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# South Somerset District Council

**Thursday 8th July 2021**

**6.30 pm**

**Westlands Entertainment Venue  
Westbourne Close  
Yeovil  
BA20 2DD**

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All members of Council are requested to attend this meeting.

Any members of the public wishing to address the meeting at Public Question Time need to email [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk) by 9.00am on Wednesday 7th July 2021 so we can ensure safe social distancing at the meeting.

The meeting will be viewable online at:

[https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF\\_soA](https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA)

If you would like any further information on the items to be discussed, please contact the Democratic Services Specialist on 01935 462148 or [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk)

This Agenda was issued on Wednesday 30 June 2021.

*Alex Parmley, Chief Executive Officer*

This information is also available on our website  
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# South Somerset District Council Membership

**Chairman:** Paul Maxwell  
**Vice-chairman:** Wes Read

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

## Information for the Public

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

Meetings of the Council are scheduled to be held monthly at 6.30 p.m. on the third Thursday of the month, although some dates are only reserve dates and may not be needed.

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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 attend the meeting in person and speak at Public Question Time, please email [democracy@southsomerset.gov.uk](mailto:democracy@southsomerset.gov.uk) by 9.00am on Wednesday 7<sup>th</sup> July 2021. We need to know how many public are attending to ensure safe social distancing at the meeting. When you have registered, the Chairman will invite you to speak at the appropriate time during the meeting.

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# South Somerset District Council

## Thursday 8 July 2021

### Agenda

**1. Apologies for Absence**

**2. Minutes**

To approve and sign the minutes of the previous meetings held on Friday, 30<sup>th</sup> April 2021 and Wednesday, 5<sup>th</sup> May 2021.

**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. Appointment of Chief Executive Officer** (Pages 6 - 9)

**7. Financing the Yeovil Refresh** (Pages 10 - 17)

**8. Review of Priority Project 1 of the Council's Annual Action Plan 2021- 2022**  
(Pages 18 - 23)

**9. 2020/21 Treasury Management Performance Outturn Report** (Pages 24 - 46)

**10. Review of Remote Meetings and Delegation of Decisions** (Pages 47 - 50)

**11. Report of Executive Decisions** (Pages 51 - 54)

**12. Audit Committee** (Page 55)

**13. Scrutiny Committee** (Page 56)

**14. Motions**

There were no Motions submitted by Members.

**15. Questions Under Procedure Rule 10** (Page 57)

**16. Date of Next Meeting** (Page 58)

**17. Exclusion of Press and Public** (Page 59)

**18. Urgent Decision Records to report (Confidential)** (Page 60)



## Appointment of Chief Executive Officer

Executive Portfolio Holder:	Val Keitch, Leader of Council
Chief Executive:	Alex Parmley
Lead Specialist:	Jenny Clayton, Lead Specialist - People
Lead Officer:	Jenny Clayton, Lead Specialist - People
Contact Details:	Jenny.clayton@southsomerset.gov.uk or 01935 462161

## Purpose of the Report

1. To confirm the recommendation of the Appointments Committee and appoint a new Chief Executive Officer for South Somerset District Council.

## Public Interest

2. Every Council by law is required to employ a person in the position of Head of Paid Service. This is commonly a Chief Executive Officer who is the most senior member of employed staff and accountable through the Leader and the District Executive to the Full Council. The role of the Chief Executive is to lead the staff team to deliver the policies, strategies and priorities of the Council.
3. Following resignation of the current Chief Executive, it is proposed to appoint a new Chief Executive to lead the staff team. There are potential changes ahead for local government in Somerset following the consultation by the Secretary of State for Communities on two options for different arrangements. If either of these options were agreed, it would lead to South Somerset District Council ceasing to exist in the future. Therefore, it is proposed to appoint to the post of Chief Executive on an interim basis. Such an appointment will be necessary to lead the staff team and the organisation through the potential changes ahead. If the Secretary of State decided not to change arrangements for local government in Somerset and South Somerset District Council is to continue, then the Council would review the position of Chief Executive and the interim appointment to determine the best arrangements for senior leadership of the authority moving forward.

## Recommendations

4. That the Council:-
  - a) accepts the recommendation of the Appointments Committee, to appoint Jane Portman as the Chief Executive Officer and Head of Paid Service, for South Somerset District Council on an interim basis for an 18 month period commencing 16 August 2021;
  - b) accepts the proposed amendment to salary as per section 11 (to a total package of £130,000 per annum)



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- c) appoints Nicola Hix (Director) to fulfil the statutory role of Head of Paid Service for the period 12 July to 16 August 2021
- d) also agrees to appoint Jill Byron (Monitoring Officer) as Returning Officer and Electoral Registration Officer for South Somerset District Council on an interim basis for an 18 month period.

### Background

5. Since appointment in August 2016, South Somerset District Council has operated with a full time Chief Executive Officer fulfilling the statutory role of Head of Paid Service. In this role the Chief Executive has worked with Members of the Council to lead the organisation through a considerable period of change that has put the Council in a strong position both financially and in terms of the capacity to deliver high quality services and Members ambitions for the places and communities of South Somerset. As well as Transformation of the Council's operating model and services, considerable progress has been made in taking forward Council's objectives for regenerating the district's largest towns, developing the economy, accelerating housing delivery, improving the environment & tackling climate change, and supporting our struggling families.
6. The Council will continue to change the way it delivers including through implementation of its Digital Strategy. In addition, the Council has an ambitious programme for South Somerset that it is delivering through its priority projects including the new priority of recovery of the district's communities and economy as well as the council following the impacts of the pandemic. The Chief Executive has had a leading role over the past three years working with the other Somerset councils, in work around the reform of local government in Somerset. This includes more recently, with the other district councils, the development of the Stronger Somerset proposals. The Secretary of State for Communities is due to decide on whether to make changes to local government in Somerset and if so, which option to select before the summer Parliamentary Recess. If one of the options for change is selected, considerable work will need to be undertaken at a senior level with the other councils in Somerset to move from the current to the new arrangements. Even if the Secretary of State decided not to implement structural change, all councils in Somerset agree that change is needed if local government is to be financially sustainable, services are to be protected and where needed, improved, and better outcomes delivered for communities. Therefore, a decision not to change structures should not be seen as no change to the way local government, including this council, operates and delivers.
7. Whilst there is some uncertainty ahead for the Council, it is clear there is considerable work to be undertaken to ensure: the Council and its services continue to evolve; that the Council's ambitions for South Somerset and the needs of communities are delivered through priority projects and programmes; and that change in local government in Somerset is taken forward successfully, whatever its shape. This will therefore continue to need senior leadership capacity to ensure the council and South Somerset continue to move forward and also play a full and active part in shaping and delivering change to local government in Somerset. In



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particular, staff will need clear managerial leadership and access to senior support over the coming eighteen months.

8. The current Chief Executive has resigned to take up a role as Chief Executive of Waitaki District Council, New Zealand. It is proposed to appoint a Chief Executive on an interim basis, envisaged to be 18 months, to lead the Council's staff to deliver the Council's ambitions and priorities for South Somerset and take the Council through the changes ahead, whatever form they take.

### Report Detail

9. The Appointments Committee, which is comprised of Cllrs Val Keitch, Linda Vjeh, Dave Bulmer, Peter Seib, Mike Best, Crispin Raikes, Mike Stanton and Nick Colbert (although Cllr Nick Colbert sent his apologies for the Member Panel presentation) have undertaken an external recruitment exercise to seek to appoint an interim Chief Executive.
10. The Role Description and Person Specification underwent a minor review to update them but no material changes have been made. The Council may choose to utilise the services of the Local Government Association in the near future if it wishes to substantially review the role description. The post was advertised on 10 June 2021 and the selection process took place during the period 21 June to 5 July 2021. The selection process involved an Attitudes and Approaches assessment; a technical interview with the current and an external Chief Executive; and a panel interview with Members of the Appointments Committee.

### Financial Implications

11. The salary for the post of Chief Executive has previously been determined at £118,767 per annum, however, it is recognised that this post will be leading the organisation through a significant change period and that skills and knowledge required are specific and of limited supply. Whilst the candidate's salary expectations were slightly higher than we propose to meet, we believe that we will be able to compromise by paying a salary of £128,952 per annum. When applying the essential car user payment for which this post is eligible, this will take the total recommended package to £130,000 per annum. Please be advised that independent pay advice has been taken from South West Councils to ensure that SSDC is consistent in application. Annual pay reviews will be linked to the Joint Negotiating Committee for Chief Executives of Local Authorities Chief Executive's Pay Agreement.

### Legal implications (if any) and details of Statutory Powers

12. Every Council is required to appoint a person to the role of Head of Paid Service. This is usually undertaken by a Chief Executive who is the most senior member of the employed staff.

### Council Plan Implications





13. The position of Chief Executive will be expected to progress all the aims and values of the SSDC Council Plan 2020 - 2024.

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

14. No relevant considerations.

### **Equality and Diversity Implications**

15. Due regard was given to equality and diversity considerations throughout all stages of the selection and interview process.

### **Privacy Impact Assessment**

- No relevant considerations.

### **Background Papers**

- Appointments Committee Agenda - 5<sup>th</sup> July 2021
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## Financing the Yeovil Refresh

Executive Portfolio Holders:	Cllr. Peter Seib, Finance and Legal Services Cllr. Peter Gubbins, Yeovil Refresh lead
Strategic Director:	Jan Gamon, Director, Place and Recovery
Service Manager:	Natalie Fortt, Regeneration Programme Manager
Lead Officers (for report):	Ian Timms, Yeovil Refresh Project Manager Karen Watling, Interim S151 Officer
Contact Details:	lan.Timms@southsomerset.gov.uk or 01935

## Purpose of the Report

1. This report outlines the current position relating to delivery of the Yeovil Refresh and outlines the additional funding to be unlocked if we wish to fully benefit from the successful Future High Streets Fund (FHSF) bid.
2. The report seeks approval from members to increase the net budget to enable delivery of the Yeovil Refresh projects that are included in the Future High Street Bid over the 36 month construction period associated with this Fund.
3. Whilst the estimated financial implications of *all* of the projects included in the Future High Street Bid are included in this report for completeness and transparency, the approvals sought exclude any budget required to deliver the collaborative working space project. The decision whether to proceed with this project will be the subject of a separate Business Case report to Council in the near future.

## Public Interest

4. The report provides a summary of delivery of the Yeovil Refresh programme. The report seeks approval to increase the net budget in response to the allocation of funding from the FHSF. This will enable us to enhance our delivery in Yeovil Town Centre. This funding allows SSDC to draw £5.58m of Government funds from the Future High Streets Fund. Without this additional funding, SSDC will forfeit some of the funding from the FHSF.

## Recommendations

5. That Council approve:
  - a) An increase of the Yeovil Refresh **net** budget of £2,604,168.
  - b) An increase in long term borrowing of £2,604,168 to fund the project.
  - c) An increase to the gross budget by £367k from the current approved budget (see Appendix A for more detail)

6. That Council notes:

- a. That a future Council meeting will consider the Business Case for establishing a cooperative working space at Yeovil.
- b. That in the worst case scenario the Council may need to increase its long term borrowing to £4,529,168m in total (ref. Para 26)

## Background

7. The Yeovil Refresh is an ambitious programme seeking to transform the town centre through a range of projects and interventions. The programme is split into four themes which will be delivered by a number of different stakeholders. These are broadly defined as;

- **Major Developments.** Old Cattle Market and Glovers Walk working in collaboration with private developers. Also a new workspace and possible developments on SSDC land.
- **Public Realm enhancements.** Improvements to core streets including Westminster Street, High Street, Borough, Middle Street, Triangle and Wyndham Street area. This will create a better shared space which will be greener and easier to navigate. A new events square will be created at the Triangle.
- **Transport system changes.** Changes to road systems, additional cycle ways, improved walking routes, review of bus routes, car parking improvements and possible highways junctions.
- **Soft interventions.** This includes events programmes, markets, management of spaces in the town, evening economy changes and a range of other economic activities.

8. These themes all include ambitious projects, which will fundamentally change how the town centre works. These projects individually and as a whole aim to regenerate Yeovil Town Centre

## Future High Streets Fund

9. The Yeovil Refresh is about to enter a delivery phase which is built on significant work that has been undertaken over the past two years. This work includes a successful bid to the Future High Streets Fund (FHSF), with Yeovil being among the first tranche of 76 towns to benefit from the fund. The bid secured an allocation of £9,756,897. This required a strong investment case, which passed a range of tests set out by government to ensure maximum delivery is achieved for the funds that are supplied.

10. The fund application was complex requiring a robust five point business case based on Treasury Green Book Principles. The five areas of focus all required strong supporting evidence based work. These came together to produce a central Benefit Cost Ratio (BCR) to support the allocation.

11. As part of this BCR applicants were expected to provide co-funding to support delivery of their aspirations. This co-funding can either come from private or public sector



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sources. This is the case in Yeovil with major development sites using private investment combined with SSDC funded schemes.

12. The public realm projects identified in the bid have been allocated £4,784,377 from the fund. The co-funding requirements mean that match funding is now needed to be able to deliver the entirety of the public realm aspirations.
13. The provision of innovative work space in the Town Centre has been included in the cost estimates shown in this report as it is part of the FHSF bid. However, as mentioned in paragraph 3 above, a decision to agree whether this project should proceed will be sought from a future Council meeting.
14. The FHSF is of a short 36-month duration commencing on 1<sup>st</sup> April 2021. All projects within the bid are expected to be substantially completed by 31<sup>st</sup> March 2024. This means that any funds relating to these projects need to be physically available during this period of time. Council approval of the increase to net budget will allow us to proceed with construction works.
15. Members should note that the funding in future years is subject to the outcome of the government's spending review and progress SSDC achieves in delivery.

### Financial Implications

#### Current approved budget

16. These 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. This approach to budgeting for the regeneration projects, including the Yeovil Refresh, was approved by Council on 17<sup>th</sup> May 2018.
17. The current approved net budget for Yeovil Refresh is £2.655m. Council also approved a separate budget of £1.2m at its meeting in February 2021 for the Yeovil town centre cycling and walking package. It is proposed to include this separate approval into the overall Yeovil Refresh finances to improve clarity and transparency and also to align with the budget monitoring undertaken by the Yeovil Refresh Board, as well as the costs included in the Future High Streets Funding bid – therefore the current net approved budget is £3.855m.
18. The costs that need to be funded by SSDC have grown by £3,604,168 to £7,459,168, due to the need for the Council to increase its funding commitment by £2.8m to match fund the FHSF grant and in order to pay for commuted highways costs. The latter is a one off sum to be paid to the County Council based on the sum required to maintain the hard features e.g. paving above the basic highway requirements. This is calculated section by section as construction progress. The current total estimated value of this sum is £500,000 to £851,850.
19. Expenditure to date is £1.2m (as at the end of March 2021).

### Overall impact on SSDC's Capital Budget

20. The increase of £3,604,168 in the Council's costs of supporting the scheme, as reported above, is significant and, it is therefore the recommendation of the interim S151 Officer that the net budget is increased, rather than an assumption being made that the scheme itself can generate all of this quantum of funding through grants, asset sales, or by other means.
21. Therefore it is proposed that the net budget is increased by £2,604,168 from £3,855,000 to £6,459,168.
22. The definition of the "Net Budget", with reference to SSDC's Regeneration Programmes, was explained in the report to Council in May 2018 as follows:

*"This is the maximum true cost to the Council over the term of the Programme. It represents the money the Council will spend that will not be directly returned to the Council in some way. It is the product of the gross spend budget minus income generated by the scheme whether through capital receipts e.g. sales of property, through revenue generated over a term of an invested asset above operating costs, which can be used to "pay back" capital expenditure, or grants secured towards the scheme from other agencies or sources."*

### Funding the Council's share of the programme

**Table One: Total Funding identified to-date**

<b>Identified Funding Sources</b>	
Reallocation of unspent Yeovil Budgets (funded by capital receipts)	£424,000
Area South Capital Fund contribution (funded by capital receipts)	£151,000
Usable capital receipts already held	£1,000,000
Long term borrowing approved by Council for cycling & walking package	£1,200,000
Future High Streets Fund administration grant	£155,000
<b>Total funding identified to-date</b>	<b>£2,930,000</b>
<b>Estimated current shortfall from £7,459,168 needed</b>	<b>£4,529,168</b>

23. The Council's share of funding the estimated costs of the programme is £7.5m. To-date £2.93m has been identified/approved and secured leaving a current funding requirement of £4.5m. It is proposed that the gap is funded via the following means:

**Table Two: Proposed funding of the current gap**

Increase in council borrowing	£2,604,168
Future BR pool gains or borrowing	£925,000
Income target for Project Board	£1,000,000
<b>Total</b>	<b>£4,529,168</b>

24. Other potential sources of funding, mentioned in the original committee report, include the use of income gains arising from SSDC being a member of the Somerset Business



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Rates Pool. Some £925k was assumed to be available from this source. Recent enquiries with Mendip District Council, who administer the Pool, have confirmed that a gain has been made in 2020/21 of some £850k (although the interim S151 Officer is awaiting the final figure). However, this source of financing has also been assumed to part-fund the Chard and Wincanton Regeneration Projects (£1m for each is included in that project's funding estimates). Consequentially further work needs to be undertaken to understand where best to use the gain that will be received for 2020/21 and to estimate any potential gain for 2021/22. It is also unclear how long the Somerset Business Rates Pool will exist given the potential reorganisation of Somerset local government in two years' time. If such 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 September 2021.

25. This leaves an income target of £1,000,000 for the scheme to generate, of which £350k has already been secured from Section 106 contributions.
26. Original plans for financing the Yeovil Refresh programme included the conversion of underused car park land into development sites to bring in sales income of some £2m. However, work undertaken so far, which has been slower than desired due to availability of resources through the pandemic, has indicated that there are a range of remediation and practical problems with securing a development profit on these sites. Whilst this is work-in-progress, the development and sale of these assets is unlikely to realise significant capital receipts that could contribute to the funding of the programme, particularly in the short to medium term. The sites have noise and land contamination issues and while it is possible to remediate these, the costs of that remediation, when compared to the likely end value of the development, means these assets should be considered as long term investments rather than possible short/medium term sources of income.
27. At its meeting on 2<sup>nd</sup> September 2020, District Executive was informed of the issues regarding the car park sites, mentioned above, and consequentially agreed to ring-fence the sale proceeds from 16 Council-owned sites, with the potential value of £1.06m, to part-fund the Yeovil Refresh Programme.
28. No sales have yet been made due to internal capacity issues and the need to obtain outline planning consents to optimise the sales value. The latter work is being affected by the phosphate mitigation planning issue. However, these small sites are always likely to be of interest to the market and so should deliver a reasonable return through sale to small builders over the next few years. Returns of £500k to £750k could therefore be realistically achieved.
29. Other potential sources of funding, mentioned in the original committee report, include further grant funding opportunities and the use of CIL (Community Infrastructure Levy) monies of which SSDC currently has £892,900 in-hand. Officers are currently working on a proposed strategy of how CIL money could be utilised in the borough and since the regeneration projects are high priority and fit within the broader CIL purpose, the strategy is likely to include proposals to at least use part of this money for funding existing regeneration projects.

30. In conclusion identifying further sources of direct funding for the programme continues with an increased focus. It is proposed to include information on the progress being achieved in generating the £1,000,000 income target in the quarterly budget monitoring reports to District Executive. The worst-case option is that this income target will also need to be funded by long term borrowing by the council.

### **Overall impact on SSDC's Revenue Budget**

31. Borrowing £2.6m would increase the financing charges needing to be met from the Council's revenue budget by £86,500 per annum. This includes both external interest charges and the requirement to set aside amounts to repay the loan principle (known as the Minimum Revenue Provision). Over a 50 year loan term the financing costs arising from this borrowing totals £4.3m.
32. If, as the worst case scenario, the Council needed to finance all of the current shortfall shown in Table One of £4.5m, the increase in financing costs totals £150,500 per annum. The overall cumulative financing costs over a 50 year loan period are £7.5m.
33. These cost estimates are based on the Council accessing borrowing from the Public Loans Work Board (PWLB) at the current interest rate of 2.22%. Changes made in November 2020 to the PWLB terms of lending mean that SSDC is unlikely to access this lending facility due to its commercial property acquisition programme. Arling Close, the Council's Treasury Management advisers, have been engaged to provide advice on the Council's borrowing options and will report to the interim S151 Officer and Senior Leadership Team on this matter in the next few weeks. Members should note therefore that the interest rate used in this report could change depending on the borrowing option/s chosen.
34. In addition to annual financing costs there will be a requirement to undertake on-going maintenance works to the roads estimated to cost £15k per annum per section of road. Given there are six new sections of roads then the total full year maintenance costs would be £90k per annum.

### **Legal implications (if any) and details of Statutory Powers**

35. The recommendations will solidify the budget approach related to Yeovil Refresh. This will ensure compliance with the council's standing orders and financial regulations.

### **Council Plan Implications**

36. The delivery of Yeovil Refresh is one of the Council's key priorities. This report therefore directly links to and supports this priority.

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

37. None

### **Equality and Diversity Implications**



38. Specific projects are also subject to Equality Impact Assessments with appropriate adjustments being made in line with identified issues. This report itself has no direct implications as it relates to financing approach.

### **Privacy Impact Assessment**

39. There are no identified issues relating to this matter.

### **Background Papers**

40. Appendix A: Confidential



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

Document is Restricted



## Review of Priority Project 1 of the Council's Annual Action Plan 2021-2022

Executive Portfolio Holder: John Clark, Economic Development inc Commercial Strategy  
Strategic Director: Jan Gamon, Director Place and Recovery  
Lead Specialist: Peter Paddon, Strategic Planning and Economy  
Lead Officer: Joe Walsh, Specialist, Economic Development  
Contact Details: Joe.walsh@southsomerset.gov.uk or 01935 462289

### Purpose of the Report

1. To invite Members to recommend the revised Priority Project 1 outcomes and key milestones for adoption within the Council's Annual Action Plan 2021-2022.

### Public Interest

2. The Annual Action Plan is a strategic document, which sits within the Council Plan 2020-2024 and sets out the strategic ambitions of South Somerset District Council. It is a key document and tool used to communicate and share the objectives for the Council. The Annual Action Plan is designed to articulate the commitments we make and milestones we set; as well as provide the basis on which to hold us accountable.

### Recommendations

3. That Full Council agree that the outcomes and key milestones contained in Priority Project 1 are revised as per Appendix A of this report.

### Background

4. District Executive and Full Council approved South Somerset District Council's Annual Action Plan 2021-2022 in February 2021.
5. Officers are proposing that the outcomes and key milestones within Priority Project 1 are revised to reflect the current Covid 19 Recovery and Renewal Strategy as adopted by District Executive on 1<sup>st</sup> April.
6. The proposed revisions are shown within Appendix A. To clarify, the title and overarching Priority Project of 'Lead the recovery and revitalisation of our economy and communities to be stronger, more resilient and more vibrant than before Covid-19' will remain unchanged.



7. In February 2021 South Somerset District Council approved the Annual Action Plan 2021/2022. Within Priority Project 1 are a series of outcomes and key milestones, that at the time reflected the challenges presented to the economy and local communities.
8. South Somerset District Council District Council's District Executive approved the Recovery and Renewal Strategy on 1<sup>st</sup> April 2021. The strategy was informed by the contents of the Annual Action Plan however took a more holistic approach and focused on what is required for South Somerset to recover and grow as a result of the Covid 19 pandemic. The strategy incorporates updated expert advice and best practice, local data and lessons learnt from the response phase of the pandemic, it outlines the proposed roadmap to recovery for the Council and the wider community of South Somerset.
9. We are proposing revisions to the outcomes and key milestones of Priority Project 1 that will ensure it aligns more closely with the Recovery and Renewal Strategy. The proposed amendments provide a more focused approach to recovery, targeting individuals and businesses that have been adversely impacted by the Covid 19 pandemic.
10. Activity previously listed within Priority Project 1 will still be delivered through the Areas of Focus, particularly 'Economy' and 'Healthy, self-reliant communities'.

### **Financial Implications**

11. None directly from this report.

### **Legal implications (if any) and details of Statutory Powers**

12. None directly from this report.

### **Council Plan Implications**

13. Should Members approve the recommendations this will impact the Council's strategic objectives outlined within the Annual Action Plan 2021/2022.

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

14. None directly from this report. However, the Council Plan 2020-2024 and Annual Action Plan 2021-2022 emphasises our commitment to protecting the environment.

### **Equality and Diversity Implications**

15. The revisions proposed will have now impact on the previous Equality Impact Relevance Check Form that was produced for Members in the previous (April



## South Somerset District Council

Report). Individual equality impact assessments will be carried out for the projects and programmes associated with delivery. A copy of the previous Equality Impact Relevance Check Form can be viewed in Appendix B.

### Privacy Impact Assessment

16. None directly from this report.

### Background Papers

17. District Executive report: SSDC Annual Action Plan for 2021-2022:  
<https://modgov.southsomerset.gov.uk/documents/s34098/6%20Annual%20Action%20Plan.pdf>
18. SSDC Recovery and Renewal Strategy:  
<https://modgov.southsomerset.gov.uk/documents/s34807/6%20COVID%20Recovery%20Renewal%20Strategy%20-%20FINAL.pdf>
19. District Executive report: SSDC Council Plan 2020-2024, Item 6 in the reports pack available here:  
<https://modgov.southsomerset.gov.uk/documents/g2573/Public%20reports%20pack%2006th-Feb-2020%2009.30%20District%20Executive.pdf?T=10>
20. Full Council Report: SSDC Council Plan 2020-2024, Item 7 in the reports pack available here:  
<https://modgov.southsomerset.gov.uk/documents/g2576/Public%20reports%20pack%2019th-Feb2020%2019.30%20South%20Somerset%20District%20Council.pdf?T=10>

### Appendix List:

Appendix A – Revised Priority Project 1 including outcomes and key milestones  
Appendix B - Equality Impact Relevance Check Form  
<https://modgov.southsomerset.gov.uk/documents/s34100/6%20Appendix%20B%20Equality%20impact%20relevance%20check%20Annual%20Action%20Plan%202021-22.pdf>

## **Appendix A – Revised Priority Project 1 including outcomes and key milestones**

### **Priority Project 1: Lead the recovery and revitalisation of our economy and communities to be stronger, more resilient and more vibrant than before Covid-19**

#### **Project outcomes:**

- To support unemployed individuals into work, education or training
- To provide support to businesses adversely impacted by the Covid 19 pandemic
- To facilitate the increase of digital infrastructure availability and associated digital skills in identified underserved areas
- To support key community-based providers at district and local level to deliver extended essential social and wellbeing services with our communities
- To facilitate provision for young adults with the targeted proactive employment support and wellbeing opportunities required to maintain their social involvement.
- Develop and deliver collaborative prevention work with private sector tenants and landlords to prevent an increase in Covid-related homelessness.

#### **Q1: April, May, June – included for reference only**

- Submit a funding application to the Department for Work and Pensions to create three Employment Hubs in Yeovil, Chard and Wincanton
- To progress South Somerset's Redundancy Task Force to deliver a partnership programme of support to unemployed individuals in alignment with our redundancy response roadmap
- To launch two grant funding schemes for businesses within South Somerset
- To survey Somerset businesses on the effects of the Covid 19 pandemic
- Agree and provide additional financial support to extended support activity by the key district-wide community providers
- Request bids from a range of local providers to pilot innovative wellbeing activities with young adults.

#### **Q2: July, August, September**

- Subject to funding, launch Employment Hubs within Yeovil, Chard and Wincanton in combination with increased local wellbeing support for young adults
- Review the current level of unemployment support in context with the ending of the furlough support scheme
- To evaluate the discretionary grant funding provision and re-launch a scheme that reflects the needs of local businesses



## South Somerset District Council

- Re-design and re-launch a programme of wellbeing activities including health walks, Careline and access to leisure schemes
- Review the actions of key community-infrastructure providers and recommend a durable funding solution.
- Review internal budgets to release additional investment funding to support the district's recovery and provide a dynamic platform for future years

### **Q3: October, November, December**

- To review the socio-economic effects of the Covid 19 pandemic and update key project milestones for Q3 and Q4
- Subject to funding, launch a business support scheme including a new cohort of Somerset Catalyst Entrepreneurs
- Subject to funding, launch a programme of digital skills support
- Commence delivery of an Enterprise, Innovation and Skills Action Plan to kick-start revitalisation and growth
- Undertake a rapid review of the supported wellbeing and community action to capture learning and to facilitate the development of future funding applications.
- Complete the commissioning of future support for key local community infrastructure to provide greater stability and encourage investment.
- Develop with key local stakeholders a local health and wellbeing framework to frame and focus future implementation locally

### **Q4: January, February, March**

- To review the ongoing socio-economic effects of the Covid 19 pandemic and establish key project milestones for Q4 and 2022/23
- Develop a recovery exit action plan based upon future funding opportunities e.g Levelling Up Fund and UK Shared Prosperity Fund etc.

# 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	New Annual Action Plan 2021-2022
Type of proposal (new or changed Strategy, policy, project, service or budget):	Annual Action Plan 2021-2022
Brief description of the proposal:	Revised Areas of Focus, Priority Projects and Area Chapters
Name of lead officer:	Peter Paddon/Anna-Maria Lenz

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)	<b>NO</b>
Could your proposal negatively impact staff with protected characteristics? (i.e. reduction in posts, changes to working hours or locations, changes in pay)	<b>NO</b>

<b>Is a full Equality Impact Assessment required?</b>	<b>NO</b>
<b>If Yes,</b> Please provide a brief description of where there may be negative impacts, and for whom. Then complete a full Equality Impact assessment Form	
<b>If No,</b> Please set out your justification for why not.	
In publishing the new 2021/22 Action Plan itself there are no negative impacts impacts. However, Equality impacts will need to be considered in full for each of the specific areas of focus and the priority projects by the relevant Communities of Practice and/or lead service or officer.	
Service Director / Manager sign-off and date	Peter Paddon 19/01/21
Equalities Officer sign-off and date	David Crisfield 21/01/2021



## 2020/21 Treasury Management Performance Outturn Report

Executive Portfolio Holder: Peter Seib, Finance and Legal Services  
Director: Nicola Hix, Support Services & Strategy  
Section 151 Officer: Karen Watling, Interim Section 151 Officer  
Lead Officer: Paul Matravers, Lead Specialist - Finance  
Contact Details: Paul.matravers@southsomerset.gov.uk or 01935 462275

### Purpose of the Report

1. To review the treasury management activity and the performance against the Prudential Indicators for the 2020/21 financial year as prescribed by the CIPFA Code of Practice and in accordance with the Council's Treasury Strategy, Annual Investment Policy and Treasury Management Practices.

### Public Interest

2. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to approve an annual Treasury Management Strategy and, report treasury performance mid-year and at the year end.

### Recommendations

3. Council is recommended to:
  - Note the Treasury Management Activity for the 2020/21 financial year;
  - Note the position of the individual prudential indicators for the 2020/21 financial year;
  - Note the outlook for the investment performance in 2020/21;
  - Note the Council operated within all of the Prudential Indicators during 2020/21;

### Background

4. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, produce a six month and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The Council reports six monthly to Full Council against the strategy approved for the year. The scrutiny of treasury management policy, strategy and activity is delegated to the Audit Committee.





## South Somerset District Council

5. Full Council approved the Council's 2020/21 Treasury Management Strategy on 6 February 2020. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.
6. The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 6 February 2020.
7. Overall responsibility for treasury management remains with the Council. The day to day treasury management operation is delegated to the S151 Officer and is undertaken by the Finance function which is part of the Support Services directorate. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.
8. This report provides information on the performance of the Council's Treasury Investments in 2020/21. The performance of the Council's Commercial Investments, which are part of the Commercial Strategy, are not included in this report.

### Treasury Management Position - Summary

9. The treasury management position at 31st March 2021 and the change during the year is shown in the table below.

	31/03/2020 Balance £000's	Net Movement £000's	31/03/2021 Balance £000's
Long-term borrowing	-	-	-
Short-term borrowing	(79,500)	(18,500)	(98,000)
<b>Total Borrowing</b>	<b>(79,500)</b>	<b>(18,500)</b>	<b>(98,000)</b>
Long-term Investments	2,000	-	2,000
Short-term Investments	8,000	(8,000)	-
Cash and Cash Equivalents	22,430	1,550	23,980
<b>Total Investment</b>	<b>32,430</b>	<b>(6,450)</b>	<b>25,980</b>
<b>Net Position</b>	<b>(47,070)</b>	<b>(24,950)</b>	<b>(72,020)</b>

10. External borrowing has increased during the year, reflecting the financing of planned capital expenditure, particularly in respect of investment property acquisition. In line with treasury advice, the Council continues to utilise short term borrowing, which is flexible and keeps our borrowing costs low. The projected



## South Somerset District Council

value of borrowing as at 31 March 2021 was reported to Audit Committee in January 2021 in the Annual Treasury Management Strategy report.

11. The amount of external borrowing is partially dependent on the commercial property purchases that are made in the financial year, with cash flow requirements also dictating the level of borrowing. Short term borrowing continues to be the best option to meet the financing requirement.
12. The S151 Officer has requested a piece of work be carried out by the Council's treasury advisors on alternative borrowing options. This is required in light of the revision to the lending criteria for HM Treasury's PWLB lending facility, which has historically been seen as the preferred option for local authority borrowing. The lending criteria which came into place in November 2020 has meant that the PWLB may not be available as a financing option in the future.
13. The work on alternative borrowing options is in its infancy, with a report detailing the options anticipated to be completed by the end of the May. The report will be presented to this committee at a future date once the report has been reviewed by senior officers.
14. An amendment to the 2021/22 borrowing strategy, which was approved by Full Council in February 2021, may be required if the Treasury advisors report recommends alternative borrowing options which are not currently included in the approved borrowing strategy. If needed, the revised borrowing strategy will be brought to this committee for scrutiny and approval.
15. As well as the request to report on the borrowing options available, ongoing dialogue is held with the Council's Treasury advisors on the best options for borrowing at present. The current advice being to continue to borrow short term at present. However, the Council may utilise long term borrowing (as part of the current strategy) in 2021/22 if it is deemed the best option, which will also remove an element of interest rate risk.

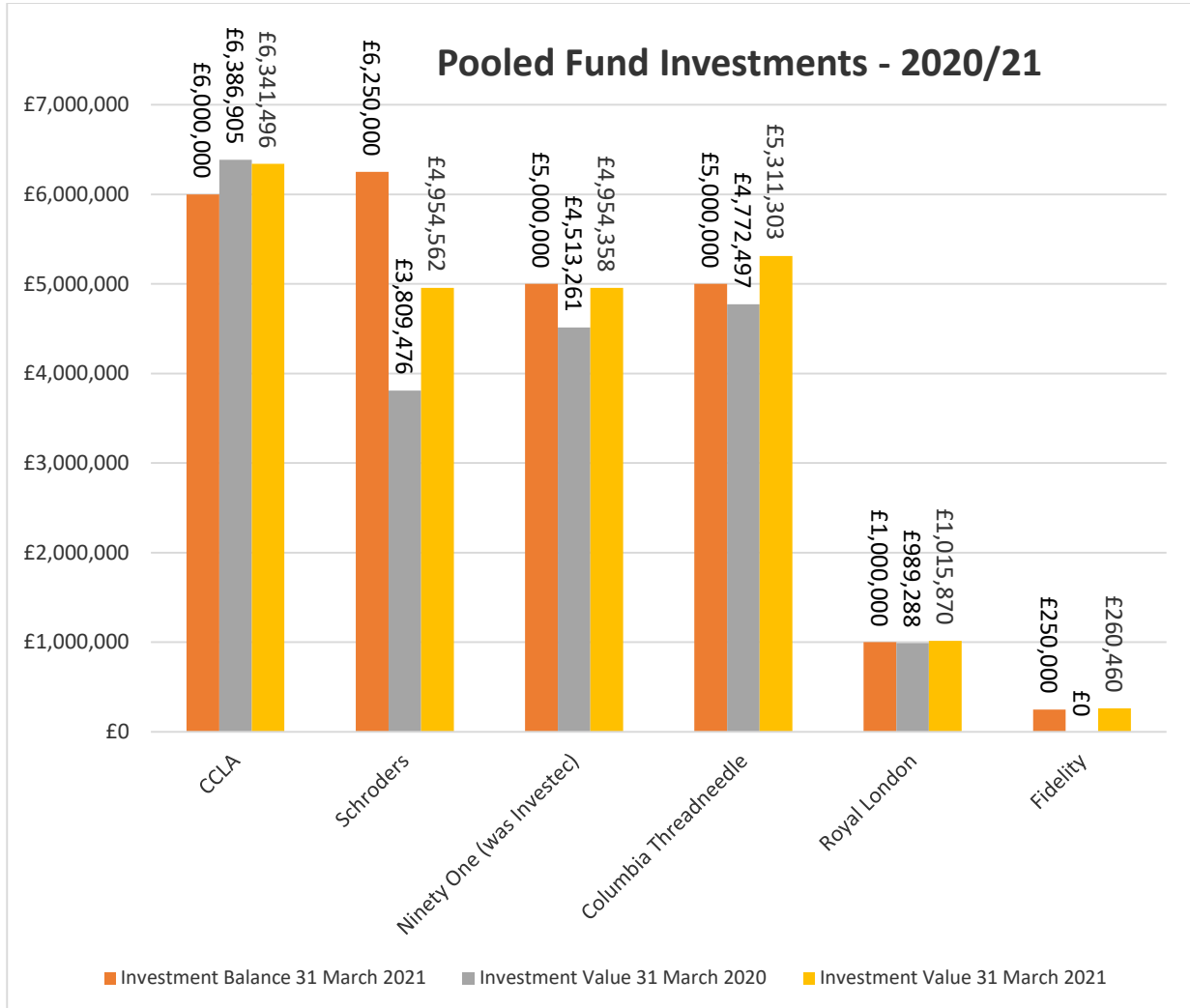
### Investment Activity

16. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2020/21, the Council's investment balance ranged between £26 million and £86 million. The balance of £86m was due to the funding received from Central Government in respect of the Business Grants in early April 2020.
17. Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.



# South Somerset District Council

18. The Council’s best performing investments continue to be the investments in the Pooled Funds (Strategic Investments). Details of the investment balance as at 31 March 2021 and the value of each investment at the same date is detailed in the chart below.



**Note:** Pooled fund investments are revalued at the end of the financial year to reflect the fair value of the investment; the third bar in the graph signifies this value and details the investment value as at 31 March 2021. The first bar represent the investment balance in each fund at that date.

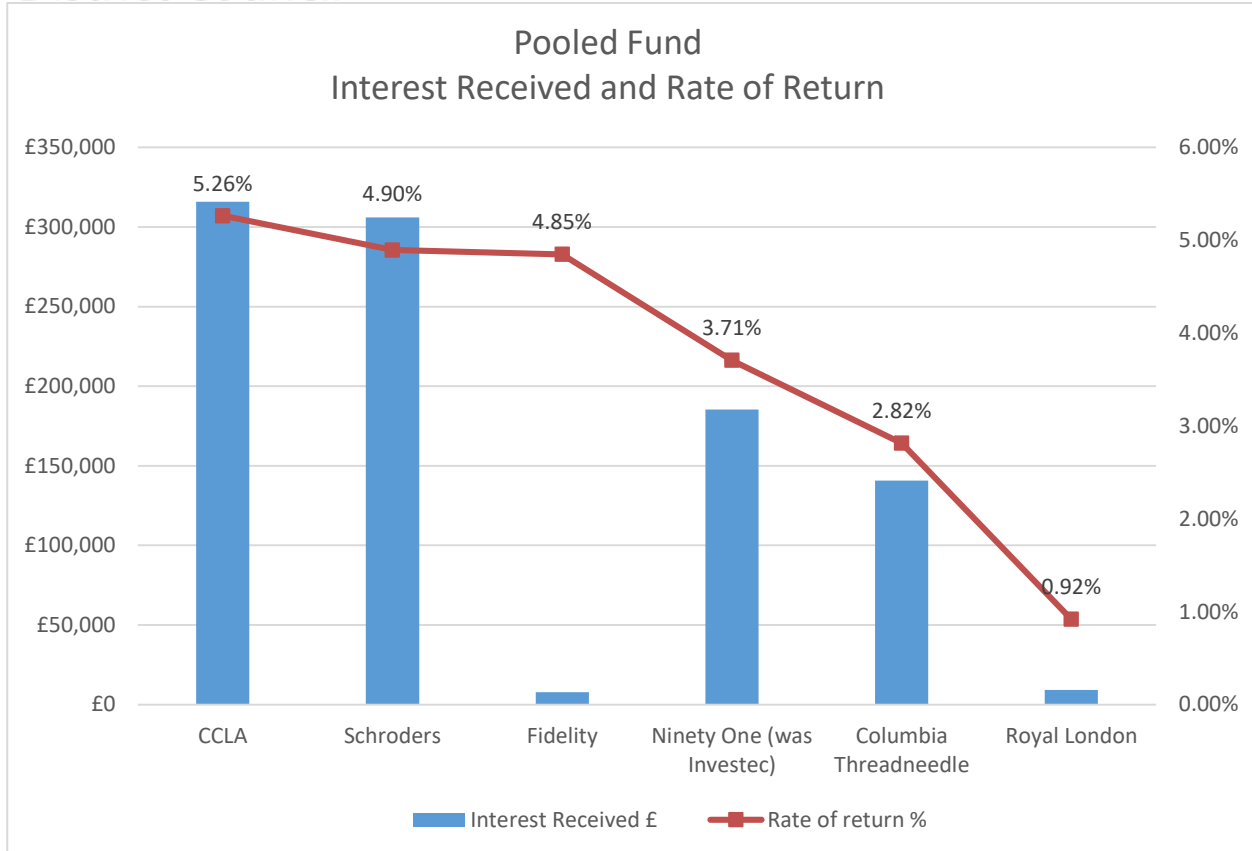
## Pooled Fund Investments 2020/21

19. The table below includes the opening and closing investment balances for each pooled fund investment. The investment fair value signifies the individual value of the investments after the year end revaluation.



Investment Type	Investment Balance			Investment Value		
	01/04/2020 £000's	31/03/2021 £000's	Change £000's	01/04/2020 £000's	31/03/2021 £000's	Change £000's
CCLA	£6,000	£6,000	£0	£6,387	£6,341	(£46)
Schroders	£6,250	£6,250	£0	£3,809	£4,955	£1,146
Investec	£5,000	£5,000	£0	£4,513	£4,954	£441
Colombia Threadneedle	£5,000	£5,000	£0	£4,772	£5,311	£539
Royal London	£1,000	£1,000	£0	£989	£1,016	£27
Fidelity	£0	£250	£250	£0	£260	£260
<b>Total</b>	<b>£23,250</b>	<b>£23,500</b>	<b>£250</b>	<b>£20,470</b>	<b>£22,837</b>	<b>£2,367</b>

20. The Council increased its investments in pooled funds by £0.25m in 2020/21 making the investments £23.5m as at 31 March 2021. An investment of £250k was made in the Fidelity Global Enhanced Income Fund, this investment is seen as an initial investment and it is anticipated that further amounts (£250k) will be invested in the fund if it continues to provide positive capital growth and income returns.
21. The Council has investments in bond, equity, multi-asset and property funds. During the initial phase of the pandemic in March 2020, the sharp falls in corporate bond and equity markets had a negative impact on the value of the Council's pooled fund holdings and was reflected in the 31st March 2020 fund valuations with most funds registering negative capital returns over a 12-month period. Since March 2020 there has been improvement in market sentiment which is reflected in an increase in the capital values in five of the six funds, as demonstrated in the final column of the above table.
22. It should be noted that the £2.37m increase in the capital value of the investments will not have an impact on the General Fund as the Council is using the alternative fair value through profit and loss (FVPL) accounting and defers the funds' fair value losses (and gains) to the Pooled Investment Fund Adjustment Account until 2023/24.
23. The income generated from these investments in 2020/21 and the rate of return is detailed in graph and table below.



<b>Fund</b>	<b>Interest Received £</b>	<b>Rate of return %</b>
CCLA	£315,824	5.26%
Schrodgers	£305,962	4.90%
Fidelity	£7,870	4.85%
Ninety One (was Investec)	£185,393	3.71%
Columbia Threadneedle	£140,772	2.82%
Royal London	£9,187	0.92%
<b>Total</b>	<b>£965,009</b>	<b>4.12%</b>

24. Similar to many other property funds, dealing (i.e. buying or selling units) in the CCLA Local Authorities' Property Fund was suspended by the fund in March 2020 and lifted in September. There was also a change to redemption terms for the fund; from September 2020 investors are required to give at least 90 calendar days' notice for redemptions.
25. Pooled funds have no defined maturity date, but are available for withdrawal after a notice period. Their performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down; but



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with the confidence that over a three to five-year period total returns will exceed cash interest rates.

26. In light of their strong performance and the Council's latest cash flow forecasts, there was a small increase in the investment in these funds. The investment (Fidelity) has proved to be successful with the income return being above 4.50% in year. A good return on other pooled fund investments was also achieved in the 2020/21 financial year. The capital value of the investments has increased and there are positive signs that the capital value of the investments has been maintained in the first month of 2021/22.
27. The investment strategy approved in the 2021/22 Treasury Management Strategy Statement recommended that the Council maintains its investments in the secure and higher yielding asset classes given the increasing risk and very low returns from short-term unsecured bank investments.
28. The graph above and table detailing interest received, and the rate of return on investments demonstrates that the approved policy has met the objectives of the investment strategy. It is anticipated that the level of strategic (long-term) investments will remain in the region of £24m in 2021/22, with the possibility of increasing these investments, if cash flow permits, in line with the Council's overall Financial Strategy and income generation targets.
29. The diversification into strategic investments represents a continuation of the strategy adopted in 2017/18. The Council's Treasury advisors have indicated that a maximum exposure to this investment type should be limited to £30m.
30. The revised Financial Strategy and Medium Term Financial Plan reflects the current economic situation as a result of Covid-19, revisions to the income target for Treasury Management investments will be incorporated if required. Any potential changes to the Treasury Management Strategy and policy due to the revised Financial Strategy and MTFP will be brought to Audit Committee.

### Interest Rates 2020/21

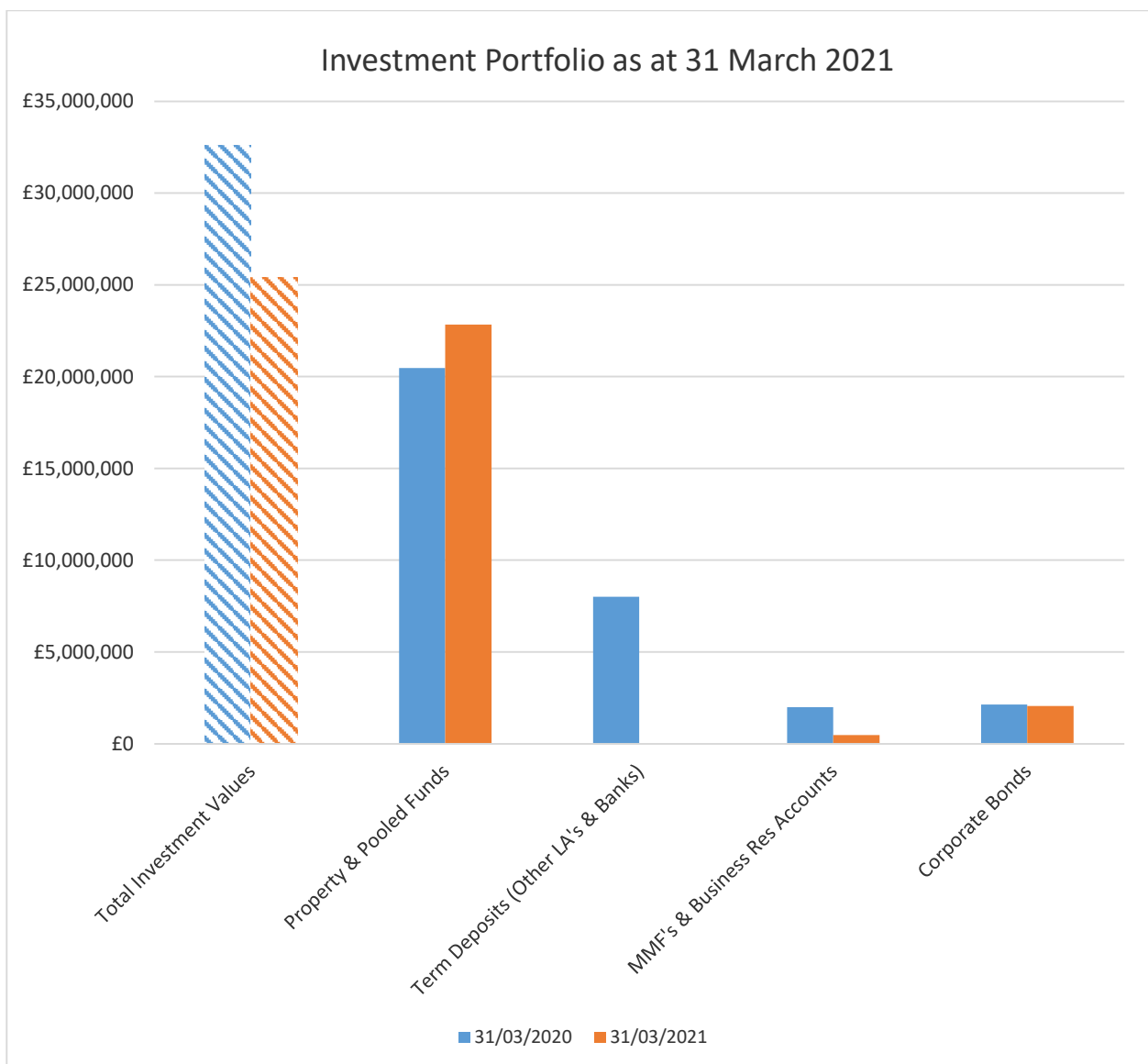
31. As detailed in the Arlingclose external context provided in Appendix A, the start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures. Rates were held at 0.1% throughout the year but the bank extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 Meeting.
32. The Arlingclose central case assumes the bank rate will remain at 0.10% until at least June 2024. The latest economic and interest rate forecast (March 2021) from Arlingclose states that whilst the central case assumes no change to the base rate for a significant period. It also states that the risks of a Bank Rate cut over the medium term have reduced further.



	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Average
<b>Official Bank Rate</b>														
<b>Upside risk</b>	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.23
<b>Arlingclose Central Case</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
<b>Downside risk</b>	-0.10	-0.10	-0.15	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.20	-0.18

## Investment Portfolio – Values and Returns

33. The graph below provides a snapshot of the Council’s portfolio of investments at the end of the 2020/21 financial year, in comparison to the previous year end position.



34. The table below provides additional information on the actual value of investments at the start and end of the 2020/21 financial year:



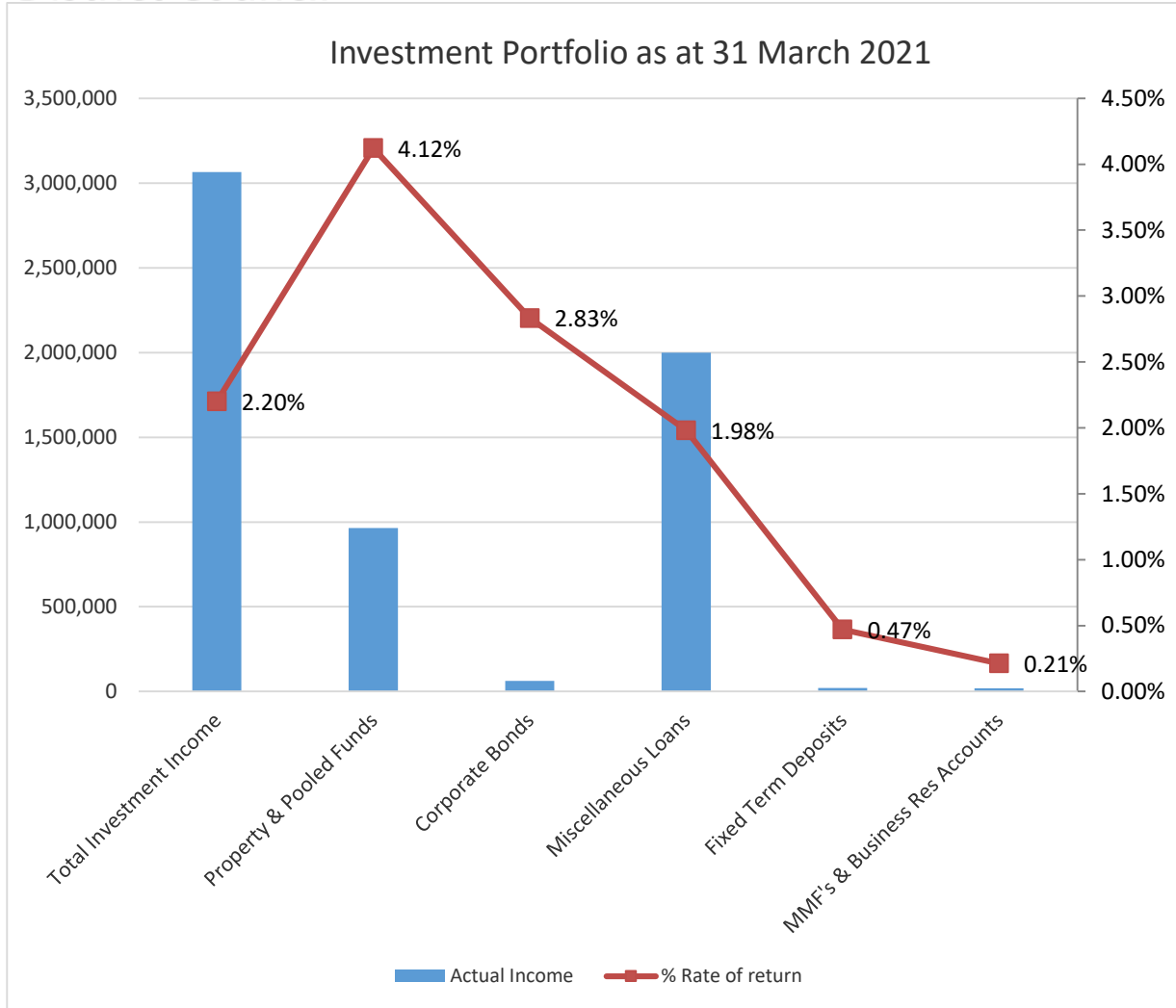
Investment type	Investment Value as at 31/03/2020	Investment Value as at 31/03/2021	Actual Income	% Rate of return
Property & Pooled Funds	20,471,426	22,838,048	965,009	4.12%
Money Market Funds & Business Reserve Accounts	2,000,000	480,000	18,126	0.21%
Term Deposits (Other LAs & Banks)	8,000,000	0	20,116	0.47%
Corporate Bonds	2,129,992	2,060,491	62,658	2.83%
<b>Total Investment Values</b>	<b>32,601,418</b>	<b>25,378,539</b>	<b>1,065,909</b>	<b>2.77%</b>

35. The types of investment that the Council held at the 31 March 2020 and 31 March 2021 has changed. The policy of investing in higher yielding, long term strategic investments have resulted in a large portion of the Council's investment being concentrated in the pooled and property fund investment type. Pooled and property fund investments amounted to 90% of the investment portfolio as at 31 March 2021 (66% as at 31 March 2020). The reduction in the term deposits was due to the low rates of return associated with this investment that were seen for a significant period of the financial year. The cashflow fluctuations that were experienced during the year also resulted in less cash being available for term deposit investments.
36. The Council continues to work closely with Arlingclose on the investment diversification and portfolio mix, Arlingclose are comfortable with the percentage of investment that the Council holds in pooled and property funds but has suggested a maximum exposure of £30m. The Council continually monitors the performance of the property and pooled funds and is able to withdraw funds at short notice if the fund performance were to deteriorate. Equally, the Council may borrow short term to manage cash flow variations if necessary.

### Returns achieved in 2020/21

37. The returns are shown in the graph and table below:





Investment type	Actual Income £	Rate of return %
Property & Pooled Funds	965,009	4.12%
Miscellaneous Loans	1,999,490	1.98%
Fixed Term Deposits	20,116	0.47%
Corporate Bonds	62,658	2.83%
Money Market Funds & Business Reserve Accounts	18,126	0.21%
<b>2020/21 Treasury Investment Income</b>	<b>3,065,399</b>	<b>2.20%</b>
<b>2020/21 Treasury Income Budget</b>	<b>1,947,510</b>	
<b>Surplus /(Deficit)</b>	<b>1,117,889</b>	

38. The table above shows investment income for the year compared to the budget. The figures show a significant surplus over budget of £1,117,889. The original



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treasury management budget of £1,947,510 was derived by forecasting an average rate of return of 1.86% based on an average investment portfolio of £50m.

39. The surplus over budget is as a result of a number of factors, the main factors being:
- Additional interest received due to additional investment into long term strategic investments.
  - A new loan for service purposes has been made in year resulting in additional interest.
  - Additional interest received from commercial investments purchased in year that are not included in the 2020/21 budget
40. The outturn position is also affected by both the amount of cash we have available to invest and the interest base rate set by the Bank of England. Balances are affected by the timing of revenue and capital income and expenditure, and the collection and distribution of council tax and business rates income.

### Treasury Investments

41. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2020/21. The table below lists the investments held on 31 March 2021.

#### Breakdown of investments as at 31 March 2021

Date Invested	Counterparty	Nominal Amount £'000	Rate %	Maturity Date
	<b>Corporate Bonds</b>			
20/10/2016	Santander UK Plc	1,000	1.04	14/04/2021
10/11/2016	National Australia Bank	1,000	1.10	10/11/2021
	<b>Business Reserve Accounts</b>			
	Santander Business Reserve	480	0.18	
	<b>Property &amp; Pooled Funds</b>			
	Fidelity Global Enhanced Income	250	4.85	
	Ninety One Diversified Income	5,000	3.71	
	Royal London Enhanced Cash Plus Fund	1,000	0.92	
	Schroders Income Maximiser	6,250	4.90	
	Columbia Threadneedle Strategic Bond	5,000	2.82	
	CCLA Property Fund	6,000	5.26	
	<b>Total</b>	<b>25,980</b>		

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



## Non-Treasury Investments

42. The definition of investments in CIPFA’s revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in MHCLG’s Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also held £125.93m of such investments in

- Directly Owned Property - £88.28m
- Loan to Community Organisation - £0.14m
- Loan to Local Authority Partnership - £4.34m
- Loan for Commercial Activities - £33.17m

## Borrowing

43. The Council’s primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council’s long-term plans change being a secondary objective.
44. The table below summarises the external borrowing position for 2020/21. It details the opening position in respect of external loans, loans repaid, new loans, the average interest rate and the year-end position.

	<b>Amount £'000</b>	<b>Average Interest Rate %</b>
<b>External Loans as at 1 April 2020</b>	<b>79,500</b>	<b>0.86</b>
New Loans	160,000	0.31
Loans Repaid	(141,500)	
<b>Total External Loans as at 31 March 2021</b>	<b>98,000</b>	

45. In keeping with these objectives, new borrowing was kept to a minimum, however external borrowing increased from £79.5m to £98m. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

46. Details of the borrowing are included in the table below.

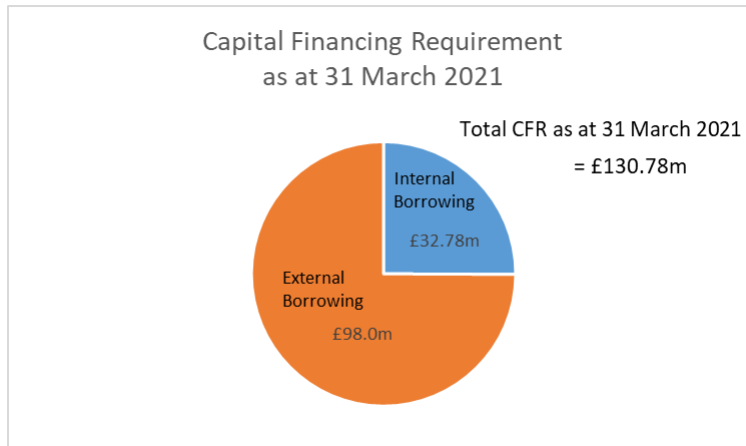
Lender	Date Borrowed	Repayment Date	No of Days	Interest Rate	Amount	2020/21 Interest	Total Interest
Tendring District Council	19/03/2021	21/06/2021	94	0.10%	1,000,000	36	258
Cornwall Council	17/04/2020	16/04/2021	364	1.75%	10,000,000	167,329	9,973
Wychavon District Council	20/04/2020	19/04/2021	364	1.75%	5,000,000	82,945	4,986
Ryedale District Council	11/05/2020	10/05/2021	364	1.75%	1,000,000	15,582	997
London Borough of Wandsworth	19/03/2021	19/01/2022	306	0.45%	10,000,000	1,603	8,384
Great Yarmouth Borough Council	20/10/2020	20/07/2021	273	0.20%	2,000,000	1,786	1,496
Runnymede Borough Council	20/10/2020	20/08/2021	304	0.23%	3,000,000	3,081	2,499
Mid Devon District Council	20/10/2020	20/07/2021	273	0.20%	3,000,000	2,679	2,244
Police & Crime Commissioner For Gloucestershire	20/10/2020	20/04/2021	182	0.15%	3,000,000	2,010	1,496
Northern Ireland Housing Executive	20/10/2020	20/07/2021	273	0.20%	5,000,000	4,466	1,496
Derbyshire Fire and Rescue Service	29/03/2021	29/06/2021	92	0.10%	4,000,000	33	403
Cherwell District Council	22/03/2021	19/04/2021	28	0.08%	2,000,000	44	46
Lancaster City Council	17/03/2021	19/04/2021	33	0.10%	5,000,000	205	452
West Berkshire Council	12/03/2021	21/04/2021	40	0.06%	1,000,000	33	33
Kent County Council	17/03/2021	17/05/2021	61	0.08%	5,000,000	164	836
Wokingham Borough Council	19/03/2021	21/06/2021	94	0.08%	5,000,000	142	1,288
East London Waste Authority	22/03/2021	22/04/2021	31	0.08%	2,000,000	44	68
Nottingham City Council	22/03/2021	22/04/2021	31	0.09%	4,000,000	99	136
Derry City and Strabane District Council	24/03/2021	30/04/2021	37	0.08%	2,000,000	35	61
Nottingham City Council	29/03/2021	29/06/2021	92	0.08%	6,000,000	39	1,512
Cambridge City Council	29/03/2021	29/06/2021	92	0.08%	5,000,000	33	1,260
Blaenau Gwent County Borough Council	26/03/2021	28/04/2021	33	0.08%	5,000,000	66	181
Flintshire County Council	26/03/2021	19/04/2021	24	0.08%	2,000,000	26	53
Solihull Metropolitan Borough Council	26/03/2021	30/04/2021	35	0.08%	1,000,000	13	38
West Midlands Combined Authority	31/03/2021	25/05/2021	55	0.06%	6,000,000	10	271
				<b>Total</b>	<b>98,000,000</b>	<b>282,504</b>	<b>40,465</b>

47. With short-term interest rates remaining much lower than long-term rates, the Council considered it cost effective in the near term to use internal resources in parallel with short-term loans.

48. The Council's underlying need to borrow is defined as its 'Capital Financing Requirement (CFR)'. The CFR was £95.5m million at the beginning of 2020/21. Capital expenditure during 2020/21 was funded through a combination of capital receipts, revenue reserves, external contributions (e.g. S106 receipts) and borrowing. As a result, the borrowing requirement (CFR) has increased to £130.7 million. However, we have followed a strategy of using our cash reserves to finance this borrowing requirement in the short term – known as "internal borrowing" – as short term investment returns foregone are currently lower than longer term borrowing rates.



<b>Borrowing Type</b>	<b>£'000</b>	<b>%</b>
Internal Borrowing	£32,777	25.06%
External Borrowing	£98,000	74.94%
<b>Total Capital Financing Requirement as at 31 March 2021</b>	<b>£130,777</b>	



## Treasury Management Indicators

49. The Authority measures and manages its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	<b>2020/21 Target</b>	<b>2020/21 Actual</b>
Portfolio average credit rating	5.0	3.2

**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

	<b>2020/21 Target</b>	<b>2020/21 Actual</b>
Total cash available within 3 months	£10m	£25m



**Interest Rate Exposures:** This indicator is set to control the Authority’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	<b>2020/21 Limit</b>	<b>2020/21 Actual</b>
Upper limit on one-year revenue impact of a 1% change in interest rates	£200,000	£33,300

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

**Maturity structure of borrowing:** This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

<b>Refinancing rate risk indicator</b>	<b>2020/21 Upper Limit %</b>	<b>2020/21 Lower Limit %</b>	<b>2020/21 Actual %</b>
Under 12 months	100%	100%	100%
12 months and within 24 months	100%	100%	0%
24 months and within 5 years	100%	100%	0%
5 years and within 10 years	100%	100%	0%
10 years and above	100%	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Upper and lower limits are set at 100% providing full flexibility to optimise borrowing arrangements.

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

<b>Price risk indicator</b>	<b>2020/21</b>
Actual principal invested beyond year end	£2m
Limit on principal invested beyond year end	£30m



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The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

## Other

**CIPFA consultations:** In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee’s recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

In the Prudential Code the key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”. Other proposed changes include the sustainability of capital expenditure in accordance with an authority’s corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the “gross debt and the CFR” with the liability benchmark as a graphical prudential indicator.

Proposed changes to the Treasury Management Code include requiring job specifications and “knowledge and skills” schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

## Prudential Indicators – 2020/21

50. In February 2020, through approval of the Treasury Management Strategy Full Council approved the Prudential Indicators for 2020/21, as required by the Prudential Code for Capital Finance in Local Authorities. The Local Government Act 2003 allows local authorities to determine their own borrowing limits provided they are affordable and that every local Council complies with the Code.

**Capital Expenditure:** The actual capital expenditure incurred for 2020/21 compared to the revised estimate was:

	2019/20 Outturn £'000	2020/21 Revised Estimate £'000	2020/21 Outturn £'000	2020/21 Variance £'000	Reason for Variance
Approved capital schemes	65,483	31,524	41,780	10,256	Spend on Energy Projects
<b>Total Expenditure</b>	<b>65,483</b>	<b>31,524</b>	<b>41,780</b>	<b>10,256</b>	

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	2019/20 Outturn £'000	2020/21 Revised Estimate £'000	2020/21 Outturn £'000	2020/21 Variance £'000	Reason Variance	for
Financing Costs	(966)	(77)	1,269	1,345	Additional interest on borrowing	
Net Revenue Stream	15,636	15,207	15,150	(58)		
%	<b>-6.2%</b>	<b>-0.5%</b>	<b>7.8%</b>			

\*figures in brackets denote income through receipts and reserves

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

**Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

	2019/20 Outturn £'000	2020/21 Revised Estimate £'000	2020/21 Outturn £'000	2020/21 Variance £'000
<b>Opening CFR</b>	39,320	95,581	95,581	-
Capital Expenditure	65,482	53,752	41,781	(11,971)
Capital Receipts*	(6,820)	(8,992)	(3,274)	5,718
Grants/Contributions*	(1,881)	(231)	(2,360)	(2,129)
Minimum Revenue Provision (MRP)	(520)	(747)	(951)	(204)
Additional Leases taken on during the year	-	-	-	-
<b>Closing CFR</b>	<b>95,581</b>	<b>139,363</b>	<b>130,777</b>	<b>(8,586)</b>

\*Figures in brackets denote income through receipts or use of revenue resources.  
Total figures are rounded

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose. The Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.





	<b>2019/20 Outturn £'000</b>	<b>2020/21 Revised Estimate £'000</b>	<b>2020/21 Outturn £'000</b>	<b>2020/21 Variance £'000</b>
Borrowing	79,500	126,600	98,000	(28,600)
Finance Leases	51	51	20	(31)
<b>Total Debt</b>	<b>79,551</b>	<b>126,651</b>	<b>98,020</b>	<b>(28,631)</b>
Capital Financing Requirement	95,581	139,363	130,777	(8,586)

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

**Credit Risk:** The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals, such as a country's net debt as a percentage of its GDP
- Corporate developments, news articles, markets sentiment and momentum
- Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

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

<b>Actual External Debt as at 31/03/2021</b>	<b>£'000</b>
Borrowing	98,000
Other Long-term Liabilities (Finance Leases)	
- Vehicles	20
- Photocopiers	-
<b>Total</b>	<b>98,020</b>



**Authorised Limit for External Debt:** This limit represents the maximum amount that the Council may borrow at any point in time during the year. If this limit is exceeded the Council will have acted ultra vires. It also gives the Council the responsibility for limiting spend over and above the agreed capital programme. A borrowing requirement was identified in year to finance the capital programme and further borrowing may be undertaken to fund the agreed plans to acquire investment properties.

	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Actual £'000</b>
Borrowing	79,500	140,000	98,000
Other Long-term Liabilities	51	20	20
<b>Total</b>	<b>79,551</b>	<b>140,020</b>	<b>98,020</b>

**Operational Boundary for External Debt:** The operational boundary sets the limit for short term borrowing requirements for cash flow and has to be lower than the previous indicator, the authorised limit for external debt.

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

The S151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Actual £'000</b>
Borrowing	79,500	120,000	98,000
Other Long-term Liabilities	51	15	20
<b>Total</b>	<b>79,551</b>	<b>120,015</b>	<b>98,020</b>

For information the 2021/22 operational boundary has been set at £135m and the authorised limit £165m. This was approved by full Council in February 2021 as part of the Annual Capital, Investment and Treasury Management Strategy report.

## Compliance

51. The Council operated within all of the Prudential Indicators during 2020/21.



## **South Somerset District Council Financial Implications**

52. There are no additional financial implications in reviewing the attached Treasury Management Strategy.

### **Council Plan Implications**

53. The performance of the Council's investment portfolio and the associated investment and borrowing strategies are closely linked to the Council Plan. The funds invested and those that are externally borrowed exposes the Council to financial risks. The approved strategies ensure the risks are identified, monitored and controlled therefore ensuring the investments are secure whilst maximising the return on investments.
54. The return on investments, and ensuring borrowing costs are minimised, is a key element of the Medium Term Financial Plan which is aligned to the Council Plan and contributes to enabling the delivery of the Council's priorities for the local community.

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

55. There are no implications in approving this report.

### **Equality and Diversity Implications**

56. There are no implications in approving this report.

### **Privacy Impact Assessment**

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

### **Background Papers**

58. Treasury Management Strategy 2020/21 (Full Council February 2020)  
Prudential Indicators and MRP Statement 2020/21  
Capital Outturn 2020/21

## **APPENDIX A – Additional commentary from Arlingclose**

### **External Context**

**Economic background:** The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare Products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have help protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

Inflation has remained low over the 12-month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February,



## South Somerset District Council

below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

**Financial markets:** Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.

Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.

The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

1-month, 3-month and 12-month SONIA bid rates averaged 0.01%, 0.10% and 0.23% respectively over the financial year.



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The yield on 2-year US treasuries was 0.16% at the end of the period, up from 0.12% at the beginning of January but down from 0.21% at the start of the financial year. For 10-year treasuries the end of period yield was 1.75%, up from both the beginning of 2021 (0.91%) and the start of the financial year (0.58%).

German bund yields continue to remain negative across most maturities.

**Credit review:** After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels. The gap in spreads between UK ringfenced and non-ringfenced entities remained, albeit Santander UK is still an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 57bps and Standard Chartered the lowest at 32bps. The other ringfenced banks were trading around 33 and 34bps while Nationwide Building Society was 43bps.

Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.

The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.



## Review of Remote Council Meetings after 31 July 2021

Executive Portfolio Holder: Val Keitch, Leader of Council  
Strategic Director: Alex Parmley, Chief Executive  
Lead Officer: Jill Byron, Monitoring Officer  
Contact Details: [Jill.Byron@southsomerset.gov.uk](mailto:Jill.Byron@southsomerset.gov.uk)

### Purpose of the Report

1. To seek members instructions on whether or not to continue to hold SSDC meetings remotely with the appropriate use of delegated powers. This decision was originally made on 15 April 2021 to be reviewed by 31 July 2021.

### Public Interest

2. Part 3 of the Council's Constitution sets out who within the Council has the power to do what, sets out any associated limitations and, in particular, sets out which decisions can be taken by members and which can be taken by officers.
3. The District Executive and Full Council have previously agreed to allocate certain executive and non-executive matters to others, and it is important that these changes are made clear on the face of the Constitution.
4. This report is seeking Council instructions on the continuation of remote consultative meetings and associated delegation to ensure that (i) the Council's decision-making processes continue to operate in accordance with the law and in line with safe practice under the Covid-19 guidance and requirements issued by the Government from time to time while remaining transparent and (ii) the Constitution is kept up-to-date.

### Recommendations

5. Members instructions are requested on the following options:
  - a) Extend the delegation given on 15 April 2021 for a further period of time; or
  - b) Amend the delegation given on 15 April 2021 to allow the Chief Executive in consultation with the Chair of Council to apply that delegation for a period of up to 4 weeks at any time when it appears prudent to do so on public health and safety grounds and in line with national or local safe practice under the Covid-19 guidance and requirements issued by the Government from time to time; or
  - c) Revoke the delegated authority given on 15 April 2021 with effect from 31 July 2021;

- d) Whichever option is chosen, authority to be delegated to the Monitoring Officer and Chief Executive to amend the Constitution to reflect these changes.

## Background

6. On 15 April 2021, in view of the imminent lapse of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, Council decided to:
  - (a) continue to enable members to hold remote, virtual meetings using available technology; and
  - (b) 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.
7. The delegated authority given on 15 April will expire on 31 July 2021 unless Council decides to extend it.

## Report

8. On 25 March 2021 Luke Hall, the Minister of State for Regional Growth and Local Government, wrote to all local authorities to announce that the MHCLG (Ministry for Housing, Communities and Local Government) was opening a call for evidence on the experience of local authorities and remote meetings to inform a decision about whether or not to promote primary legislation to allow remote and/or hybrid meetings in the future. This call for evidence closed on 17 June 2021. The Government made it clear that it is in favour of local authorities having the power to hold remote meetings through its statement in the LLG (Lawyers in Local Government), ADSO (Association of Democratic Services Officers) and Hertfordshire County Council application to the High Court in April, but following the decision of the Court in that case that existing legislation does not already enable local authorities to hold meetings remotely, new legislation will be required.
9. It should be noted that the High Court decision does not negate the decision on 15 April to continue remote meetings as consultative bodies with decisions delegated to the Chief Executive in consultation with those members to whom the decision would otherwise have been delegated under Part 3 of the Constitution, as it remains legitimate to delegate decisions in this way.
10. The April decision was taken on the basis that although it would be physically possible to hold meetings of members in person from 7 May in compliance with





## South Somerset District Council

social distancing rules and the Covid-19 safe use guidance, there were many reasons to suggest that it would be sensible to continue to meet remotely for the time being. Initial consideration of space constraints and social distancing requirements suggests that members of the public and officers would still need to attend meetings remotely. This type of hybrid arrangement (some in person, some remote) would be more technologically challenging than the current arrangements where all participants are remote. Any members who were previously shielding (for themselves or for family members) would need to attend in person to be able to vote. There is also the not insignificant risk that if a member or officer were to attend and subsequently test positive, all meetings would have to stop during the self-isolation period.

11. Since that time, many more individuals have been vaccinated, but at the time of writing the Government has only recently extended current restrictions (due to be lifted on 21 June) for a further four weeks (until 19 July) and there are concerns that the UK is about to experience a third wave of infections. For these reasons, no recommendation is made in this report in respect of SSDC meetings continuing to be held remotely after 31 July 2021, as the position is likely to be clearer by the time of the meeting.

### Financial Implications

12. There have been budget savings in travel allowances to attend meetings. The amount varies from month to month but is in the region of £1,000 to £1,400 per month.

### Legal Implications

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

### Council Plan Implications

15. To ensure a modern, efficient and effective council that delivers for its communities, we will:
  - Deliver a high quality, effective and timely service to our customers and communities

### Carbon Emissions and Climate Change Implications

16. The use of Zoom software to hold virtual meetings has reduced the need to travel to attend Council meetings and therefore resulted in reduced carbon emissions from vehicles across the district.

### Equality and Diversity Implications

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

### Background Papers



## South Somerset District Council

Council Constitution - Part 3

Agenda and minutes of Council meetings – 19 March 2020, August 2020 and 15 April 2021

Letter from Luke Hall MP, Minister of State for Regional Growth and Local Government -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/973494/Letter\\_to\\_council\\_leaders\\_-\\_remote\\_meetings.pdf?fbclid=IwAR3Ik0\\_9RDUFkiNHQIzARGaU2L3AYy3xvXPjqQd\\_oNCcNEc0P5\\_NIijjMT0](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/973494/Letter_to_council_leaders_-_remote_meetings.pdf?fbclid=IwAR3Ik0_9RDUFkiNHQIzARGaU2L3AYy3xvXPjqQd_oNCcNEc0P5_NIijjMT0)

Updated Guidance on the Safe Use of Council Buildings -

<https://www.gov.uk/government/publications/covid-19-guidance-for-the-safe-use-of-council-buildings/covid-19-guidance-for-the-safe-use-of-council-buildings>



## Report of Executive Decisions

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

## Purpose of the Report

This report is submitted for information and summarises decisions taken by the Chief Executive and District Executive Committee at their meetings on 13<sup>th</sup> May, 3<sup>rd</sup> June and 1<sup>st</sup> July 2021.

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

## Background Papers

All Published

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## Appendix A

Portfolio	Subject	Decision	Taken By	Date
Environment	Approval of Somerset Electric Vehicle (EV) Strategy	The Chief Executive confirmed approval of the Somerset Electric Vehicle Strategy on behalf of SSDC as part of the Somerset Climate Emergency Strategy and the commitments contained therein in the report presented to the District Executive informal meeting.	Chief Executive	14/05/21
Strategy and Policy	Corporate Performance Report 2020-21: 4 <sup>th</sup> Quarter and End of Year Achievements Report	District Executive noted the current position of ther Council's agreed key performance indicators covering the period from January to March 2021 (Q4) and also the End of Year Achievements report.	District Executive	13/05/21
Strategy and Policy	SSDC Trading Company: Elleston Services Ltd	The Chief Executive, following a consultative meeting of the District Executive on 13 May 2021, made the following decision; Agreement to suspend the Council's wholly owned trading company, Elleston Services Ltd, for up to 12 months' subject to a market review.	Chief Executive	14/05/21
Strafegy and Housing	Relocation of Emergency Accomodation	The Chief Executive, following a consultative meeting of the District Executive on 3 June 2021, made the following decision; Approved the use of £390,000 from the Affordable Housing Capital Programme Reserve to award a grant to Bournemouth Churches Housing Association (BCHA) as a contribution towards the costs of the purchase and refurbishment of a property in Yeovil, to provide emergency accommodation and improved support for people who are homeless, rough sleeping or at risk of rough sleeping in South Somerset.	Chief Executive	04/06/21
Protecting Core Services	Dealing with Planning Applications: Our Approach to Negotiation	The Chief Executive, following a consultative meeting of the District Executive on 3 June 2021, made the following decision; Approved the use of "Dealing with Planning Applications - Our Approach to Negotiation" document as guidance for all involved in the planning process.	Chief Executive	04/06/21
Strategy and Housing	The 'Making' of the Queen Camel Neighbourhood Plan	The Chief Executive, following a consultative meeting of the District Executive on 3 June 2021, made the following decision; Approved the making of the Queen Camel Neighbourhood Plan	Chief Executive	04/06/21

Portfolio	Subject	Decision	Taken By	Date
Startegy and Housing	The 'Making' of Martock Neighbourhood Plan	The Chief Executive, following a consultative meeting of the District Executive on 3 June 2021, made the following decision; Approved the making of the Martock Neighbourhood Plan	Chief Executive	04/06/21
Economic Development inc Commercial Strategy	Investment Asset Update Report	District Executive: a. Noted the resilience of the property investment portfolio throughout the COVID-19 pandemic. b. Noted progress made to date in acquiring new commercial property investments and the asset management following acquisition. c. Noted the return being achieved across the portfolio which is slightly below the Council's target of 7%. d. Noted progress being made in securing income from our existing assets and the contribution to the revenue budget towards the revised £3.35m target. e. Noted progress being made in disposals and transfers of existing assets, resulting in a reduction of future liabilities associated with these assets.	District Executive	03/06/21
Protecting Core Services	Planning Reimagined Update	District Executive is asked to recommend that the Chief Executive agrees to: a. note the contents of the report. b. an update on the implementation of the action agreed by the working group to come forward to this meeting in January 2022.	Chief Executive	01/07/21
Economic Development inc Commercial Stretgy	Review of Priority Project 1 of the Council's Annual Action Paln 2021-2022	District Executive is asked to recommend that the Chief Executive propose to Full Council that the outcomes and key milestones contained in Priority Project 1 are revised as per Appendix A of this report.	Chief Executive	01/07/21
Finance and Legal Services	2020/21 Revenue Budget Monitoring Report for the Period Ending 31st March 2021	District Executive is asked to recommend that the Chief Executive: (a) Notes the net spending for the year of £15,188,955, the variance position compared to final budget, and the explanations of variances from budget holders for the 2020/21 financial year; (b) Approves budget carry forwards of £364,860 into the 2021/22 budget (as shown in Appendix B);	Chief Executive	01/07/21

Portfolio	Subject	Decision	Taken By	Date
		(c) Approves the budget virements in paragraph 45, table 9; (d) Notes the virements in Appendix E; (e) Notes the use of the specific reserves in paragraph 38 and the transfers to and from balances outlined in the General Fund table paragraph 40, table 7; (f) Notes the position of the Area Committee balances in paragraph 42.		
Finance and Legal Services	2020/21 Capital Outturn Report Period Ending 31st March 2021	District Executive is asked to recommend that the Chief Executive: - a) Notes the overall capital outturn position as described in this report. b) Approves the revised quarter 4 capital budget as described in paragraph 11.	Chief Executive	01/07/21
Finance and Legal Services	Financing the Yeovil Refresh	District Executive is asked to recommend that the Chief Executive agrees to propose that Council approve: a) An increase of the Yeovil Refresh net budget of £2,604,168. b) An increase in long term borrowing of £2,604,168 to fund the project. c) An increase to the gross budget by £367k from the current approved budget (see Appendix A for more detail)  District Executive is asked to recommend that the Chief Executive agrees to ask Council to note: a. That a future Council meeting will consider the Business Case for establishing a cooperative working space at Yeovil. b. That in the worst case scenario the Council may need to increase its long term borrowing to £4,529,168m in total (ref. Para 26)	Chief Executive	01/07/21



## **Audit Committee**

Committee Chairman: Cllr Martin Carnell  
Lead Officer: Karen Watling, Section 151 Officer  
Contact Details: [Karen.watling@southsomerset.gov.uk](mailto:Karen.watling@southsomerset.gov.uk)

This report summarises the items considered by the Audit Committee since the last report to Council in May 2021. The Audit committee met informally on the 27th May 2021 due to Covid19 restrictions. Minutes of the meeting can be viewed on the website at:

<https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=135&MId=2896&Ver=4>

Prior to the start of the meeting, Members received a briefing on Well Being delivered by people Lead Specialists. This was a closed session due to the sensitive nature of the content.

Below are the items that have been considered.

- Consultation on Funding Strategy Statement
- External Audit Plan for 2020/21 Accounts
- Internal Audit Plan 2020/21 Outturn
- Internal Audit Annual Opinion Report 2020/21
- Annual Treasury Management Activity Report 2020/21
- Risk Management Update
- Review of the Audit Committee's Terms of Reference

The next meeting is scheduled to take place on the 29<sup>th</sup> July 2021 at 10:00am. This will be an informal meeting due to ongoing Covid19 restrictions.

Martin Carnell  
Chairman of Audit Committee

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## Scrutiny Committee

This report summarises the work of the Scrutiny Committee since the last report to Council in May 2021.

Since the last report, the committee have met informally on 11<sup>th</sup> May, 1<sup>st</sup> June and 29<sup>th</sup> June 2021. Minutes of the meetings can be viewed on the website at:

[Browse meetings - Scrutiny Committee \(southsomerset.gov.uk\)](https://www.southsomerset.gov.uk)

The Committee appointed the following Members to the Joint Scrutiny Panels:

Somerset Waste Board Joint Scrutiny Panel	Robin Bastable Brian Hamilton
Somerset Rivers Authority Joint Scrutiny Panel	Paul Maxwell Robin Pailthorpe

The Committee have continued to consider the reports going before District Executive and providing 'critical friend' challenge. Due to the pandemic situation, several of the scheduled reports due to Scrutiny Committee and Task & Finish work have been temporarily delayed.

The Task and Finish group for the Environment Strategy has commenced and the Specialist (Scrutiny & Member Development) is meeting with the budget manager shortly to discuss the switch to R.E.G.O (Renewable Energy Guarantee of Origin), based on the recommendations from the task and finish group members. This would mean our current provider will only source electricity from renewable sources for the rest of the contract.

The Scrutiny and Member Development Specialist has invited all members and officers to feed matters of interest into the scrutiny work programme. Anyone who wishes to submit an item/issue for scrutiny review can email [stephanie.gold@southsomerset.gov.uk](mailto:stephanie.gold@southsomerset.gov.uk).

Gerard Tucker  
Scrutiny Committee Chairman

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## Questions under Procedure Rule 10

The following questions have been submitted by Councillor Martin Wale:

As the non-binding Poll re Unitary is now completed I request a complete financial breakdown of the cost of the Stronger Somerset campaign in relation to costs incurred by South Somerset District Council.

This to include:

- The final cost of the Poll.
- Cost of all circulations e.g. letter included in Council tax bills, circular with detachable voting slip and any other information circulated to all.
- Legal fees whether to solicitors or QC.
- Cost of all media activity including radio adverts, social media, production of videos.
- An estimate of Officers time and any expenses incurred by officers or Councillors.
- Any other expenses.

I request this information to be able to answer the most asked question during this process which was how much has it cost the taxpayer?

Also this information should be available at or as soon as possible after the time of announcement of the Poll result so as the taxpayers of South Somerset can judge the worth of this expense.

Martin Wale  
Councillor Blackdown & Tatworth

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## **Date of Next Meeting**

Members are asked to note that the next scheduled meeting of the Full Council is a reserve date of **19<sup>th</sup> August** and will only be called if there is business to progress.

Therefore, the next meeting of the Full Council will take place on **Thursday, 16<sup>th</sup> September** in the Council Chamber, SSDC Council Offices, Brympton Way, Yeovil BA20 2HT **commencing at 6.30 p.m.**

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## **Exclusion of Press and Public**

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

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

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

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## **Urgent Decision Records to report (Confidential)**

Executive Portfolio Holder:	Val Keitch, Strategy and Housing
Strategic Director:	Alex Parmley, Chief Executive
Lead Specialist:	Jill Byron, Monitoring Officer
Lead Officer:	Jill Byron, Monitoring Officer
Contact Details:	Jill.byron@southsomerset.gov.uk or 01935 462

The Monitoring Officer will provide Council with a verbal update on any urgent decisions taken by the Chief Executive, in consultation with the Chairman of Council and relevant officers since 7<sup>th</sup> May 2021.