



District Executive (Informal)

Thursday 2nd September 2021

9.30 am

**Virtual Meeting
using Zoom meeting software**

The following members are requested to attend the meeting:

Jason Baker
Mike Best
John Clark
Adam Dance
Sarah Dyke

Peter Gubbins
Henry Hobhouse
Val Keitch
Tony Lock
Peter Seib

Any members of the public wishing to address the meeting at Public Question Time need to email democracy@southsomerset.gov.uk by 9.00am on Wednesday 1st September 2021.

The meeting will be viewable online at:

https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

For further information on the items to be discussed, please contact democracy@southsomerset.gov.uk

This Agenda was issued on Tuesday 24 August 2021.

Jane Portman,
Chief Executive

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

Information for the Public

In light of the ongoing coronavirus pandemic (COVID-19), District Executive will meet virtually via video-conferencing to consider reports. As of 7 May 2021 some interim arrangements are in place for committee meetings.

At the meeting of Full Council on 15 April 2021 it was agreed to make the following changes to the Council's Constitution:

- a) To continue to enable members to hold remote, virtual meetings using available technology;
- b) To amend Part 3 (Responsibility for Functions) of the Council's Constitution to allow those remote meetings to function as consultative bodies and delegate decisions, including Executive and Quasi-Judicial decisions, that would have been taken by those meetings if the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 had continued in force to the Chief Executive (or the relevant Director in the Chief Executive's absence) in consultation with those meetings and those members to whom the decision would otherwise have been delegated under Part 3 of the Constitution;
- c) The delegated authority given under (b) will expire on 31 July 2021 unless continued by a future decision of this Council;

For full details and to view the report please see -

[Agenda for South Somerset District Council on Thursday 15th April 2021, 6.30 pm](#)

Further to the above, at the meeting of Full Council on 8 July 2021, it was agreed to extend the arrangements for a further 6 months to 8 January 2022.

For full details and to view the report please see -

[Agenda for South Somerset District Council on Thursday 8th July 2021, 6.30 pm](#)

District Executive

Meetings of the District Executive are usually held monthly, at 9.30am, on the first Thursday of the month (unless advised otherwise).

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

Members of the Public are able to:-

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

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

Agendas and minutes can also be viewed via the Modern.gov app (free) available for iPads and Android devices. Search for 'modern.gov' in the app store for your device, install, and select 'South Somerset' from the list of publishers, 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.

Public participation at meetings (held via Zoom)

Public question time

We recognise that these are challenging times but we still value the public's contribution to our virtual meetings. If you would like to participate and contribute in the meeting, please join on-line through Zoom at: <https://zoom.us/join> You will need an internet connection to do this.

Please email democracy@southsomerset.gov.uk for the details to join the meeting.

If you would like to view the meeting without participating, please see: https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

The period allowed for participation in Public Question Time shall not exceed 15 minutes except with the consent of the Chairman and members of the Committee. Each individual speaker shall be restricted to a total of three minutes.

If you would like to address the meeting at Public Question Time, please email democracy@southsomerset.gov.uk by 9.00am on Wednesday 1st September 2021. When you have registered, the Chairman will invite you to speak at the appropriate time during the virtual meeting.

Virtual meeting etiquette:

- Consider joining the meeting early to ensure your technology is working correctly.
- Please note that we will mute all public attendees to minimise background noise. If you have registered to speak during the virtual meeting, the Chairman will un-mute your microphone at the appropriate time.
- Each individual speaker shall be restricted to a total of three minutes.
- When speaking, keep your points clear and concise.
- Please speak clearly – the Councillors are interested in your comments.

District Executive (Informal)

Thursday 2 September 2021

Agenda

1. Minutes of Previous Meeting

To approve as a correct record the minutes of the District Executive meetings held on 5th August and 17th August 2021.

2. Apologies for Absence

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the Agenda for this meeting.

Members are reminded that they need to declare the fact that they are also a member of a County, Town or Parish Council as a Personal Interest. Where you are also a member of Somerset County Council and/or a Town or Parish Council within South Somerset you must declare a prejudicial interest in any business on the agenda where there is a financial benefit or gain or advantage to Somerset County Council and/or a Town or Parish Council which would be at the cost or to the financial disadvantage of South Somerset District Council.

4. Public Question Time

5. Chairman's Announcements

Items for Discussion

6. Additional Restrictions Grant - Discretionary Business Support Scheme (Pages 5 - 9)

7. Council Tax - Care Leavers Discount Review (Pages 10 - 14)

8. Chard Regeneration Programme Finance Update (Pages 15 - 22)

9. 2021/22 Revenue Budget Monitoring Report for the Period Ending 31 July 2021 (Pages 23 - 36)

10. Investment Asset Update Report (Pages 37 - 55)

11. District Executive Forward Plan (Pages 56 - 62)

12. Date of Next Meeting (Page 63)

13. Exclusion of Press and Public (Page 64)

14. Briefing on Local Government Reorganisation (Confidential) (Page 65)

Additional Restrictions Grant – Discretionary Business Support Scheme

Portfolio Holder: John Clark, Economic Development including Commercial Strategy
Strategic Director: Jan Gamon, Director Place and Recovery
Service Manager: Peter Paddon, Lead Specialist Economy
Lead Officers: Joe Walsh, Specialist Economy
Alison Hann, Specialist Revenues
Karen Case, Specialist Revenues
Contact Details: Joe.walsh@southsomerset.gov.uk or 01935 462289
Alison.hann@southsomerset.gov.uk
Karen.case@southsomerset.gov.uk

Purpose of the Report

1. To update Members on the previous Additional Restrictions Grant (AGR) schemes and to seek approval on future spend.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of September 2021.

Public Interest

3. This report reviews the Additional Restriction Grant (discretionary business grant) schemes run by South Somerset District Council and outlines the approach to future spend of grant funding received in July 2021.

Recommendations

4. That District Executive recommend that Full Council agree to:-
 - a. delegate authority to the Director of Place and Recovery, in consultation with the Director for Service Delivery, Section 151 Officer and the Portfolio Holder for Economic Development, to allocate the remaining Additional Restrictions Grant funding. It is anticipated that this may include relevant grant schemes and business support initiatives consistent with the stated aims of the Recovery and Renewal Strategy, Council Plan and the Economic Development Strategy.

Background

5. This report refers to Coronavirus restrictions that commenced in November 2020 and does not detail grant schemes or restrictions that covered the period of the first set of national restrictions commencing in March 2020. The report focuses on Additional



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Restrictions Grant and not the mandatory schemes that SSDC have administered on behalf of Government.

6. The Additional Restrictions Grant (ARG) funding scheme aims to support businesses severely impacted by coronavirus restrictions when most needed. The ARG funding was provided to Local Authorities to use at their discretion, however we were encouraged to use this to primarily take the form of business support grants for businesses not eligible for Government schemes.
7. Initially the ARG scheme was designed as a one off lump sum payment to Local Authorities to support businesses during the restrictions that commenced in November 2020. As the pandemic developed Government has provided further allocations. ARG allocations have been received in three tranches. At the time of writing, the table outlines how much money SSDC has received and how many businesses have been supported during each phase.

8.

	Amount awarded by Government	Funding allocated to businesses	Number of businesses supported
November Lockdown	£3,366,900.00	£230,668	214
January Lockdown + Top Up + February, March and April Payments	£1,495,417.00	£4,537,848	691
May Discretionary Restart	£1,265,306.00	£337,328	192
Total	£6,127,623.00	£5,089,844	*circa 700
Remaining funds		£1,037,779.00	

*Please note many businesses will have received repeat payment throughout the restrictions / grant schemes during the course of the restrictions.

9. Since November 2020 South Somerset District Council has taken a pro-active approach to supporting local businesses with the ARG grants and therefore received its third allocation in July 2021. The ARG funding has allowed the council to support approximately 700 businesses between November 2020 and June 2021, in addition to over 1200 businesses supported through the Local Restriction Support Grant and Restart schemes (available to businesses who have a business rates valuation) totally a combined package of support that is in excess of £30million. The Council has seen this as a priority throughout the pandemic, and Officers have worked quickly and efficiently to ensure that payment was made as soon as possible for businesses whilst maintaining a thorough approach to managing risk.
10. In order to support businesses efficiently grant schemes were developed with authorisation through delegated authority from the Chief Executive and relevant Directors. All grant schemes were discussed and approved by SLT / Gold Committee. Previous ARG schemes reflected the mandatory schemes that Government provided guidance on for those who have a business rates valuation.

Future Additional Restrictions Support Grant Funding



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11. As mentioned above, South Somerset District Council has received its third and final payment of £1,265,306.00. £227,527 of this funding has been used to support the 'ARG – Discretionary Restart Scheme' that was created to reflect the Government's Restart Grant Scheme for businesses who do not have a business rates valuation but were still significantly impacted by the pandemic.
12. This means that South Somerset District Council currently has £1,037,779 remaining for future ARG spend between now and March 2022.
13. Officers are proposing that members agree to delegate authority to the Director of Place and Recovery, in consultation with the Director for Service Delivery, Section 151 Officer and the Portfolio Holder for Economic Development. This will enable SSDC to proceed efficiently with what is needed to enable businesses to recover and grow.
14. It is important to note that Government guidance on ARG spend limits some activity and allocations cannot support:
 - a) Businesses that have already received grant payments that equal the maximum permitted levels of subsidy will not be eligible to receive funding.
 - b) For the avoidance of doubt, businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.
 - c) ARG funding should not be used as a wage support mechanism, for capital projects that do not provide direct business support, or to fund projects whereby Local Authorities are the recipients.
15. Under the ARG Guidance it states that Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities could also use this funding for wider business support activities.
16. South Somerset District Council will be working closely with BEIS (Department for Business, Energy and Industrial Strategy) to ensure that future spend meets the Government's criteria.
17. It is intended that future spend will focus on two key areas. These are listed below with some examples of schemes that may sit beneath. Please note that schemes listed are only intended to be examples and further thought will be required to ensure that funding is best suited to the needs of business.
 - a) **Business Grant Funding**
 - a) An exceptions scheme for businesses still in their recovery phase
 - b) Revitalisation grants
 - c) Innovation grants
 - d) Social Enterprise grants
 - e) Environmental grants (Build Back Greener)
 - b) **Business Support Initiatives**
 - a) Continuation of the Somerset Catalyst Programme, a support scheme intended for high growth, innovative businesses



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- b) Support for business organisations that provide networking and business support opportunities (for example Chambers and business groups)
- c) Support to convene and facilitate place leadership meetings whereby the business is the main beneficiary

18. By delegating authority, officers will be able to proceed efficiently with what is needed to enable businesses to recover and grow. When allocating spend, Officers will consider existing Council strategies and policies, such as the Recovery and Renewal Strategy, Council Plan and the Economic Development Strategy.

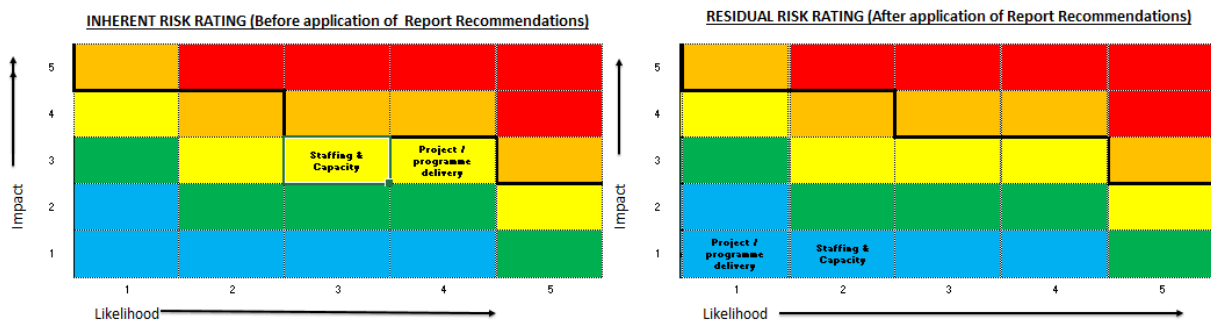
Financial Implications

19. Funding has been awarded by Government and is intended to be spent by March 2022. Any remaining funds will be recovered by Government.

Legal implications (if any) and details of Statutory Powers

20. South Somerset District Council must ensure that it abides by the guidance provided by Government for the ARG funding.

Risk Matrix



Risk Ref	Risk Category	Inherent Risk Rating	Residual Risk Rating
1	Project / programme delivery	15	1
2	Financial	0	0
3	Delivery of Services	0	0
4	Staffing & Capacity	14	3
5	Reputation	0	0
6	Health & Safety	0	0
7	Governance & Legal	0	0

Risk Description	Mediation / Controls
Funding is not spent within the allocated timescale	Delegated authority will provide for quicker decision making to enable SSDC to proceed efficiently in line with any Covid
No financial implications on the Council as this is external funded that would be returned to Government	0
Spending the Additional Restrictions Grant is included within PFI of the Council Plan and we are committed	Delegated authority will provide for quicker decision making to enable SSDC to proceed efficiently in line with any Covid
0	0
0	0
0	0

Council Plan Implications

21. The Council Plan will be considered when making decisions, the most relevant areas include; Economy Areas of Focus, Priority Project 1 and Economy Area Chapters.

Carbon Emissions and Climate Change Implications

22. There are no carbon emissions or climate change implications as a direct result of this report.

Equality and Diversity Implications

23. All spend will consider equality and diversity implications.

Privacy Impact Assessment

24. All spend will consider privacy implications.

Background Papers

25. Government ARG Guidance -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994386/additional-restrictions-grant-la-guidance.pdf

Council Tax – Care Leavers Discount Review

Executive Portfolio Holder:	Peter Seib, Finance and Legal Services
Strategic Director:	Kirsty Larkins, Director – Service Delivery
Service Manager:	Helen Morris, People Manager – Service Delivery
Lead Officer:	Alison Hann, Revenues Specialist - Service Delivery
Contact Details:	Alison.hann@southsomerset.gov.uk or 01935 462086

Purpose of the Report

1. To request that the District Executive approve the use of the Council's local discretionary powers to increase the Care Leavers discount from 1 April 2022, in accordance with the provisions contained in section 13A Local Government Finance Act 1992 and align with the other District Councils in the Somerset area.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of September 2021

Public Interest

3. This report gives an overview on the increased Care Leavers Discount that is being proposed from 1 April 2022.

Recommendations

4. That the District Executive recommend that the Chief Executive:
 - a) Approve the use of the Councils' local discretionary powers to increase the existing Care Leavers discount from April 2022.
 - b) Approve that the additional amount to fund the increase in the Care Leavers discount is added to the budget which currently funds Council Tax Discretionary reductions.

Background

5. A report written by the Children's Society in 2015 (The Wolf at the Door, how council tax debt collection is harming children) suggests that care leavers are a particularly vulnerable group for council tax debt. It found that when the care leavers move into independent accommodation and begin to manage their own budget fully for the first time, that in particular they are falling behind on their council tax. The Children's Society report makes a number of recommendations including making care leavers entitled to a council tax discount. This would help to relieve some of



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the initial pressure and would be part of other financial support made available to care leavers.

6. From April 2019, following agreement at District Executive in January 2019 a Care Leavers' Discount was introduced which is currently awarded under section 13A Local Government Finance Act 1992 as follows:
 - a. A 100% Discount is awarded to any Care Leaver who has a liability for Council Tax who is living on their own in a dwelling, whilst they are between the ages of 18 and 21. This is awarded regardless of their income.
 - b. Once the Care Leaver reaches the age of 22 the discount is on a sliding scale until the age of 24. For Care Leavers that are aged 22 and 23, they receive a 50% discount in addition to their Single Person discount. Care Leavers who are aged 24 receive a 25% discount in addition to their Single Person Discount. For those aged 25 and over, they solely receive the Single Person Discount, if still residing in a dwelling on their own.

Care Leavers Discount Review

7. We have been approached by the leaving care team at Somerset County Council as the other district councils in Somerset all offer a flat 100% discount (after Single Persons Discount is applied) on all Care Leaver cases where they live alone up until they turn 25.
8. There was rationale in the January 2019 report that at the time of its introduction our Council Tax Support Scheme was based on the premise that all households of working age would need to pay at least 15% towards their Council Tax. Since April 2021, the scheme has changed and working age households can now get full Council Tax Support if their income is low enough.
9. The other Somerset authorities all offer 100% discount up to Age 25, in light of the recent announcement on Local Government reform in Somerset, it is sensible to align our discounts.
10. The administration of the scheme would take less officer time. Currently the discounts have to be reviewed every few months to ensure proper scaling on the individual's birthdays. This change would mean far fewer cases need to be reviewed.

Financial Implications

11. We currently have the following Care Leaver discounts being paid:

18-21 (100%)	22-23 (50%)	24-25 (25%)
13	10	3



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12. On the assumption that care leavers would reside in a dwelling which would be a band A the current council tax charge for an average band A in South Somerset is £1248.62, less 25% single discount = £936.47. The figure below also assumes that no Council Tax Support is payable on the remaining charge

13. The cost of the current scheme for 21-22 is approximately £17,500pa

14. To fund all discounts to 100% until age 25 would cost approximately £24,500pa

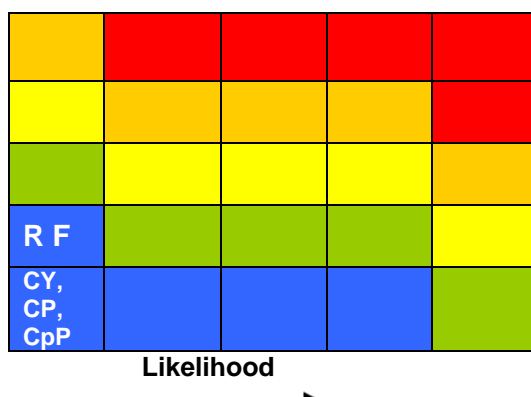
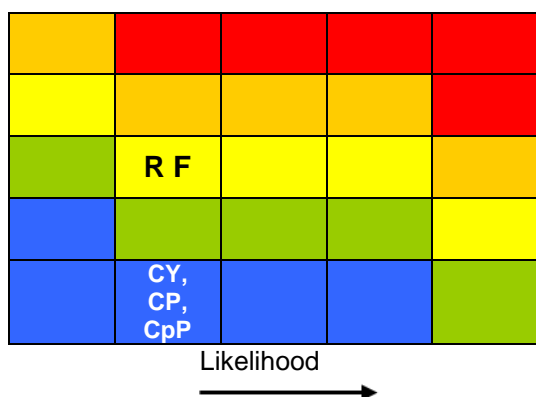
Legal implications (if any) and details of Statutory Powers

15. There are no legal implications associated with this report.

Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



Key

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

Council Plan Implications

16. Priority Project 4 – Address child poverty, social isolation and low levels of social mobility across the district.

- a. One of the desired outcomes of this priority is to have in place more coordinated approaches and efforts to address issues of poverty and low social mobility.



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Carbon Emissions and Climate Change Implications

17. There are none associated with this report

Equality and Diversity Implications

18. An equality impact relevance check form has been completed in respect of this proposal in consultation with the Equality lead. This has shown that the proposal will not impact negatively on people who have Protected Characteristics. To this end a full Equality Impact Assessment is not required. A copy of the Equality Impact Relevance Check form can be found at Appendix A.

Privacy Impact Assessment

19. There are no privacy risks identified with these proposals.

Background Papers

The following background papers can be viewed on the council website www.southsomerset.gov.uk

Report to District Executive – January 2019

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=136&MId=2359&Ver=4>

Equality Impact Relevance Check Form



The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required.

What is the proposal?	
Name of the proposal	Care Leaver's Discount Review
Type of proposal (new or changed Strategy, policy, project, service or budget):	Change to existing discount - Revenues
Brief description of the proposal:	Increased Council Tax discount for young people leaving care
Name of lead officer:	Alison Hann

You should consider whether the proposal has the potential to negatively impact on citizens or staff in the following ways:

- Access to or participation in a service,
- Levels of representation in our workforce, or
- Reducing quality of life (i.e. health, education, standard of living)

A negative impact is any change that could be considered detrimental. If a negative impact is imposed on any citizens or staff with protected characteristics, the Council has a legal duty to undertake a full Equality Impact Assessment.

Could your proposal negatively impact citizens with protected characteristics? (This includes service users and the wider community)	NO
Could your proposal negatively impact staff with protected characteristics? (i.e. reduction in posts, changes to working hours or locations, changes in pay)	NO

Is a full Equality Impact Assessment required?	NO
If Yes, Please provide a brief description of where there may be negative impacts, and for whom. Then complete a full Equality Impact assessment Form	
If No, Please set out your justification for why not.	
The report is seeking assistance for young people leaving care and is a beneficial change to the discount scheme already in place. As this is a measure concerning a specific discount for a targeted group of beneficiaries there will not be any negative impacts on other Protected Characteristics. In fact this change will deliver positive impacts for young people who are part of the 'Age' Protected Characteristic.	
Service Director / Manager sign-off and date	Helen Morris 26.07.21
Equalities Officer sign-off and date	David Crisfield 26 th July 2021



Chard Regeneration Programme Finance Update

Executive Portfolio Holder: Jason Baker, Area West Portfolio Holder
Peter Seib, Finance, Legal and Democratic Services
Director: Jan Gamon, Director of Place & Recovery
Lead Officers: Karen Watling, Interim S151 Officer
Ian Chilver, Interim Regeneration Accountant
Contact Details: Ian.Chilver@southsomerset.gov.uk or 07723 361692

Purpose of the Report

1. The purpose of this report is to consider the financial performance of the overall Chard Regeneration Programme, with particular reference to the changes which have shaped the evolution of the programme.
2. District Executive noted at its meeting in July 2021 that the Director of Place and Recovery and the S151 Officer would report back to them in September after undertaking a deep dive review of the financial position of the programme.

Forward Plan

3. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 2 September 2021.

Public Interest

4. This report describes the outcomes arising from the deep dive financial review recently undertaken by the Director of Place and Recovery and the Interim S151 Officer on the Chard Regeneration Programme and the resultant impact on the Council's overall financial position. It also gives a sketch of how the scope of the programme has changed over time and the impacts these have had on the Programme's finances. The Programme has resulted in a brand new, state of the art, Leisure facility for the residents of Chard and the surrounding area. However, there are lessons to be learnt arising from this Programme that could benefit the Council's other regeneration projects and officers are currently preparing a report for a future Strategic Development Board on these issues.

Recommendations

5. That the District Executive recommends to Council:
 - a) An increase to the Council's revenue budget for the additional financing and public realm costs as given in Table Three of this report.



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- b) The use of an additional £2m of the capital receipts earmarked reserve to fund the Programme as proposed by the interim Section 151 Officer and described in paragraph 14.
- c) To agree that it is not feasible to enter into a Phase 2 programme of work, unless significant external funding opportunities become available.
- d) To agree the inclusion of the gross capital budgets, instead of only the net capital budgets, in the council's over capital programme for the Regeneration Programme (including the Chard Regeneration Programme), as proposed by the interim S151 Officer in paragraph 20.

Current Approved Budget

- 6. The Regeneration projects are funded through a budget allocation process which uses a net / gross approach to enable works to progress. The broad principle being that over time expenditure up to the gross sum is permissible with the aim of returning to the net budget position and with the net budget being the Council's total financial commitment to fund from its own resources. This approach to budgeting for the regeneration projects, including Chard Regeneration, was approved by Council on 17th May 2018.
- 7. The current approved net budget for Chard Regeneration is £3m and the gross budget is £20m.
- 8. The 17 May 2018 presentation to Council set out initial cost and income estimates for the Chard Regeneration programme. The budget is summarised in Appendix A and reflects the diverse range of initiatives that were then being proposed. The programme, as it has now evolved and is presented in this paper, retains many of the original schemes. However, it is fair to say that for a variety of reasons, including inability to secure funding and partner participation, as well as a significant increase in costs in the Leisure Centre construction compared to original estimates, some aspects of the programme will not reach completion.
- 9. One such aspect is the ambition for the Boden Mill, Holyrood Mill and the Boden Centre. Once completed, these residential development schemes were intended to fund costs elsewhere in the programme. The Boden Mill in particular faces challenges in order to prepare it for sale or development. An application has been made to the Brownfield Land Remediation Fund for £495k to assist with land decontamination and access issues. In the meantime, it is proposed that expenditure on these buildings is halted. However, they remain available for development and it is intended that they could be subject to a new programme in the future if the business case supports this.
- 10. In summary, the main elements of the programme that will now be delivered include the leisure centre, the High Street Action Zone (HAZ) which is part funded by Historic England, and additional public realm works. The significant elements of the HAZ scheme include building improvement grants and further public realm works.



11. The leisure centre is nearing completion and is expected to open to the public later this year, in November. Expenditure to date is £14.1m and forecast expenditure is £16.5m. The HAZ is in the second year of a 4 year programme.

Gross Expenditure Forecast

12. Current expenditure forecasts are summarised in Table 1 below:

Table 1 - Gross Expenditure Forecast	£k
Leisure Centre Costs	16,504
HSHAZ - Town Centre Public Realm	1,537
HSHAZ - Building Improvement Grants and Other Costs	987
HSHAZ - Marketing Strategy	40
Public Realm - Leisure Centre	194
Public Realm - Other	229
Programme Management	225
Pre contract expenditure	248
TOTAL GROSS EXPENDITURE	19,964

Project Financing Forecast

13. Table 2 details how it is intended to fund the revised programme:

Table 2 - Project Financing	£k
Historic England High Streets HAZ Fund	(1,000)
Historic England 2021-22 HSHAZ uplift grant	(79)
Historic England HSHAZ Cultural Programme grant	(80)
Chard Town Council contribution	(116)
External Funding	(1,275)
Regeneration Fund	(2,000)
Medium Term Financial Support Fund	(413)
General Grant Reserves	(15)
Useable capital receipts	(3,000)
Area West Committee's Capital Reserve	(52)
Capital receipts from sale of ring fenced assets	(961)
SDCC Funding excluding External Borrowing	(6,440)
Borrowing Requirement	(12,249)
SDCC Funding including External Borrowing	(18,689)

TOTAL FUNDING

(19,964)

Note: bracketed figures represent income

14. Most of the specific funding elements are in line with the original funding estimates agreed by Council in 2018. However, £2m of additional useable capital receipts has been allocated to the Chard Regeneration Scheme as part of the annual financing of the capital programme undertaken at year end to prepare the Statement of Accounts. Whilst this exceeds the £1m initially approved, these additional monies will reduce the amount of borrowing required by the Council to fund the balance of this project and the interim S151 Officer recommends this increase. The useable capital receipts reserve stands at £18.075m as at 31/07/21 (this is the position after using the extra £2m to fund this programme).
15. It should be noted that the Regeneration ear-marked reserve currently contains £2.997m of resources (as at 31/07/21). This fund has benefitted from past contributions relating to the 2018/19 business rates pooling gain and the 2019/20 revenue surplus and £811k will also be added to the fund arising from the Business Rates Pooling Gain made in 2020/21. Future gains may arise in the two financial years 2021/22 and 2022/23 of £2m (although this figure is not guaranteed) which would also be added to the Regeneration Reserve for part funding this, as well as the other regeneration projects. If the gains are insufficient then the gap will need to be financed from further long-term council borrowing. Further information on this will be included in the MTFP refresh report that is going to District Executive in October 2021. An exercise will be undertaken to evaluate all of the funding expectations being placed on this reserve by the regeneration programme, including Yeovil and Wincanton, to fully understand any pressures that exist.
16. Assets with a value of some £2.4m were ring fenced to the project for sale, with the proceeds used to part fund the programme. To-date, no sales have been achieved. Due to the extent of works required to prepare the mill sites and the Boden Centre for sale, these have been removed from this sales schedule. All the remaining properties suffer encumbrances which include shared ownership and access issues. After allowing for these selling costs, it has been assumed that some 75% of the remaining assets' overall value could be achieved over the next three financial years (except the Essex Close Youth Club which is delayed until 2029/30). Progress on achieving these sales will be reported to District Executive as part of the quarterly budget monitoring process.
17. The remaining costs will need to be financed from long-term borrowing as the original plans for part-financing the programme such as making applications to grant making bodies (Sports England for example), undertaking residential development of the mill buildings to generate profits that could be used to finance the programme, and rental contributions from Somerset County Council to occupy space (for a library and for social services) have not come to fruition or are not, after detailed investigation, commercially viable.

Impact on SSDC's capital budget

18. Whilst the projected estimates are forecast to come under the approved gross budget by £36k (see table one) it is proposed to keep the gross budget as the current approval.
19. District Executive and Council are recommended by the interim S151 Officer to report its regeneration projects at the gross expenditure level only and to dispense with the concept of a Net Capital Budget. This will simplify financial reporting and make overall capital expenditure plans, their financing, and potential risks more transparent to key stakeholders. Consequently, no amended Net Capital Budget is given in this report.
20. If District Executive and Council agree with the interim S151's recommendation in paragraph 20 above, the impact on SSDC's capital budget will be an increase of £17m from the net current budget of £3m included in the approved capital programme. Approval from Council to increase the capital programme, to reflect the gross budgets of the Regeneration Programme, instead of net budgets, will be sought later in the year.

Impact on SSDC's revenue budget

21. It is forecast that the borrowing requirement to finance this programme will peak in the current financial year at £12.956m. As ring-fenced capital assets are sold, this will reduce to £12,249m in 2029/30 with the sale of the youth club.
22. The long-term borrowing requirement of £12.249m would result in average financing charges of £423k per annum. This includes both external interest charges and the requirement to set aside amounts to repay the loan principal (known as the Minimum Revenue Provision). Over a 50 year loan term the financing costs arising from this borrowing totals £21.2m.
23. If, in a possible downside case scenario, the Council needed to replace the funding from future capital receipts (£0.96m), and from future Business Rates Pool gains (£1.00m) with borrowing, the debt would extend to £14.21m. In this case, the associated average annual cost would be £491k and the financing costs over a 50 year loan period become £24.6m.
24. These cost estimates are based on the Council accessing a 50 year annuity loan from the Public Loans Work Board (PWLB) at a prudent rate advised by our treasury management consultants, Arlingclose, of 2.40%. This is the "worst case" scenario as currently the council is borrowing well under this interest rate (using short term council to council borrowing) and it is intended to continue with this borrowing strategy over the next two years. In addition, external borrowing is only ever entered into when the overall cash flow forecast position of the council requires it. Much of the council's borrowing needs are first met by "internal borrowing", that is the temporary use of the council's cash resources instead of these being invested in bank and building society deposits. Given the very low rates of return the council receives from such deposits it is financially beneficial to the Council to use its cash to temporarily fund its borrowing needs.
25. One of the original project assumptions was that the management fee income the Council would receive from a leisure contractor operating the new facility would be



South Somerset District Council

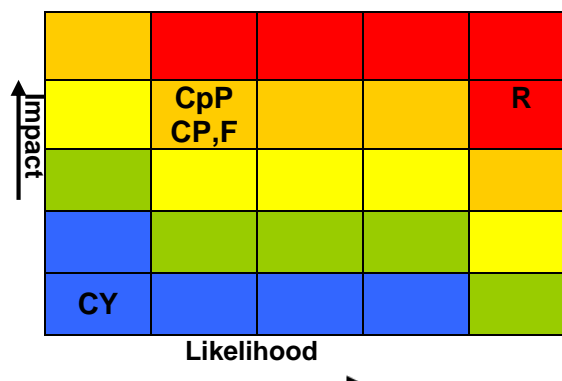
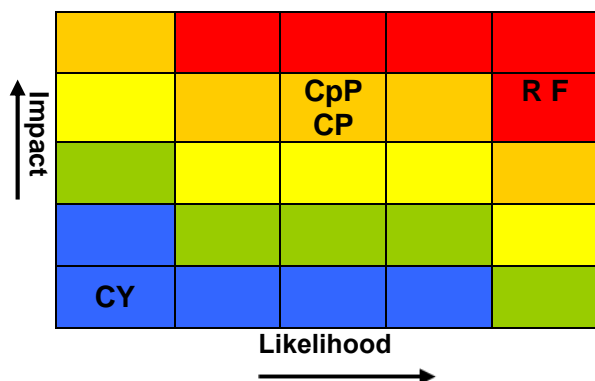
sufficient to fund the costs arising from the borrowing needed and that there would therefore be no impact on the Council's revenue budget arising from this project. A report to District Executive and Council on 15 April this year gave information on the management fee income levels arising from awarding the leisure contract to Freedom Leisure for a 15 year contract period. It was mentioned in that report that the income fees level could have an impact on the overall financing of the Chard Regeneration Project and that further work would be done on the financial modelling of the project.

26. The management fee income agreed with Freedom Leisure for the new Chard leisure facility averages at £191k per annum over the length of the contract. The financial model used estimated fees supplied by a leading leisure consultant and discounted those by 10% for prudence. The model assumed £465k average income per annum.
27. Pursuant to the public realm works within this programme, there will also be a requirement to make payment for on-going maintenance works of the roads to the Highways Authority. This is estimated to cost £50k per annum.
28. Table 3 indicates the average net cost to the Council's revenue budget of the Chard regeneration scheme over the 15 year period of the management contract with Freedom Leisure. After this, the financing charges will continue for the 50 year borrowing period but there is no contracted management fee income.

Table 3 - Chard Regeneration Programme	
Average Annual Revenue Forecast	£k
Finance Costs (including short term finance costs)	427
s278 Highways Maintenance Charge	50
Adjusted Management Fee Income	(191)
NET INCREASE IN COSTS TO THE REVENUE BUDGET	286

29. The management contract also covers the Council's three other leisure centres in Yeovil and Wincanton. There is value in noting that the average annual management fee under the contract from these other centres is £232k after allowing for estimated decarbonisation costs and the financing costs of capital expenditure required to facilitate the contract. In addition, maintenance liabilities of £225k per annum, which historically remained with SSDC, will now fall to the operator, representing a saving to the revenue budget. It can be seen that this total average annual revenue saving of £457k more than offsets the increase in revenue budget costs from the new leisure centre at Chard.

Risk Matrix



Key

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

Council Plan Implications

The Chard Regeneration Scheme is a specific objective of the Council Plan.

Carbon Emissions and Climate Change Implications

None

Equality and Diversity Implications

This report itself has no direct implications as it relates to financing approach.

Privacy Impact Assessment

There are no identified issues relating to this matter.

Background Papers

Report to Full Council 18 May 2018 - Budget for Chard Regeneration Programme and Yeovil Regeneration Programme

SSDC draft statement of accounts 2020/21

APPENDIX A
CHARD REGENERATION SCHEME
BUDGET – AS APPROVED BY COUNCIL ON 17 MAY 2018

	£k
Core Elements	
New Leisure Centre	7,500
Learning Centre & Boden Mill residential	2,500
Existing Museum & Boden Centre residential	250
Holyrood Lace Mill residential	3,000
Public realm and new town square	2,000
	<hr/> 15,250 <hr/>
Optional Elements	
Health Centre	1,500
Managed workspace	1,200
Food Prep Space	400
Indoor Market	600
Other project costs - demolition preliminaries contingency	1,500
	<hr/> 5,200 <hr/>
Soft Interventions	
Attracting Artisan & Independent Retailers	300
Access Strategy	5
Support for Market Development	2
Events and Promotion	60
	<hr/> 367 <hr/>
TOTAL	<div style="border: 1px solid black; padding: 2px; display: inline-block;">20,817</div>

2021/22 Revenue Budget Monitoring Report for the Period Ending 31 July 2021

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Director: Nicola Hix, Strategy & Support Services
S151 Officer: Karen Watling, Section 151 Officer
Lead Officers: Paul Matravers, Lead Specialist – Finance
Hannah Brown, Specialist - Finance
Contact Details: paul.matravers@southsomerset.gov.uk or 01935 462275
hannah.brown@southsomerset.gov.uk or 01935 462473

Purpose of the Report

1. The purpose of this report is to provide Members with the current projection of the forecast spending and income (“outturn”) against the Council’s approved Revenue Budget for the financial year, and to explain projected variations against budget.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 2 September 2021.

Public Interest

3. This report gives an early forecast of the revenue budget variations for the 2021/22 financial year. It also incorporates the continuing impact that Covid-19 is having on the Council finances. Maintaining the financial health and resilience of the organisation is important to ensure the ongoing delivery of priority services within our community.

Recommendations

4. The District Executive recommends that the Chief Executive:
 - a. Notes the 2021/22 forecast outturn on the revenue budget.
 - b. Notes that work is currently being undertaken by the S151 Officer, along with finance and the Senior Leadership Team, on reviewing a number of budgets as part of the preparation for producing a refreshed Medium Term Financial Plan. The results of that work could impact on current financial year.
 - c. Approves the transfer of the COVID-19 LA Support Grant of £837,653 into an earmarked reserve.
 - d. Approves the budget virement of £150,000 detailed in paragraph 22.



- e. Notes the budget virements made under delegated authority as detailed in Appendix A;
- f. Notes the transfers made to and from reserves outlined in paragraph 24, the Area Reserves as detailed in Appendix B, and the Corporate Reserves as detailed in Appendix C.

Background

- 5. The 2021/22 original net budget of £16.743m was approved by Council in February 2021. This represents the financial plans that the Executive manages, under their delegated authority and in accordance with the Financial Procedure Rules. All of the Council's income and expenditure has a responsible budget holder.
- 6. This is the first report for the financial year and it covers the period 1 April to 31 July 2021. Monitoring of the effect of COVID-19 on the Council's finances continues, and it is important to recognise that it is still early in the year, and therefore, difficult to judge what the full impact will be on the 2021/22 budget.
- 7. The projected position should be regarded as a reasonable indication of possible differences between actual and budgeted spend and income for the year. Our demand-led services are particularly difficult to forecast and COVID-19 is continuing to have an impact on income streams, but we use trend analysis to make these areas as accurate as possible.

Summary of the Current Financial Position and Forecast Outturn

- 8. A summary of the budget position is shown below in Table A, the budget is analysed by categories of expenditure and income, and also provides a forecast outturn for 2021/22.
- 9. As at the end of July 2021 the forecast revenue budget position is an **over spend** at year end of **£132,000**, which is a **0.79% variance**.
- 10. It should be noted that the forecast variance does not include potential income receivable from the income compensation scheme from central government, which is open for the April to June period, or additional grant applications for which we are awaiting the outcome.
- 11. The S151 Officer is currently updating the Medium Term Financial Plan, the update will be reported to District Executive in October. The update will entail the S151 Officer working with the Senior Leadership Team in reviewing the pressures that have been identified in this monitoring report and taking a view on any impact on the current and/or future revenue budget. The review will also include an update on all reserves and the future call on them.

Table A

	Year to date - April to July 2021			Forecast Outturn 2021/22		
	Budget	Actual	Variance	Budget	Forecast	Variance
Expenditure						
Employees	£6,118,785	£6,090,876	(£27,908)	£17,889,560	£18,969,710	£1,080,150
Premises	£1,529,592	£1,597,732	£68,141	£3,166,210	£3,159,002	(£7,208)
Transport	£291,816	£178,733	(£113,083)	£979,520	£780,920	(£198,600)
Supplies & Services	£2,586,554	£2,825,392	£238,838	£6,973,410	£6,615,566	(£357,844)
Third Party Payments	£2,662,052	£2,479,991	(£182,060)	£7,902,240	£8,008,613	£106,373
Housing Benefits payments	£8,426,050	£8,010,567	(£415,483)	£26,658,150	£26,658,150	£0
Capital Financing	£80,893	£21,783	(£59,110)	£2,923,000	£2,923,000	£0
Revenue Reserve transfers	(£293,377)	(£134,941)	£158,436	£1,478,050	£1,478,050	£0
	£21,402,365	£21,070,134	(£332,230)	£67,970,140	£68,593,011	£622,871
Income						
Government grants	(£9,357,457)	(£10,158,712)	(£801,254)	(£28,228,600)	(£29,182,100)	(£953,500)
Other grants and contributions	(£180,729)	(£691,765)	(£511,036)	(£1,114,140)	(£1,114,140)	£0
Sales	(£700,732)	(£549,424)	£151,308	(£2,046,660)	(£1,937,442)	£109,218
Fees and charges	(£6,351,285)	(£6,548,605)	(£197,319)	(£17,689,490)	(£16,556,280)	£1,133,210
Investment income	(£214,824)	£1,253,019	£1,467,843	(£2,148,240)	(£2,928,240)	(£780,000)
	(£16,805,027)	(£16,695,487)	£109,541	(£51,227,130)	(£51,718,202)	(£491,072)
Net Budget	£4,597,337	£4,374,648	(£222,689)	£16,743,010	£16,874,809	£131,799

(Bracketed figures = underspend / surplus income, unbracketed figures = overspend / income shortfall)

12. Managers have provided a forecast of expenditure and income for the year, in order that any potential variances are identified and reported, the key variances are outlined below;

Employees

There is a significant overspend forecast against employee costs this is due to the difficulties being experienced by some services, namely Building Control and Development Management, to recruit suitably qualified staff.

As a result, these services are currently reliant on the use agency staff and this is at a premium cost. This is an issue facing other authorities and is not specific to the Council. Service Managers are planning a recruitment drive to attract professionals to the authority.

Premises

At the 31st July these budgets are currently showing slight overspend, but the forecast position is that they will be in line with the budget at year end.

Transport

The budgets are currently showing an under spend, this is mainly related to staff travelling costs and due to the changes to working practices. It is anticipated that this position will remain unchanged during the year.

Supplies and Services

This category of expenditure covers a wide range of costs. The most significant variances to note are forecast overspends on IT costs of £155,000 and Development Control consultancy of £120,000. These are offset by savings of £627,000 from Arts and Entertainment due to reduced performance costs as a result of venue closure due to COVID-19.

Third Party Payments



South Somerset District Council

Although the current position shows an underspend, the forecast shows an expected overspend of £106,000. The over spend relates mainly to the Somerset Waste Partnership (SWP), the total forecast overspend for the partnership is currently £627,000 and the Council's share is £107,000. There have been additional COVID-19 related costs due to the national driver shortage, which has placed severe pressure on the waste collection services.

There is also a risk that the service instability may impact on SWP's ability to roll-out Recycle More as planned in phases 3 and 4. SWP are imposing contractual performance deductions on the contractor and have issued a Service Breakdown Warning Notice to them. SWP are in ongoing contractual discussion with the contractor about liability for cost impacts. The outcome of these discussions may have an impact upon the in-year budget and future budgets (including the Recycle More breakeven point), but at this stage it is too early to forecast the budgetary impact.

Housing Benefit payments

At this stage the budget is showing a slight underspend, which is likely to be caused by timing issues, the forecast position is in line with the budget at year end.

Capital financing

There is currently an estimated under spend on the capital financing budgets as at 31st July.

Despite the recently identified need to increase borrowing to fund the council's regeneration programme, the approved revenue budget for the resulting financing charges (interest and MRP (Minimum Revenue Provision) costs) are estimated to be sufficient for this financial year. This is largely due to:

- Re-profiling of capital expenditure plans, and
- Assumptions made in prior years about the nature of spending on the commercial investment budget of £150m. It was assumed that the expenditure would be on commercial property acquisitions which would result in both an interest and MRP cost to the revenue budget. However a significant element of the overall budget has been invested in commercial loans to subsidiary companies which, because the loans will be repaid, do not require MRP costs to be charged to the revenue budget.

Work is being undertaken as part of the MTFP Refresh to zero base future year costs due to the increased borrowing now needed for some of our Regeneration projects. It is likely that future years' financing costs will increase significantly from the current year's costs.

Government Grants

The Council has received additional grant funding this year, these include a COVID-19 LA Support grant of £838,000 and Contain Outbreak Management Fund of £216,000.

Other grants and contributions



South Somerset District Council

Income received from grants and contributions is currently exceeding budget, this is largely due to the success of a number of services obtaining funding from various organisations. The most significant grant funding received to date includes:

- Sports Council England - £181,000;
- The Arts Council - £115,000;
- National Lottery Heritage Fund - £36,000
- The Cultural Recovery Fund - £35,000.

Sales

There is currently a shortfall in sales income of £151,000, this was expected as the Octagon and Westlands have been unable to operate as normal. The reduction in income has been offset by reduced running costs and a grant award from the Arts Council of £115,500.

Fees and charges

The fees and charges are currently showing a surplus against budget, however, this is because funding for election running costs was received earlier than anticipated, and the year to date budget did not take this into account.

However, the forecast outturn is likely to be a deficit as there are several income streams relating to demand led services where there are forecast shortfalls. The fees with a significant shortfall against the income target are:

- Admission charges - £383,000
- Car Parking fees - £350,000
- Planning application fees - £250,000
- Recovery of legal fees - £100,000.

The Government's income compensation scheme is open for COVID related income shortfalls from April to June 2021, it is expected that some of these shortfalls can be recouped. The income from the scheme for the April to June period is anticipated to be in the region of £42,000, this income has not been taken into account in the revised variance.

Investment income

The variance to date on investment income is in respect of accrued income which has not been received to date. The current year-end projection for income from investments is positive with an anticipated surplus of £780k against budget, but this will be subject to a deep dive review by the S151 Officer to provide District Executive with additional assurance on the income for this year and over the medium term.

13. Table B below reflects the current and forecast budget position, analysed by service directorate.

Table B

	Year to date - April to July 2021			Forecast Outturn 2021/22		
	Budget	Actual	Variance	Budget	Forecast	Variance
Chief Executive	£209,700	£270,318	£60,618	£629,100	£623,819	(£5,281)
Commercial Services	£932,771	£214,129	(£718,642)	£6,596,860	£6,767,317	£170,457
Service Delivery	(£54,044)	(£333,490)	(£279,446)	£2,567,680	£3,956,902	£1,389,222
Place & Recovery	£102,754	£195,902	£93,148	£141,560	£141,560	£0
Strategy & Support Services	£3,406,156	£4,027,789	£621,633	£6,807,810	£5,385,211	(£1,422,599)
	£4,597,337	£4,374,648	(£222,689)	£16,743,010	£16,874,809	£131,799

(Bracketed figures = underspend / surplus income, unbracketed figures = overspend / income shortfall)

COVID Funding

14. COVID-19 has had a significant impact on the Council finances and it is important that we can quantify this and mitigate where possible to ensure we remain on a robust, sustainable financial footing. Managers in the affected areas are continually monitoring income and expenditure trends together with their Finance Specialist.
15. The Council has received a COVID-19 LA Support grant of £837,653 in 2021/22. This will be used to mitigate the budget pressures that directly relate to the pandemic. To date the following areas have been identified;

Funding received	Amount
Covid-19 LA Support Grant	(£837,653)
<u>Budget pressures</u>	
SWP overspend	£107,000
Procurement and People temporary staffing	£135,990
Other services	£594,663
Total unallocated grant	£0

Business Grant Support Schemes

16. The Council has co-ordinated the distribution of mandatory and discretionary grants to businesses within the District since April 2020. These grants are managed by the Council as an agent for central government and do not impact on SSDC's budget position. The initial schemes Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund and the Local Authority Discretionary Grants are now closed and the surplus grant has been repaid.
17. The Local Restrictions Support Grants and Restart Grant schemes have also closed, the balance of funding held by the Council will need to be repaid this year. The Additional Restrictions Grant scheme will remain open until 31 March 2022.

Grant Scheme	Government Funding	Grants awarded	Balance held
Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund (Mandatory awards)	£36,795,000	£36,795,000	£0
Local Authority Discretionary Grants	£1,928,000	£1,928,000	£0
Local Restrictions Support Grants (Mandatory awards)	£21,474,617	£16,309,560	£5,165,057
Restart Grants (Mandatory awards)	£11,070,234	£8,726,770	£2,343,464
Additional Restrictions Grant (Discretionary awards)	£6,127,623	£5,087,805	£1,039,818
Total	£77,395,474	£68,847,136	£8,548,338

Budget Virements

18. Under the Financial Procedure Rules, providing that the S151 Officer has been notified in advance, Directors/Managers may authorise any virements for an individual cost centre within their responsibility. Directors and Managers can authorise virements, up to a maximum of £50,000, for an overall Directorate that is within their area of responsibility. Portfolio Holders can approve virements between services within their areas of responsibility, up to a maximum of £50,000 per virement.
19. All virements outside of the criteria set out above require the approval of District Executive, there are no such virements in the period April to July 2021 but approval is sought for a virement that will be processed in quarter 2 if agreed.
20. A virement of £150,000 requires approval by District Executive. The virement is moving an approved budget from Finance Corporate Costs in Support Services and Strategy to Development Management in Service Delivery. The budget move is to support the staffing issues currently been seen within Development Management function.

Council Tax Support and Council Tax

21. The Council Tax Support Scheme (CTS) provides for discounted tax charges to households with lower incomes. The Authority has set an estimate for 2021/22 of £10.402m within the Council Tax Base for annual CTS discounts, and total of £10.346m has been allocated as at the 31 July 2021. The cost of the CTS is allocated through the Council Tax Collection Fund and is shared between the preceptors in proportion to their relative shares of council tax due for the year (SSDC share is 14.13% for 2021/22).
22. The Hardship Scheme is in place for extreme circumstances with a budget of £30,000 for the year. By the end of July 2021, SSDC had processed 2 successful requests and the amount awarded was £885.35.
23. The in-year collection rate for Council Tax for this time period is 36.77% for 2021/22 compared to 37.06% for the same period last year. At the end of July



South Somerset District Council

2021, the total of £13.479m outstanding debt relating to previous years had been reduced by £1.529m.

Non Domestic Rates

24. The in-year collection rate for Non Domestic Rates for this time period is 34.59% for 2021/22 compared to 45.40% for the same period last year. The downturn in collection is due to the impact of COVID-19 on the local economy. At the end of July 2021, the total of £5.502m outstanding debt relating to previous years had been reduced by £505k.
25. Non Domestic Rates income that the Council collects is distributed between Central Government, SSDC, Somerset County Council and the Fire and Rescue Authority under the Business Rates Retention funding system. The shares for 2021/22 are Central Government 50%, SSDC 40%, SCC 9%, Fire 1%.

Reserves & Balances

26. Reserves are amounts that have been set aside from annual revenue budgets to meet specific known events that will happen in the future. Details of the reserves held within the Areas are provided in Appendix B. The complete list of specific Corporate Reserves and the current balance is provided at Appendix C. The Appendix shows all movements that has been actioned under the authority delegated in the Financial Procedure Rules for the reporting period.
27. Transfers out of specific reserves that require reporting to District Executive for noting are as follows:

Reserve	Balance at 01/04/2021 £'000	Transfers £'000	Balance at 31/07/2021 £'000	Reason for Transfer
Capital				
Usable Capital Receipts	(18,073)	(2)	(18,075)	Receipt of repaid grants
Revenue				
Capital Reserve	(1,164)	(3)	(1,167)	Receipt of photovoltaic income.
Revenue Grants Reserve	(7,043)	6,589	(454)	Funding of COVID business grants.
Council Tax/Housing Benefits Reserve	(1,290)	96	(1,194)	Funding for transitional resources (£162k) less revenues new burdens grant received (£66k) transferred to reserve.
Park Homes Replacement Reserve	(287)	(30)	(317)	Transfer of annual contribution into reserves.
Ticket Levy Reserve	(120)	(6)	(126)	Ticket levies to reserve movements.
Housing & Homelessness Reserve	(441)	68	(373)	Funding of temporary staffing in 2021/22.
Community Resilience Reserve	(126)	(62)	(188)	Grants allocated to future community resilience projects.

(Bracketed figures = income and/or budget savings, bracketed figures = costs)

General Fund Balance

28. The General Fund Reserve Balance represents the accumulated revenue surpluses that are held to mitigate financial risks and unforeseen costs. Within the total, however, are amounts that have been earmarked by the District Executive

for specific purposes. The table below shows the current position on the General Fund Balance compared to that previously reported.

	£'000
Balance at 1 April 2021	(4,315)
Area & Economic Development Balances	115
Carry Forwards from 2020/21	365
Commitments	247
Current estimated overspend in 2021/22	132
Unallocated General Fund Balance at 31 July 2021	(3,456)

(Negative figures = income, positive figures = costs)

29. The current assessment of minimum balance requirement is £2.8m. It is advisable to continue to hold a balance above this minimum to provide headroom and flexibility to manage risk and avoid falling below recommended levels. Current balances as at 31 July meet this requirement, if the balance were to fall below the minimum requirement it would be necessary to reallocate certain earmarked reserves to mitigate some of the overspend and return the General Fund Balance to an appropriate level.
30. It should be noted that the S151 Officer in consultation with Senior Leadership Team is reviewing the reserves and the commitments to and from the reserves as part of the refresh of the Medium Term Financial Plan which is being reported to the October meeting of the District Executive.

Financial Implications

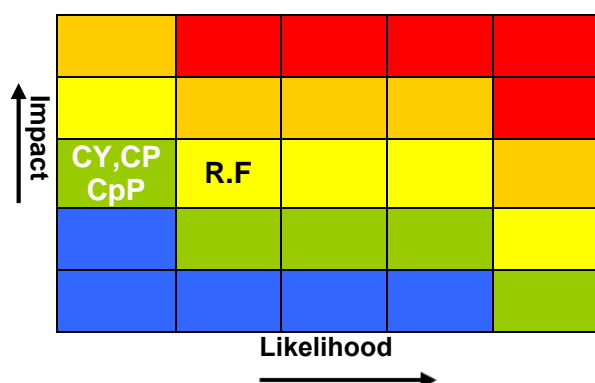
31. As part of monitoring, an assessment of risk has been made and details of the current key risks are listed in the table below with an update from the responsible officer.

Current Risk	Responsible Officer	Officer's Update
Interest Rates	S151 Officer	Interest rates remain low with the possibility of being cut to zero or even going into negative territory. Low interest rates reduce the cost of borrowing with the adverse impact being the return on investments will be lower. Continual monitoring of investments and borrowing is being undertaken to ensure returns are maximised whilst taking account of risk.
Level of borrowing needs	S151 Officer	Recent and ongoing deep dive financial reviews on the council's regeneration programme have identified an increased need to borrow to fund the capital expenditure required. The impact of this on the financing costs budget is being reviewed as part of the MTFs refresh.
Somerset Reorganisation	Chief Executive	The costs of reorganising the Somerset councils into a new unitary authority are likely to be significant. Whilst the costs of this, and any share of the cost needed to be funded by SSDC are not currently known – SSDC does not have any budgetary provision for such costs at this point in time.

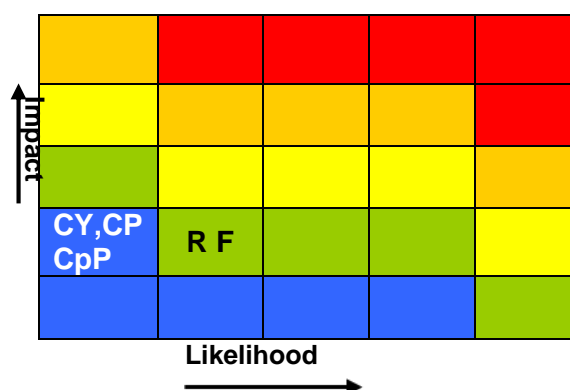
Current Risk	Responsible Officer	Officer's Update
Business Rate Income	Director-Service Delivery	The collection rate is down by 10.81% compared to the same period in the previous year quarter 1. This is a volatile measure affected by the timing of summonses and payments made by large businesses.
The Council Tax Support Scheme	Director-Service Delivery	The original budget for 2021/22 is £10.402m and a total of £10.346m has been awarded as at 31 July 2021. If costs exceed the assumption in the Council Tax Base this recovery risks a deficit in the Collection Fund to be paid in subsequent years in proportion to precept totals.
Housing Benefit Subsidy	Director-Service Delivery	Current predictions are for the housing benefit subsidy to be on budget at the year-end but the outcome will not be confirmed until the subsidy claim is externally audited in autumn 2022.
Covid-19 and particularly its impact on income budgets	Senior Leadership Team	We continue to monitor the effects of the pandemic on our service provision and budget and particular on our income from car parking charges, planning fees, Council Tax and Business Rates. It is still too soon to assess whether income will bounce back to pre – Covid levels and when that might occur.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

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

Council Plan Implications

32. The budget is closely linked to the Council Plan, and maintaining financial resilience and effective resource planning is important to enable the Council to continue to fund its priorities for the local community.



Carbon Emissions and Climate Change Implications

33. There are no implications currently in approving this report.

Equality and Diversity Implications

34. When the budget was set any growth or savings made included an assessment of the impact on equalities as part of that exercise.

Privacy Impact Assessment

35. There is no personal information included in this report.

Background Papers

36. Budget Setting reports to Full Council in February 2021.

Appendix A

The following virements should be noted:

Value £	From	To	Description
8,000	Environmental Services Support Staff	Customer Connect	Support of the waste campaign – Recycle More
21,600	Insurance	Policy & Performance	Fund Data Protection Officer costs
8,660	Yeovil Country Park	Ham Hill Country Park	Transfer of wages budget
3,000	Environmental Services Support Staff	Customer Connect	Transfer budget to aid waste campaign – Recycle More
1,590	Learning & Development	Case Team & Support Service Specialists	Allocation of training budget
24,480	Housing	Information Systems	Transfer of IT Software budget
2,310	Other Income & Expenditure	Service Delivery – Case Team	Transfer of budget to cover redeployment salaries
2,090	Other Income & Expenditure	Service Delivery – Case Team	Transfer of budget to cover redeployment salaries
3,780	Learning & Development	Various	Allocation of training budget

Appendix B

AREA RESERVES

Quarter 1 2021/22

Allocation of Reserves	Approval Date	Approved Allocation	Balance 2021/22	Transfer from Reserves during 2020/21
		£	£	£
Area East				
Balance B/fwd 1 April 2021			-49,190	
Wincanton Retail Support Initiative	Jul-14	10,000	10,000	
Active Travel Scheme	Dec-20	25,730	25,730	
Wincanton to Bruton Active Travel	Dec-20	10,000	10,000	
Totals			45,730	0
Balance of reserve				-49,190
Unallocated Balance 31 July 2021			-3,460	
Area North				
Balance B/fwd 1 April 2021			-23,900	
Progressing affordable rural housing schemes	Mar-09	15,000	10,000	
Ham Hill National Heritage Lottery (NHLF) Project	Sep-20	5,000	5,000	
Totals			15,000	0
Balance of reserve				-23,900
Unallocated Balance 31 July 2021			-8,900	
Area West				
Balance B/fwd 1 April 2021			-40,220	
Totals			0	0
Balance of reserve				-40,220
Unallocated Balance 31 July 2021			-40,220	

(Negative Figures = income, Positive figures = costs)

(Area South has no reserve remaining)

Summary of Usable Reserves

Appendix C

The following table shows the current balance on each usable reserve and the movements since 1 April 2021:

Capital Reserves	Balance as at 01/04/2021	Movement	Balance as at 31/07/2021
	£'000	£'000	£'000
Usable Capital Receipts	(18,073)	(2)	(18,075)
Internal Capital Loans Reserve	(149)	0	(149)
Total	(18,222)	(2)	(18,224)

Revenue Reserves	Balance as at 01/04/2021	Movement	Balance as at 31/07/2021
	£'000	£'000	£'000
Capital Reserve	(1,164)	(3)	(1,167)
Cremator Replacement Capital Reserve	(549)	0	(549)
Internal Borrowing Repayments	(321)	0	(321)
Election Reserve	(215)	0	(215)
Sports Facilities Reserve	(51)	0	(51)
Yeovil Athletic Track Repairs Fund	(198)	0	(198)
Planning Delivery Reserve	(16)	0	(16)
Bristol to Weymouth Rail Reserve	(71)	0	(71)
Yeovil Refresh Reserve	(112)	0	(112)
IT Replacement Reserve	(10)	0	(10)
Insurance Fund	(50)	0	(50)
Transformation Reserve	(91)	0	(91)
Treasury Management Reserve	(750)	0	(750)
Revenue Grants Reserve	(7,043)	6,590	(454)
Medium Term Financial Plan Support Fund	(4,880)	0	(4,880)
Council Tax/Housing Benefits Reserve	(1,290)	97	(1,194)
Closed Churchyards Reserve	(19)	0	(19)
Health Inequalities Reserve	(31)	0	(31)
Deposit Guarantee Claims Reserve	(13)	0	(13)
Park Homes Replacement Reserve	(287)	(30)	(317)
Planning Obligations Admin Reserve	(30)	0	(30)
Artificial Grass Pitch Reserve	(162)	0	(162)
Business Support Scheme (Flooding)	(101)	0	(101)
Regeneration Fund	(2,997)	0	(2,997)
NNDR Volatility Reserve	(4,593)	0	(4,593)
Ticket Levy Reserve	(120)	(6)	(126)
Waste Reserve	(100)	0	(100)
Community Housing Fund	(171)	0	(171)
Community Safety Reserve	(44)	0	(44)
Housing & Homelessness Reserve	(441)	68	(373)
Commercial Investment Risk Reserve	(6,606)	0	(6,606)
Spatial Policy Reserve	(258)	0	(258)
YIC Maintenance Reserve	(40)	0	(40)
Climate Change Fund	(167)	0	(167)
Community Initiatives Reserve	(163)	0	(163)
Local Government Change Reserve	0	0	0
Community Resilience Reserve	(126)	(62)	(188)
NNDR S31 Coll. Fund 20/21	(11,704)	0	(11,704)
Total Usable Reserves	(44,983)	6,653	(38,330)

(Negative Figures = income, Positive figures = costs)

The list above excludes unusable reserves. These are the Capital Adjustment Account, Revaluation Reserve, Available for Sale Reserve, Financial Instrument Adjustment Account, Pensions Reserve and Collection Fund Adjustment Account.

Investment Asset Update Report

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

Purpose of the Report

1. To provide a quarterly update to members on progress with implementing the commercial investment component of the Commercial Strategy agreed by Council.

Forward Plan

2. This report appeared on the latest District Executive Forward Plan with an anticipated Committee date of September 2021. This report provides a quarterly update between the half-yearly reports, the frequency being increased in response to the COVID-19 pandemic.

Public Interest

3. The Council's commercial strategy forms an important part of the Council's Corporate Plan ("Council Plan") and its Financial Strategy. Delivery of the Commercial Strategy enables the council to protect services to residents in the light of reduction in funding. This report is to update members on progress made to date on the investment component of the Commercial Strategy. The Council originally agreed to receive update on progress every six months. District Executive decided to receive quarterly summary update reports on Investment Assets until further notice in light of the economic effects of the COVID-19 pandemic. The last report was in June 2021.
4. The report includes updates on the purchase of new commercial property investments, the financial performance of investments and their contribution to delivery of the objectives of SSDC's Financial Strategy originally agreed in September 2017 and the Commercial Strategy agreed in August 2017, and updated with the review by District Executive and Full Council of the Financial Strategy and Commercial Strategy in September 2019.
5. The aim of this report is to give Members and the public an update on the performance and impact of the property investment to date including its contribution to mitigating the impact of reductions in Government funding and protecting services.



6. Due to the sensitive commercial nature of investment acquisitions, and the need to manage risk and protect the value of the Council's investments over the long term, certain detailed information is included in a confidential appendix and not to be disclosed.

Recommendations

7. The District Executive recommends that the Chief Executive:
 - a) Note the resilience of the property investment portfolio throughout the Covid-19 pandemic.
 - b) Note progress made to date in acquiring new commercial property investments and the asset management following acquisition.
 - c) Note the return being achieved across the portfolio which is in line with the Council's target of 7%.
 - d) Note progress being made in securing income from our existing assets and the contribution to the revenue budget towards the revised £3.35m target.
 - e) Note progress being made in disposals and transfers of existing assets, resulting in a reduction of future liabilities associated with these assets.
 - f) Approve the proposal for the reduction of requirement for reporting to the pre-Covid-19 frequency of every six months, rather than every three months, in light of the more settled economic landscape, with a quarterly dashboard type progress document.

Background

8. Council approved a commercial approach to Land and Property management in August 2017 as part of the Commercial Strategy which was supporting the objective of becoming financially self-sufficient.
9. The commercial approach to Land and Property management is the major financial component of the Commercial Strategy. The objectives are to invest in additional commercial property assets and to manage existing land and property assets more commercially
10. While presenting the "Commercial Services Income Update" report to District Executive in February 2018, members requested regular updates to show progress made in meeting the Commercial Strategy (approved by Council in August 2017).
11. This report is a succinct update of high level figures for new investments since May 2021 up to 31 July 2021.
12. It is proposed to revert to the six-month frequency of reporting originally requested by District Executive now the UK economic impacts of Covid-19 are steadying. The intention would be to provide quarterly updates in a brief performance dashboard format alongside SSDC Performance Reports. The half-

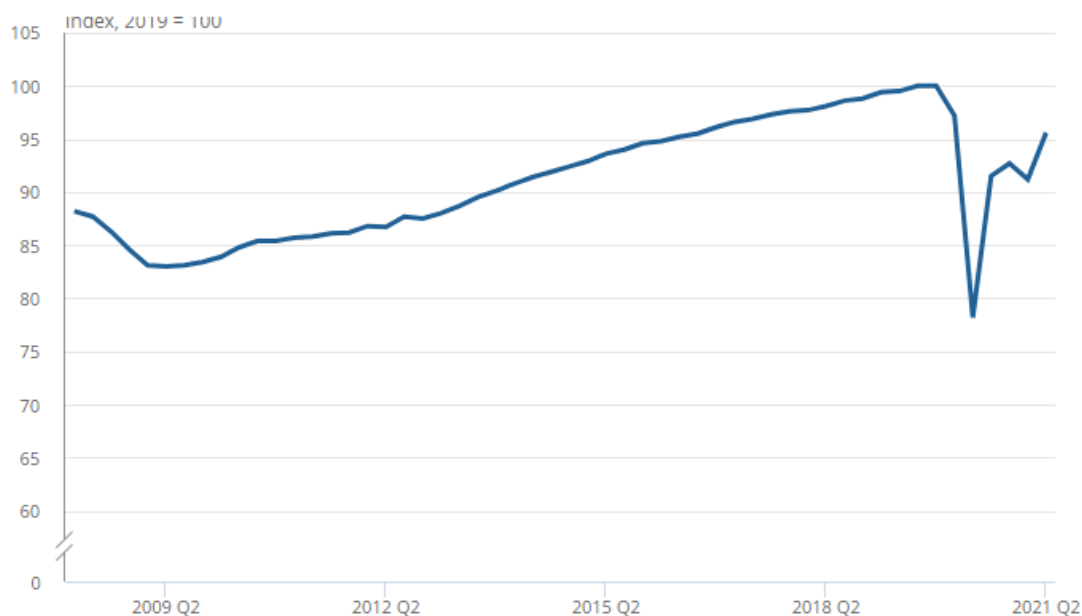
yearly reports would be provided in December and June with quarterly updates in March and September.

Covid-19

13. The pandemic has impacted on all aspects of society and is affecting economies across the world. The Office for National Statistics reported UK gross domestic product (GDP) is estimated to have grown by 4.8% in Quarter 2 (Apr to June) 2021 following the easing of coronavirus (COVID-19) restrictions.
14. Over the year as a whole, GDP contracted by 9.8% in 2020, marking the largest annual fall in UK GDP on record. On 30th June 2021 the ONS reported that UK gross domestic product (GDP) is estimated to have decreased by 1.6% in Quarter 1 (Jan to Mar) 2021.
15. With 75% of the adult population in the UK now double vaccinated, and all areas of the economy now open for business, a steady growth in the economy is now predicted by most forecasters.

Figure 1: Real GDP increased by 4.8% in Quarter 2 (Apr to June) 2021 as restrictions were eased, and is now 4.4% below its pre-pandemic level

UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2021, index 2019
Q4 = 100



16. We have noted, as a result of the crisis, a negative impact on the office, and particularly High Street retail, property markets.



17. Most commercial property leases provide for rent to be paid quarterly in advance in March, June, September and December. We have therefore had six rent days since the initial outbreak. We had expected the June 2020 quarter day to be the hardest hit, with tenants having had three months of hardship in which to strategize, however we were able to report rent collection of 95% of contracted sums.
18. Our team has focussed attention on the connection with our tenants. We have sought to show appropriate flexibility as part of a supportive attitude, but also to protect the Council's investments.
19. Collection over the past year is well above the industry average, assisted by a diverse portfolio, with a low proportion of High Street retail investments.
20. Our investment acquisition programme paused from March 2020 until February 2021, as we took stock of the market and turbulence caused by Covid-19. Broadly, an increasingly polarised commercial investment market has emerged over the past year, with last-mile logistics units and warehousing in higher occupational demand resulting in harder (lower) industrial yields, while retail and, to some extent, offices suffer.
21. This has presented a problem, in that we have not wanted to acquire property in sectors with decreasing demand, but have not considered it appropriate to be paying higher prices for assets in more sought after sectors. Accordingly, our last three acquisitions, a gym, a food production facility and a datacentre, have all been 'alternatives' as opposed to the traditional industrial, retail and office sectors.
22. The volume of market activity for property investment transactions remains suppressed when compared with pre-Covid levels of activity. Owners of office and retail assets that do not need to sell are holding on in the hope that a swift bounce back in the economy will reverse some of the damage caused by the pandemic. Owners are holding industrial assets because of their strong performance and continued rental growth. An increased number of deals are now taking place 'off-market' as vendors attempt to offload assets quietly to free up capital. Industrial and retail warehouse properties that are being widely marketed are achieving figures well in advance of asking price.
23. We have noted polarisation in Market Rents, with decreases in quoting high street retail rents and increasing incentivisation in the office sector, opposite increasing rents in the industrial sector. With a lack of supply of industrial property, retail warehouses are increasingly sought after and we have noted yield compression in this sector over the first half of 2021.
24. This is an important consideration for the revenue returns the investments are providing. The council's position, like other investors, is significantly protected by the fact that most leases contain upwards only rent review provisions.

25. We will look to augment the value of the portfolio by actively managing leases to seek longer terms, however the Council should note that in the office and retail markets tenants are taking advantage of market uncertainty to seek more attractive terms.

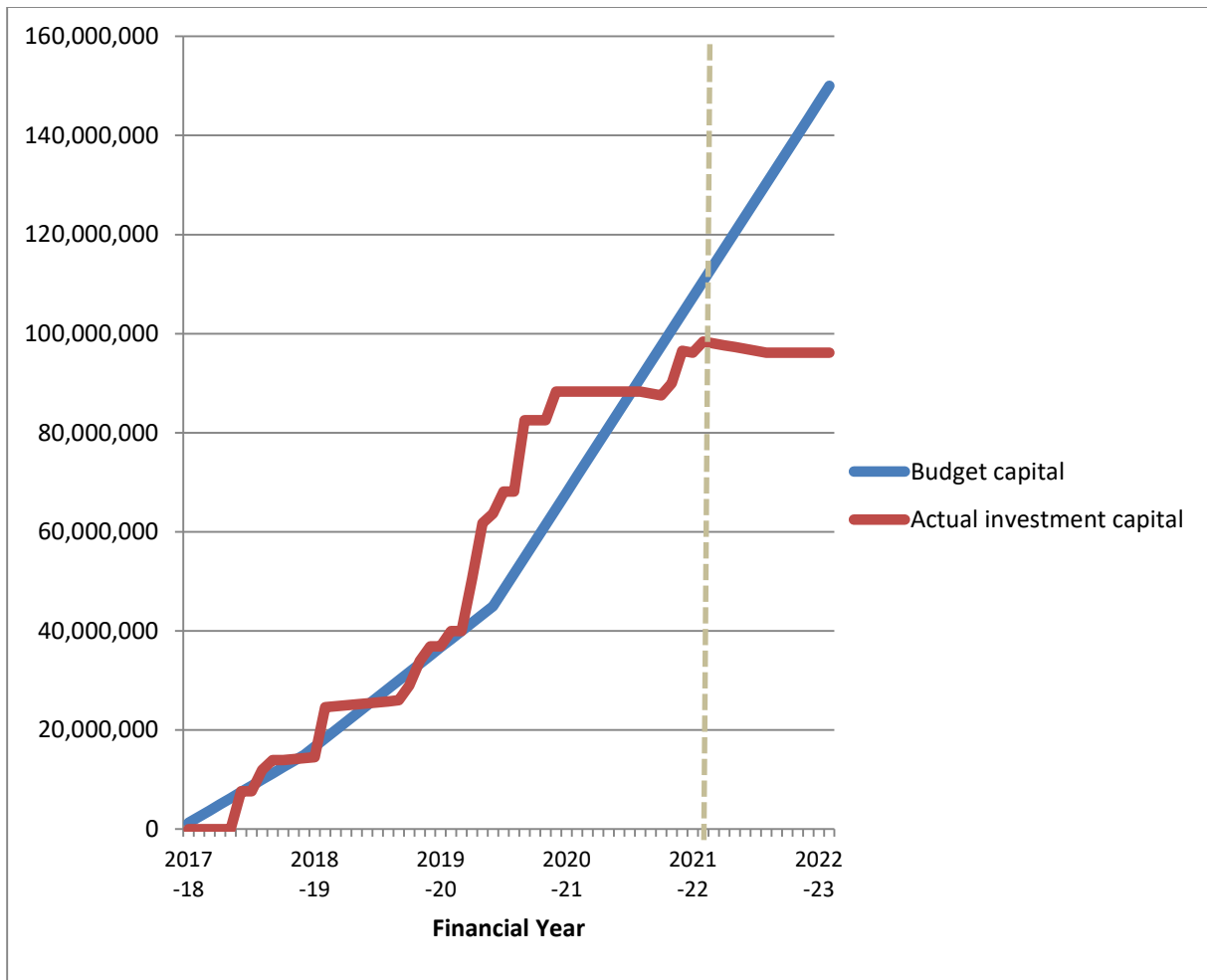
Commercial Investments

26. In September 2019, the Council approved an increase in the fund from £75m to a new total of £150m to be achieved by March 2022. The revised savings / net income target (after interest, capital repayment and risk reserve) is £3.35m. Saving in this context is delivered by net revenue income.
27. To date, a total of £87.5m has been invested in commercial property, producing a running yield of 7.03% allowing for the rent free incentive on the renewal of the lease with the tenant of our property The Ralph, Marlow (6.77% otherwise). In a reasonable worst case scenario this will decrease to 6.37% in 2022/23. We will however continue to work to renew leases and review rents to achieve improved results. The target running yield is 7%.
28. This is a gross target, which does not take into account costs of borrowing, acquisition, risk reserve and staffing. We will continue to manage the assets to improve this figure.
29. £42m has been invested in battery energy storage systems (BESS) - Taunton (Fideoak) and FERL 1&2 through a joint venture company: SSDC Opium Power Ltd. The returns from these to SSDC come by way of interest on capital lent to the joint venture company, repayment of capital, and dividends from the profits of the company. As these projects must first be constructed, there is an initial period of investment without immediate return. A further £5m has been invested in the Marlborough residential development. Any return from this would be in the form of a single lump sum profit. We have excluded these investments from the charts below as their returns operate on a different basis from investment property – namely interest on loans and profit on capital. Detail on capital invested and earnings from these is included in the confidential appendix, as the detail impacts on our commercial relationships with tenants or other parties, and future reports will include more performance commentary on these.
30. Our total investment is therefore £134.5m, leaving a further investment budget of £15.5m to maximise the remit.
31. In assembling this investment portfolio, the Council is not applying all of the revenue generated to support the Council's revenue budget. The Council is fully meeting the requirement to set aside money annually to repay the principal. This is distinct from the approach taken by many commercial property companies and some Local Authorities, who tend only to pay the interest. However, for the

Council this means a decreasing level of debt and an increasing net value of the Asset Portfolio as the debt to value ratio reduces in the Council's favour.

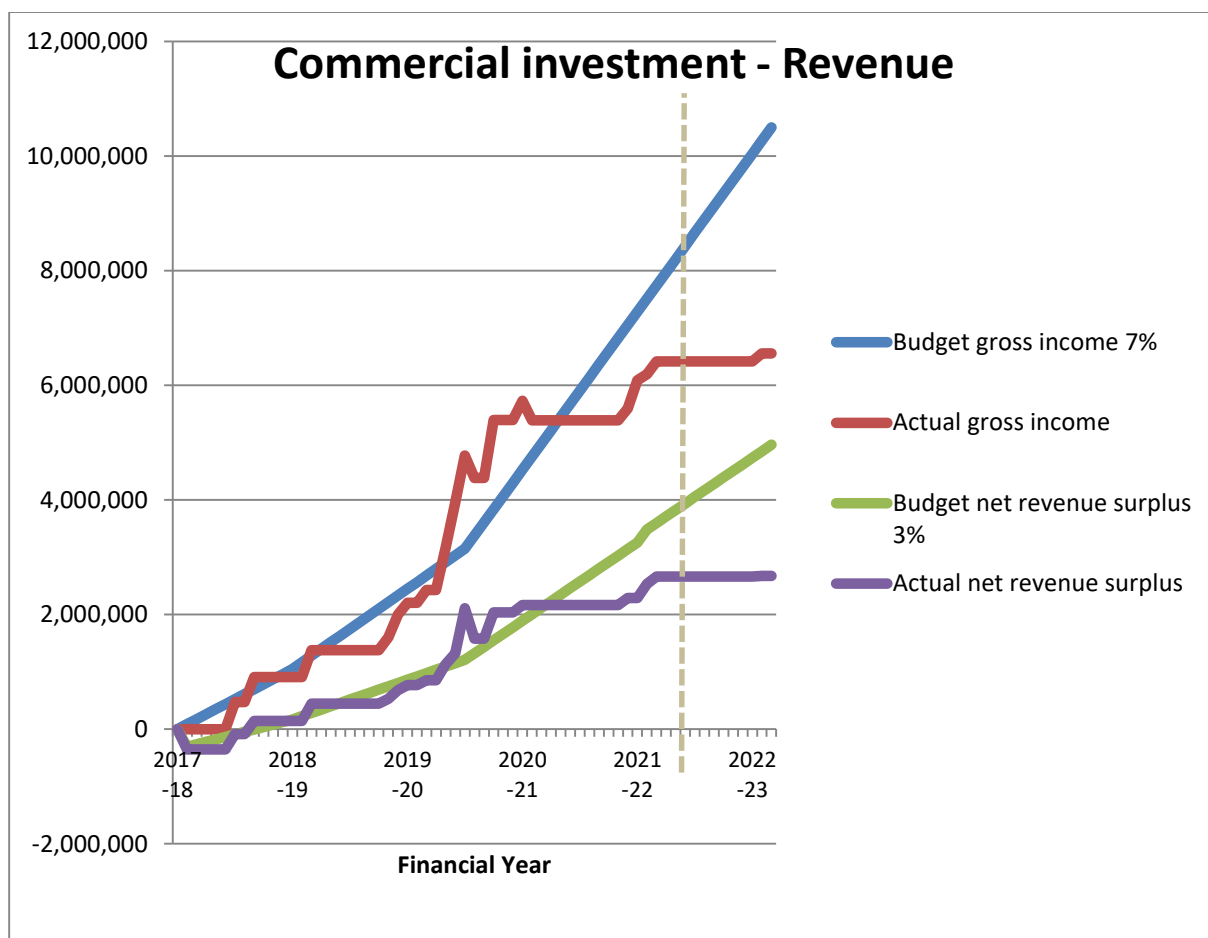
32. In addition, the Council has recognised the risks attached to holding a property investment portfolio and using income for this to support the revenue budget and provision of services. Therefore, the Council is also utilising a proportion of the commercial income to develop a Commercial Asset Risk reserve to protect the Council and the revenue budget from any potential future volatility, income voids or repair costs.
33. This reserve currently stands at in excess of £6.6m as previously reported to District Executive. As a result of the Council's prudent approach, whilst the portfolio is generating a return of circa 7%, the Council is able to utilise the true net return to support the revenue budget.
34. Progress is shown on the graph below for the actual capital invested to date in new commercial property investment assets. This is compared with the initial budget objective to invest £150m by March 2022. The fund was allocated across five financial years and to assist review is shown as a straight line budget progression enabling progress over the time period to be seen as either below or ahead of the objective.

Figure 1 shows commercial investment capital – Budget v Actual



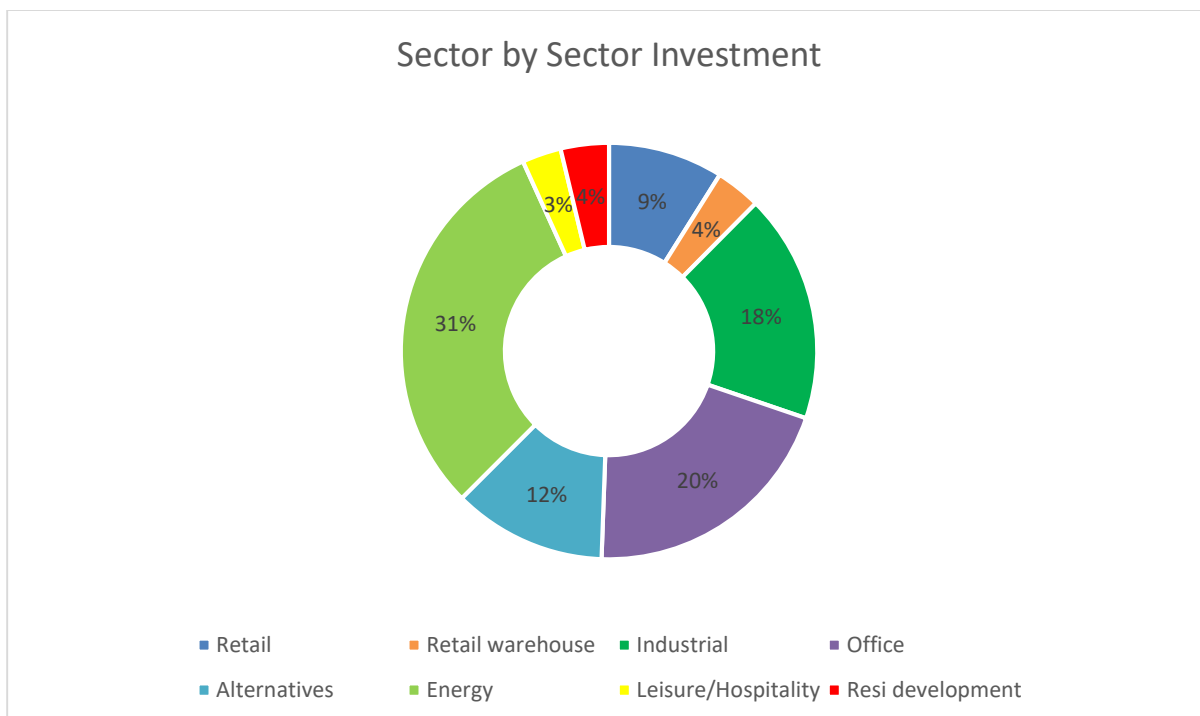
Note: Figure excludes investment in FERL 1 & 2

35. Progress in terms of generating additional gross revenue as a return from the capital invested shown in Figure 2 overleaf.



Note: excludes any income from FERL 1&2.

36. The income used in the graph above uses the contracted income (rent) from commercial property investments where the purchase has been completed.
37. Since the introduction of the Commercial Strategy, SSDC has purchased a number of investment properties. This report summarises the high level figures to demonstrate the annual income achieved via rent or sales. The investments made to date are aiding progress towards this target with commercial income in the Council's revenue budget to protect and support services to the community.
38. The Council currently has twenty-three investment property assets in its 'new' portfolio, providing a gross income (before cost of borrowing) of £5.93m per annum using the whole year income for 2021/22 from assets in SSDC ownership as at 17th May 2021.
39. The battery storage facility in Taunton is now fully energised and income producing. This income is paid in arrears by National Grid.
40. The current sector split of capital invested in all of these assets, including Marlborough, BESS Taunton and FERL 1&2 is as follows:



41. Since our last report in June 2021, the Council has not added further to the portfolio.
42. Acquisitions have been funded through a combination of capital receipts, cash resources and borrowing to date. In line with the Council's treasury management strategy we continue to utilise 'internal borrowing' to meet some of the financing requirement for the investments purchased. This approach reduces treasury risk. All borrowing will be asset backed (i.e. if the Council wished to pay off the borrowing it will have an asset to sell to achieve this). The investment is required to produce a rate of return for the Council which meets the Commercial Strategy targets and therefore, covers interest, capital debt repayment and produces additional income to fund the delivery of services.
43. In making investments the Council seeks to meet its corporate ambitions as set out in the Council Plan to maximise the benefits to the communities of South Somerset. The costs and funding of the investment portfolio is set out in Confidential Appendix, table 1.

Portfolio Commentary

44. We have previously commented upon media coverage of Local Authority property investment. Press commentary has portrayed risk as if it is a black and white matter where there could be activity areas which do not have risk. This is a serious distortion of the actuality. The Commercial Strategy acknowledged from the outset that there are risks involved in commercial activity. In the property investment area, we have adopted implementation, acquisition and management

strategies that assess and mitigate risks. This has to be adapted for the situation we now face, but our analysis does enable us to identify levels of price adjustment needed to reflect the potential impacts from economic slowdown and its effect on businesses and property markets.

45. Property investors are protected during lease terms from falls in market rental values as most commercial leases provide for upwards only rent revisions. Analysis from past serious recessions shows how funds can perform effectively with purchasing during economic downturn.

Asset acquisitions

46. Lyndon Place, Birmingham was acquired in May 2021 for £2.475m reflecting a net initial yield of 8.96%. We reported on this in June 2021. The property comprises a mixed use freehold property, with 90% of the income secured against global IT services provider SCC, who operate the ground floor as a data-centre. The upper floors are arranged as residential flats from which the Council derives a ground rent, and two roof mounted telephone masts. There is an average weighted unexpired lease term of 5.75 years to break.
47. In the calendar year 2019, SSDC acquired 12 properties totalling £56.3m. Subject to market conditions, this provides an indication of the ability to deliver the remainder of the acquisition programme required to meet the overall investment objective within the period stated in the Financial Strategy. Covid-19 paused our acquisition programme and we acquired just £5.4m property in the 2020 calendar year. We remain confident in completing our acquisition programme by the end of the 21/22 financial year.

Residential Development, Marlborough

48. The Marlborough residential development has been considerably delayed against original programme as reported previously, COVID-19 disrupting both completion of outstanding work and marketing activity. We have appointed new selling agents. Two house sales have now completed. We have the third house and two flats under offer. There is a good level of interest in the flats generally so we are hoping to see good progress with the sales in the next few months.

BESS Fideoak and Fareham

49. The Fideoak BESS continues to be fully operational and revenue producing. In April the system operated by SSDC OPL was successfully qualified and entered into the most lucrative Stability Services market - the Dynamic Containment (DC)

market. This is the highest earning market for Grid Scale Batteries, and as such has the most challenging technical requirements that must be met in respect of power delivery reaction time, accuracy of metering, stability of power delivery, and consistency of service availability.

50. From April through to June the whole site was gradually qualified and bid into the DC market, so that from July onwards the whole site was successfully operating in the most technically stringent of all the National Grid's ancillary service provision markets. The figures below include July's income calculated from services actually provided, confirmed and logged.

April Actual = £209,773.23

May Actual = £252,656.35

June Actual = £288,995.95

July Projection = £316,515.55

Year to date = £1,067,941.08

The projection for the August 21 to March 22 period is £2,008,000 - which would result in total income of £3,075,000 for the 2021/22 financial year. This is above the original projection for annual gross income. All these sums are the gross income received by the joint venture company and do not represent net income to SSDC, which will be reported at a later date. .

51. As a reminder to members, the National Grid has a 45-day payment policy, so we do not receive revenue for May until the end of July, June until the end of August and so on. So from a cashflow perspective we are always at least two months behind the actual generation. All figures exclude VAT.
52. The Fareham 40mw Phase 1 BESS is on schedule for practical completion within budget by our EPC contractors in September, and for energisation to the Grid in late October / November, with revenue earning operation initiating in January 2022 following final commissioning and qualification. All equipment is delivered to site as of August 11th, and final installation is in progress as per development programme. The Suez Canal blockage did cause some delay to the Inverters delivery date, but this was absorbed within programme and will not cause a delay to final delivery.
53. The Fareham 20mw Phase 2 BESS is also on schedule. Following project rights acquisition in Q1 this year, the land lease option has been exercised, equipment procurement/ordering initiated, site boundary security fence erected, and ground levels prepared. EPC contractors are scheduled to move straight on from completion of Phase 1 delivery in September to initiation of Phase 2 foundation works in late September / early October. Phase 2 is on budget and scheduled for completion in September next year.

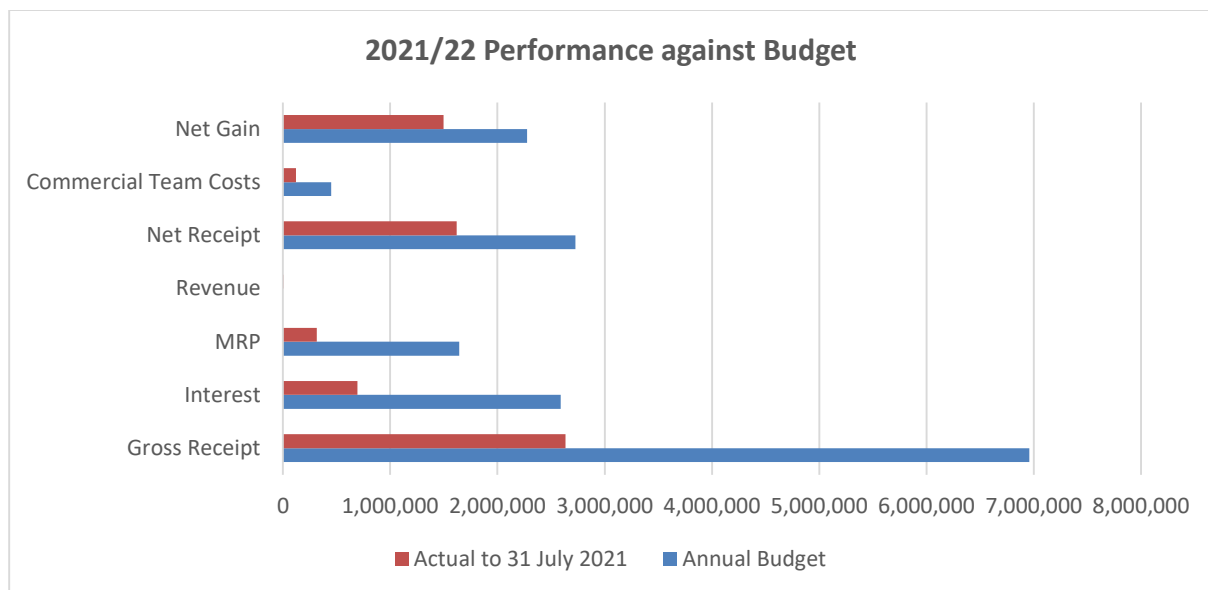


Commercial Investment Acquisitions

54. Consideration of appropriate acquisitions has been sustained to continue progress towards meeting the Council's objectives for commercial investment. Before the pandemic, we typically considered some forty investment opportunities each month and have a regularly updated set of criteria for agents identifying target yield, lot size, sector, unexpired term, location and tenant. The property investment market sharply reduced activity once the lockdown was announced although transactions have continued to complete. We are currently considering circa twenty opportunities a month.
55. The Commercial Property Team has developed a reputation in the property investment market for acting quickly and professionally. This ensures that SSDC is offered the most attractive opportunities and does not overpay for property.
56. SSDC's Property Investment Strategy also aims to create a risk-mitigated and balanced portfolio and therefore we will continue to be highly selective, in order to meet our strategic objectives.

Financial Implications

57. The financial implications for the progress with commercial investments and of asset management activity are set out within the report and in further detail in the Confidential Appendix where the detail impacts on our commercial relationships with tenants or other parties.
58. The bar chart below shows the income and expenditure vs budget for the April to July period. The budget is the approved amount included in the 2021/22 budget setting report agreed by Full Council in February 2021.



59. SSDC have approved a large sum for commercial investment. The commercial strategy has been operating for 48 months, and good progress has been made, in line with target timeframes. Nevertheless the economic effect of Covid-19 have slowed progress as the market has struggled and less opportunities are available.
60. Detailed and robust due diligence has been completed with extensive involvement of SSDC's finance and legal specialists together with external advisors (e.g. valuers, tax specialists, legal advisers, sector specialists) to support the property team in completing robust business cases that underpin recommendations and investment decisions. The decisions made have been through the agreed governance arrangements as approved by SSDC with the Investment Assessment Group providing deferrals, refusals and unanimous recommendations to the Council Leader and Chief Executive for final decisions. Arrangements have been reviewed by Internal Audit and the minor improvements recommended have been implemented.
61. The financial implications of completed acquisitions including costs, income and funding arrangements will continue to be incorporated in budget setting and monitoring processes, in line with SSDC's financial procedures framework.

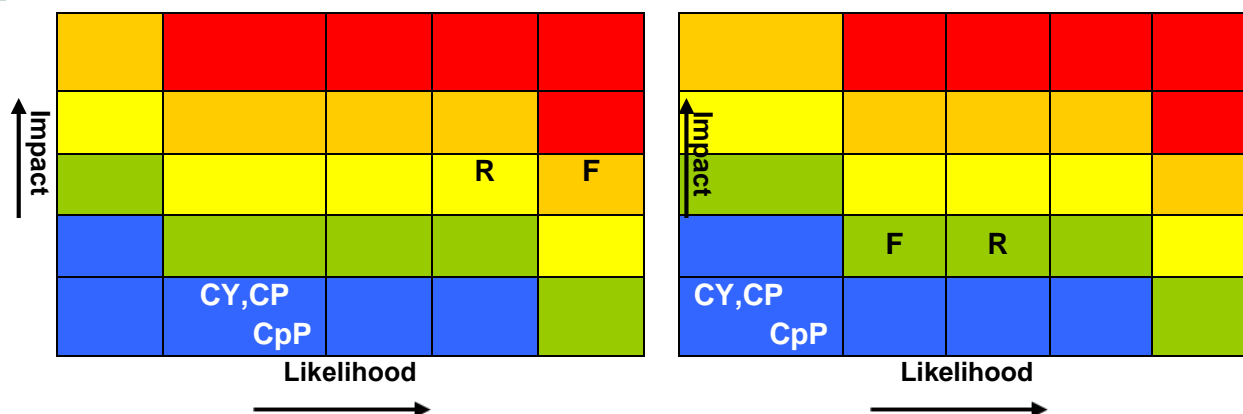
Legal implications (if any) and details of Statutory Powers

62. None.

Risk Matrix

Risk Profile before officer recommendations

Risk Profile after officer recommendations



Key

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

Council Plan Implications

63. This report links to the following Council Plan objectives:
- Protecting Core Services
 - Take a more commercial approach to become self-sufficient financially
 - Supporting the Regeneration of Chard, Yeovil and Wincanton
 - Supporting local businesses

Carbon Emissions and Climate Change Implications

64. None.

Equality and Diversity Implications

65. None.

Privacy Impact Assessment

66. There is no personal information included in this report

Background Papers

67. SSSDC Commercial Strategy 2017 and 2019

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

Document is Restricted



District Executive Forward Plan

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

Purpose of the Report

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

Public Interest

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

Recommendations

3. That District Executive recommend that the Chief Executive agree to:
 - a) approve the updated Executive Forward Plan for publication as attached at Appendix A
 - b) note the contents of the Consultation Database as shown at Appendix B.

Executive Forward Plan

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

Consultation Database

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

Background Papers

6. None.

SSDC Executive Forward Plan

Date of Decision	Decision	Portfolio	Service Director	Contact	Committee(s)
October 2021	Review of SSDC Commercial Strategy	Portfolio Holder - Economic Development including Commercial Strategy	Director Commercial Services & Income Generation	Clare Pestell, Director (Commercial Services & Income Generation)	District Executive
October 2021	SSDC Financial Strategy and refresh of the Medium Term Financial Plan	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Karen Watling, Interim Section 151 Officer	District Executive
October 2021	Creating a Future Chard Strategy	Portfolio Holder - Area West	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive
October 2021	Yeovil Refresh - Implementation (confidential)	Portfolio Holder - Economic Development including Commercial Strategy	Director Place and Recovery	Robert Orrett, Commercial Property, Land & Development Manager	District Executive
October 2021	South Somerset Families Programme - Budget Approval	Portfolio Holder - Strategy & Housing	Director Service Delivery	Leigh Rampton, Lead Specialist (Communities)	District Executive
October 2021	Procurement Strategic Framework and Revised Standing Orders Report	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Lynda Pincombe, Specialist - Strategic Planning	District Executive



Date of Decision	Decision	Portfolio	Service Director	Contact	Committee(s)
October 2021	Capital Budget monitoring report for Quarter 1	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Karen Watling, Interim Section 151 Officer	District Executive
October 2021	Briefing on Local Government Reorganisation in Somerset (Confidential)	Portfolio Holder - Strategy & Housing	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive
November 2021	Capital & Revenue Budget monitoring reports for Quarter 2	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Karen Watling, Interim Section 151 Officer	District Executive
November 2021	Quarterly Corporate Performance Report	Portfolio Holder - Strategy & Housing	Director (Support Services & Strategy)	Cath Temple, Specialist (Performance)	District Executive
November 2021	Update on Recycle More Project	Portfolio Holder - Environment	Director Service Delivery	Mickey Green, Somerset Waste Partnership	District Executive
November 2021	Briefing on Local Government Reorganisation in Somerset (Confidential)	Portfolio Holder - Strategy & Housing	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive
December 2021	SSDC Taxi Policy	Portfolio Holder - Protecting Core Services	Director Service Delivery	Vicki Dawson, Lead Specialist (Environmental Health)	District Executive



Date of Decision	Decision	Portfolio	Service Director	Contact	Committee(s)
December 2021	Investment Assets update report	Portfolio Holder - Economic Development including Commercial Strategy	Director Commercial Services & Income Generation	Robert Orrett, Commercial Property, Land & Development Manager	District Executive
December 2021	Briefing on Local Government Reorganisation in Somerset (Confidential)	Portfolio Holder - Strategy & Housing	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive
January 2022	Planning Re-imagined Update	Portfolio Holder - Protecting Core Services	Director Service Delivery	Kirsty Larkins, Director (Service Delivery)	District Executive
January 2022 January 2022	Council Tax Support Scheme 2022/23	Portfolio Holder - Protecting Core Services	Director Service Delivery	Tamsin Gold, Benefits Team Leader	District Executive South Somerset District Council
January 2022	Briefing on Local Government Reorganisation in Somerset (Confidential)	Portfolio Holder - Strategy & Housing	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive



South Somerset

District Council

Date of Decision	Decision	Portfolio	Service Director	Contact	Committee(s)
February 2022	2022/23 Revenue and Capital Budget	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Karen Watling, Interim Section 151 Officer	District Executive South Somerset District Council
February 2022	Council Plan 2022/23	Portfolio Holder - Strategy & Housing	Director (Support Services & Strategy)	Nicola Hix, Director (Support Services & Strategy)	District Executive South Somerset District Council
February 2022	Capital & Revenue Budget monitoring reports for Quarter 3	Portfolio Holder - Finance, Legal & Democratic Services	Director (Support Services & Strategy)	Karen Watling, Interim Section 151 Officer	District Executive
February 2022	Briefing on Local Government Reorganisation in Somerset (Confidential)	Portfolio Holder - Strategy & Housing	Director Place and Recovery	Jan Gamon, Director (Place and Recovery)	District Executive
TBC	Update on the delivery of the Economic Development Strategy and funding delivery	Portfolio Holder - Economic Development including Commercial Strategy	Director Commercial Services & Income Generation	Robert Orrett, Commercial Property, Land & Development Manager	District Executive
TBC	Review of the Local Plan	Portfolio Holder - Strategy & Housing	Director (Support Services & Strategy)	Jo Wilkins, Specialist (Strategic Planning)	District Executive

APPENDIX B - Current Consultations – September 2021

Purpose of Document	Portfolio	Director	Response to be agreed by	Contact	Deadline for response
<p>Local audit framework: technical consultation</p> <p>Consultation on proposals to implement the recommendations from the independent Redmond Review of local authority financial reporting and external audit.</p> <p>The Ministry of Housing, Communities and Local Government is consulting on the following proposals as part of the government's response to the Redmond Review:</p> <ul style="list-style-type: none"> • A new system leader for the local audit framework. • Proposals to strengthen audit committee arrangements within councils. • Measures to address ongoing capacity issues on the pipeline of local auditors. • Action to further consider local audit functions for smaller bodies. <p>Local audit framework: technical consultation - GOV.UK (www.gov.uk)</p>	Finance and Legal Services	Nicola Hix, Strategy and Support Services	Officers in consultation with Portfolio Holder and Audit Committee	Karen Watling, Section 151 Officer	22 September 2021
<p>Business rates revaluation 2023: the central rating list</p> <p>This consultation seeks views on changes to the central rating list for the 2023 business rates revaluation. It covers the following areas:</p> <ul style="list-style-type: none"> • the current principles of the central rating list 	Finance and Legal Services	Nicola Hix, Strategy and Support Services	Officers in consultation with Portfolio Holder	Karen Case and Alison Hann	13 November 2021

Purpose of Document	Portfolio	Director	Response to be agreed by	Contact	Deadline for response
<ul style="list-style-type: none"> • hereditaments suitable for moving to the central rating list for the 2023 revaluation • interaction with the Business Rates Retention Scheme • next steps <p>The scope of this consultation is limited to the contents of the central rating list for the 2023 rating list. The consultation does not extend to the assessment of the rateable value of hereditaments (which is done by the Valuation Office Agency independently of Ministers) or any matters falling within the ongoing Treasury Fundamental Review of Business Rates (such as the rateability of plant and machinery and reliefs).</p> <p>Business rates revaluation 2023: the central rating list - GOV.UK (www.gov.uk)</p>					



Date of Next Meeting

Members are asked to note that the next meeting of the District Executive will take place on **Thursday, 7th October 2021** as a virtual consultation meeting via Zoom meeting software commencing at 9.30 a.m.



Exclusion of Press and Public

The District Executive is asked to agree that the following item (agenda item 14) 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.



Briefing on Local Government Reorganisation

Executive Portfolio Holder: Val Keitch, Strategy and Housing
Strategic Director: Jan Gamon, Place and Recovery
Lead Officer: Jan Gamon, Director – Place and Recovery
Contact Details: Jan.gamon@southsomerset.gov.uk or 01935 462095

The Director for Place and Recovery will provide Members with a verbal update on any matters relating to the future of Local Government in Somerset.