council.

RESOLVED: That Audit Committee agreed to:

- a. note the Treasury Management Activity for the 2018/19 financial year;
- b. note the position of the individual prudential indicators for the 2018/19 financial year;
- c. note the outlook for the investment performance in 2018/19;

- d. note the council operated within all of the Prudential Indicators during 2018/19;
- e. recommend the 2018/19 Treasury Management Activity Report to full Council.

Reason: To review the treasury management activity and the performance against the Prudential Indicators for the 2018/19 financial year

(Voting: unanimous in favour)

9. Review of Effectiveness of Internal Audit 2018/19 (Agenda Item 9)

The Section 151 Officer said it was important that the Council had an effective internal audit and it was his duty to ensure that proper arrangements were in place and standards were followed. He said that regular meetings with SWAP officers and engagement with the Senior Leadership Team on a quarterly basis were part of this. The level of customer satisfaction in the conduct of audits was high as their outcomes provided positive impacts on services. Although there had been an advisory report on the Transformation Programme there were appropriate levels of control going forward. He concluded that the internal audit function had been effective during the past year and ways of improvement were always sought.

In response to questions from Members, the Assistant Director (SWAP) advised:-

- There was an element of risk management as officers brought forward ideas and these were challenged by SWAP in its critical friend role.
- There would be follow up reports on the supply resilience work.

At the conclusion of the debate the Chairman thanked the Finance team for their informative and positive reports.

RESOLVED: That Audit Committee noted the findings of the Internal Audit review including the opinion of the Section 151 Officer regarding the effectiveness of the internal audit function.

10. Appointment of an Independent Person to the Audit Committee (Agenda Item 10)

The Director for Strategy and Support Services said the request for an Independent person on the Audit Committee had come from Members, and, following advertisement of the position, applications would be considered by the Audit Committee.

The Chairman and Section 151 Officer both voiced their support for the appointment and, on being put to the vote, it was unanimously agreed to ask that Council approve the appointment of an independent person to sit on Audit Committee for a period of two years and approve the advert, role description, skills and competencies and person specification at Appendix A.

RESOLVED: That Audit Committee recommended that Council:

- a. approve the appointment of an independent person to sit on Audit Committee for a period of two years
- b. approve the advert, role description, skills and competencies and person specification at Appendix A.

Reason: To seek approval to appoint an independent person to the Audit Committee with appropriate skills and experience to supplement those of the elected members and improve the effectiveness of the Audit Committee.

(Voting: unanimous in favour)

Martin Carnell
Chairman of Audit Committee

Agenda Item 13

Scrutiny Committee

This report summarises the work of the Scrutiny Committee since the election in May and the subsequent formation of the new Overview and Scrutiny Committee. The Committee met on 4 Jun, 2 July, 30 July and 3 September 2019 to:

4 June 2019

Review of Work Practices, Reflecting on Scrutiny Committee Members Training, and Statutory Guidance on Overview and Scrutiny in Local & Combined Authorities

Scrutiny Committee members reviewed the good practice referred to in the Scrutiny Committee training on Wednesday 29 May 2019, and the Ministry of Housing Communities and Local Government Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities, to formulate and agree working practices.

Appointment of Scrutiny Committee Members to Joint Scrutiny Panels

Two members were appointed to the Joint Scrutiny Panels as follows:
Somerset Waste Board Joint Scrutiny Panel - Cllrs Charlie Hull and Brian Hamilton.
Somerset Rivers Authority Joint Scrutiny Panel - Cllrs Paul Maxwell and Sue Osborne.

2 July 2019

Reports to be considered by District Executive on 4 July 2019

Members considered the reports within the District Executive agenda for 4 July 2019 and made comments, as detailed in the minutes (available via this link). <http://modgov.southsomerset.gov.uk/documents/g2516/Printed%20minutes%2002nd-Jul-2019%2013.30%20Scrutiny%20Committee.pdf?T=1>
Responses to most of the comments were provided at the Scrutiny Committee by the relevant officer or Portfolio Holder who were present at the committee meeting.

Review of Quarterly Performance Reporting

Members considered the content, information and style of the quarterly reports to support the new year's performance reporting, members provided feedback and made suggestions to ensure they can use the reporting to effectively carry out their Scrutiny role with regards to performance.

Review of Work Practices, Reflecting on Scrutiny Committee Members Training, and Statutory Guidance on Overview and Scrutiny in Local & Combined Authorities

Members reflected on the key learning points from the Scrutiny training delivered in May and considered proposals for working practices and approaches to inform the work programme.

30 July 2019

Customer Focussed Performance

The Customer Focussed Team Manager provided members with a presentation of the latest performance information for the Customer Focussed team and the different customer access routes to services. The presentation included information about:

- Moving towards a digital council
 - Supporting customers
 - Changes made since January 2018
 - The new technology enabled space for customers at Petters House – Connect
 - Successes so far
 - Current telephone performance – including statistics for wait times and calls dealt with at first point of contact
 - Plans for improvements
 - Targets for the future
-

Quarterly Corporate Performance Report 2019-20 – Quarter 1 (Q1)

Members considered the report, some members expressed concern that while figures for some measures showed targets were being met, in reality, in some cases this was not what customers were experiencing, and it was felt a narrative should be provided within the report.

Reports to be considered by District Executive on 1 August 2019

Members considered the reports within the District Executive agenda for 1 August 2019 and made comments as detailed in the minutes (available via this link).

<http://modgov.southsomerset.gov.uk/documents/g2517/Printed%20minutes%2030th-Jul-2019%2013.30%20Scrutiny%20Committee.pdf?T=1>

Responses to comments were provided at the Scrutiny Committee by the relevant officer or Portfolio Holder.

3 September 2019

Commercial Strategy 2017-2021 Mid-Term Review and Update

Members had received an informative and useful presentation at an informal member workshop prior to the meeting of Scrutiny Committee. Members made the following question comments with regard to the report:

- Regarding the assessment groups (IAG and DAG) – members asked that as the current Monitoring Officer and S.151 Officer were due to leave around the end of the year, if there would be any gap in expertise.
- Members sought reassurance that the S.151 Officer was happy with the level of funding proposed and the proposed increase in delegated powers

- If the Opium project was not fully operational by October – what will the financial implications be?
- Given changes on the High Streets nationally, and that Marks and Spencer has announced store closures etc. – what assurances were there regarding the stability/security of the income stream from the investment in the Yeovil store?
- Members sought reassurance that there is a mix of rental types and dates of leases were staggered, and hence multiple investments were not due to expire at similar times.
- Members asked if all expenditure associated with any predicted void periods are taken account of in financial projections.
- Regarding Elleston, members asked if there was intention for the company to go out to market seeking contracts and tenders and to potential diversify in the future.
- Members queried when all the investment properties/projects had been purchased and finalised, if the costs associated with running the Commercial Services and Income Generation Team would reduce?
- Members asked if there was any intention to work with other local authorities to manage assets and property investments.

Reports to be considered by District Executive on 5 September 2019

Members considered the reports within the District Executive agenda for 5 September 2019, no comments or questions were made for any items with the exception of those comments and questions detailed above.

Scrutiny Work Programme

Members have agreed Task and Finish Groups for

- Review of Council Tax Support Scheme 19/20 and 20/21
- Environment Strategy

Members are also supporting a countywide Joint Scrutiny of the Climate Change Strategy, councillors Paul Maxwell and Gerard Tucker on the official SSDC Representatives.

Jo Gale - Scrutiny Specialist is currently collecting suggestions for the Scrutiny Overview and Scrutiny Work programme, all members were contacted via e-mail on 5 September 2019, and wider consultation will take place in the coming months.

In addition to work at the committee meetings and Task and Finish groups Scrutiny Committee members reviewed the draft SSDC Environment Strategy on 3 September and provided 'critical friend' challenge and feedback to help progress the strategy towards the final version.

Cllr Crispin Raikes
Chairman of Scrutiny Committee

Agenda Item 16

Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council will take place on **Thursday, 17th October 2019** in the Council Chamber, Council Offices, Brympton Way, Yeovil **commencing at 7.30 p.m.**

Agenda Item 17

Exclusion of Press and Public

The Council is asked to agree that the following item (agenda item 18) be considered in Closed Session by virtue of the Local Government Act 1972, Schedule 12A under paragraph 3:

“Information relating to the financial or business affairs of any particular person (including the authority holding that information).”

It is considered that the public interest in maintaining the exemption from the Access to Information Rules outweighs the public interest in disclosing the information.

Agenda Item 18

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

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