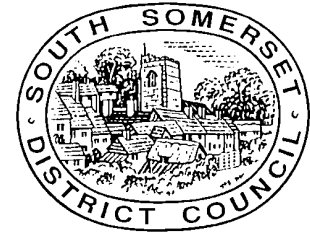


# South Somerset District Council

*Notice of Meeting*



## Scrutiny Committee

*Making a difference where it counts*

**Tuesday 30th August 2016**

**10.00 am**

**Main Committee Room  
Council Offices  
Brympton Way  
Yeovil  
BA20 2HT**

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



Members listed on the following page are requested to attend the meeting.

The public and press are welcome to attend.

If you would like any further information on the items to be discussed, please ring the Agenda Co-ordinator, **Becky Sanders, Democratic Services Officer 01935 462596**, website: [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)

This Agenda was issued on Thursday 18 August 2016.

*Ian Clarke, Assistant Director (Legal & Corporate Services)*

This information is also available on our website  
[www.southsomerset.gov.uk](http://www.southsomerset.gov.uk)



INVESTORS IN PEOPLE

# Scrutiny Committee Membership

The following members are requested to attend the meeting:

**Chairman:** Sue Steele  
**Vice-chairmen:** Dave Bulmer and John Clark

Jason Baker  
Mike Beech  
Neil Bloomfield  
Amanda Broom

Val Keitch  
Tony Lock  
Sue Osborne  
Tiffany Osborne

Garry Shortland  
Rob Stickland  
Martin Wale

## Information for the Public

### What is Scrutiny?

The Local Government Act 2000 requires all councils in England and Wales to introduce new political structures which provide a clear role for the Council, the Executive and non-executive councillors.

One of the key roles for non-executive councillors is to undertake an overview and scrutiny role for the council. In this Council the overview and scrutiny role involves reviewing and developing, scrutinising organisations external to the council and holding the executive to account

Scrutiny also has an important role to play in organisational performance management.

The Scrutiny Committee is made up of 14 non-executive members and meets monthly to consider items where executive decisions need to be reviewed before or after their implementation, and to commission reviews of policy or other public interest.

Members of the public are able to:

- attend meetings of the Scrutiny Committee except where, for example, personal or confidential matters are being discussed;
- speak at Scrutiny Committee meetings; and
- see agenda reports.

Meetings of the Scrutiny Committee are held monthly on the Tuesday prior to meetings of the District Executive at 10.00am in the Council Offices, Brympton Way, Yeovil.

Agendas and minutes of these meetings are published on the Council's website [www.southsomerset.gov.uk](http://www.southsomerset.gov.uk).

The Council's Constitution is also on the website and available for inspection in council offices.

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

## **South Somerset District Council – Council Aims**

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

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

## **Recording and photography at council meetings**

Recording of council meetings is permitted, however anyone wishing to do so should let the Chairperson of the meeting know prior to the start of the meeting. The recording should be overt and clearly visible to anyone at the meeting, but non-disruptive. If someone is recording the meeting, the Chairman will make an announcement at the beginning of the meeting.

Any member of the public has the right not to be recorded. If anyone making public representation does not wish to be recorded they must let the Chairperson know.

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<http://modgov.southsomerset.gov.uk/documents/s3327/Policy%20on%20the%20recording%20of%20council%20meetings.pdf>

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# Scrutiny Committee

**Tuesday 30 August 2016**

## Agenda

### *Preliminary Items*

**1. Minutes** (Pages 7 - 12)

To approve as a correct record the minutes of the previous meeting held on 2 August 2016.

**2. Apologies for absence**

**3. Declarations of Interest**

In accordance with the Council's current Code of Conduct (adopted July 2012), 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. A DPI is defined in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) and Appendix 3 of the Council's Code of Conduct. A personal interest is defined in paragraph 2.8 of the Code and a prejudicial interest is defined in paragraph 2.9. In the interests of complete transparency, Members of the County Council, who are not also members of this committee, are encouraged to declare any interests they may have in any matters being discussed even though they may not be under any obligation to do so under any relevant code of conduct.

**4. Public question time**

**5. Issues arising from previous meetings**

This is an opportunity for Members to question the progress on issues arising from previous meetings. However, this does not allow for the re-opening of a debate on any item not forming part of this agenda.

**6. Chairman's Announcements**

### *Items for Discussion*

**7. Right To Buy Clawback Agreement - Request from Yarlington Housing Group** (Pages 13 - 22)

**8. Verbal update on reports considered by District Executive on 4 August 2016** (Page 23)

**9. Reports to be considered by District Executive on 1 September 2016** (Page 24)

**10. Verbal update on Task and Finish reviews** (Page 25)

11. **Update on matters of interest** (Page 26)
12. **Scrutiny Work Programme** (Pages 27 - 28)
13. **Date of next meeting** (Page 29)

# Agenda Item 1

## South Somerset District Council

**Draft Minutes** of a meeting of the **Scrutiny Committee** held at the **Main Committee Room, Council Offices, Brympton Way, Yeovil BA20 2HT on Tuesday 2 August 2016.**

(10.00 am - 12.00 pm)

**Present:**

**Members:** Councillor Sue Steele (Chairman)

Jason Baker	John Clark
Neil Bloomfield	Val Keitch
Amanda Broom	Sue Osborne
Dave Bulmer	Rob Stickland

**Also Present:**

Clare Aparicio Paul	Jo Roundell Greene
Ric Pallister	Angie Singleton

**Officers**

Rina Singh	Interim Chief Executive
Catherine Hood	Finance Manager
Jo Gale	Scrutiny Manager
Emily McGuinness	Scrutiny Manager

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**27. Minutes (Agenda Item 1)**

The minutes of the meeting held on 5 July 2016 were approved as a correct record and signed by the Chairman.

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**28. Apologies for absence (Agenda Item 2)**

Apologies for absence were received from Councillors Mike Beech, Tony Lock, Tiffany Osborne, Garry Shortland and Martin Wale.

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**29. Declarations of Interest (Agenda Item 3)**

There were no declarations of interest.

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**30. Public question time (Agenda Item 4)**

There were no questions raised by members of public at the meeting.

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**31. Issues arising from previous meetings (Agenda Item 5)**

There were no issues raised from previous meetings.

### **32. Chairman's Announcements (Agenda Item 6)**

The Chairman informed the committee she had attended a Transformation Programme meeting since Scrutiny Committee last met and explained:

- The recommendation from Scrutiny Committee to amend the Transformation Board Terms of Reference to include achieving savings as stated in the Business case was accepted.
- The specifics of the roles she and Cllr John Clark will have on the Transformation Board and how this will work practically alongside their Scrutiny Committee Chairing responsibilities.

Cllr Dave Bulmer noted the Strategic Alliance group had not met since the last Scrutiny Committee meeting.

The Deputy Leader and Interim Chief Executive Officer explained that there are progressing three work streams of the Strategic Alliance:

- Creation of a Lettings Agency ( although this work related more to South Somerset than Sedgemoor District Council)
- Energy provision for residents - addressing fuel poverty, encouraging people to consider switching and potentially consider income generation
- Formalising the process with regards to Income Generation to take forward to Joint Leaders Advisory Group.

There was discussion around the Energy provision work stream, all ideas and suggestions are encouraged and should be put forward to the Assistant Director (Environment).

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### **33. Response to Scrutiny Questions to the Leader (Agenda Item 7)**

Scrutiny Committee were asked to consider the responses provided to the questions circulated under separate cover.

In response to member questions the officer and executive members in attendance raised the following points:

- The decisions this board would make are with regard to options for progressing the project as set down in the parameters of the Full Council report – within the agreed timescales and budget.
- Cllr Ric Pallister is the project sponsor; it is his responsibility to ensure the board are effectively working to achieve what was set down in the report to Full Council on 17<sup>th</sup> March 2016 and within the parameters in terms of timescales and budget. Anything outside of the scope would have to come back to members to be discussed.
- Only members on the Board vote, no officers have a vote, voting will only be in terms of how the programme is managed, considering aspects of delivery. It's about getting early direction and utilising member's knowledge of communities and resident's needs.



- Cllr John Clark added that the voting procedure on the board was clearly set out.
- There are named substitutes on the Income Generation Board but this is different from Transformation Board, as transformation is a process and a delivery vehicle for what members have already defined so cannot be considered the same as the other Boards.

Scrutiny Committee members were satisfied with the responses provided and the agreed process going forward to enable effective Scrutiny involvement.

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**34. Verbal update on reports considered by District Executive on 7 July 2016 (Agenda Item 8)**

Members noted the update given by the Chairman of Scrutiny Committee.

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**35. Reports to be considered by District Executive on 4 August 2016 (Agenda Item 9)**

The Scrutiny Committee considered the reports contained in the District Executive Agenda for the 4 August 2016 and made the following comments:

**Approval of South Somerset District Council's Contaminated Land Inspection Strategy (2016-2021) (Agenda item 7)**

Member's sought reassurance that the reputational risk to the Authority of adopting a more reactive than pro-active approach is adequately managed?

**Draft Asset Management Plan 2016-17 (Agenda item 8)**

Whilst members acknowledged that the report states there will need to be some flexibility to manage the limited resources available in the delivery of the Asset Management Plan, Scrutiny Committee members feel it is important that workloads are monitored.

Members also were pleased to note the clarification given by the Leader that the cessation of the Strategic Asset Steering Group (SASG) would not affect the democratic decision making processes already in place.

**Update on Equality Objectives Action Plan (Agenda item 9)**

Members were pleased to note that their concerns relating to Community Safety Actions had now been addressed.

**2016/17 Revenue Budget Monitoring Report for the period ending 30<sup>th</sup> June 2016 (Agenda item 10)**

Members sought clarification about the ANPR Car Parking arrangements and why this project was running behind schedule. They were grateful to the Finance Manager for providing some clarification about the contract negotiation process and hope the issues can be resolved as soon as possible.

Members asked that progress towards achieving the Transformation Programme savings are made explicitly clear in budget monitoring reports and it was agreed that this information would be shown as a separate reporting line in the future.

**2016/17 Capital Budget Monitoring report for the period ending 30<sup>th</sup> June 2016 (Agenda item 11)**

Members commented on the fact that a move away from Home Improvement Grants to loans had had an adverse effect on the number of applications. They were pleased to note the Leader's comments that a revised procedure for administering the loans would be coming before members shortly.

**Draft Proposals of the Community Governance Review of Yeovilton Parish Council (Agenda item 12)**

Scrutiny Committee made no comments.

**Monthly News Snapshot (Agenda item 13)**

The Leader highlighted the success of the scheme run by Somerset Care and Repair.

**District Executive Forward Plan (Agenda item 14)**

Scrutiny Committee made no comments.

**Exclusion of Press and Public**

In accordance with Section 100A(4) of the Local Government Act 1972 (as amended), the Committee resolved that the press and public be excluded from the following items in view of the likely disclosure of exempt information as described in Paragraph 3 of Part 1 of Schedule 12A to the Act, i.e. "Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Westlands Leisure Complex – Urgent Executive Decision (Confidential) (Agenda item 17)**

Members made comments in confidential session.

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**36. Verbal update on Task and Finish reviews (Agenda Item 10)**

Members were updated as follows on the progress of the Task and Finish Groups currently underway:

**Council Tax Reduction Review 2017**

The Scrutiny Manager explained that the Task and Finish group met on 14th July. Members agreed what should be included in the consultation and discussed how best to encourage a good representation of the community and representatives of those who may be considered vulnerable to participate.

## **Discretionary Housing Payments**

This Scrutiny Manager explained the next meeting is scheduled for 16<sup>th</sup> September and that the previous meeting had been attended by a senior Shelter representative. Members had had a very good discussion about what constitutes 'reasonable living expenses' and the group would now be working to devise an appropriate SSDC policy to reflect this information. Any relevant evidence gathered by this Task and Finish Group will be shared with the Council Tax Reduction Task and Finish Group.

## **Consent to Dispose of Housing Stock / Local Connections Allocation Policy**

A report is currently being prepared for consideration by the HomeFinder Somerset Board outlining members suggestions for ensuring sustainable local communities are supported through providing appropriate local housing for local people.

Further work is being done to fully understand the impact of the decisions by the various Housing Providers to dispose of stock within South Somerset. The evidence gathered by the Task and Finish Group to date indicates that South Somerset has very limited ability to influence their decisions so the focus of the group is now on ensuring the risk of such disposals is fully understood and reflected in SSDC policies and procedures. A further meeting will be held in September to progress this.

## **NNDR**

Whilst the Council Tax support work will cease during the consultation period, the revenues staff will be able to work with members throughout September to review the NNDR discretionary relief policy, an invitation will go out shortly to all members.

## **Community Council for Somerset**

The Scrutiny Manager explained Keeley Rudd the Chief Executive Officer from the Community Council for Somerset (CCS) is coming to meet with members on Monday 8<sup>th</sup> August to identify if, and how, CCS and SSDC could work better together to achieve more and better outcomes for the community.

## **Street Trading**

The Scrutiny Manager informed members that this work was a continuation of the work of the previous Licensing fees and charges Task and Finish group and would be focusing on refreshing the Council's policies and procedures in relation to Street Trading. The first meeting is scheduled to take place on 28<sup>th</sup> September at 10am.

Councillors Jason Baker, Neil Bloomfield, Val Keitch and Rob Stickland indicated they wished to take part in this review.

## **Devolution**

The Scrutiny Manager updated members on the Task and Finish Group that had been established at the request of the Leader (and subsequently agreed by Scrutiny Committee) with the aim of supporting members in understanding the implications of moving towards a Combined Authority.

Within the Strategic Alliance with Sedgemoor District Council, two of their elected members would be joining this review;

Cllr Mick Lerry, Leader of Labour Group  
Cllr Kathy Pearce, Chair of Community Scrutiny  
Cllrs John Clark and Sue Osborne will be the SSDC representatives on this Task and Finish Group. An initial meeting will be arranged for September.

**Rural Services Access to Health Scrutiny Exercise**

Following the agreement of members to participate in this national project a meeting has been arranged for 21<sup>st</sup> September at the Deane House, Taunton. Somerset County Council are considering joining with SSDC, WSC and TDBC to carry out this review. The Chairman indicated that she would like to participate in this review and an invite would be sent out to all members seeking additional representatives.

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**37. Update on matters of interest (Agenda Item 11)**

There were no updates on matters of interest.

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**38. Scrutiny Work Programme (Agenda Item 12)**

Members noted that Garry Orr – CEO of Yarlington Homes would be presenting a paper to Scrutiny Members at the next Scrutiny Committee meeting, outlining his proposals for Right to Buy receipts in the future.

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**39. Date of next meeting (Agenda Item 13)**

Members noted the next meeting of the Scrutiny Committee would be held on 30 August 2016, in the Main Committee Room, Brympton Way.

.....  
Chairman

# Agenda Item 7

## **Right To Buy Clawback Agreement – Request from Yarlington Housing Group**

Contact Details: *Donna Parham, Assistant Director (Finance and Corporate Services)*  
*Donna.parham@southsomerset.gov.uk or 01935 462225*  
*Colin McDonald, Corporate Strategic Housing Manager*  
*Colin.McDonald@southsomerset.gov.uk or 01935 462331*

Please find attached a report prepared by Garry Orr, CEO of Yarlington Housing Group. This report is before members at the request of Councillor Ric Pallister – Leader, who wishes to obtain members' views on the proposals from Yarlington Homes regarding the future use of Right to Buy Receipts.

The attached report will also be considered at District Executive in September.

For completeness, the Assistant Director (Finance and Corporate Services) and Corporate Strategic Housing Manager will be attending the Scrutiny Committee meeting. Their response to the proposals is attached as Appendix A.

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## Right to Buy (RTB) Clawback Agreement

### 1. Purpose of report

- 1.1 The purpose of this report is to formally request that the Council reappraise the current RTB Clawback arrangement with Yarlington Housing Group. In doing so, it is hoped that future RTB clawback receipts would be reinvested in order to replace the homes sold across the district. Additionally, we ask that the reinvestment of sales receipts be ring-fenced to Yarlington Housing Group in order to guarantee a one-for-one replacement within South Somerset.

### 2. Background

- 2.1 In 1999, following an option appraisal, South Somerset District Council sold its housing stock to Yarlington Housing Group (then called South Somerset Homes). Under the terms of the sale the Council and South Somerset Homes agreed that the backlog of major repairs and refurbishment would be completed within a subsequent fifteen year period. The purchase price paid by South Somerset Homes to the Council was **£69,301m** reflecting the condition of the stock and the income stream generated from the rent roll.

### 3. Right To Buy

- 3.1 Right to Buy was introduced in 1980 under the Housing Act (Chapter 51). This allows all secure tenants of Local Authorities and non-charitable housing associations and assured tenants of registered providers to buy their home at a discount of the full market value.
- 3.2 Preserved Right to Buy applies to Yarlington residents who were a secure tenant of SSDC before the stock sale occurred. The amount of discount a tenant can have to purchase their property is dependent on the number of years they have been a public sector tenant, up to the maximum discount of £77,900.
- 3.3 There are exceptions to Preserved RTB; specifically sheltered accommodation, and accommodation that has been altered for those with additional support needs.

- 3.4 The Right to Buy Agreement for South Somerset is located in an addendum to the transfer papers between SSDC and South Somerset Homes (Fifteenth Schedule Part 1).

It states:

*“In principle, the Right to Buy and Shared Ownership Clawback Agreement provides that any capital receipts arising on preserved right to buy sales (for 30 years after completion) are to be apportioned between the Council and the company in accordance with agreed formulae.*

*The formulae have been negotiated within the Company’s and the Council’s lead consultants to ensure that the Company should not be financially prejudiced as a result of any of its properties being sold under Preserved Right to Buy.*

*The formulae briefly provide for the Company to retain from each sale an amount which reflects its lost income from the property sold together with an amount in respect of the Company’s administration, legal and valuation costs. The amount by which a sale price exceeds the amount which the company can retain is to be paid to the Council. If the formula produces a negative figure then the Council will pay such amount to the company. All calculations are to be undertaken annually with payments no later than the end of April following the end of each financial year (31<sup>st</sup> March).*

*All calculations under the formula are to be certified by the Company’s auditor by 30<sup>th</sup> September following the end of the financial year and any excess or under payments are to be rectified within one month of the auditor’s certification.”*

Under the RTB clawback agreement, Yarlington retain on average just £27.5k for each house sold under Right to Buy and on average SSDC receives in excess of £44,000 (2015/16 figures).

- 3.5 Since 1999, Yarlington has paid SSDC a total of **£25,249,459** in Right to Buy receipts. SSDC has reinvested **£7,996,972** back into Yarlington in order to support the re-provision of affordable housing. Unfortunately we were unable to determine the total amount re-invested back from SSDC to alternative housing providers (a request was made but unfortunately this information was not available). Whilst it is clear that SSDC has been supporting specific housing developments, due to lack of information it is not clear where and how much of the additional **£17,252,487** has been invested in the direct replacement of homes.

#### **4. Yarlington’s contribution to South Somerset economy**

- 4.1 Since 1999, Yarlington has secured significant private investment in order to improve the quality of the former Council housing stock and thereafter building new properties to service the local demand on the waiting list.

- 4.2 **Headline Investment:**
- Since 1999, we have raised private finance totalling **£247.5m**.
  - Yarlington has subsequently invested **£147m** in capital improvements since 1999 in order to achieve and maintain decent homes standard, thus honouring the “promise” made to the local council and the community.
  - We have invested a further **£194m** into building new homes.
- 4.3 Since 1999, Yarlington has built 1,211 new rental homes and a further 306 low cost home ownership properties across the South Somerset district.

**Investment in SSDC Area by Yarlington since 1999**

Construction Value: £165.5m

Direct Employment: 1,471 jobs

Indirect Employment: 637 jobs

Economic Output: £27.3m GVA<sup>1</sup> p.a. into the local economy as a result of jobs created during the construction.

**YHG estimated spend in the local economy**

First Occupation<sup>2</sup> Expenditure: £7.6m

Total spend by household: £23.4m per annum.

Retail spend by household: £9.8m per annum

Leisure spend by household: £4.9m per annum

- 4.4 Since 1999 over 40,000 South Somerset citizens have been housed by Yarlington. These residents have further benefited from the significant additional services that Yarlington uniquely provide at its discretion, namely the provision of employment, training and educational services for local people.
- 4.5 The additionality of our service means that we have provided significant levels of funding to support local organisations, including the Council and the wider voluntary sector. As an example, over the last 4 years £3.6m has been provided to fund community investment activities in South Somerset. This has resulted in 526 local people supported into employment and 1,567 benefitting from training or education. In addition, our social enterprise Inspired to Achieve has engaged with 1,209 people needing support and assistance.
- 4.6 Since our inception over 850 local people have benefitted from employment within Yarlington.
- 4.7 Our calculations suggest that the 850 people generates a GVA for the local economy of approximately £11m per annum.

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<sup>1</sup> GVA: Gross Value Added measures the contribution to the economy a product or service provides.

<sup>2</sup> The amount of money a household will bring into the local area upon first moving in (new products/services).



## **5. Housing Grant Funding Reforms**

- 5.1 Up until the 1980's practically all social rented housing was provided through significant levels of public sector subsidy. After the election of the Government in 1979 there followed a re-appraisal of the provision of social housing.
- 5.2 This re-appraisal aimed to reduce public borrowing, increase efficiency and expand the role of private finance. Following the re-appraisal, expenditure on housing by central government fell sharply.
- 5.3 Additional pressure to find alternative funding methods followed the introduction of Right to Buy for Local Authority tenants (Housing Act 1980). Under the scheme, tenants could purchase their homes at substantial discounts. The scheme changed the landscape for low cost home ownership. Since 1980/81 over 2.2 million homes have been bought under the right to buy.
- 5.4 As "independent bodies" (pre-ONS reclassification), Housing Associations stood outside public borrowing and the accounting regime. We were therefore able to leverage private finance without it being classed as public borrowing.
- 5.5 The Housing Act 1988 paved the way for the large scale introduction of private financing for housing associations. Whilst grant levels have significantly diminished since its inception, the regime has endured.
- 5.6 The Act allowed for HAs to combine their privately leveraged private finance with grant, allow development risks to be carried by the HA, and enabled lenders to take a charge over the housing assets.
- 5.7 Introduction of the Affordable Rent Model further progressed the mixed-funding development regime. The foundation of this model was that whilst grant was substantially reduced, HAs were now able to charge up to 80% of the market rent. The aim of the model was to enable the increased borrowing capacity generated by a larger rental income stream to compensate for lower grant per unit.

## **6. Demand for Affordable Housing**

- 6.1 Active applicants on the housing waiting list in South Somerset currently sits at 2,054. However, demand for homes of all tenure exceeds 5,000 families in South Somerset alone.
- 6.2 The Land Registry released their annual House Price Index in March 2016. This states that the average house price in Somerset is £177,871 (South West is £197,085). ONS Average Survey of Hours and Earnings shows that the average full time earnings in South Somerset is £24,284 a year, with the average house price at £177,871 this is 7.3 times the average salary.

## **7. Our Offer: Additionality beyond the development programme**

- 7.1 Yarlington's vision and mission is to build communities, we see it as critical to provide the desperately needed housing South Somerset requires. Demand far outstrips supply and we are therefore "sweating" our financial plan to ensure we provide as much high quality, economic housing as is possible.
- 7.2 Under the current RTB clawback arrangement, approximately £1m per year is returned to SSDC. That £1m could be used by Yarlington as additional capacity to borrow against in order to fund up to 30 new properties per year (up to 120 over the next 4 years).
- 7.3 The Council's stated aims and objectives ("Tackling the Challenge") looks to "Enable housing to meet all needs", "Working with partners to enable the provision that meets the future and existing needs of residents and employers".
- 7.4 In order to achieve our shared goal we believe it imperative that the receipts from selling Yarlington assets under Right To Buy be directly reinvested into replacement of new homes.
- 7.5 We therefore respectfully ask that the annual RTB receipts paid to SSDC are, (as a minimum), ring fenced for the provision of new affordable replacement accommodation.
- 7.6 We further ask that the receipts are directly invested into Yarlington with the expectation that we raise our commitments and build additional properties (above and beyond our expected development commitments) commensurate with the additional reinvestment.
- 7.7 We hope our paper demonstrates the value Yarlington has brought to South Somerset and our commitment to respond to our ongoing local housing challenge.

## **Officer Response to Yarlington Request**

*Contact Details: Donna Parham, Assistant Director (Finance and Corporate Services)  
Donna.parham@southsomerset.gov.uk or 01935 462225  
Colin McDonald, Corporate Strategic Housing Manager  
Colin.McDonald@southsomerset.gov.uk or 01935 462331*

### **Purpose of the Report**

This report outlines the SSDC's officers' viewpoint regarding the use of Preserved Right to Buy receipts.

### **Recommendations**

The need for the Council to take a targeted approach to the allocation of scarce capital resource to support priority affordable housing schemes in South Somerset does not support this blanket proposal and members are recommended to refuse it. This approach is necessary following the Government decision to withdraw grant funding for social or affordable rental schemes

### **Public Interest**

This report concerns the ability of the district council to deploy funds to improve the housing circumstances of the community – be it through the provision of new affordable housing or the aiding of improvement to existing stock or other initiatives to increase the supply of rented or intermediate housing. It will be of interest to members of the public concerned about the provision of housing for those in need in their local area and of particular interest to any member of the public who is seeking to be rehoused themselves or has a friend or relative registered for housing with the Council and its Housing Association partners.

### **Background**

The transfer of SSDC's housing stock occurred in March 1999 following a ballot of tenants who were given specific undertakings about the improvement of their homes, bringing concrete system built housing up to a mortgageable standard and future rent increases. .

Overall 8,880 properties were transferred, the average receipt for each type of property was as follows:-

- House £8,830
- Flat £3,870
- Shared Ownership £20,496

These average values reflected the backlog of repairs required and in some cases individual properties effectively had a 'dowry' associated with them to cover the full cost of remedy required. The overall amount received also reflected the rights of tenants who had a Preserved Right To Buy (PRTB) for which a formula was agreed allocating any proceeds or

liabilities between South Somerset Homes and SSDC on a fair and equitable basis that ensured that neither party was financially disadvantaged

Those tenants who have remained South Somerset Homes / Yarlington tenants continuously since the transfer date retain that PRTB.. As part of the overall legal transaction a 'clawback agreement' was agreed. This enabled SSDC to in effect receive a proportion of any uplift in value over a thirty year period. In each sale the tenant is entitled to any discounts as set by the Government, Yarlington receives a compensatory amount for loss of future rental income over the remainder of the original business plan period, and SSDC would receive, or in some cases be charged, the remaining amount.

In the last five years the authority has received the following from the Preserved Right to Buy:-

2011/12 - £0.751 million  
2012/13 - £0.982 million  
2013/14 - £1.429 million  
2014/16 - £1.037 million  
2015/16 - £0.927 million

On average the receipt has been £1.025 million per annum.

SSDC does not match these receipts to specific projects as there is no legal requirement to do so. Some examples of capital projects that have been agreed over the last five years are shown below:-

<b>Capital Project</b>	<b>Allocation £'m</b>
Private Sector Housing Grants	0.61
Affordable Housing	1.20
Investment in Housing Properties	3.00
Disabled facilities grants	0.23
Grant for Westfield AGP	0.05
Grant for Huish Pool	0.20
<b>Total</b>	<b>5.29</b>

As outlined a large proportion of receipts are being utilised for housing and includes the strategy of capital investment in more properties within South Somerset both as a long-term financial investment to fund discretionary community services and also to contribute in meeting housing need alongside our Housing Association partners. SSDC also remains committed to providing capital grant generated through receipts to support the delivery of affordable housing through any RSL partner scheme that delivers in our areas of highest need.

In addition to this SSDC has transferred £1.573 million in land to Housing Associations including Yarlington.

The most important point is that the receipts are being allocated to projects chosen by SSDC. Members attention is drawn to the separate report on the affordable housing programme (see District Executive agenda – 1 September 2016) which sets out a seven year profile on the programme and gives some commentary on the performance of Yarlington and other chosen Housing Association partners. Members may wish to note the success rate with which capital grant from the Council has been used to lever in other funding, including new

allocations from the HCA and the use of Recycled Capital Grant Funds (RCGF) funds garnered by Housing Association partners in other local authority areas. Equally we have agreed to the transfer of RCGF from South Somerset to other partners – such as endorsing the use of funds Yarlington had realised in South Somerset to save the endangered CLT scheme at Dalwood in East Devon.

In particular the report refers to the lack of funding for homes for rent from the HCA, the imposition of Starter Homes as part of future planning obligations, the inability to seek commuted sums from small scale developments (ten or fewer dwellings) and increased viability issues.

In the current external climate it is imperative that SSDC funds are allocated to the areas and types of projects seen as meeting the highest need. In terms of affordable housing Yarlington can bring forward project proposals to SSDC and apply for grants but those projects must meet those priorities. At present SSDC can chose the higher priority projects, spreading risk and capacity between a range of partner organisations.

It should also be noted that Yarlington have gained an estimated £3.5 million in net proceeds from the sale of individual properties, mostly in rural locations with no visibility on where these funds have been deployed. In the past year these proceeds have exceeded the share of the PRTB receipts to which the Council is legally entitled.

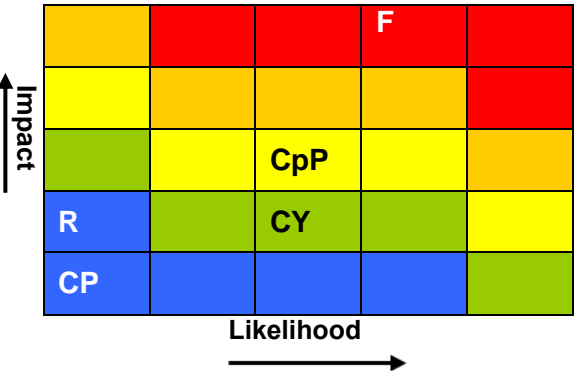
**Financial Implications**

If members were to agree to amend the contract all future PRTB receipts would remain with Yarlington Housing Group. This would in effect passport a potential £13 million from its own capital programme over the next 13 years. The capital programme and forward strategic financial planning would need to be reviewed as a result and SSDC would need to borrow to fund its own capital programme at an earlier stage than planned and in particular borrow to support high priority affordable housing schemes.

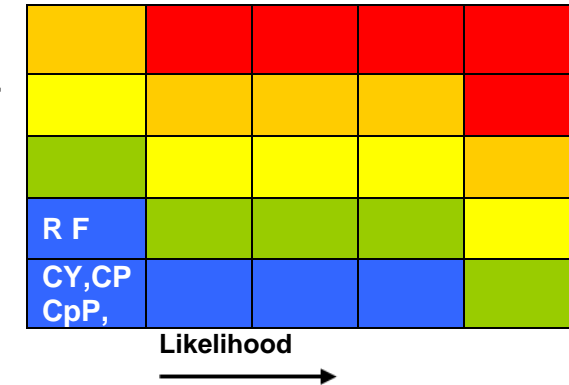
The authority currently has approximately £18 million in capital receipts that are not already committed. A review of future capital requirements carried out last year showed that SSDC had a capital requirement of £21.2 million over the next five years.

**Risk Matrix**

**Risk Profile before officer recommendations**



**Risk Profile after officer recommendations**



**Key**

<b>Categories</b>	<b>Colours</b> <i>(for further detail please refer to Risk management strategy)</i>
R = Reputation CpP = Corporate Plan Priorities CP = Community Priorities CY = Capacity F = Financial	Red = High impact and high probability Orange = Major impact and major probability Yellow = Moderate impact and moderate probability Green = Minor impact and minor probability Blue = Insignificant impact and insignificant probability

# Agenda Item 8

## **Verbal update on reports considered by District Executive on 4 August 2016**

The Chairman will update members on the issues raised by Scrutiny members at the District Executive meeting held on 4 August 2016.

The draft minutes from the District Executive meeting held on 4 August 2016 have been circulated with the District Executive agenda.

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# Agenda Item 9

## **Reports to be considered by District Executive on 1 September 2016**

*Lead Officer:* Emily McGuinness, Scrutiny Manager  
*Contact Details:* emily.mcguinness@southsomerset.gov.uk or (01935) 462566

Scrutiny Committee members will receive a copy of the District Executive agenda containing the reports to be considered at the meeting on 1 September 2016.

Members are asked to read the reports and bring any concerns/issues from the reports to be discussed at the Scrutiny Committee meeting on 30 August 2016.

The Chairman will take forward any views raised by Scrutiny members to the District Executive meeting on 1 September 2016.

### **Please note:**

The Press and Public will be excluded from the meeting when a report or appendix on the District Executive agenda has been classed as confidential, Scrutiny Committee will consider this in Closed Session by virtue of the Local Government Act 1972, Schedule 12A under paragraph 3 (or for any other reason as stated in the District Executive agenda):

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

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



# Agenda Item 10

## **Verbal update on Task and Finish reviews**

The Task and Finish Review Chairs or Scrutiny Manager will give a brief verbal update on progress made.

### **Current Task & Finish Reviews**

- Council Tax Reduction Review 2017
- Discretionary Housing Payments
- Consent to Dispose of Housing Stock / Local Connections Allocation Policy
- NNDR Discretionary Relief Policy
- Community Council for Somerset
- Street Trading
- Devolution
- Rural Services Access to Health Scrutiny Exercise

# Agenda Item 11

## **Update on matters of interest**

*Lead Officers:*            *Emily McGuinness, Scrutiny Manager*  
*Contact Details:*        *emily.mcguinness@southsomerset.gov.uk or (01935) 462566*

## **Action Required**

That members of the Scrutiny Committee note the verbal updates as presented by the Scrutiny Manager.

## **Purpose of Report**

This report is submitted for information to update members of the committee on any recent information regarding matters of interest to the Scrutiny Committee, and for the Scrutiny Manager to verbally update members on any ongoing matters.

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## Scrutiny Work Programme

Meeting Date	Agenda Item	Issue for Main Scrutiny Cttee	Budget	Background/Description	Lead Officer/ Lead Member
TBC	How the Community Council for Somerset and South Somerset District Council could work better together to achieve more and better outcomes for the community.			Committee members have invited Community Council for Somerset to work with them to identify areas where closer working could be of benefit to each organisation.	
TBC	Review of Economic Development Strategy	✓		This Strategy is due for review and Scrutiny members have previously been involved in the review and development of this Policy. The Lead Officer has agreed that Scrutiny involvement will be factored in to the review process and we will be kept informed regarding the most appropriate point for effective Scrutiny engagement.	David Julian / Cllr Jo Roundell Greene.
TBC	Review of Performance Indicators	✓		Officers previously indicated to the Scrutiny Committee that work was planned to review the current suite of performance indicators. This work is dependent on the revision of the Council Plan and assurance has been given that provision will be made for effective Scrutiny engagement in this process.	Andrew Gillespie Charlotte Jones Cllr Ric Pallister

The Somerset Waste Board and Somerset Waste Partnership Forward Plan of key decisions can be viewed at:  
<http://www.somerset.gov.uk/policies-and-plans/plans/cabinet-forward-plan/>

## Current Task & Finish Reviews

Date Commenced	Title	Members
January 2016	Consent for disposal of housing stock	Cllr Sue Steele (Chair) Cllrs Jason Baker, Val Keitch and Sue Osborne
25 Feb 2016.	Homefinder Somerset Allocations Policy	Cllrs Sue Steele, John Clark, Val Keitch, Jason Baker, Dave Bulmer, Sue Osborne, Nick Colbert, Gina Seaton
29 April 2016	CTR Review 2016/17	Cllrs Sue Steele, Sue Osborne, Amanda Broom, Rob Stickland, David Norris, Carol Goodall
13 May 2016	Discretionary Housing Payment Policy (DHP)	TBC – to be commenced only upon completion of the Journey of Exploration Task and Finish.
June 2016	Review of Street Trading Policy	Requested by Service Manager to look at reviewing current Street Trading Policy with a view to producing a report for November 2016 Council. Cllrs Jason Baker, Neil Bloomfield, Val Keitch and Rob Stickland.
September 2016	NNDR discretionary relief policy review –	The changes from the revised policy have taken affect from 1 <sup>st</sup> of April, this has resulted in some more feedback from ratepayers, the Task and Finish group will review this and changes in legislation regarding mandatory relief to ensure the policy still achieves what it set out to do and that the impact of the changes to mandatory relief are taken into account.
8 August 2016	How the Community Council for Somerset and South Somerset District Council could work better together to achieve more and better outcomes for the community.	Committee members have invited Community Council for Somerset to work with them to identify areas where closer working could be of benefit to each organisation.
September 2016	Rural District Council Network – Scrutiny of Rural Access to Health joint review with other Somerset District Councils	
September 2016	Review of elements and proposals to establish a combined authority should members agree at Full Council to make an 'in principle' decision to create a Combined Authority.	Cllrs John Clark and Sue Osborne.

# Agenda Item 13

## **Date of next meeting**

Members are requested to note that the next meeting of the Scrutiny Committee will be held on Tuesday 4 October 2016 at 10.00am in the Main Committee Room, Brympton Way, Yeovil.

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