

South Somerset District Council

Minutes of a Special informal meeting of the **District Executive** held as a **Virtual Meeting using Zoom meeting software on Thursday 17 February 2022.**

(9.30 - 11.35 am)

Present:

Councillor Val Keitch (Chairman)

Jason Baker
Mike Best
John Clark
Adam Dance

Sarah Dyke
Peter Gubbins
Tony Lock
Peter Seib



Also Present:

Nick Colbert
Sue Osborne
Gina Seaton
Mike Stanton

Rob Stickland
Gerard Tucker
Martin Wale

Officers:

Jane Portman
Jan Gamon
Kirsty Larkins
Jill Byron
Karen Watling
Adam Burgan
Peter Paddon
Robert Orrett
Paul Matravers
Anthony Morris
Natalie Fortt
James Divall
Jessica Power
Dan Bennett
Cara Naden
Angela Cox
Becky Sanders

Chief Executive
Director (Place and Recovery)
Director (Service Delivery)
Monitoring Officer
Chief Finance Officer (S151 Officer)
Arts & Entertainment Manager
Lead Specialist (Economy)
Commercial Property, Land & Development Manager
Lead Specialist (Finance)
Specialist (Finance)
Regeneration Programme Manager
Assistant Director (Strategy & Support Services)
Lead Specialist (Strategic Planning)
Property and Development Project Manager
Environment Specialist
Specialist (Democratic Services)
Case Officer (Strategy & Support Services)

Note: All decisions were approved without dissent unless shown otherwise.

139. Apologies for Absence (Agenda Item 1)

An apology for absence was received from Councillor Henry Hobhouse.

It was noted that due to a prior appointment Councillor Peter Gubbins would join the meeting later. (Cllr Gubbins joined the meeting at 11.00am).

140. Declarations of Interest (Agenda Item 2)

Councillor John Clark declared a personal interest in Agenda item 10: Wincanton Regeneration Finance Report, as a Trustee of the Board of Bath Opera who were a beneficiary of grants from the Wincanton Regeneration Board. He said he would abstain from voting on the item.

141. Public Question Time (Agenda Item 3)

The Chairman noted that a representative of Yeovil Without Parish Council had joined the meeting regarding Agenda item 7: Options to Refurbish Yeovil Crematorium and that he would speak when the item was discussed.

142. Chairman's Announcements (Agenda Item 4)

The Chairman advised that Local Government Reorganisation was moving ahead and a great deal of work happening. She said an increasing number of staff were working on this and Agenda item 11: Ensuring Sufficient Staffing Capacity during 2022/23 would address this.

143. Annual Action Plan 2022/23 (Agenda Item 5)

The Chairman introduced the report and noted the key Areas of Focus and Priority Projects which were categorised into the five themes of Environment, Healthy and Self-Reliant Communities, Places where we live, Economy and Covid-19 Recovery and Local Government Reorganisation.

The Acting Director for Place and Recovery thanked Members and officers for their involvement and particularly members of the Scrutiny Committee as a consultee group to reach the final version. He said that officers were now looking at the Key Performance Indicators (KPIs) in preparation for April 2022.

During discussion it was noted that the summary of achievements during the past year at pages 11 and 12 was an important record of what the council had delivered during 2021/22.

The Chairman of the Scrutiny Committee advised that Scrutiny had discussed the proposed plan in a workshop in January, and many points that had been raised or challenged then had been addressed within the report.

The Director for Service Delivery noted that the Scrutiny Committee had asked for clarification on the South Somerset Heritage collection to deliver outreach

opportunities and this would entail a range of artefacts, images and costumes taken into the community in a special showcase across the country parks, libraries, care homes and schools, focussing on the jubilee and invention.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommend that Full Council agree to adopt the Annual Action Plan for 2022-2023 comprising of the revised Areas of Focus and Priority Projects.

Reason: To recommend the adoption of the Annual Action Plan 2022-2023.

144. Decarbonisation programme phase 2 proposals (Agenda Item 6)

The Portfolio Holder for Environment introduced the report and reminded Members that they had recognised a climate emergency in May 2019 and committed resources to achieve carbon neutrality across the Council's estate by 2030. There was an annual commitment to reduce the carbon footprint and part of this was through operational buildings. This required capital investment of £2.76m for phase 2. The buildings prioritised had elements (i.e. boiler & chiller) which were towards the end of their functional life as detailed in Table 1 of the report. She noted that recommendation c should have the figure of £53,960 per annum added to finance the borrowing and also at paragraph 17 in report.

The Commercial Property, Land and Development Manager advised that the Scrutiny Committee had expressed concern that funds were being spent on buildings which the new Unitary Authority may not wish to keep, however, he did not believe there was any immediate threat to any of the buildings concerned.

The Chairman of the Scrutiny Committee advised thanked the Commercial Property, Land and Development Manager for attending their meeting and addressing their concerns. He noted that:-

- Regarding solar panels, some members had queried whether they would feed into the National Grid or battery storage.
- Concern had been expressed on the proposed borrowing (Rec B), and whether it was the correct to do this before moving to as we go into unitary and questioned if there was an option available that did not involve borrowing
- Some concerns were raised about the proposals when it was unknown if the new authority may keep the assets.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommend that Full Council agree to:-

- a. approve the programme of decarbonisation works recommended in this report.
- b. approve an increase to the capital budget of £2,760,000 to be funded from borrowing.
- c. approve an increase to the council's revenue budget of £53,960 per annum to fund the financing costs arising from the borrowing required.

Reason: To agree the second phase of decarbonisation works to council owned properties as a significant contribution towards the council's commitment to achieving carbon neutrality.

145. Options to refurbish Yeovil Crematorium (Agenda Item 7)

The Committee were addressed by the Chairman of Yeovil Without Parish Council who was also a member of Yeovil Crematorium Board. He noted the options for the project and thanked the Commercial Property, Land and Development Manager for attending their Parish Council meeting which had a robust debate on the issue and some criticism on a lack of time to consider the report and lack of project board meetings. He concluded that they were a minority shareholder of 11% and they had supported option A but required confirmation that any shortfall in funds at the conclusion of the project would be met by an agreement and loan facility through SSDC. He also requested an immediate resumption of Project Board meetings and said they looked forward to the project going forward.

The Commercial Property, Land and Development Manager advised that the replacement of the cremators was one part of the scheme and he explained the issues that had arisen around them. He also noted that COVID had put a halt to the construction stage in 2020 as the crematorium concentrated on the COVID response. Since then, construction costs had escalated and the project was now £800,000 more expensive. Although the project could be deferred for the new Somerset Council to make a decision this would mean writing off the design costs already spent. A reduced scope of works could be considered within the original budget but that could be complicated therefore the recommendation was to increase the Capital Budget by £800,000.

In response to questions from Members, the Commercial Property, Land and Development Manager, Chief Finance Officer and Monitoring Officer advised:-

- It was intended to use the funding in the cremator reserve account and the remainder would be borrowed.
- The report to Council would be revised to take account of Yeovil Without PC request on any shortfall in funding at the conclusion of the works and to clarify the funding.

The Chairman of the Scrutiny Committee advised that they had discussed the issues around the cremators at some length and felt there should be a lessons learned exercise to ensure a similar scenario did not arise again with any other procured project.

It was also noted that the Project Board meetings be reinstated to ensure all interested parties were kept informed of the project.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommend that Full Council:-

- a. agree to increase the Capital Budget by £800k, as part of the Capital Programme to give the overall project a maximum budget of £5.721m.
- b. note that approval has been given for the originally approved construction project to proceed provided that the contract sum is within the revised budget.

Reason: To update members on the refurbishment of Yeovil Crematorium and request an increase of £800,000 to the project budget.

146. Octagon Theatre Finance Report (Agenda Item 8)

The Portfolio Holder for Health and Well-Being introduced the report which advised of the revised costs to deliver the Octagon redevelopment project arising from the recent RIBA stage 2 design and costings project. He said officers had reviewed the project because of increased build costs and now asked for an uplift in finance to meet the expected total project costs. He reminded Members the upgrade was well overdue and there was a need to carry out significant changes at the Octagon Theatre. He noted the £10m Central Government grant and support from the Arts Council which would make it a significant venue in the area and bring income to the local community. He concluded that most of the questions raised by the Scrutiny Committee were answered at the meeting.

The Regeneration Programme Manager said that officers had worked hard with the architects to find efficiencies in the scheme by reducing the circulation space

and reconfiguring some of the backstage area to reduce costs whilst still delivering the outcomes required.

During discussion the following points were made:-

- The report should detail at beginning that costs had increased due to COVID and increased construction materials.
- The local MP and Government Minister substantially backed the project and it was important for the town and district.
- Although the cost of the project had increased it still made sense to invest in it.
- There was substantial provision for risk in the project and it was hoped that it would not be required.
- There was an additional risk reserve proposed in the capital programme which was pooled among other projects.

In response to questions from Members, the Director for Place and Recovery advised:-

- A substantial programme was under way to identify how to bring services together under the Unitary Authority and bringing projects forward in the future was in their plan.
- The costs were as reliable as they could be and reflected the current construction costs and allowed for inflationary increases during the life of the project.
- An end stage review had been agreed for projects in the future.
- Reports would continue to be presented to the District Executive and Council at each stage of the project to ensure Members remained committed to moving ahead.

The Chairman of the Scrutiny Committee advised that whilst they raised some issues, there were expressions of support and acknowledgement that it was important to have a cultural asset of this quality as it was some distance to similar sized venues. He said that it had been helpful to have the Portfolio Holder and officer at their meeting to answer their questions. He said their concern was the additional £6m and that due diligence needed to be strong on the project.

At the conclusion of the debate, the Portfolio Holder thanked the team of officers working on the project and he proposed the recommendations be agreed. Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommends that Full Council approves:-

- a. an increase in the capital budget of £6m, to be funded by prudential borrowing, to bring the total budget for the project to £29.01m;

- b. an increase in the revenue budget of circa £0.680m per annum for the financing costs (MRP £0.289m, Interest £0.392m) arising from the increased borrowing needs. An initial assessment is that the financing costs may be covered from Year 6 by ticket levies and operating income, however further analysis is needed to be carried out as interest rates are expected to rise at Final Business Case stage;
- c. the project team to incur expenditure of £1.2m from the capital budget to progress to the next gateway decision stage (the Final Business Case incorporating RIBA stage 3 designs and costings).

Reason: To provide an overview of the current budget position and the revised costs of delivering the Octagon redevelopment project arising from the recent RIBA stage 2 design and costings and to seek approval for an increase to the current capital budget of £6m to reflect the revised costs of the redevelopment.

147. Financing the Yeovil Refresh (Agenda Item 9)

The Portfolio Holder for Protecting Core Services introduced the report in the absence of the Portfolio Holder for the Yeovil Refresh. He advised that the budget pressures had given officers some issues and he thanked them for their work on progressing the Yeovil Refresh to its current position. He noted that the Quedam shopping centre was at capacity once again.

The Regeneration Programme Manager said they had reached an exciting phase of the refresh as the physical works were beginning and there was a clearer idea of the construction costs so the capital costs in the report would allow all of the remaining public realm projects to be delivered. The revenue sum would allow events and activities to draw in shoppers and visitors. A difference in the layout of figures between the table in paragraph 13 and at paragraph 20 would be corrected in the Council agenda.

During discussion, it was noted that:-

- The public realm projects were doing well as they were under SSDC control but major developments relied upon developers and public transport relied on bus companies and transport orders.
- SSDC were not the only council facing the challenge of a 2:1 return on the Future High Streets Fund as they relied upon private developers to deliver some of the projects.

In response to questions from the Scrutiny Committee, the Regeneration Programme Manager and the Portfolio Holder for Economic Development advised:-

- The lump sum payments to County related to the on-going maintenance of new materials as SSDC were considered as a developer by SCC. This would only be paid for one year until the Unitary Council took over.
- If the projects listed under the Future High Streets Fund did not progress then SSDC have to return some of the funding to Central Government.
- Contingency plans were in place in case a contractor went into liquidation.

The Director for Place and Recovery advised that there was significant risk to the £4.8m Future High Streets Fund and in order to retain the funding, a cost to benefit ratio in excess of 2:1 must be demonstrated. There were potential housing applications coming forward which may make a difference and a report would be brought to District Executive in June or July 2022 when the outcome was clearer.

At the conclusion of the debate, Members were content to propose the recommendations to the Chief Executive and Council for confirmation.

RESOLVED: That District Executive recommends that the Chief Executive agrees to vire £850k from the Lump Sum Payments to County budget to fund other projects within the overall Public Realm programme as set out in paragraph 13, and as permitted under the Council's Financial Procedure Regulations.

That District Executive recommends to Council to approve:

- a. an increase in the Yeovil Refresh capital budget of £1.059m to bring the total project total to £21.838m;
- b. an increase in the Yeovil Refresh revenue budget of £0.606m to bring the total budget to £1.994m (in total over the length of the delivery period). This is proposed to be funded from the Regeneration Fund Reserve;
- c. an increase to the council's overall revenue budget of £0.044m (capital financing costs of borrowing £1.059m is £0.025m for interest costs and £0.019m for MRP) to fund the increased borrowing costs likely to be incurred by the project if the ring-fenced assets do not sell during 2022/23;
- d. the creation of an earmarked reserve of £4.784m to pay for the possible pay back of the Future High Streets Funding grant received to-date.

Reason: To update Members on the Yeovil Refresh budget requirements to enable the completion and delivery of a series of Refresh projects in 2022 and 2023, and, to approve an increase in the Refresh budget to enable delivery of the projects.

148. Wincanton Regeneration Finance Report (Agenda Item 10)

The Acting Director for Place and Recovery introduced the report and advised that Scrutiny Committee had discussed the report and he had clarified that the public realm spend related to Carrington Way, Central High Street and Market Place. They were working closely with the Wincanton Regeneration Board regarding car parking and the public would be updated on this. The Terms of Reference for the Wincanton Regeneration Board had been updated and they were operating within those new Terms.

The Regeneration Programme Manager advised that certain projects had advance since the budget was agreed in 2019. The White Horse project was now being developed by a private developer which was positive and also changed the scope of the programme. The report sought to re-profile the budgets to reflect this change and align with the remaining priority projects.

The Chairman of the Scrutiny Committee advised that they had raised the following points which had been answered by officers during their meeting:-

- They had sought clarification on what the £1m public realm construction was for, and also queried what table 2 related to.
- A member noted that local feedback suggested there was a lack of understanding about why car parking was being reduced when more is needed. Some local people felt elements of the public realm project was a retrospective step.
- Would there be a more detailed public realm report in the future?
- A member sought reassurance that the ward members were involved with discussions about Wincanton Regeneration, as it appeared unclear that they were members of the Regeneration Board.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommends that Full Council approves:-

- a. a change in project scope from that agreed by council at its meeting in October 2019: as detailed in Table 2 of this report.
- b. the re-profiling and revision of the Wincanton Regeneration budget that will result in an overall programme budget of

£2,392,236: which represents a reduction of £3,280,764 compared to the current approved budget.

Reason: To agree to change the scope of the Wincanton Regeneration Project from that originally agreed by Council and as a consequence re-profile the budget to align with the priority projects that have been identified as both achievable and affordable within the last year of the programme.

(Voting: 8 in favour, 0 against, 1 abstention)

149. Ensuring sufficient staffing capacity during 2022/23 (Agenda Item 11)

The Chairman noted the detailed report from the Chief Executive to deal with staff shortages and to assist with the additional workload created by the Local Government Reorganisation (LGR). She thanked all staff for their commitment and diligence to their work and towards LGR.

The Chief Executive thanked the Scrutiny Committee for their consideration of the report and noted that they had commended staff as the Council's greatest asset. She said that she wholeheartedly agreed with this as many staff were working extremely hard to cover their normal job and also to make a positive contribution to the LGR alongside officers from the other Somerset Councils. This created additional pressures to cope with LGR and there were also some service areas which were understaffed as set out in the report. She concluded that the funding was set out in Appendix 1 and invited any questions.

During discussion it was noted that the CEO had indicated why the staffing was needed but some was a consequential cost of LGR. The additional staffing would secure an ambitious last year of the council with the projects agreed at the meeting.

The Chairman of the Scrutiny Committee said they had acknowledged that the staff were the Council's biggest asset and in the uncertain times for staff with the move to a new authority, it was noted that communication with them was very important and they should be kept informed at every stage. A member had queried how much of the £1.026m was likely to be spent on consultants and an answer to this and other questions were provided at the Scrutiny meeting.

The Chairman thanked the Chief Executive and the members of the Senior Leadership Team for their work in producing the report.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommends that Full Council:-

- a. approve the requests to increase the staffing budget by £2,465,810 as set out in paragraph 11 and Appendix One;
- b. approve the increase in the LGR Reserve of £1m as set out in paragraphs 12 to 14, and its funding from the MTFP Support Fund reserve;
- c. delete the post of Director of Commercial Services and Income Generation from the staffing establishment budget as proposed in paragraphs 15 to 19;
- d. approve further changes to the Senior Leadership Team (SLT) as set out in paragraphs 19 and 20;
- e. note the line management arrangements for SLT for 2022/23 as set out in Appendix Two;
- f. note the Portfolio Holder responsibilities and associated SLT leads for 2022/23 as set out in Appendix Three;
- g. authorise the Monitoring Officer to make such changes to the Constitution as are necessary to reflect their decision.

Reason: To agree increases to the staffing budget for 2022/23, the creation of a contingency in the LGR reserve for funding extra capacity if required, and changes to the Senior Leadership Team (SLT).

150. 2022/23 Budget Report (Agenda Item 12)

The Portfolio Holder for Finance and Legal Services introduced the report and advised it was the final budget to be proposed to SSDC for confirmation by Council. He noted that:-

- The Audit Committee had recommended that on page 164 of the report in Table 22, the 2022/23 approved limit for joint operations was £40m not £35m. This would be corrected in the Council report.
- The £53,960 funding agreed earlier in the meeting for decarbonisation was already included within the budget.
- Some risk capital was within the individual programmes, however, an additional £4m was proposed to create a corporate capital contingency to deal with largest excursion across all programme
- There was also £4.8M held in reserve in case the Future High Streets funding had to be repaid.

The Portfolio Holder concluded by drawing Members attention to the equalities assessment, the statutory advice of the Section 151 Officer and the protocol agreed at the LGR Joint Committee to agree the Assets and Finance Protocol. He thanked the Chief Finance Officer and her staff for a comprehensive single report and proposed the recommendations.

The Chief Finance Officer thanked her SLT colleagues and her finance team for their work to ensure the budgets were in place. She noted that there were some concerns which were set out in the report together with proposals to mitigate them.

The Chairman of the Scrutiny Committee advised they had spent some time discussing the report and had raised a number of questions which had been answered by the Chief Finance Officer at their meeting.

The Director for Place and Recovery noted that the Finance and Assets Protocol was being entered into voluntarily by the 5 Somerset Councils but it was expected to be followed by a Section 24 Notice from the Government which would guide how the Councils spent their capital and revenue. She confirmed that the Protocol was being proposed to all Councils in Somerset.

At the conclusion of the debate, Members were content to propose the recommendations to Council for confirmation.

RESOLVED: That District Executive recommends that Full Council approves:-

Increases to the revenue and capital budgets

- a. revenue budget increases of £2.108m as set out in the Budget Report in Table Five.
- b. new capital projects and increases on existing approved capital budgets of £21.521m as set out in the Budget Report in Table Twelve.
- c. the creation of a corporate capital contingency within the capital programme, included within the increase reported above in (b), of £4m to be allocated by District Executive on approved projects within the capital programme via a written report from the relevant senior officer.

Use of reserves

- d. the use of £6.144m earmarked reserves to fund the revenue and capital budgets as described in the Budget Report in Section Five.
- e. an increase of £1m to the LGR Reserve, funded from the MTFP Support Fund reserve, to finance potential capacity issues as described in a separate report on this District

Executive's agenda entitled "Ensuring sufficient staffing capacity during 2022/23".

- f. transfer £0.350m from the MTFP Support Fund to the Treasury Management Reserve to support the funding of any increase in interest rates in 2022/23 should they rise above the rates assumed in this Budget Report.
- g. create a reserve in 2023/24 of £4.8m for the Yeovil Refresh capital project, funded from the MTFP Support Fund reserve, should there be a requirement in that year to pay back the money received to-date from the Future High Streets Fund (FHSF).
- h. transfer £2m from the Commercial Investments Risk Reserve to the MTFP Support Fund reserve to assist the 2023/24 position of the new Somerset Council in order to help fund potentially adverse local government finance reforms and the Yeovil Refresh reserve (see recommendation g above).

2022/23 Revenue Budget

- i. SSDC's revenue budget requirement (Net Budget) of £19,714,320 for 2022/23 as set out in Table One of the Budget Report.

2021/22 to 2023/24 Capital Programme

- j. SSDC's capital programme for 2021/22 to 2023/24 of £116.469m as set out in Table Eleven in the Budget Report and the consequential increase in SSDC's financing charges revenue budget of circa £1.272m per annum.

Council Tax

- k. an assumption that there will be an increase in the 2022/23 Band D Council Tax of 2.82% representing a Band D Council Tax (excluding preceptors) of £182.11.

Chief Finance Officer's Statement

- l. note the advice given by the statutory S151 Officer on the robustness of the estimates, the adequacy of reserves, and the key financial risks arising from these budget proposals.

Treasury Management Strategy

- m. the 2022/23 Investment and Treasury Management Strategy.
- n. the proposed borrowing and investment limits included in the Treasury Management Strategy.
- o. the prudential and investment indicators.
- p. the Minimum Revenue Provision (MRP) Policy statement.

District Executive is also recommended to propose that the Assets and Finance Protocol, as agreed by LGR Joint Committee on 4th February 2022, is approved and adopted by Full Council.

Reason: To propose to Full Council on 28th February on the 2022/23 the revenue and capital budgets and the 2022/23 Treasury Management Strategy.

151. District Executive Forward Plan (Agenda Item 13)

The Chairman noted that a number of the reports listed would be presented to Full Council on 28th February. The following amendments to the Forward Plan were noted:

- Covid Recovery and Renewal Strategy – April 22
- Equalities Progress Report – May 22
- Planning – Changes to the Scheme of Delegation to increase the efficiency of the Planning Service – April 22
- Planning Application Validation Requirements; Revised Validation Checklist – April 22
- Planning - Discretionary fees for Pre-application advice and associated services – April 22

In response to a request, the Director for Service Delivery agreed to provide a written update on the phosphate mitigation scheme.

RESOLVED: That the District Executive recommend that the Chief Executive:-

1. approve the updated Executive Forward Plan for publication as attached at Appendix A, with the following amendments;
 - Covid Recovery and Renewal Strategy – April 22
 - Equalities Progress Report – May 22
 - Planning – Changes to the Scheme of Delegation to increase the efficiency of the Planning Service – April

22

- Planning Application Validation Requirements; Revised Validation Checklist – April 22
- Planning - Discretionary fees for Pre-application advice and associated services – April 22

2. noted the contents of the Consultation Database as shown at Appendix B.

Reason: The Forward Plan is a statutory document.

152. Date of Next Meeting (Agenda Item 14)

Members noted that the next scheduled meeting of the District Executive (informal) would take place on Thursday 3rd March 2022 as a virtual meeting using Zoom meeting software commencing at 9.30 a.m.

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Chairman

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Date