

South Somerset District Council

Minutes of a meeting of the **District Executive** held as a **Virtual Meeting using Zoom meeting software on Thursday 3 December 2020.**

(9.30 am - 1.00 pm)

Present:

Councillor Val Keitch (Chairman)

Jason Baker
Mike Best
John Clark (to 12.10pm)
Adam Dance
Sarah Dyke

Peter Gubbins
Henry Hobhouse
Tony Lock
Peter Seib



Also Present:

Robin Bastable
Brian Hamilton
Mike Lewis
Robin Pailthorpe
Crispin Raikes
Linda Vijeh

Mike Lock
Gina Seaton
Mike Stanton
Martin Wale
Graham Oakes
David Recardo

Officers:

Alex Parmley	Chief Executive
Netta Meadows	Director (Service Delivery)
Clare Pestell	Director (Commercial Services & Income Generation)
Martin Woods	Director (Place)
Nicola Hix	Director (Support Services)
Kirsty Larkins	Director (Strategy and Commissioning)
Richard Ward	Monitoring Officer
Jo Nacey	Section 151 Officer
Robert Orrett	Commercial Property, Land & Development Manager
Jan Gamon	Programme Director, Stronger Somerset
Barry James	Interim Planning Lead Specialist
Leigh Rampton	Lead Specialist (Communities)
Alice Knight	Specialist (Housing)
Lynda Pincombe	Specialist - Strategic Planning
Paula Goddard	Specialist (Legal Services)
Angela Cox	Specialist (Democratic Services)
Michelle Mainwaring	Case Officer (Strategy & Commissioning)
Jo Morris	Case Officer (Strategy & Commissioning)
Becky Sanders	Case Officer (Strategy & Commissioning)

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

221. Minutes of Previous Meeting (Agenda Item 1)

The minutes of the previous meeting held on 5th November 2020 were approved as correct records and would be signed by the Chairman.

222. Apologies for Absence (Agenda Item 2)

There were no apologies for absence.

223. Declarations of Interest (Agenda Item 3)

Councillors Val Keitch and John Clark both declared a personal interest in Agenda item 14 - Property Purchase of Yeovil Town Football Club Ground, as a season ticket holders. They said they had spoken with the Council's Monitoring Officer who confirmed that they could still speak and vote on the item.

224. Public Question Time (Agenda Item 4)

It was agreed that the public attending would speak at the time the item was discussed (agenda item 14).

225. Chairman's Announcements (Agenda Item 5)

The Chairman advised that the order of discussion of the reports on the Agenda would be varied. Agenda item 14: Property Purchase of Yeovil Town Football Club Ground would be discussed first, and, Agenda item 10: Investment Assets Update Report would be discussed as the second report as the Portfolio Holder had to leave the meeting early.

She also thanked Councillors and staff for their patience in working from home and the work they were carrying out in the difficult circumstances.

226. Stronger Somerset Final Proposal (Agenda Item 6)

The Chairman noted that District Executive were asked to delegate authority to herself as Leader and the Chief Executive in consultation with the other Somerset District Leaders and Chief Executives, to make minor amendments to the Proposal as necessary and / or appropriate, ahead of its submission to the Secretary of State. The other recommendations were to be commended to Council for approval.

The Chief Executive said the Council were at a significant milestone in the debate regarding local government in Somerset. He outlined the history of the discussions which had taken place with all the Councils, the decision by Somerset County Council to pursue their one unitary authority bid and, the draft business plan for two unitary authorities by the District Councils which had been agreed at Council in September 2020. Since then the official invitation from the Secretary of State to submit business proposals had been received and all the District Councils had engaged with many organisations across Somerset to take their views by on-line meetings, social media, the website and an Ipsos Mori poll. This consultation had resulted in an updated business plan to reflect the feedback received. He said there was broad support for the Stronger

Somerset business case which would make a difference in the quality of life for residents. The proposals would reform local government, give better outcomes for communities, invest in better services and have a greater financial benefit than a single unitary authority. The business case had been drawn up by the best expertise from both within Somerset at nationally as this was a once in a generation opportunity to make a real change in Somerset.

Councillor Peter Seib congratulated the team involved in compiling the business case and said he was pleased to see there was greater clarity around the delivery of childrens services and the structure of the organisation. He also commended public consultation through the Ipsos Mori poll.

The Chairman also thanked the officers for their work in compiling the business plan and she proposed the recommendations be confirmed by District Executive. This was seconded by Councillor Adam Dance and unanimously confirmed by Members.

RESOLVED: That District Executive agreed to:

- a. seek Council endorsement for the Stronger Somerset proposal for the reform of local government including the creation of two unitary Councils within Somerset. and recommend its approval to full Council, for submission to the Secretary of State for Communities and Local Government.
- b. delegate authority to the Leader of the Council and the Chief Executive, in consultation with the other Somerset District Leaders and Chief Executives, to make minor amendments to the Proposal as necessary and / or appropriate, ahead of its submission to the Secretary of State.

District Executive also recommended that Council:

- c. support the continuing consultation and engagement with key partners, neighbouring authorities, business, staff, unions and local stakeholders, above and beyond any programme of consultation that may be required by the Government in due course.
- d. agree to this Council, with the other Somerset councils, advancing the delivery of aspects of the proposals for reform ahead of the Secretary of State's approval where so doing will support the Stronger Somerset Proposal and lead to early delivery of efficiencies, community outcomes and greater collaboration & integration
- e. pay due regard to the Equalities Impact Assessment, attached as Appendix B, in considering the proposal for a Stronger Somerset
- f. note that, in the best interests of the communities and residents of South Somerset, the Council will continue to work with colleagues across all tiers of local government and public service in Somerset including ensuring our residents, communities and businesses are supported through the pandemic.

Reason: To propose that Council confirm the submission of the Stronger Somerset proposal for the reform of local government including the creation of two unitary Councils within Somerset to the Secretary of State for Housing, Communities and Local Government by 9th December 2020.

(Voting: unanimous in favour)

227. 2021/22 Draft Budget and Medium Term Financial Plan Update (Agenda Item 7)

The Portfolio Holder for Finance and Legal Services introduced the report and said that the report did not mention the 2020 spending review speech by the Chancellor. He noted that the Council Tax figure in the report was based upon a 1.99% increase but it explained there was a £5 increase as an alternative. But the Chancellor had only mentioned the 2% cap and 3% social care precept for SCC. The Chancellor had also mentioned reforming the Business Rate reset and the Business Rates multiplier had been frozen however, that would be a nil effect for SSDC. He proposed that a briefing paper be circulated to Members when the provisional Local Government finance settlement was known.

In response to questions from the Scrutiny Committee, the Section 151 Officer responded:-

- The Council did not normally budget for Collection Fund Deficits for Business Rates and Council Tax as the Council should be exactly on-budget. In 2021/22 a deficit was forecast because of under recovery of Council Tax and Business Rates.
- Table 1 on page 13 and table 2 on page 14 did not add up exactly due to rounding up of figures in a more detailed supporting spreadsheet. The table should have a disclaimer that it was subject to rounding.
- The difference between the Council Tax figure in table 1 on page 13 for 2021/22 and in table 2 on page 14 for the same year was a conscious decision to work on a worse case scenario. The Finance team were still working on this and the forecast was better than originally thought.
- Business Rates Retention was reducing because of Government policy.

The Section 151 Officer said some detail was still to be received on the Government's provisional settlement and spending review and she would circulate a briefing note to Members when the full implications were known.

At the conclusion of the debate, Members were content to confirm the recommendations of the report.

RESOLVED: That District Executive agreed to:-

- a. note the current estimates and next steps in respect of the Draft Budget for 2021/22 and the Medium Term Financial Plan.
- b. approve in principle the changes to budget estimates in respect of the initial pressures and savings included within the report (para

13).

Reason: To confirm the update for the 2021/22 Draft Budget and Medium Term Financial Plan (MTFP) estimates for the period 2021/22 to 2025/26.

228. Update Report on the Impact of Covid-19 on the Council (Agenda Item 8)

The Portfolio Holder for Protecting Core Services drew Members attention to the Kickstart scheme at point 18 in the report which SSDC were participating in to help young people between 16 – 24 years on Universal Credit and at risk of long term unemployment. He also noted that Government funding had enabled the recruitment of two Covid Compliance Wardens and an Enforcement Support Officer to remind the community and business of the ongoing requirements for complying with restrictions.

The Portfolio Holder for Finance and Legal Services advised that SSDC had committed to host 30 Kickstart placements within the council for 25 hours per week for 6 months and they would be helped to avoid long-term unemployment. Funding of £75,640 from the Government had enabled the recruitment of two Covid Compliance Wardens and an Enforcement Support Officer and the County Council had helped to fund the test and trace support. Payments to individuals required to self-isolate due to Covid-19 and so lost income as a result were being dealt with and 89 applications had been received. A discretionary business grant scheme was being developed along with the other Somerset Councils for businesses which had not been required to close but were impacted by the latest lockdown period. Hardship grants were also available for those who would not qualify under any other scheme

At the conclusion of the debate, Members were content to note the report.

RESOLVED: That District Executive agreed to:-

- a. note the impact of Covid-19 on Council Services and Finances.
- b. note the additional services and work the Council is providing in response to the pandemic.

Reason: To note the continued impact Covid-19 is having on the Council including finances, demand, and organisational performance across the Council.

229. Planning Reimagined - Outcomes from Members Working Group (Agenda Item 9)

The Portfolio Holder for Protecting Core Services thanked the officers and Members who had participated in the Planning Reimagined workshops. He said there had been unanimous consensus during the cross-party working group and he looked forward to the implementation of the recommendations from the group. He suggested that the group met in 6 months time to review progress and he noted that a recent Planning Agents forum meeting had been very well received.

Councillor Mike Lewis noted that Scrutiny Committee had asked that the proposal to produce a clear procedure for the call-in of planning applications to Area Committees include the council policies under which the call-in was being made for consistency.

The Director for Strategy and Commissioning said that the workshops had discussed this and had suggested that support and training be offered to community groups, Town and Parish Councils and Members to ensure decisions were based on planning policy.

At the conclusion of the debate, Members were content to agree the recommendations of the report.

RESOLVED: That District Executive agreed to:-

- a. note the contents of the Planning Reimagined - Outcomes from Members Working Group report.
- b. an update on the implementation of the actions agreed by the Planning Reimagined working group (listed in Appendix A) to come forward to District Executive in 6 month's time

Reason: To note the actions Members have identified during a series of Planning workshops (Planning Reimagined) to improve the service.

230. Investment Assets Update Report (Agenda Item 10)

The Portfolio Holder for Economic Development including the Commercial Strategy said the Council's property investment portfolio had performed well during the pandemic which was reflected by the work of the investment team. He reminded Members that the investment in commercial property brought an income to preserve vital front line services and a conservative approach to risk was taken. All investment opportunities were fully investigated by the Investment Asset Group, requiring the group's unanimous agreement before being proposed to the Leader and Chief Executive for final approval. He said the risk during the pandemic was low and there was a risk reserve of £6m.

The Commercial Property, Land and Development Manager advised that the Council had allocated £150m to invest by March 2022. He said there had been a small impact on rental income and he paid tribute to the Property Investment Project Manager who had engaged and supported tenants throughout the pandemic which had been very helpful. He noted that the Council had purchased a large number of small investments and they all had to represent proper value or they would not be viable in the long term.

There was no debate and Members were content to note the report.

RESOLVED: That District Executive agreed to:-

- a. note the resilience of the property investment portfolio thus far in the context of the COVID-19 pandemic.
- b. note slower progress in acquiring new commercial property

investments as a result of COVID-19.

- c. note continued rent collection averaging in excess of 95% over the last three Quarters despite the pandemic.
- d. note the return being achieved across the portfolio which is slightly below the Council's target of 7% as a result of lease renewals, securing the future of the asset.
- e. note progress being made in securing income from our existing assets and the contribution to the revenue budget towards the revised £3.35m target.
- f. note progress being made in disposals and transfers of existing assets, resulting in a reduction of future liabilities associated with these assets.

Reason: To note the progress with implementing the Commercial Strategy agreed by Council including the commercial investments and management of the existing asset portfolio since the last half yearly update in June 2020 and quarterly update in September 2020.

231. South Somerset Families Programme - Supporting Families and Improving Life Chances, project update (Agenda Item 11)

(At this point, it was noted that the meeting had exceeded 3 hours in length and it was proposed under Council Procedure Rule 8 – Duration of Meeting – that the meeting continue. This was seconded and agreed by all Members present).

The Portfolio Holder for Health and Wellbeing said he was pleased to present the first update report of the South Somerset Families Programme. He said it supported families and improved life chances which had been identified as a concern and was Priority Project 7 within the Council Plan. He thanked the Lead Specialist for Communities for the work he had carried out in the programme.

The Lead Specialist for Communities said they had been working very closely with Yeovil for Families to roll the programme across the district in the next months.

There was no debate and Members were content to note the report.

RESOLVED: That District Executive agreed to:-

- a. note the progress in the South Somerset Families Programme - Supporting Families and Improving Life Chances, project development.
- b. note the proposal to produce a formative project evaluation to be presented by the end of the 2020/21 financial year and a future external evaluation.

Reason: To update members on the progress in developing the South Somerset Families' Project. This is Council Plan Priority Project 7 and the project is designed to support struggling families and help to address child poverty in the district.

232. The Future Management of the Council's Leisure Facilities (Agenda Item 12)

The Portfolio Holder for Health and Wellbeing said that it had not been a good time to negotiate a new leisure contract during a pandemic. Leisure facilities had been closed during the first and second lockdown periods. The current contract would end in March 2021 and he paid tribute to the officers for keeping the process to appoint a new operator going during the difficult period. It was hoped to appoint a new operator before the current contract expired.

The recommendations were proposed and seconded and were unanimously agreed by Members.

RESOLVED: That District Executive agreed to delegate authority to the Specialist, Strategic Planning in consultation with the Leader and Portfolio Holder for Health and Wellbeing to:

- i. appoint a preferred operator to run the Council's leisure facilities following the scoring of final tenders by the Council's evaluation panel;
- ii. to agree a reserve bidder if appropriate;
- iii. report back to District Executive by April 2021, for information, on the appointment of a new operator including key terms of the appointment.

Reason: To confirm a variation on the approach to appointing a leisure operator to run the Council's leisure facilities following the expiry of the existing operating contracts in March 2021.

233. Annual review of the Regulation of Investigatory Powers Act 2000 (RIPA) (Agenda Item 13)

The Portfolio Holder for Finance and Legal Services said the Regulation of Investigatory Powers Act 2000 (RIPA) powers were required to be reviewed by Members each year. He noted that the powers of investigation had not been used by SSDC since 2013 and the Social Media Policy had been upgraded as recommended by the RIPA inspector. He asked that Members note the report.

There was no debate and Members were content to note the report.

RESOLVED: That District Executive agreed to note the Council's use of Regulation of Investigatory Powers Act 2000 (RIPA) powers and the amendments to the RIPA Corporate Policies and Procedures.

Reason: To ensure compliance with the Regulation of Investigatory Powers Act 2000 ("RIPA").

234. Property Purchase of Yeovil Town Football Club Ground (Agenda Item 14)

The Chairman noted that there was a confidential financial appendix to the report and if Members wished to ask any questions then the press and public would be excluded from the meeting.

The Portfolio Holder for Commercial Services including Income Generation advised that although the proposal was complex and technical, the essential points for Members consideration were quite simple. He made the following points:

- The Council had been asked by YTFC to help them financially through the Covid-19 crisis. The club was a valuable asset to the public and the area and the proposal was of mutual benefit.
- The proposal was for a sale and lease-back arrangement which was not unusual for businesses who wished to release cash or capital.
- There would be no SSDC control over the management of YTFC.
- The deal would allow the club to buy back the land and buildings when they were in a position to do so.
- The investment met the Council's criteria of 7% gross return on investment.
- The analysis of risk had identified 4 scenarios which were detailed in the report. If the club became insolvent, then the land and buildings would all revert to SSDC.

He concluded by recommending that the Executive supported the proposal.

A representative of the Glovers Trust Board said they were committed to achieving the best outcome for the football club. The board was an interested party in the Asset of Community Value and they had to decide by 7th January 2021 whether to invoke the 6 month period to submit a counter bid or to allow the present proposal to continue. He asked if the Council would consider checks and balances as part of the agreement to ensure all monies were used in the best interests of the football club. He also asked if it was contrary to the Council's purchasing policy to buy a freehold property which was encumbered with a land charge, and, if so, who would be obliged to discharge the land charge? He asked if council officers would conduct due diligence before any agreement to purchase was made?

The Commercial Property Land and Development Manager and Chairman advised that due diligence would be done. The Council would only proceed with the purchase of the land and property if it was free from a charge so that SSDC held the clean freehold title. It was the intention that this was to be done before the purchase was completed.

The owner of Yeovil Town Football Club thanked the Council for considering the proposal and the supporters groups with whom he had discussed the proposals. He said that he wished to be open and transparent in his communication with all groups. He said

that running a football club in the current Covid-19 crisis was very difficult and the proposal was in the best interests of the football club. He said the finance would help the club to survive and thrive in the future to retain football league status and have a club which the local community could be proud of. He confirmed that he was not seeking to recoup any of his personal investment in the club through the transaction.

The Chief Executive said the Council had supported many businesses through the current crisis through over £40m in business grants and advice. The potential purchase of the football ground was an investment in the land asset and not the football club. It was a deal which would help the business whilst protecting the Council and tax payers interests. He said that although it was an unusual investment and it was not without some risk, the Council would not be involved in the running of the football club. There would not be any conditions attached to the purchase of the land.

The Director for Commercial Services and Income Generation advised that the principles used in the investment proposal were based on those in the Council's Commercial Strategy and it was a positive response to ease the financial pressure on the football club. The Property Team provided an approach that gave the Council a significant property asset with the expectation of a reasonable return on the capital invested. The purchase of the entire freehold and leasehold interests of the football club in an almost 25 acre site. The current 999 year lease from SSDC to the club on the surrounding land would be extinguished and replaced with a 30 year lease on the whole property. Part of the purchase price would secure the release of restrictive covenants. The outlying land had potential for development and if achieved, they may allow the club to buy back the land in the future. A buy-back provision would be part of the arrangement and should the club fail then the whole area would be under the control of SSDC.

Councillor Peter Seib, as one of the Ward Members, said it was time that the Council solved some of the root causes of the club. He said the Council had looked at all the outcomes and if not helped, then the club could fold very shortly. The club had wider social aspects in the community and people were looking to the Council to solve the issues. The offer protected the taxpayers interests and it did not have any unmanageable risks. It was a commercially sound deal if the club thrived or not.

During discussion, the following points were made by Members:-

- Need to look at the viability of the club going forward and the profitability and the safeguarding of the risks.
- It is a much loved asset but the club was loss making before the effects of Covid-19.
- If SSDC already owned land around the pitch then it was a sensible proposal.
- A thriving football club was good for Somerset as it was the only club in the football league.
- It looked a good deal on paper but there were areas of risk.
- The football club was a great asset to the area and SSDC should do what it could to support it but not by investing in it. Other ways of support should be sought. The business case was not proven at the moment.
- The proposal should be considered as a land deal and not a rescue operation for a football club.
- The risk was addressed by 4 scenarios set out in the report and each were answered from a risk point of view. If anyone thought there was a risk not identified then they should speak out.

- There were wider benefits of a sporting facility for physical activity and social inclusion and a wider economic benefit.

In response to questions from Members, the Commercial Property Land and Development Manager and the Ward Member advised:-

- There was a 7% return on the investment but the first year would be rent free so no return in that year, but this was factored into the proposal.
- SSDC would be the owner of the property and would lease it to the club. The club would have a reducing rent if development land was sold.
- The Council may never realise its investment if the club continued to pay its rent in perpetuity.

The Chairman of the Scrutiny Committee said they had looked at the report and raised many similar question to Executive members. They had considered the proposal as an investment and there were many supportive views on the benefits to the wider community. He said that it was obvious that officers had investigated the issues well as questions were answered on restrictive covenants and due diligence because of the public interest. They had asked about the Asset of Community Value and at the end of the debate, there had been no requirement to discuss the report in a closed session.

The Chairman said that it was unusual to debate a commercial investment in public and at this point it was proposed that the District Executive discuss the remainder of the report in a confidential debate. This was agreed by Members of the Executive and it was therefore:

RESOLVED: That the remainder of the report be considered in Closed Session by virtue of the Local Government Act 1972, Schedule 12A under Paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The District Executive Committee discussed the report in closed session for approximately one hour and then returned to make final points and vote in open public session.

The Chairman said that allowing the discussion to take place in closed session had allowed a number of issues to be answered and resolved.

Executive Members made the following final points:-

- Thank the officers for answering Members questions during the closed session.
- The officers explanation of the 80% / 20% purchase price had allayed previous concerns and grateful for the explanation.
- The investment does make sense but there was still a risk. Ethically, supporting the club was right.
- Still have some concerns but fears around charges and covenants had been addressed.
- A healthy debate had clarified a lot of issues. Thanks to the officers.

The Director for Commercial Services and Income Generation advised that there was not sufficient time to present a final report to the Executive in January 2021 but she assured Members that the sale would not proceed unless all the covenants were lifted.

At the conclusion of the debate, the recommendations to approve the purchase of the property asset were proposed and seconded and on being put to the vote, were carried unanimously by Members of the District Executive.

RESOLVED: That District Executive agreed to:-

- a. note the importance of Yeovil Town Football Club and the possible consequences if the club becomes insolvent.
- b. approve the proposal to purchase the property asset Huish Park and lease it back to Yeovil Town Football Club and the terms outlined in this report.
- c. delegate to the Director of Commercial Services and Income Generation approval of detail of the sale, subject to the initial return on capital being no worse than the minimum identified in the confidential appendices to this report.

Reason: To agree the proposal to purchase the property owned by Yeovil Town Football Club and lease it back to them. The proposal has been instigated due to the financial pressures on the club caused by the COVID-19 pandemic. The proposal is based on commercial principles so that any help for the club can be achieved without exposing the Council and the Council Tax payer to undue risk.

235. District Executive Forward Plan (Agenda Item 15)

Members were content to confirm the Executive Forward Plan for publication and to note the list of current consultations documents.

RESOLVED: That the District Executive:-

1. approved the updated Executive Forward Plan for publication as attached;
2. noted the contents of the Consultation Database as shown at Appendix B.

Reason: The Forward Plan is a statutory document.

236. Date of Next Meeting (Agenda Item 16)

Members noted that the next scheduled meeting of the District Executive would take place on Thursday 7th January 2021 as a virtual meeting using Zoom meeting software commencing at 9.30 a.m.

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Chairman

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Date