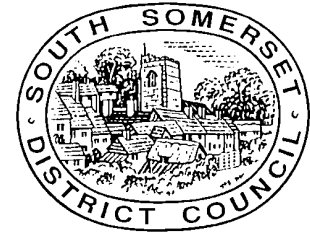


**South Somerset District Council**

*Notice of Meeting*



# Scrutiny Committee

*Making a difference where it counts*

**Tuesday 5th August 2014**

**10.00 am**

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

(disabled access is available at this meeting venue)



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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 Monday 28 July 2014.

*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 Nigel Mermagen

Pauline Clarke  
Nick Colbert  
Carol Goodall  
Tim Inglefield

Pauline Lock  
Tony Lock  
Paul Maxwell  
Graham Middleton

Sue Osborne  
David Recardo  
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 Plan**

**Our focuses are:** (all equal)

- Jobs – We want a strong economy which has low unemployment and thriving businesses
- Environment – We want an attractive environment to live in with increased recycling and lower energy use
- Homes – We want decent housing for our residents that matches their income
- Health and Communities – We want communities that are healthy, self-reliant and have individuals who are willing to help each other

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# Scrutiny Committee

**Tuesday 5 August 2014**

## Agenda

### *Preliminary Items*

- 1. To approve as a correct record the minutes of the previous meeting held on 1 July 2014** (Pages 1 - 5)
- 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. Final report from the Non Domestic rates (NDR) - Discretionary Relief Task and Finish Group** (Pages 6 - 24)
- 8. Reports to be considered by District Executive on 7 August 2014** (Page 25)
- 9. Verbal update on Task and Finish reviews** (Page 26)
- 10. Update on matters of interest** (Page 27)
- 11. Scrutiny Work Programme** (Pages 28 - 29)

**12. Date of next meeting (Page 30)**

## To approve as a correct record the minutes of the previous meeting held on 1 July 2014

### South Somerset District Council

Draft Minutes of the Scrutiny Committee held on Tuesday 1 July 2014 in the Main Committee Room, Council Offices, Brympton Way, Yeovil.

(10.00am – 11.35am)

Present:

**Members:** Councillor Sue Steele (in the Chair)

David Bulmer  
Pauline Clarke  
Nick Colbert

Carol Goodall  
Tim Inglefield (to 10.50am)  
Pauline Lock

Tony Lock  
Nigel Mermagen

#### **Substitutes:**

Councillor Kim Turner for Councillor David Recardo.

#### **Also present:**

Councillors Tim Carroll, Ric Pallister and Sylvia Seal.

#### **Officers:**

Ian Potter	Revenues and Benefits Manager
Andrew Gillespie	Area Development Manager (West)
Kerri Bruce	MTIG Marketing Intern
Emily McGuinness	Scrutiny Manager
Becky Sanders	Democratic Services Officer

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#### **14. Minutes (Agenda Item 1)**

The minutes of the meeting of the Scrutiny Committee held on Tuesday 3 June 2014 were approved as a correct record and signed by the Chairman.

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#### **15. Apologies for Absence (Agenda Item 2)**

Apologies for absence were received from Councillors Paul Maxwell, Graham Middleton, Sue Osborne, David Recardo and Martin Wale.

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#### **16. Declarations of Interest (Agenda Item 3)**

There were no declarations of interest.

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#### **17. Public Question Time (Agenda Item 4)**

There were no members of public at the meeting.

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**18. Issues Arising from Previous Meetings (Agenda Item 5)**

There were no issues arising from previous minutes.

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**19. Chairman's Announcements (Agenda Item 6)**

The Chairman commented she had attended the recent 'Meet the Interns' event which had been very interesting. One of the interns was developing an app for the Market Towns and she had invited her to give a quick demonstration to Scrutiny Committee under agenda item 12, 'update on matters of interest'.

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**20. Verbal update on reports considered by District Executive on 5 June 2014 (Agenda item 7)**

The Chairman noted that the Scrutiny comments had been considered at the meeting. She noted the minutes had not been circulated as the District Executive meeting for July had been cancelled.

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**21. Council Tax reduction Scheme – Year 1 review and thoughts for Year 3 (Agenda item 8)**

The Revenues and Benefits Manager presented the report as detailed in the agenda and reminded members of the scheme, and highlighted issues and trends including:

- Falling case loads, which followed trend for housing benefit.
- A lot had been done to publicise the changes from Council tax Benefit to Council tax Reduction including consultation, pages on the website, press releases, drop-in sessions and personal letters to all recipients. However some people had still claimed they were not aware of the change.
- Much work had been done to help customers with the transition. There had been misunderstandings by some customers regarding the reminder process and so leaflets had been sent out to explain the process.
- Several clients had multiple budget issues and in many cases were referred to the Citizens Advice Bureau for help or debt advice.
- There had been no legal challenges to the scheme but representations had been received from Gingerbread.
- Been a bigger impact on the team than initially expected.
- Changes to the scheme for 2015/16 and beyond now need to be considered which included the issue of whether to take maintenance into account.

The Revenues and Benefits Manager responded to items raised during discussion, his responses included:

- Resources in the Revenues team were currently being reviewed. An extra post had been created due to the changes associated with the scheme but the impact of the volume of work had been more than expected.
- Collection fees for non-payment were based on an escalating process. If a customer reached the Liability Order stage there were additional costs depending on the action required by Enforcement Agents (formerly known as Bailiffs prior to April 2014). The leaflet produced about the reminder process explained the procedure in more detail. It was acknowledged that some people ignored letters and it was difficult to get them to engage.



- Cases were carefully considered before being referred to Enforcement Agents.
- In South Somerset there had been no appeals forwarded to tribunal
- Regarding figures in Appendix A of the agenda report, SSDC had received a CTR grant, however it was included within a larger grant and was difficult to identify individually. He noted he would find out the figure and circulate to members.

The Scrutiny Manager, commented that the Council Tax Reduction Scheme had been subject to a specific Task and Finish group as it was very technical, and queried what plans were in place for future monitoring and review. In response the Revenues and Benefits Manager noted that timescales were short for the scheme in 2015/16, but for future years another Task and Finish group might be required.

The Chairman thanked the officer for his comprehensive report.

**ACTION:** Members to note the report.

*Ian Potter, Revenues and Benefits Manager  
ian.potter@southsomerset.gov.uk or 01935 462690*

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## **22. Reports to be considered by District Executive on 1 July 2014 (Agenda item 9)**

Members noted that since the Scrutiny agenda had been published, the District Executive meeting to be held on 1 July had been cancelled.

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## **23. Avon and Somerset Police and Crime Panel (PCP) (Agenda item 10)**

Councillor Tony Lock, SSDC representative on the Avon and Somerset Police and Crime Panel, provided a verbal update to members. He noted they had met twice since his last report, in March to consider the Commissioner's crime plan, and in June to consider the budget. Highlighted points included:

- There were proposals to change the delivery of policing services to the community
- A review of the property portfolio was taking place
- There were concerns about the budget in future years
- Regarding suspension of the Chief Constable, the Panel would know not anything until the Independent Police Complaints Commission had completed their investigation

During a brief discussion members comments included:

- Unfortunate that since the Police and Crime Commissioner had been in post there had been two instances with no Chief Constable.
- Communications regarding the property review and staffing changes had been poor, and there needed to be more interaction with elected members about such matters.

Members thanked Councillor Lock for the update.

**ACTION:**

- Members to note the update
- Democratic Services to add to add next update to the Work Programme for January 2015.

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## 24. Verbal Update on Task & Finish Reviews (Agenda Item 11)

The Chairman and Scrutiny Manager updated members on the progress of current Task and Finish reviews.

### **Discretionary Rate Relief**

The group had met to consider responses to the recent internal consultation but the return rate had been very low. The consultation had now gone out externally and officers were continuing to work on a revised policy. A report to consider a new draft policy would be made to the August meeting of Scrutiny Committee for comment prior to going to District Executive.

### **Somerset Strategic Housing Framework**

The group had met on 16<sup>th</sup> June, and would not meet again for some time until a 12 week consultation period had finished.

### **Connecting Devon and Somerset Broadband**

A member briefing has been arranged for early July to discuss with members how to progress the final report. Following this there would be a further public meeting of the Task and Finish Group.

### **Civil Contingencies**

The group would be meeting in mid-July. It would be a detailed and intense piece of work which needed to be completed by early September.

**ACTION:** Members to note the updates.

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## 25. Update on matters of interest (Agenda Item 12)

The Scrutiny Manager updated members that the Flooding Steering Group would be meeting on 9 July. 12 months on from when recommendations from the Flood Summit were adopted, there was a need to cross reference with the 20 Year Flood Action Plan and monitor what is not duplicated, and to consider how to monitor implementation of the 20 Year Flood Action Plan.

As mentioned under Chairman's announcements, the Chairman had invited the MTIG Marketing Intern (Market Towns Investment Group) to give a demonstration of the new Market Towns app. The Area Development Manager (West) and MTIG Marketing Intern introduced the app and explained that volunteers and businesses provided the content information and each had the ability to update their own information. It was highlighted the app was still in development and a number of updates would be made in the coming weeks.

The MTIG Marketing Intern agreed to forward details of the website publicising, and giving information, about how to download the app. Members noted that further information would be provided in the report on High Street Innovation Funding which was scheduled for the Scrutiny Committee meeting on 2 September.

**ACTION:** Members to note the updates.

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**26. Scrutiny Work Programme (Agenda Item 13)**

The Scrutiny Manager noted she would try to arrange a presentation by a representative of Somerset County Council about Health Scrutiny, and also look to invite a representative from Cornwall Council to explain how they approach Health Scrutiny.

**ACTION:** Members to note the Scrutiny Work Programme.

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**27. Date of Next Meeting (Agenda Item 14)**

Members noted that the next meeting of the Scrutiny Committee would be held on Tuesday 5 August 2014 at 10.00am in the Main Committee Room, Brympton Way, Yeovil.

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Chairman

# Agenda Item 7

## **Final report from the Non Domestic Rates (NNDR) – Discretionary Relief Task and Finish Group**

*Lead Officer:* Donna Parham, Assistant Director (Finance and Corporate Services)  
*Contact Details:* donna.parham@southsomerset.gov.uk or 01935 462225

### **Purpose of the Report**

This report outlines the recommendations and review methodology used by the Task and Finish Group established to review our approach to NNDR relief.

### **Action Required**

Scrutiny Committee members are asked to consider the detailed report of the Task and Finish Group (attached) and endorse the recommendations to District Executive.

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# Non Domestic Rates – Discretionary Relief

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**A Summary of Findings from the Task and Finish Group**

**July 2014**

## **Chairman's Introduction**

The Task and Finish Group recognises the major contribution made by the voluntary and community sector to the economy and health and wellbeing of the people that live and work in South Somerset. One of our key aims was to ensure that any revised policy met with the needs of the Council Plan and related strategies to support the Council's objectives for South Somerset and to support the essential and widely varied voluntary and non profit making organisations that make South Somerset a great place to live and work in. However, we had to recognise that a proportion of the assistance given through Discretionary Rate Relief is paid by the local taxpayer and as such the Council has a duty to ensure public funds are spent wisely and that there is transparency and accountability in the decisions made.

Our overall aim was to advise on key policy principles and proposals to be included within the revised policy taking into account the impact and risks of doing so. This is an enormously complex and technical subject and my thanks goes to my Task and Finish Group colleagues for their perseverance and dedication over the last year.

## **Introduction**

The Task and Finish Group consisted of the following members (at various meetings):-

Sue Steele (Chairman)

Pauline Lock

Sue Osborne

Carol Goodall

David Norris

Cathy Bakewell

Patrick Palmer

Paul Maxwell

Mike Lewis

David Bulmer

Tim Carroll - observer

The Group set out to review the key principles for applying NDR Relief that met with the Council's own Council Plan 2012 – 2015 and strategies. The key links to the Council Plan are:-

- We want our services to be accessible to all our residents;
- Our district is made up of diverse and dispersed communities. It is therefore important for us to make sure our services are fair and accessible;
- We will do everything in our power to enable employment growth in a balanced and managed way in order to maintain stability, attract new business, and help existing business expand.

We will:

- Provide targeted support for start-ups and small business and those with aspiration to expand.
- Enhance the vitality of town centres and discourage large scale out of town retail development that has a negative impact on local centres.
- Ensuring that we have facilities for culture, sport, swimming, and informal recreation to meet the needs of all age groups is vital to help improve physical and mental health. We will continue to provide country parks, the Octagon Theatre, support local play areas and community buildings.
- Ensure that the strategic priorities of the Somerset Health and Well-being board reflect local needs and align council resources to deliver projects to address those needs.

The Task and Finish group also asked Service Managers what was needed to deliver service priorities and businesses and groups about their needs, requirements, and priorities.

### **Discretionary NDR Relief (Non Domestic Rate Relief)**

Applying NDR relief reduces the amount of NDR (business rates) that a company or group has to pay. Types of businesses and groups that benefit from these reliefs are:-

- Charity Shops
- Village Halls
- Some Village Stores and Pubs
- Animal Sanctuaries
- Pre-schools and Playgroups
- Community Amateur Sports Clubs

- Recreation Facilities
- Theatres

The Government has changed the contribution it makes to those reliefs. Reliefs were broken down into mandatory support (support set by central Government) that was repaid to the local authority in full from the Government on the basis that local authorities had no choice but to award it under set criteria. The remaining discretionary relief (support set through SSDC) that the authority had to pay either in full or a proportion of but allocation was based on the authority's own criteria. Under the new Government rules SSDC has to contribute 40% towards all reliefs even those that it has no choice about awarding. It has therefore been important for the Task and Finish Group to recognise the financial risk of applying reliefs.

In 2013/14 (as at 2<sup>nd</sup> September) 315 awards were made totalling £370k. SSDC had to fund 40% of this i.e. £148k in addition to 40% of the mandatory relief applied.

## Types of Reliefs Available

- Transitional Relief – this phases in increases and decreases in new rating lists, it is automatically calculated and applied.
- Charity Relief (Mandatory & Discretionary) – for registered charities 80% mandatory relief is awarded provided the premises are used for charitable purposes. This also applies to Community Amateur Sports Clubs (CASCS). It can be applied to empty premises if certain conditions are met.

Up to 20% discretionary top up relief can be awarded in line with the current policy.

- Rural Rate Relief (Mandatory & Discretionary) – 50% mandatory relief for certain types of businesses in a rural settlement with a population of under 3,000.
  - Sole village general store with RV up to £8,500
  - Sole Post Office with RV up to £8,500
  - Food Shop (butchers, bakers etc) with RV up to £8,500
  - Sole public house with RV up to £12,500
  - Sole petrol station with RV up to £12,500

Discretionary relief of up to 100% can be applied if there is a community benefit and in the interest of the local tax payer. RV limit is £16,500.

Some businesses are entitled to other types of Business Rate Relief.

- Small Business Rate Relief - funded fully by central Government. 'Small Business' refers to the premises occupied not the size of the business, it is linked to the rateable value. Premises with a rateable value of up to £6,000 normally receive 50%



relief, but this currently has been extended to 100%. For premises with a rateable value of between £6,001 and £12,000 there is a sliding scale of relief. For premises with a rateable value of between £12,000 and £17,999 they receive the lower multiplier. The business must be in occupation and other mandatory reliefs take precedence.

- Hardship Relief – can be awarded if the business is viable and that granting of the relief would ensure the future of the business, it must be in the interest of the local tax payer and the business must be of community benefit. It should not distort competition nor should the Ratepayer sustain hardship if not awarded. Hardship is not to be awarded for new businesses.
- Retail Rate Relief – we have the discretion to discount business rate bills by up to £1,000 in each of the next two financial years (2014-15 & 2015-16) for retail premises with a rateable value of £50,000 or less. Retail premises must be occupied and wholly or mainly used to sell goods, services or food and drink to visiting members of the public.

As a guide the types of qualifying businesses may include: Shops, for example butchers, bakers, grocers, florists, jewellers, off-licences, chemists, newsagents, opticians, markets, petrol stations, post offices. Premises used to sell food and/or drink to visiting members of the public: restaurants, pubs, takeaways, coffee shops, bars. Premises used to provide the following services to visiting members of the public: hair & beauty services, such as hairdressers, nail bars, tanning shop. Shoe repairs, key cutting, dry cleaners or launderettes, car hire, and travel agents.

- Temporary Re-occupation Relief Scheme – from 1 April 2014 to 1 April 2016 we are able to grant a 50% discount from business rates to those occupying retail premises that have been vacant for at least 12 months. The relief will last for 18 months for those moving into such properties. The expectation is that this will encourage the take up of vacant retail premises.

## **Ambitions of the Task and Finish Group**

The Task and Finish Group sought to agree the key principles that should apply to a revised Discretionary Rate Relief policy. The Group invited officers and external interested parties to meet with them to discuss reliefs. Internal Teams that met with the Task and Finish Group were given some initial questions to consider as follows:

- **Community Health and Leisure**
  - Explain what attracts businesses and organisations to set up or move to a specific area.
  - Explain what, if anything SSDC could provide in the form of Discretionary rate relief or otherwise that could assist the Council in meeting its Health and

Communities related ambitions or result in a greater provision of services and facilities to the SSDC Community.

- Provide example cases where you think rate relief or other business support could have made a difference to attracting or helping businesses/organisations to grow or diversify.
- Help identify what elements if any of the strategies' and policies your team works with need to be reflected or could be complimented by an effective NNDR Discretionary rate relief policy.
- Provide suggestions on how best to assess the community value or need of a particular business or organisation.
- Explain what the impact could be if relief was removed or reduced for some of the organisations and businesses that potentially help us maintain and enhance the South Somerset network of leisure and cultural facilities

- **Area Development**

- Help identify, what elements if any, of the strategies' and policies your team works with need to be reflected or could be complimented by an effective NNDR Discretionary rate relief policy.
- Explain what it if anything, SSDC could provide in the form of Discretionary rate relief or otherwise, that could help attract sustainable businesses/organisations to the area and encourage existing business/organisations to expand appropriately.
- Explain what outcomes you feel could and or should be achieved giving business and organisations assistance in the form of Discretionary rate relief.
- Explain how business and organisations in the area can benefit from alternative financial assistance and other forms of help.
- Provide example cases where you think rate relief or other business support could have made a difference to attracting or helping businesses/organisations to grow or diversify in the area.
- Provide suggestions on how best to assess the community value or need of a particular business or organisation.
- Explain what the impact could be if relief was removed or reduced for some of the organisations and businesses in your area.
- In addition to the above, the group felt it would be helpful if collectively with your Area Development Manager colleagues you could consider the relationship between NNDR Discretionary rate relief and

- Regeneration
- The work of Market Towns Investment Groups
- Yeovil Vision and the town teams
- Rural business/service provision

to provide members with suggestions of how an NNDR Discretionary rate relief policy could recognise and compliment the authorities work in these areas.

- **Economic Development**

- Help identify what elements of the Economic Development Strategy and associated action plan needs to be reflected or could be complimented by an effective NNDR Discretionary rate relief policy.
- Explain what attracts businesses and organisations to set up or move to a specific area.
- Explain what it if anything, SSDC could provide in the form of Discretionary rate relief or otherwise, that could help attract sustainable businesses/organisations to the area and encourage existing business/organisations to expand appropriately.
- Provide example cases where you think rate relief or other business support could have made a difference to attracting or helping businesses/organisations to grow.
- Explain how business and organisations in the area can benefit from alternative financial assistance and other forms of help.

### **External Groups and interested parties**

Included:-

- Somerset Business Agency
- Into Somerset

Both Groups were asked to consider the following questions:-

- Learn what businesses consider and need as a priority when choosing where to locate – is there anything as a council we could do to help attract sustainable business to the area?
- Better understand what existing and potential new businesses commonly need to help them succeed or develop
- Appreciate the set up and running costs of different businesses, specifically with regard to running costs how much of businesses outgoings are required for Business Rates – how might having to pay Business Rates affect the viability of some businesses?

- Understand how rate relief and/or other assistance can help existing and potential new businesses across South Somerset
- Establish what other financial assistance and advice is available to existing and new businesses across South Somerset
- Recognise what most commonly causes businesses to cease trading
- Identify relevant, research information and evidence to inform the policy
- Appreciate what the impact could be for some businesses if relief was reduced or removed
- Consider what and how financial assistance or advice for individual businesses, organisations and charities could distort competition on the high street.

In addition a NDR Relief expert David Airey talked to the Group about what was achievable and the legal requirements for inclusion in any policy.

The Task and Finish Group also reviewed case studies of the various reliefs awarded. It also studied the NDR Relief policies of other Local Authorities.

The Task and Finish Group set out to ensure that the new policy would:-

- Work in harmony with the Council Plan, all relevant Council Strategies and subsequent Countywide collaborative work;
- That the policy and application process is accessible and not too complex for both the applicant and officers to administer;
- Effectively utilise relevant expertise and skill across SSDC;
- Have adequate measures to provide stability to the recipients of NNDR relief;
- Have adequate flexibility and could evolve i.e. to meet new requirements, to ensure that it keeps up with any changes Council objectives, and to allocate annual awards;
- Take into account the financial risks of applying the new policy.

The Task and Finish Group undertook some internal consultation to gauge members and officers views on the principles and proposals of the new policy before public consultation. This showed that there was broad support for the principles and proposals.

## The Principles of the New Policy

Once the Task and Finish Group had considered all of the evidence available it was agreed to consult on the following principles:-

**1. Provide assistance when there is evidence of financial need.**

The Group took into account that in most cases the ability to pay is not considered and therefore it is questionable as to whether public funds are being used in the best way. It was also agreed that awards of relief should be proportionate to income. The recipient in some cases should demonstrate that appropriate effort was being made to make the business/group sustainable.

**2. The policy should support business, charities, organisations and groups that help to retain services in rural areas.**

It was agreed that SSDC should support retaining services in rural areas to prevent the potential detrimental effects of rural isolation on business organisations, charities and communities. The Group outlined the importance of enabling services to be locally accessible to residents especially in areas with limited public transport.

**3. Help and encourage business, charities, organisations, groups and communities to become self-reliant.**

The Task and Finish Group concluded that for some recipients there was an expectation and a dependency on the local authority for NDR Reliefs. Many of these businesses and Groups could become more self-reliant with some advice and assistance. Any recipient should demonstrate that appropriate effort was being made to make the business/group sustainable.

**4. Awarding discretionary relief should not distort competition**

The Task and Finish Group agreed that it was important to maintain competition on the high street, and there should not be an unfair advantage given to some over others. The Task and Finish Group did take into consideration the advantages of charity shops in that they have filled empty shops, their recycling agenda, and that they have created employment. However, they do currently create a distortion in competition because of their ability over other shops to considerably lower their overheads through NDR Relief. It was also noted that Charity Shops receive 80% mandatory relief at present and it was agreed that this support is sufficient without additional support from SSDC's taxpayers.

**5. Every business/ organisation should contribute something towards the provision of local services.**

The policy should be fair for all persons liable to pay NDR and considers the interest and needs of the residents/tax payers of South Somerset. This principle also brings businesses, organisations, and charities in line with the principle agreed as part of

the Council Tax Reduction Scheme that every household should contribute to the cost of local services.

## The Proposals of the New Policy

In applying the principles the following proposals were consulted upon with recipients and other interested parties:-

1. It is proposed that a sole rural pub in receipt of 50% mandatory relief can also receive either or both of the following reliefs potentially awarding the pub 90% support towards business rates:-
  - 20% discretionary relief for the provision of community facilities and activities not provided elsewhere in the community;
  - 20% if they can demonstrate they are making significant efforts to help the business succeed

The principles applied to this were 1,2,3, 4, and 5. The impact of this would be a reduction in relief of between £100.08 and £264.93 for recipients currently receiving 50% discretionary rate relief and currently do not pay. This is assuming they would qualify under both elements to receive 40%. The impact of the reduction in relief for the group currently receiving 25% discretionary rate relief would be between £47.10 and £294.35. This is assuming that they would only receive one element of 20%.

2. A number of sole rural pubs do not receive mandatory relief. However, it is proposed that they can receive either, or both, of the following which potentially awards up to 40% support:-
  - 20% discretionary relief for the provision of community facilities and activities not provided elsewhere in the community;
  - 20% if they can demonstrate they are making significant efforts to help the business succeed

The principles applied to this were 1,2,3,4, and 5. The impact of this would be a reduction in relief of between £600.60 and £762.30 for this group of recipients if they received the maximum 40% relief. The impact if they received 20% relief would be between £1801.80 and £2286.90.

3. Provide up to 10% discretionary relief to the following in addition to 80% Mandatory Relief (providing a total of 90% relief from business rates):-
  - Village Halls
  - Community centres and meeting rooms
  - Scout, Guide and Youth Organisations
  - Pre-Schools/ Play Groups and Nurseries with charitable status
  - Local charity office where charitable service is being provided
  - Sports Clubs/recreational facilities where the bar is ancillary and is not offering discounted alcohol (to be specified in the policy schedule)

- Community Amateur Sports Club (CASC) where the bar is ancillary and is not offering discounted alcohol
- Museum/Heritage or Arts centre,
- Theatres

The principles applied to this were 1,2,3,4 and 5. The impact of this would be a reduction in relief of between £18.00 and £405.96 per annum for this group of recipients

4. In addition to the 80% mandatory relief awarded to the following groups the proposal is that further support is awarded of up to 10% discretionary relief for helping to achieve the ambitions of the Council plan and related strategies or up to 10% for helping to retain services in rural areas (i.e. a maximum of 100% in support) for:-

- Village Halls, Community Centres, and meeting rooms
- Scout, Guide and Youth Groups
- Rural Pre-Schools, Play Groups and Nurseries with Charitable status

The principles applied to this were 1,2,3,4, and 5. There will be no impact on the groups listed if those groups meet the criteria.

5. The following Organisations receive 80% mandatory relief. It is proposed that SSDC provide up to a further 20% discretionary relief (i.e. 100% in total):-

- Local Charity office that provides a service that SSDC would have to provide if the Charity didn't;
- Sports Club/Recreational facility, no bar, open to all, satisfying community need, run by a committee (to be specified in the policy schedule);
- Hospice/end of life care provider;
- Lifesaving/rescue organisations.

The principles applied to this were 1 and 2. These are the only organisations/groups/charities that the Task and Finish Group felt should continue to be fully supported and given the nature of their provision to the public and achieving the Council's own aims and objectives and be exempt from principle 5.

6. In addition to the 50% mandatory relief awarded the proposal is that further support of up to 40% discretionary relief is awarded to the following types of business, organisation and group (i.e. a maximum of 90%).

- Rural Post Office Rateable Value up to £8,500
- Rural General Store Rateable Value up to £8,500
- Rural Post Office and General Store Rateable Value up to £8,500

The principles applied to this were 1, 2, 3, 4 and 5. The impact of this would be a reduction in relief of between £64.76 and £315.57 per annum for this group of recipients

7. Under the principle Support business, charities, organisations and groups that helps the Council to achieve the ambitions of the Council Plan and related strategies including Health and Wellbeing. The proposal is to award up to 90% discretionary relief to the following:-

- Community Interest Company (or not for profit) where they operate similar to a charity with minimal costs and reinvest profit in the company up to a maximum Rateable Value of £8,500
- Sports Club / Recreational facility which where the bar is ancillary and is not offering discounted alcohol, Rateable Value up to £8,500 (note not charities or CASCs)

Note SSDC's current policy does not accommodate CICs. A CIC can vary from a small "kitchen table" type organisation to multimillion pound turnover organisations employing thousands of people. They must hold their assets for applications for the good of the community and there are limitations applied to the dividend and interest payments made to shareholders.

Sports and Recreational Clubs over £8,500 would be allocated relief on a sliding scale and dependant on meeting set criteria (as set out in the policy schedule).

The principles applied to this were 1, 2, 3, 4 and 5. This does not impact currently on any CICs. The impact on Sports and Recreational clubs will be dependent on the agreed sliding scale.

8. It is proposed that the 10% discretionary funding for Animal Trusts is removed.

This financial aid does not fit with the objectives of the Council Plan or any related strategy.

The principles applied to this were 1, 2, 3, and 5. The impact of this would be a reduction in relief of between £800.70 and £1,448.33 per annum for this group of recipients.

9. Local Charity Offices receive mandatory relief of 80%. At present a further 10% is awarded for charity administration offices and the proposal is to remove the 10% where the office is solely for administration purposes

The principles applied to this were 1, 2, 3, and 5. The impact of this would be a reduction in relief of between £57.10 and £3,391.20 for this group of recipients

10. The Task and Finish Group propose that it is not appropriate for SSDC to financially support any charity or club if the primary source of income is from the sale of alcohol or if there is a bar offering alcohol at discounted or reduced prices to its members or the general public.

The principles applied to this were 1, 2, 3, 4, and 5. The impact of this is unknown as we do not have this data on current recipients.

11. It is not a statutory duty to provide an appeals process for discretionary rate relief. The proposal is that SSDC include an appeals process in the new policy to demonstrate openness and transparency.



12. The following reliefs were also discussed and consulted upon but have not gone out for public consultation as they do not impact on any current recipients.

TYPE OF RELIEF	DESCRIPTION	NUMBER OF CASES	CURRENT RELIEF %	PROPOSED RELIEF %
Charitable	Schools/education & Academy's with charitable status, including private schools	59	80% Mandatory 0% Discretionary	80% Mandatory 0% Discretionary
Charitable	National charity shop	23	80% Mandatory 0% Discretionary	80% Mandatory 0% Discretionary
Charitable	National charity Administration office	10	80% Mandatory 0% Discretionary	80% Mandatory 0% Discretionary
Charitable	Housing Association Office	5	80% Mandatory 0% Discretionary	80% Mandatory 0% Discretionary
Rural Rate Relief	Petrol filling Station up to £12,500 RV	7	50% Mandatory 0% Discretionary	50% Mandatory 0% Discretionary
Rural Rate Relief	Dentist, hairdresser, up to £16,500 RV	1	Up to 100% Discretionary	Up to 50% Discretionary
Charitable	Religious Groups	7	80% Mandatory 0% Discretionary	80% Mandatory 0% Discretionary

13. SSDC currently operates a Hardship Scheme where businesses in "temporary hardship" can apply for short term support for their business rates. Hardship Relief

cannot be used for “start-up companies” as companies must have been trading for at least two years before being able to apply. This ensures that companies that start up show that they are self-reliant and self-sustaining and do not rely on public finances. The feedback that the Task and Finish Group received was that relief should only be awarded as a last resort. They also discussed how hard it was to assess whether a company in difficulty would be able to continue as a going concern through temporary financial support. It was agreed that each case should be assessed and considered by the Economic Development Team. This would utilise the skills of the team and ensure that any relief met with the aims and objectives of Economic Development Strategy. The Task and Finish Group also received feedback that advice in many instances is of greater help than financial assistance.

14. SSDC is now able through Localism Act reliefs/ Local Discounts to reduce the business rates payable either for an individual or through setting up a policy to do so for instance to encourage new businesses to start up in SSDCs area. If SSDC were to agree these local discounts it would have to fund 40% of the costs but the remaining 60% would be funded by the Government, Somerset County Council, and the Somerset and Devon Fire and Rescue Service. The Task and Finish Group agreed that this should be considered on a case by case or through an Economic Development Team incentive (or jointly with the Area Development Teams) based on SSDC’s Economic Development Strategy and the Council Plan. This could include attracting specific types of business, regenerating high streets through incentives such as “Meanwhile Use” and “Pop up Shops.”

Evidence from other authorities has shown that those authorities that were quick to adopt a policy are already amending them. Those that we contacted said that they had run out of funds quickly and it was difficult to gauge the success of the scheme. The Task and Finish Group were concerned that if funds were limited there would be a risk of challenge from a business meeting the criteria but the set aside funding had run out. The most successful schemes appeared to be very targeted at very specific issues e.g. regenerating a named street.

The consultation that was carried out by the Task and Finish Group gave the following feedback:-

- That businesses usually don’t take incentives into account as part of their decision making with regard to where to locate a business or to expand it in an area - transport links and communications i.e. broadband were more important.
- A package providing relief, advice, and support to bring entrepreneurs to bring something new to the area rather than one specific measure.
- That advice would be of more use to new businesses
- That long leases required by landlords was considered one of the issues

Although SSDC would gain in the business rates retained under the Government’s new scheme the gain is minimal compared to the discount given. As an example a

business that is given £100,000 reduction to locate in South Somerset would cost SSDC £40,000 in relief in the first year. It would gain £9,250 in per annum in additional business rates. If the company was not sustainable and ceased to trade or moved out of the District after the first year SSDC would then lose £18,500 per annum in business rates. It would therefore be key to any future scheme that the businesses receiving the assistance were sustainable and remained in the district over the longer term.

In conclusion the Task and Finish Group agreed that specific project based schemes led by the Economic Development Team would be of greater benefit than a blanket policy approach in achieving the aims of the Council Plan.

15. The Task and Finish Group also considered empty business properties. The Task and Finish Group assessed that there should be no reliefs given by SSDC (other than the mandatory reliefs currently in place) while a business property was empty to encourage owners to bring the property back into use.

## Financial Implications

If the recommendations are approved SSDC would reduce its cost for discretionary relief for current recipients by approximately £7,570 per annum. This would go some way to offsetting the risks to the Council of having to fund 40% of mandatory reliefs without any ability to amend the assessment criteria for their award.

The loss in assistance to current recipients would be approximately £18,926 per annum.

The review of the policy was not led by a requirement to make savings but to ensure that SSDC continues to manage its application of Discretionary Rate Relief in line with its objectives and manage its financial risks.

The policy will also look to restrict awards to organisations with over £50,000 RV that currently fall within the current policy.

## Recommendations

The Task and Finish Group recommends that Scrutiny Committee:

1. Endorses the principles recommended at 1 to 5 and the importance of the revised policy meeting the aims of the council Plan.
2. Endorses the proposals outlined and numbered 1 to 15.

## Appendix A

### Notes from Meetings with Consultees Used to Inform Policy Changes

- It is key that whatever funding or relief is available is sustainable in the longer term.
- Suggestion - an entrepreneurship package – providing relief and advice/support for entrepreneurs looking to start a new business that brings something new to an area.
- The ED strategy is key and it is vital that all Council related support and effort for business and job growth should be encompassed within this so that as a whole the Council is working to achieve the same ED Objectives.
- Not sure about rural rate relief because with pubs in particular if you have a good owner/manager the pub will succeed and not need Council Relief to support it
- There needed to be clarity and distinction between regen work from a community perspective and from an ED perspective.
- Rapid growth of charity shops in recent years, particularly since the economic downturn, and that shops had become much more commercial and the key with charity shops is are they really selling only donated goods? If not due to the lower overheads reduced NNDR, little staff costs etc. they do cause similar businesses to close.
- Great care needs to be taken to prevent the pendulum swinging too far in favour of charities and not for profit organisations so that it goes against the local business man.
- Discretionary relief should only be given where the premises are purely for delivering the charitable service, for example where advice or counselling is given.
- The new policy should look to see if the not for profit organisation or CIC is doing something that fits /supports the council plan and objectives that an award or relief should be given or taking it a step further that the organisation has an SLA with the Council and delivers some services on its behalf.
- The new strategy should stop providing relief where it is nice to do so and only give relief where it is needed to achieve what is set down in the Council Plan and strategies.
- As previously considered at the T&F meeting – money is not necessarily the solution to a business / group's needs. You will always gain a benefit from a 'community development' based service if it's of good quality and provided to those who will benefit most from it.

- Unless we pretty much offered free business rates we would not encourage organisations to set up business here over other localities as there is so much more that they would consider first.
- Investing money in a more strategic solution such as improving access and infrastructure such as duelling the A303 could bring much bigger benefit for all.
- The relief criteria should be based around what the organisations do and who they benefit and how rather than what type of organisation they are.
- It was suggested it would be beneficial to offer a relief to enable a new business to capture it's market or to expand. The alternative was to invest in projects to encourage people on to the highstreet that currently run businesses from home, this would mean providing relief as part of a package, perhaps with advice and discounted rents. However, it was questioned if this would be considered unfair by other high street providers, and perhaps this should only be offered where the Market has failed so premises have been empty for say 6 months or more and could be offered where it would add interest to the high street.
- The provision of broadband across the district may enable some units to be let as the market would be bigger.
- The Area East Retail initiative this includes business rates assistance of up to 50% for up to two years of trading for new businesses which do not compete with other businesses in their locality – this is being given as a grant as an authority this would be better if it were replaced with a relief as we could get 40% back from Government.
- The new policy needs to offer flexibility for once off under the localism Act and be able to cater for evolving communities and changing economics more so than the Discretionary relief policy for Charity, Hardship, rural top up etc.
- **Businesses succeed through**
  - Market awareness – how, what, where, when and pricing.
  - Good hands on management.
  - Sufficient capital and cash flow
  - Hard work
  - Business Knowledge
- Access to superfast broadband is one of the greatest assets that business look for. A couple of local examples were given where a business premises owner had fibre optic broadband installed and the leases were taken up almost immediately.
- With many businesses recognising the benefits and flexibility of having staff working across different sites utilising technology such as Skype to have meetings is essential.

- The importance of infrastructure both inside and outside the building, as prospective tenants want minimal set up costs, so should have adequate power and telecom points, good accessibility, parking and reasonable travel time for employees (recent studies have indicated 25 minutes is the suggested max time most employees are prepared to travel)
- On Charity shops - it's not appealing to have an empty or partially empty high street but it's concerning when there is a threat/competition of someone offering lower cost and or similar products.
- Assessment of need should be the ultimate determining factor for all discretionary reliefs, if there is no financial need or evidence then no discretionary relief should be given.
- Agree, all businesses should have a business plan, financial cash flow and a budget, having to provide this in itself will help businesses to help themselves.
- The biggest issue regarding local pubs is business owners not understanding their Market or not wanting to change.

## **Reports to be considered by District Executive on 7 August 2014**

*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 7 August 2014.

Members are asked to read the reports and bring any concerns/issues from the reports to be discussed at the Scrutiny Committee meeting on 5 August 2014 date.

The Chairman will take forward any views raised by Scrutiny members to the District Executive meeting on 7 August 2014.

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# Agenda Item 9

## **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**

- Business Rates - Discretionary Rate Relief
- Connecting Somerset and Devon Broadband
- Strategic Housing Framework
- Civil Contingencies



## **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 including:

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## Scrutiny Work Programme

Meeting Date	Agenda Item	Issue for Main Scrutiny Cttee	Budget	Background/Description	Lead Officer/ Lead Member
2 Sept '14	High Street Innovation Funding	✓		At the Scrutiny Committee meeting on 2 July 2013 members received a report from the Yeovil Vision Board and the Market Towns Investment Group regarding what has been done with their share of the DCLG High Street Innovation Funding. The committee requested an update report after 12 months.	Kim Close & Andrew Gillespie, Area Development Managers.  Tony Fife, Portfolio Holder for Yeovil Vision & Angie Singleton, Portfolio Holder for Market Towns.
2 Sept '14	Task and Finish Report – Civil Contingencies	✓		A report outlining recommendations to be put to District Executive about future arrangements for the Somerset Civil Contingencies Partnership.	Emily McGuinness, Scrutiny Manager
30 Sept '14	Update following Flood Summit of March 2013	✓		An update report and review of the action plan following the Flood Summit of 2013.	Emily McGuinness, Scrutiny Manager
6 Jan '15	Police and Crime Panel (PCP)	✓		Scrutiny Committee has agreed updates on the PCP will be provided twice a year. Cllr Tony Lock (SSDC representative on the Police and Crime Panel) will provide an update report.	Cllr Tony Lock
TBC	Localism – relationship between tiers of local government (County / District / Town and Parish) to ensure effective working	✓		Initial presentation to full Scrutiny Committee on the relevant legislative changes and how SSDC are planning to implement them.	Emily McGuinness, Scrutiny Manager
TBC	Health Scrutiny	✓		Presentation from another local authority about how they approach health Scrutiny.	Emily McGuinness, Scrutiny Manager

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/>

### Task & Finish Reviews

Date Commenced	Title	Members
July 2013	Business Rates (NNDR) - Discretionary Rate Relief	Mike Lewis, Sue Osborne, Pauline Lock, Paul Maxwell, Carol Goodall, Patrick Palmer, Sue Steele, Colin Winder, David Norris, Jon Gleeson, Cathy Bakewell, David Bulmer
October 2013	Connecting Somerset and Devon Broadband.	David Recardo, Martin Wale, Dave Bulmer, Kim Turner and Ros Roderigo.
June 2014	Civil Contingencies	Sue Steele, Martin wale, Carol Goodall, Sue Osborne
TBC	Choice Based Letting / Homefinder Somerset Follow Up	TBC
TBC	District specific document following adoption of the Somerset Strategic Housing Framework (Countywide Strategy)	Members involved in the original Task and Finish Group for the Somerset Strategic Housing Framework (Countywide Strategy) were: Sue Steele, Carol Goodall, Derek Yeomans, Graham Middleton.
Ad-hoc monitoring	Council Tax Benefit Reduction	Carol Goodall, Sue Steele, Dave Bulmer, Sue Osborne Jenny Kenton, David Norris, Colin Winder
On-going monitoring	Somerset Countywide Flooding Summit/ Flooding Steering Group	Dave Bulmer and Sue Steele

# Agenda Item 12

## **Date of next meeting**

Members are requested to note that the next meeting of the Scrutiny Committee will be held on Tuesday 2 September 2014 at 10.00am in the Main Committee Room, Brympton Way, Yeovil.

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