
South Somerset District Council

Thursday 15th December 2022

7.30 pm

**Council Chamber
Council Offices
Brympton Way
Yeovil, BA20 2HT**

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



All members of Council are requested to attend this meeting

Any members of the public wishing to address the meeting at Public Question Time are asked to email democracy@southsomerset.gov.uk by 9.00am on Wednesday 14 December 2022 so that we can advise on the options for accessing the meeting.

If you would like to view the meeting on-line without participating, please see:
https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

This Agenda was issued on Wednesday 7 December 2022.

Jane Portman, *Chief Executive Officer*

This information is also available on our website
www.southsomerset.gov.uk and via the Modern.Gov app



South Somerset District Council Membership

Chairman: Paul Maxwell
Vice-chairman: Wes Read

Barbara Appleby
Jason Baker
Robin Bastable
Mike Best
Neil Bloomfield
Ray Buckler
Dave Bulmer
Hayward Burt
Tony Capozzoli
Martin Carnell
Malcolm Cavill
John Clark
Nicola Clark
Louise Clarke
Nick Colbert
Adam Dance
Sarah Dyke
Karl Gill
David Gubbins
Peter Gubbins

Brian Hamilton
Mike Hewitson
Henry Hobhouse
Ben Hodgson
Charlie Hull
Kaysar Hussain
Val Keitch
Andy Kendall
Jenny Kenton
Tim Kerley
Mike Lewis
Mike Lock
Pauline Lock
Tony Lock
Kevin Messenger
Graham Oakes
Tricia O'Brien
Sue Osborne
Tiffany Osborne
Robin Pailthorpe

Oliver Patrick
Clare Paul
Crispin Raikes
David Recardo
Paul Rowsell
Dean Ruddle
Gina Seaton
Peter Seib
Garry Shortland
Jeny Snell
Andy Soughton
Mike Stanton
Rob Stickland
Lucy Trimnell
Gerard Tucker
Martin Wale
William Wallace
Colin Winder

Information for the Public

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

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

The agenda, minutes and the timetable for council meetings are published on the Council's website – www.southsomerset.gov.uk/councillors-and-democracy/meetings-and-decisions

Agendas and minutes can also be viewed via the modern.gov app (free) available for iPads and Android devices. Search for 'modern.gov' in the app store for your device and select 'South Somerset' from the list of publishers and then select the committees of interest. A wi-fi signal will be required for a very short time to download an agenda but once downloaded, documents will be viewable offline.

Public participation at meetings (held in person and via Zoom) and Public question time

We recognise that these are challenging times but we still value the public's contribution to our meetings. If you would like to participate and contribute in the meeting, we would encourage you to please join on-line through Zoom at: <https://zoom.us/join>
You will need an internet connection to do this.

Please email democracy@southsomerset.gov.uk for the details to join the meeting.
If you would like to view the meeting on-line without participating, please see:
https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA

The period allowed for participation in Public Question Time shall not exceed 15 minutes except with the consent of the Chairman and members of the Committee. Each individual speaker shall be restricted to a total of three minutes.

If you would like to attend the meeting in person and speak at Public Question Time, please email democracy@southsomerset.gov.uk by 9.00am on Wednesday 14 December 2022. We need to know how many public are attending to ensure safe social distancing at the meeting. When you have registered, the Chairman will invite you to speak at the appropriate time during the meeting.

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South Somerset District Council

Thursday 15 December 2022

Agenda

1. Apologies for Absence

2. Minutes

To approve and sign the minutes of the previous meeting held on Thursday, 22 September 2022.

3. Declarations of Interest

In accordance with the Council's current Code of Conduct (as amended 26 February 2015), which includes all the provisions relating to Disclosable Pecuniary Interests (DPI), personal and prejudicial interests, Members are asked to declare any DPI and also any personal interests (and whether or not such personal interests are also "prejudicial") in relation to any matter on the Agenda for this meeting.

Members are reminded that they need to declare the fact that they are also a member of a County, Town or Parish Council as a Personal Interest. Where you are also a member of Somerset County Council and/or a Town or Parish Council within South Somerset you must declare a prejudicial interest in any business on the agenda where there is a financial benefit or gain or advantage to Somerset County Council and/or a Town or Parish Council which would be at the cost or to the financial disadvantage of South Somerset District Council.

4. Public Question Time

5. Chairman's Announcements

Items for Discussion

6. Chairman's Engagements (Page 6)

7. Presentation on the Economic and business support response to Covid 19 (Page 7)

8. Local Government and Social Care Ombudsman: SSDC Annual Letter 2022 (Pages 8 - 15)

9. 2022/23 Quarter 2 Capital Budget Monitoring Report for the Period Ending 30th September 2022 and 2022/23 Revised Estimates (Pages 16 - 29)

10. 2022/23 Revenue Budget Monitoring Report for the Period Ending 30 September 2022 and Revised Estimates for 2022/23 (Pages 30 - 43)

11. 2022/23 Treasury Management Mid-Year Performance Report and Strategy Update (Pages 44 - 74)

12. Hackney Carriage Ranks in Yeovil Town Centre Consultation (Pages 75 - 88)

- 13. Continuation of Appointment of Returning Officer and Electoral Registration Officer** (Pages 89 - 90)
- 14. Report of Executive Decisions** (Pages 91 - 94)
- 15. Audit Committee** (Page 95)
- 16. Scrutiny Committee** (Page 96)
- 17. Motions**

There were no Motions submitted by Members.
- 18. Questions Under Procedure Rule 10** (Page 97)
- 19. Date of Next Meeting** (Page 98)



Chairman's Engagements

On Tuesday 1st November the Chairman hosted students from Princess Gytha School Council, in Council Chamber where they held their School Council meeting followed by questions to the Chairman.

On Friday 11th November the Chairman attended the Armistice Day Service at Combe St. Nicholas.

On Sunday 13th November the Chairman attended the Remembrance Sunday Service and Wreath laying in Yeovil.

On Thursday 1st December the Chairman attended the Yeovil College, University Centre, Graduation Ceremony.

On Wednesday 7th December the Chairman attended a Tree Planting Ceremony at Yeovil Recreation Ground in memory of the late Queen Elizabeth II.



Presentation on the Economic and business support response to Covid 19

Executive Portfolio Holder: John Clark, Economic Development
Strategic Director: Peter Paddon, Acting Director, Place and Recovery
Lead Officer: Joe Walsh, Specialist – Economic Development
Contact Details: Joe.walsh@southsomerset.gov.uk

The Specialist for Economic Development will provide Council with a power point presentation on their economic and business support response to Covid 19 followed by questions from Members.

The presentation slides will be published as a supplement to the agenda.



Local Government and Social Care Ombudsman: SSSC Annual Letter 2022

Executive Portfolio Holder: Val Keitch, Strategy
Strategic Director: Jill Byron, Monitoring Officer
Lead Officer: Anthony Harold, Deputy Monitoring Officer
Contact Details: Anthony.harold@southsomerset.gov.uk

Purpose of the Report

To share the contents of the annual summary of complaint statistics from the Local Government and Social Care Ombudsman (LGO) for the year ending 31 March 2022.

Public Interest

Each Local Authority in England is provided with a summary of complaints submitted to the Local Government and Social Care Ombudsman (LGO) regarding its services each year. The information offers a valuable insight about the organisation's approach to complaints.

Recommendation

That Full Council agree to note the content of the Local Government and Social Care Ombudsman Annual Review letter for the year ending 31 March 2022.

Background

The annual summary of complaint statistics from the Local Government and Social Care Ombudsman offers an insight into the Council's approach to complaints and offers valuable opportunities to learn and improve our services.

South Somerset District Council has a 100% record of compliance with LGO decisions.

Report Detail

Between 1 April 2021 and 31 March 2022 the LGO carried out 7 investigations, of which only 3 were upheld. Our percentage of complaints investigated that were upheld (43%) compares favourably with the average in similar organisations (51%).

In one third of upheld cases, we provided a satisfactory remedy prior to the complaint reaching the LGO, which compared with an average of 20% in similar organisations.



South Somerset District Council

The only complaint failure this year involved the collection of waste on a regular basis from a local resident. However, this should be viewed in the context of during the time of Covid-19 restrictions, with fewer drivers and a limited service.

Both complaints and compliments are a valuable source of intelligence to gauge the experience of our residents and service users so that we can achieve excellent service delivery.

We have a good track record and positive working relationship with the LGO, which we will maintain in the run up to Local Government Reorganisation and post vesting day.

Financial Implications

None

Legal implications (if any) and details of Statutory Powers

None.

Council Plan Implications

SSDC Values:

Customers first - Designing plans and services around our customers

Open and transparent – Actively communicating, engaging and listening to feedback

Carbon Emissions and Climate Change Implications

The report does not involve any carbon emissions or climate change implications.

Privacy Impact Assessment

Any personal data collected relating to the complaints received is only processed by SSDC staff and is held securely throughout the process.

Background Papers

Letter from the Local Government and Social Care Ombudsman dated 20 July 2022.

20 July 2022

By email

Ms Portman
Chief Executive
South Somerset District Council

Dear Ms Portman

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

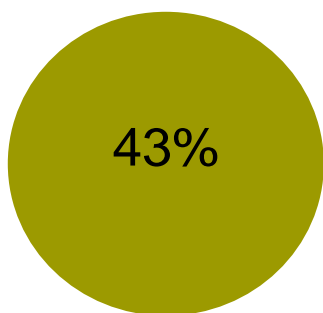
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



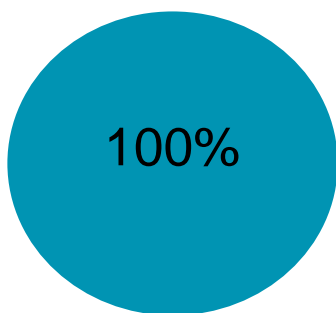
43% of complaints we investigated were upheld.

This compares to an average of **51%** in similar organisations.

3
upheld decisions

Statistics are based on a total of **7** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



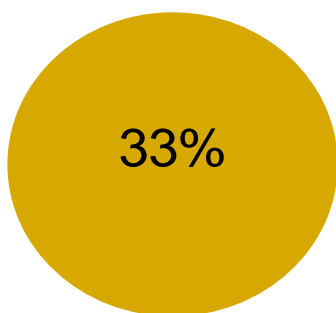
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **1** compliance outcome for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **33%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **20%** in similar organisations.

1
satisfactory remedy decision

Statistics are based on a total of **3** upheld decisions for the period between 1 April 2021 to 31 March 2022

Ombudsman Complaints Received

Reference	Authority	Category	Received
20012936	South Somerset District Council	Environmental Services & Public Protection & Regulation	15/07/21
21000220	South Somerset District Council	Planning & Development	08/04/21
21002402	South Somerset District Council	Benefits & Tax	27/05/21
21002414	South Somerset District Council	Benefits & Tax	20/05/21
21004209	South Somerset District Council	Corporate & Other Services	23/06/21
21005231	South Somerset District Council	Planning & Development	18/01/22
21006062	South Somerset District Council	Planning & Development	21/09/21
21006542	South Somerset District Council	Planning & Development	03/08/21
21006603	South Somerset District Council	Corporate & Other Services	04/08/21
21006685	South Somerset District Council	Planning & Development	09/08/21
21008074	South Somerset District Council	Planning & Development	02/09/21
21008175	South Somerset District Council	Benefits & Tax	06/09/21
21008514	South Somerset District Council	Benefits & Tax	09/09/21
21009436	South Somerset District Council	Environmental Services & Public Protection & Regulation	28/09/21
21009491	South Somerset District Council	Environmental Services & Public Protection & Regulation	26/10/21
21009933	South Somerset District Council	Corporate & Other Services	07/10/21
21010748	South Somerset District Council	Environmental Services & Public Protection & Regulation	02/11/21
21010774	South Somerset District Council	Environmental Services & Public Protection & Regulation	21/10/21
21011069	South Somerset District Council	Benefits & Tax	26/10/21
21011305	South Somerset District Council	Planning & Development	29/10/21
21015039	South Somerset District Council	Planning & Development	17/01/22
21015075	South Somerset District Council	Planning & Development	14/01/22
21015877	South Somerset District Council	Environmental Services & Public Protection & Regulation	27/01/22
21016498	South Somerset District Council	Corporate & Other Services	09/02/22
21018700	South Somerset District Council	Benefits & Tax	22/03/22

Ombudsman Complaints Compliance

Reference	Authority	Category	Decided	Remedy	Remedy Target Date	Remedy Achieved Date	Satisfaction with Compliance
21015877	SSDC	Environmental Services & Public Protection & Regulation	22-Feb-22	Financial Redress: Quantifiable Loss	22-Feb-22	22-Feb-22	Remedy not complete but satisfied

Ombudsman Complaints Decided

Reference	Authority	Category	Decided	Decision	Decison Reason	Remedy	Service improvement recommendations
20006625	SSDC	Planning & Development	21/04/21	Not Upheld	no mal		
20012889	SSDC	Planning & Development	04/05/21	Closed after initial enquiries	Not warranted by alleged injustice		
20012936	SSDC	Environmental Services & Public Protection & Regulation	24/02/22	Upheld	mal & inj	distress/time and trouble,Provide services to person affected	
21000220	SSDC	Planning & Development	24/05/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21002402	SSDC	Benefits & Tax	12/11/21	Not Upheld	no mal		
21002414	SSDC	Benefits & Tax	30/06/21	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21004209	SSDC	Corporate & Other Services	23/06/21	Referred back for local resolution	Premature Decision - advice given		
21006062	SSDC	Planning & Development	08/11/21	Closed after initial enquiries	Not warranted by alleged injustice		
21006542	SSDC	Planning & Development	01/02/22	Not Upheld	Other reason not to continue with investigation		
21006603	SSDC	Corporate & Other Services	26/08/21	Closed after initial enquiries	Other reason not to investigate		
21006685	SSDC	Planning & Development	09/08/21	Referred back for local resolution	Premature Decision - advice given		
21008074	SSDC	Planning & Development	04/03/22	Not Upheld	no mal		
21008175	SSDC	Benefits & Tax	06/09/21	Referred back for local resolution	Premature Decision - advice given		
21008514	SSDC	Benefits & Tax	09/09/21	Referred back for local resolution	Premature Decision - advice given		
21009436	SSDC	Environmental Services & Public Protection & Regulation	28/09/21	Referred back for local resolution	Premature Decision - advice given		
21009491	SSDC	Environmental Services & Public Protection & Regulation	26/10/21	Referred back for local resolution	Premature Decision - referred to BinJ		
21009933	SSDC	Corporate & Other Services	20/10/21	Referred back for local resolution	Premature Decision - referred to BinJ		
21010748	SSDC	Environmental Services & Public Protection & Regulation	02/11/21	Referred back for local resolution	Premature Decision - advice given		
21010874	SSDC	Environmental Services & Public Protection & Regulation	21/10/21	Referred back for local resolution	Premature Decision - advice given		
21011869	SSDC	Benefits & Tax	26/10/21	Referred back for local resolution	Premature Decision - advice given		
21011895	SSDC	Planning & Development	19/01/22	Upheld	Injustice remedied during BinJ complaint processes		
21015039	SSDC	Planning & Development	17/01/22	Referred back for local resolution	Premature Decision - advice given		
21015075	SSDC	Planning & Development	10/02/22	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21015077	SSDC	Environmental Services & Public Protection & Regulation	22/02/22	Upheld	Injustice remedied during LGO consideration	Financial Redress: Quantifiable Loss	
21016498	SSDC	Corporate & Other Services	22/02/22	Closed after initial enquiries	Not warranted by alleged mal/service failure		
21018700	SSDC	Benefits & Tax	23/03/22	Referred back for local resolution	Premature Decision - advice given		

2022/23 Quarter 2 Capital Budget Monitoring Report for the Period Ending 30th September 2022 and 2022/23 Revised Estimates

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead Karen Watling, Chief Finance Officer
Report Lead James Griffin, Regeneration and Capital Finance Specialist
Contact Details: James.Griffin@southsomerset.gov.uk or 01935 462308

Purpose of the Report

1. The purpose of this report is to provide District Executive with the current spending against the Council's approved Capital Budget and the forecast position at year end ("outturn"), to explain estimated variations against budget, and to propose Revised Estimates to Full Council for the remainder of this financial year. This report should be read alongside the Revenue Budget Monitoring Report also on the Full Council agenda.

Public Interest

2. Capital expenditure is expenditure on assets such as land, property, ICT equipment, and the refurbishment of existing assets that will prolong the useful life of the asset (such as replacing a roof). Lending to third parties is also capital expenditure in many cases.

Recommendations

3. That District Executive:
 - a) Noted the expenditure on the capital programme as at the end of quarter two given in Table One.
 - b) Noted the amount remaining the Corporate Capital Contingency Budget, given in Table Four.
 - c) Recommends to Full Council the Revised Estimates for the 2022/23 capital budget of £28.801m which incorporates:
 - The slippage in the Capital Programme given in Table Two.
 - The addition of five S106 funded projects totalling £0.095m as set out in paragraphs 47.
 - A decrease to the Disabled Facilities Grants budget of £0.136m as explained in paragraph 40.



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- The proposed pausing and removal of budgets for uncommitted projects listed in Appendix B totalling £1.840m.
- The removal of remaining unspent budget amounts for completed projects totalling £0.050m listed in Appendix B.
- The establishment of an earmarked reserve, of £0.413m, to be funded by usable capital receipts already received to fund the capital required for building a car park at Millers Garage if the approach agreed by District Executive at its meeting in October 2022 does not materialise.
- The inclusion of a new budget programme to be called “Capital works budget for investment property”. This will replace the separate budgets identified in the capital programme for individual commercial properties and does not require any new budget additions - just an amalgamation of current approved budgets into one programme line within slippage being taken into account in the overall reprofiling proposals.
- Approves the splitting out and the renaming of the historic budget for the ‘Westlands building improvements’ budget of £0.552m with £0.452m moving to the ‘Westlands Events Hall Boiler Replacement and Improvements’ and £0.100m moving to the ‘Westlands Sports Hall Roof Repairs’.
- Approves the virement of £0.424m from Decarbonisation of Operational Buildings - Phase 2 to Westlands Events Hall Boiler Replacement and Improvements Budget.
- Approves the refinancing of the 2022/23 revised capital programme as set out in Table Nine.

Background

4. Full Council approves the capital budget in February each year. Monitoring of the agreed programme has been delegated to District Executive and is undertaken on a quarterly basis. District Executive can agree to vire money from the Corporate Capital Contingency Budget to existing approved projects if required. In urgent cases, the Chief Executive Officer has delegated authority, in consultation with the s151 Officer, to vire amounts from the Corporate Capital Contingency Budget into the schemes previously approved by Full Council in the capital programme.
5. Full Council approves any in-year increases to the capital budget unless the proposed project delivers a corporate priority and/or is an emergency decision. In such circumstances District Executive, under delegation, can approve an increase in the capital budget as long as the increase does not total more than 5% of useable reserves in any one year. Any new capital commitments (i.e contracts) over £1m may need approval by Somerset County Council’s S151 Officer or Executive under the S24 Direction, depending on whether the commitment has already been given a general up-front consent by the Executive or not.

Quarter Two Capital Budget Position for 2022/23

6. The year-end forecast position as reported at quarter one, was £50.680m. This report proposes that a Revised Budget is agreed for this budget year of £28,801m which is a reduction of £21,879m (or 43%). A summary of the proposed changes is shown in Table One.
7. Most of the proposed reduction is due to reprofiling (slippage) of budget into the next and future financial years. This is detailed in Table Two.
8. The Capital Programme for this budget year and beyond is shown in detail in Appendix A and in summary form, by service area, in Table Three.
9. The remaining unallocated balance in the Corporate Capital Contingency budget of £1.654m is shown in Table Four.
10. The Quarter Two spend is summarised in Table Five by service area.

**Table One: Revised 2022/23 Capital Programme Budget
(excluding any virements between approved budgets)**

	£000s
Agreed capital budget as at Quarter One	50,680
Proposals made in this report:	
- Increase in Area Committees' budget for five S106 Funded Projects listed in Table Eight	95
- Decrease - Disabled Facilities Grants – Total approved over remaining grant held	(136)
- Removal of Uncommitted Projects that are paused for delivery this year - listed in Appendix B	(1,840)
- Removal of unused budget on completed Projects listed in Appendix B	(50)
- Reprofiling (Slippage) of Projects identified in Table Two into future years	(19,948)
Subtotal	(21,879)
Revised 2022/23 Capital Programme Budget	28,801

Table Two; Detail of reprofiled project budgets

Project	Q1 Approved Budget 2022/23 £000's	Q2 Slippage 2022/23 £000's	Q2 Changes 2022/23 £000's	Revised Budget 2022/23 £000's	Future Spend 2023- 26 £000's	Total Budget £000's
Ham Hill	56	(56)		-	1,624	1,624
Chard Reservoir Dam	21	(9)		12	9	21
Car Park Improvement Works	94	(53)		41	53	94
Decarbonisation of Operational Buildings - Phase 1	2,722	(302)		2,420	302	2,722
Refurb & accessibility improvements to public toilets at Ham Hill & Yeovil Recreation Centre	80	(25)		55	25	80
Rowan Way Embankment Landslip	50	(40)		10	40	50
Lufton Depot Surfacing and Drainage Works	65	(26)		39	26	65
Gas Control System – Birchfield	90	(44)		46	394	440
Disabled Facilities Grants	2,948	(1,091)	(136)	1,721	1,091	2,812
Castle Cary and Ansford various projects	100	(100)		-	100	100
Wyndham Park Play Area Equipment	72	(71)		1	71	72
Yeovil Rec Flagship Play Area	15	(15)		-	15	15
Yeovil Country Park Play Area	220	(217)		3	217	220
Yeovil Crematorium Refurbishment	2,493	(1,408)		1,085	3,367	4,452
Caryford Community Hall	21	(21)		-	21	21
Chard Regeneration	1,841	(1,267)		574	1,700	2,274
Yeovil Refresh	18,256	(13,142)	891	6,005	13,472	19,477
Octagon Redevelopment	1,947	(889)		1,058	27,148	28,206
Wincanton Regeneration	620	(58)		562	1,537	2,099
Affordable Housing - Passivhaus South Petherton	1,200	(190)		1,010	190	1,200
Leisure Centre Capital Works	3,947	(384)		3,563	384	3,947
Capital works budget for investment property	1,090	(800)	52	542	1,703	2,245
Slippage of agreed Corporate Capital Contingency approved to date in 2022/23	2,560	260	(1,166)	1,654	-	1,654
Total	40,508	(19,948)	(359)	20,401	53,489	73,890

Table Three; Summary of revised 2022/23 capital budget position and future years' estimates (Corporate Capital Contingency included in Service Area where applicable).

Service Area	Approved Q1 Budget 2022/23 £000's	Budget Updates 2022/23 £000's	Revised Budget 2022/23 £000's	Future spend 2023-26 £000's	Total Budget £000's	Actuals to Date 2022/23 £000's
Commercial Services & Income Generation	12,982	(3,925)	9,057	8,760	17,817	1,985
Service Delivery	4,429	(1,749)	2,680	1,914	4,594	602
Place	24,850	(14,655)	10,195	44,048	54,243	1,533
Support Services, Strategy & Commissioning	5,386	(739)	4,647	583	5,230	169
Area Committees	473	95	568	0	568	(15)
Subtotal	48,120	(20,973)	27,147	55,306	82,452	4,274
Corporate Capital Contingency	2,560	(906)	1,654	0	1,654	-
Total	50,680	(21,879)	28,801	55,306	84,106	4,274

Table Four; 2022/23 Corporate Capital Contingency Budget amount remaining as at end of October 2022

Detail	Approvals 2022/23 £000's
Corporate Capital Contingency Opening Balance	4,000
Decarbonisation of Operational Buildings – May 22 DX Report	(350)
Leisure Centre Capital Works – May 22 DX Report	(665)
Wincanton Regeneration Public Realm – July 22 DX Report	(260)
Yeovil Crematorium Refurbishment – August 22 DX Report	(165)
Yeovil Refresh – August 22 DX Report	(891)
Millers Garage – August 22 DX Report	(203)
Yeovil Small Business Centre Roof Renewal – made under Chief Executive delegation as emergency works	(20)
Wincanton Regeneration Public Realm – September 22 DX Report – return of amount back to Corporate Capital Contingency Budget	260
Sherwood Road, Bromsgrove (Commercial Investments) SLT	(52)
Subtotal of Corporate Capital Contingency Drawdowns	(2,346)
Corporate Capital Contingency amount remaining	1,654

Table Five; Summary of spend from Quarter One to Quarter Two.

Service Area	Q1 Actuals	Q2 Actuals
	2022/23 £000's	2022/23 £000's
Commercial Services & Income Generation	2,320	1,985
Service Delivery	(64)	602
Place	272	1,533
Support Services, Strategy & Commissioning	(385)	169
Area Committees	50	(15)
Total	2,193	4,274



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11. Expenditure as at the end of Quarter Two was £4,274, which represents 15% of the revised capital programme budget for 2022/23.

Summary of progress on Key Capital Projects (budgets over £1m)

12. The projects in table six below make up 74% of this revised capital programme budget and over the next four years these projects make up 85% of the total capital programme.

Table Six: Key capital projects - Quarter 1 Budget Position and future years' estimates

Service Area/Project	Approved Budget	Budget Changes	Revised Budget	Future Budget	Total Budget	In year Actuals	In year Percentage Complete	In Year Budget Left to spend
	2022/23 £000's	2022/23 £000's	2022/23 £000's	2023-26 £000's	£000's	2022/23 £000's	2022/23 £000's	2022/23 £000's
Commercial Services & Income Generation								
Yeovil Crematorium Refurbishment	2,493	(1,408)	1,085	3,367	4,452	106	10%	(979)
Huish Park Land Acquisition	2,605	-	2,605	-	2,605	2,530	97%	(75)
Decarbonisation of Operational Buildings - Phase 2	1,484	(1470)	14	947	961	4	29%	(10)
Decarbonisation of Operational Buildings (PSDS)	2,722	(302)	2,420	302	2,722	1,111	46%	(1,305)
Regeneration & Place								
Yeovil Refresh	18,256	(12,251)	6,005	13,472	19,477	735	12%	(5,270)
Wincanton Regeneration	620	(58)	562	1,537	2,099	13	2%	(549)
Octagon Redevelopment	1,947	(889)	1,058	27,148	28,206	458	43%	(600)
Chard Regeneration	1,841	(1,267)	574	1,700	2,274	242	42%	(332)
Affordable Housing	1,986	(190)	1,796	190	1,986	-	0%	(1,733)
Service Delivery								
Disabled Facilities Grants	2,948	(1,227)	1,721	1,091	2,812	573	33%	(1,148)
Support Services, Strategy & Commissioning								
Leisure Centre Capital Works	3,947	(384)	3,563	384	3,947	46	1%	(3,517)
Total	40,849	(19,446)	21,403	50,138	71,541	5,818	27%	(15,518)

Commercial Services & Income Generation

13. **Yeovil Crematorium Refurbishment** – The revised budget for 2022/23 is £1,085m with an actual to the end of September 22 of £0.106m.

14. The project includes the cremator replacement, which is almost complete, and a construction element which has not yet commenced.

15. Within the last quarter the works have progressed with the installation of the electrical and data cables that are needed to install the replacement cremators.
16. **Huish Park Land Acquisition** - The total budget for 2022/23 is £2.605m with an actual spend to the end of September 2022 of £2.530m. This land acquisition has been completed. The remaining budget is to fund the remaining legal costs related to the purchase of the land.
17. Moving forward this project will no longer be reported directly in Table Six given it is now complete, however it will still appear in Appendix A.
18. **Decarbonisation of Operational Buildings (PSDS) – Phase 1**- The revised budget for 2022/23 is £2.420m with an actual spend to the end of September 2022 of £1.111m.
19. The PSDS final designs are still under review with works due to commence on both sites in November. Scottish and Southern Electricity Networks have confirmed their lead time regarding final commissioning, which may go into the next financial year.
20. This will not stop 95% of the works completing however the budget has been reprofiled from 2022/23 and into 2023/24 by £0.302m to allow for this. The delay will not increase the costs however there are still risks attached to the project and we are awaiting Salix, our grant funding administrator, to confirm the amount of PSDS grant we can use.
21. **Decarbonisation of Operational Buildings - Phase 2** – The total budget for 2022/23 was £1.484m but this project is proposed to be paused as it is not deliverable within the next four months. £0.424m of the agreed budget to be repurposed to fund Westlands Events Hall Boiler Replacement and Improvements, with the balance of £0.947m to be reprofiled to 2023/24.

Regeneration and Place

22. **Yeovil Refresh Refurbishment** – The revised budget for 2022/23 is £6.005m with an actual spend to the end of September 2022 of £0.735m. The programme of works for this project is scheduled to be completed in 2024.
23. District Executive on the 4th of August 2022 was asked to allocate up to £0.891m from the Corporate Capital Contingency fund to the delivery of public realm improvements in the Wyndham Street Area, Yeovil.
24. Due to delays to public realms works and the redevelopment aspects of the Future Highstreet Fund being reviewed the budget has been reprofiled from 2022/23 into 2023/24 by £13.142m.
25. The major risks continue to be the inflationary pressure on the construction industry and the potential loss of FHSF (Future High Streets Funding) grant. We



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continue to monitor the contracts closely to identify any potential savings that could help to mitigate the rising cost of materials. We are also submitting a change request to DLUHC, which if successful, would help to secure the funding.

26. **Wincanton Regeneration** –The total budget for 2022/23 is £0.562m with an actual spend to the end of September 2022 of £0.013m.
27. District Executive agreed in September 2022 to remove the previous increase to the Public Realm budget of £0.260m and return this to the Corporate Capital Contingency Budget following the approved change in scope.
28. Due to the change in scope, to focus on reusing empty buildings in the town centre, the 2022/23 budget has been reprofiled by £0.058m into 2023/24.
29. **Octagon Redevelopment** – The total budget for 2022/23 is £1.058m with an actual spend to the end of September 2022 of £0.458m. If the Final Business Case is approved, the project is expected to be completed in 2025.
30. During quarter two the stage 3 design was finalised, and the report was issued early in quarter 2 to the project team.
31. Due to the value engineering exercise being carried out this has resulted in a delay in the programme and therefore £0.889m of the 2022/23 budget has been reprofiled into 2023/24.
32. Key milestones for the remainder of 2022/23:
 - Design cost control through a value engineering process.
 - Finalise the funding position through regular dialog with grant funders.
 - Consider the RIBA stage 4 report and decision to tender made by SSDC and SCC Executive.
 - Issue tender documentation.
 - The Final Business Case will be coming forward in 2023/2024.
33. **Chard Regeneration** - The total budget for 2022/23 is £0.574m with an actual spend to the end of September 2022 of £0.242m. The two elements relate to Chard HSHAZ (High Street Heritage Action Zone) and Boden Mill site regeneration.
34. Regarding HSHAZ, 95% of the Public Realm works have been delivered, however there have been several delays in getting materials onsite, along with the availability of utility contractors and weather conditions. However, contractors are now on site working through the remaining items.
35. The Building Repair & Shop Front Improvement Grant Scheme launched in January 22. A few properties are now almost ready to proceed with their grant applications, with an estimated total value of £0.150m.



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36. Progress is being made to find a sustainable use for the Boden Mill site and an interested party has submitted a PID (Project Initiation Document) for external funding. The demolition of Building 11 is the subject of a live planning application.
37. Slippage of £1.267m into 2023/24 due to the project team exploring potential Boden Mill Site Regeneration schemes.
38. **Affordable Housing** – The total budget for 2022/23 is £1.796m with no costs being incurred to the end of September 2022. There are 4 main areas of spend in the coming year that have been or are currently waiting on various conditions being met.
 - Passivhaus South Petherton - planning application expected to be determined in the coming months. If planning permission is approved, then £1.200m of funding will be allocated towards the development. It is anticipated the likely spend in year will be £1.010m and therefore £0.190m has been reprofiled into 2023/24. This will be confirmed in Q3.
 - North St Crewkerne - had to wait for adverse ground conditions to settle to allow construction of Phase 2 to commence. The developer is set to start back on site in October. The remaining £0.026m of funding will be paid on Practical Completion, this is anticipated to be in 2022/23.
 - Acacia Lodge – the planning application was refused at the Area South Committee in August 22, £0.390m is still anticipated to be required in 2022/23
 - Chard Working Men's Club – it is anticipated that in 2022/23 that the £0.054m will be paid upon site completion.

SERVICE DELIVERY

39. **Disabled Facilities Grants** - The revised budget for 2022/23 is £1.721m with an actual spend to the end of September 2022 of £0.573m. This is an ongoing project funded by Central Government's Better Care Fund and will continue to be live until such time Central Government ends this scheme.
40. The 2022/23 budget is over the available approved grant value and has been reduced by £0.136m to align it to the grant value.
41. £1.091m of the 2022/23 budget has been reprofiled into 2023/24 for several reasons including covid, contractor availability and referral rate, we have not spent the full allocation of Better Care money for the last few years. Work is in progress to address this and demand for DFGs continues to be high.
42. There is an SLA (Service Level Agreement) in place with Somerset Independence Plus to help address the resource and contractor availability problem. They are also engaged in helping SSDC align procedures and processes for Somerset Council which should help aid a smoother transition.



43. **Leisure Centre Capital Works** - The revised budget for 2022/23 is £3.563m with an actual spend to the end of September 2022 of £0.46m. Works are expected to be completed in March 2023; this is behind schedule due to the knock-on effects caused by the delay to the start of the PSDS decarbonisation works which were due to be completed in March 2022.
44. Due to retention requirements £0.384m of the 2022/23 budget has been reprofiled into future years, £0.331m in 2023/24 and £0.054m in 2024/25.
45. These works consist of introducing new gym equipment into the leisure centres alongside remodelling of the internal lay outs of the centres to increase exercise studio space and improve customer experience with the essential M&E replacements and upgrades that are required with the works being carried out.

Area Committees and Area Funding

46. In Q2 there have been five projects that have now been completed and returned their remaining budget. There are also four additional projects that have been identified in Q2. These will be funded from the Unallocated Budgets for the Area Committees set out in Table Seven. These Unallocated budgets were approved in the February 2022 Budget Report and therefore have no impact on the overall capital programme total.

Table Seven: Area Committee Additions and Unallocated Budgets for 2022/23

Area / Project	Forecast 2022/23 £000's
Area North	
Q1 Unallocated Budget	48
- Long Sutton Cricket Club	0
- Petherton Arts Trust	1
- Landmark Langport, Ridgway Hall heating upgrade	0
- Norton Sub Hamdon play area	(12)
- High Ham Play Installation	9
Q2 Remaining Unallocated Budget	27
Area South	
Q1 Unallocated Budget	132
Yeovil to Ilchester Multiuser Pathway-Feasibility	2
Q2 Remaining Unallocated Budget	134
Area East	
Q1 Unallocated Budget	42
Yarlington Village Hall	(13)
Q2 Remaining Unallocated Budget	29
Area West	
Q1 Unallocated Budget	32
Guildhall air conditioning	(5)
Broadway play area	(4)
Q2 Remaining Unallocated Budget	23

47. Five additional projects have been identified in Q2 that will be funded by Section 106 contributions. Table Eight below shows the breakdown of the 5 projects that have been awarded.

Table Eight: S106 Additions for 2022/23

Area / Project	Forecast 2022/23 £000's
Area North	
- Curry Rivel Village Hall - Heating project	47
Sub-Total	47
Area East	
- Kingsdon Playing Field - Play area equipment	12
- Keinton Mandeville Changing Rm - Changing Room improvements	18
- Wincanton Sports Ground - Sports ground improvements	6
Sub-Total	36
Area West	
- The Guildhall Chard - Air conditioning project	12
Sub-Total	12
Total	95

Financing of the Capital Programme

Table Nine: Financing of the Capital Programme

Funding Stream	Q1 Approved 2022/23 £000's	Q2 Updates 2022/23 £000's	Q2 Revised 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	Funding Stream Total £000's
Grants & Contributions	19,779	(11,180)	8,599	18,123	3,846	325	30,893
S106 Contributions	(217)	169	(48)	172	400	400	524
Usable Capital Receipts	1,827	(109)	1,718	1,576	-	-	3,294
Cremator Replacement Reserve	549	(549)	-	-	-	-	-
Capital Fund Reserve	1,975	(1,945)	-	-	-	-	-
Regeneration Reserve	1,108	(1,108)	-	-	-	-	-
Other Reserves	618	(618)	-	-	-	-	-
CIL Funding	1,335	-	1,335	-	-	-	1,335
Use of Loan Repayment	1,438	-	1,438	2,691	2,804	2,817	9,750
Commercial Property Risk Reserve	1,042	(1,042)	-	-	-	-	-
Prudential Borrowing	21,225	(5,467)	15,759	19,375	4,479	(2,520)	37,093
Yearly Total	50,680	(21,879)	28,801	41,937	11,129	1,022	82,889

48. We are proposing a refinancing of the capital programme for this financial year for the following reasons:

- Alleviating Somerset Council's budget position in 2023/24: The new authority's implementation Executive has requested that all 5 Councils consider whether they can protect revenue resources when financing their capital budget programmes. We are proposing therefore that £4.644m of such revenue reserves are therefore not used to finance this year's capital expenditure (Cremator Replacement Reserve, Capital Fund Reserve, Regeneration Reserve, and Commercial Property Risk Reserve).
- All the other funding changes from the Quarter One position shown in the above table arise from the reprofiling and slippage of forecast year end expenditure and the pausing and removal of projects detailed in Appendix B.

49. The net changes in refinancing mean that for this year the amount of borrowing required has reduced by £5.467m, resulting in savings to the revenue budget of £0.137m. The overall borrowing need however passes onto the new Somerset Council.

	Q1 Revised Est 2022/23 £000s	Q2 Updates 2022/23 £000s	2022/23 Revised Est £000s	2023/24 Est Spend £000s	2024/25 Est Spend £000s	2025/26 Est Spend £000s	Total Budget Est Spend £000s
Q2 Projects - Appendix A							
COMMERCIAL SERVICES & INCOME GENERATION							
Westlands Sports Hall Roof Repairs	-	100	100	-	-	-	100
Westlands Events Hall Boiler Replacement and Improvements	552	424	976	-	-	-	976
Fleetmaster Replacement - Fleet Management Software	21	-	57	-	-	-	57
Ham Hill	56	56	-	1,170	260	195	1,624
Riverside Park Planting Scheme	6	6	-	6	-	-	6
Works to Chard Reservoir Dam & Outlets	3	-	3	-	-	-	3
Chard Reservoir Dam	21	-	12	9	-	-	21
Yeovil Rec - J O'Donnell Pavilion upgrade	4	-	4	-	-	-	4
Huish Park Land Acquisition	2,605	-	2,605	-	-	-	2,605
Capital works budget for investment property	1,090	342	342	1,615	288	-	2,245
Millers Garage	210	-	210	-	-	-	210
Car Park Improvement Works	94	53	41	53	-	-	94
West Hensford Car Park Crime Reduction Improvements	33	-	33	-	-	-	33
Enhancement to SSCD Bldgs	30	-	30	-	-	-	30
Capital Works to Council Portfolio	-	-	-	0.18	-	-	0.18
Decarbonisation of Operational Buildings - Phase 1	2,722	302	2,420	302	-	-	2,722
Decarbonisation of Operational Buildings - Phase 2	1,484	1,470	14	947	-	-	961
Digital Upgrade of Yeovil Town Centre CCTV Cameras	65	-	65	-	-	-	65
Birchfield Leachate Pumping Station	-	-	-	0.17	-	-	0.17
Yeovil Small Business Centre Roof Renewal	65	20	85	-	-	-	85
Chard Business Park, Roadway Adoption	125	-	125	-	-	-	125
Demolition of Public Conveniences, West Street, Crewkerne	1	-	1	-	-	-	1
Refurbishment and accessibility improvements to public toilets at Ham Hill and Yeovil Recreation Centre	80	25	55	25	-	-	80
Turners Barn Lane Changing Rooms Demolition	30	-	30	-	-	-	30
Yeovil Bus Station Toilet Refurbishment	50	-	50	-	-	-	50
Innovation Centre Automatic Door Replacement	17	-	17	-	-	-	17
Westlands Fire Alarm	37	-	37	-	-	-	37
Footbridge Assessment & Works	40	-	40	-	-	-	40
Rowan Way Embankment Landslip	50	40	10	40	-	-	50
Lufton Depot Surfacing and Drainage Works	65	26	39	26	-	-	65
DELETTI EV Charger Project	250	-	250	-	-	-	250
Yeovil Crematorium Refurbishment	2,493	1,408	1,085	3,367	-	-	4,452
Gas Control System - Birchfield	90	44	46	394	-	-	440
Environmental Services Fleet Vehicles Street Scene	35	-	35	-	-	-	35
Environmental Services Fleet Vehicles Arborescence & Operations	264	-	264	-	-	-	264
Environmental Services Fleet Vehicles Horticulture	172	-	172	-	-	-	172
Environmental Services Fleet Vehicles Workshop & MOT	55	-	55	-	-	-	55
Environmental Services Fleet Vehicles Nursery and Lufton Depot	30	-	30	-	-	-	30
Total for Commercial Services & Income Generation	12,982	2,835	9,857	8,018	548	195	17,818
Service Delivery							
Disabled Facilities Grants	2,948	1,227	1,721	1,091	-	-	2,812
Careline Product Development	16	-	16	-	-	-	16
Empty Property Grants	61	23	28	-	-	-	28
Home Repairs Assistance 2021-22	20	-	47	-	-	-	47
HMO Grants	60	19	41	-	-	-	41
Barnabus House	22	-	22	-	-	-	22
Grant for Youth Facilities	5	-	5	-	-	-	5
West Coker Pavilion and Play Projects	1	-	1	-	-	-	1
Castle Cary and Anstford various projects	100	-	100	-	-	-	100
Wyndham Park Play Area Equipment	72	71	1	71	-	-	72
Jarman Way, Chard - Play Area Equipment	-	-	-	0.10	-	-	0.10
Ilminster Recreation Ground	13	-	13	-	-	-	13
Old Keyways Play Area, Langport	13	-	13	-	-	-	13
Yeovil Rec Flagship Play Area	15	15	-	15	-	-	15
Grant to Milborne Port Rec	99	-	99	-	-	-	99
Langport Memorial Ground New Changing Facilities	4	-	4	-	-	-	4
Renewal of Skate Park provision in Area South	240	-	240	-	-	-	240
Huish Episcopi Swimming Pool	71	71	-	-	-	-	71
Yeovil Country Park Play Area	220	217	3	217	-	-	220
Holyrood Sports Hall	3	-	3	-	-	-	3
Ilminster Cricket Club, Pavilion, New nets, Pitch improvements	35	-	35	-	-	-	35
Cayford Community Hall	21	21	-	21	-	-	21
South Petherton Cricket Club	5	-	5	-	-	-	5
Wyndham Park Community Facilities	-	-	-	-	-	400	400
Home Farm, Somerton	298	-	298	-	-	-	298
Green Homes Grant L&D	20	-	27	0.22	-	-	0.22
Jocelyn Park Play area	-	-	-	0.05	-	-	0.05
Cricket Ground Water St Martock	-	-	-	0.40	-	-	0.40
ST Johns Yeovil Play Area Equipment	-	-	-	0.23	-	-	0.23
Subtotal for Service Delivery	4,429	1,749	2,680	1,514	-	400	4,594
Place							
Chard Regeneration	1,841	1,267	574	1,700	-	-	2,274
Yeovil Refresh	18,256	12,251	6,005	13,472	-	-	19,477
Octagon Redevelopment	1,847	889	1,058	16,192	10,528	428	28,206
Wincanton Regeneration	620	58	562	1,537	-	-	2,099
Affordable Housing - North Street, Crewkerne	260	-	260	-	-	-	260
Affordable Housing - 4 Properties Chard Working Mens Club (Stonewater)	54	-	54	-	-	-	54
Affordable Housing - The Link Day Centre	-	-	-	0.47	-	-	0.47
Affordable Housing - Unallocated	1,263	190	1,073	190	-	-	1,263
Affordable Housing - Bought not Built Allocation	-	-	-	409	-	-	409
Market Towns Vision	200	-	200	-	-	-	200
Subtotal for Place	24,850	14,655	10,195	33,092	10,528	428	54,243
SUPPORT SERVICES, STRATEGY & COMMISSIONING							
Leisure Centre Capital Works	3,847	384	3,563	331	54	-	3,847
Lufton Road Pedestrian & Cycle Way, Yeovil	379	-	379	-	-	-	379
Lufton 2000, Yeovil - All Phases	214	199	15	199	-	-	214
Loan to Somerset Waste Partnership for Vehicles	527	-	527	-	-	-	527
ES Upgrade	25	25	1	-	-	-	1
Firewalls & Security (Civic Upgrade)	11	-	11	-	-	-	11
ICT Replacement	28	-	28	-	-	-	28
Digital Capital Reserve Programme	34	-	34	-	-	-	34
Data Centre Network Switch Stack	100	100	-	-	-	-	100
Digital Capital Reserve Programme 2022/23	100	-	100	-	-	-	100
Meeting Room AV Upgrade	20	-	20	-	-	-	20
Subtotal for Support Services, Strategy & Commissioning	5,386	739	4,647	530	54	-	5,230
AREA COMMITTEES							
AREA NORTH							
Support of Economic Vitality in Area North (Signage for marketing programme)	3	-	3	-	-	-	3
Langport Transport Group	6	-	6	-	-	-	6
Long Sutton Cricket Club	1	0	1	-	-	-	1
Stoke Sub Hamdon Parish Council - Youth and Family Centre	17	-	17	-	-	-	17
South Petherton Bowls Club	2	-	2	-	-	-	2
Petherton Arts Trust	10	1	9	-	-	-	9
Kirkham Street Community Trust	13	-	13	-	-	-	13
Muchelney Church All Ability Accessible Toilet	13	-	13	-	-	-	13
Unallocated Budget North	48	20	27	-	-	-	27
Landscape, Langport, Ridgeway Hall heating upgrade	3	0	3	-	-	-	3
Norton Sub Hamdon play area	-	12	12	-	-	-	12
Curry Rivel Village Hall	47	47	-	-	-	-	47
High Ham Play Installation	9	9	-	-	-	-	9
AREA SOUTH							
Yeovil to Ilchester Multi User Pathway-Feasibility	2	2	-	-	-	-	-
West Coker Commemoration Fund (WCCF)	1	-	1	-	-	-	1
Unallocated Budget South	132	2	134	-	-	-	134
East Coker Paddock Path Renewal	4	-	4	-	-	-	4
AREA EAST							
Wincanton-Pedestrian/Cycle Link Common Lane	5	-	5	-	-	-	5
Retail Support Initiative Schemes	1	-	1	-	-	-	1
Parish Infrastructure Fund	4	-	4	-	-	-	4
Bruton Town Council - Weather Resistant Path	4	-	4	-	-	-	4
Wincanton Memorial Hall Toilet Facilities	6	-	6	-	-	-	6
Unallocated Budget East	42	13	29	-	-	-	29
Yarlington Village Hall	13	13	13	-	-	-	13
Jubilee Park Playground Project	13	0	12	-	-	-	12
Brewham Village Hall Restoration Project	11	-	11	-	-	-	11
Kingsdon Playing Field	-	12	12	-	-	-	12
Keinton Mandeville Changing Rm	-	18	18	-	-	-	18
Wincanton Sports Ground	-	6	6	-	-	-	6
AREA WEST							
Chard Town Centre Gateway and Seating Area	52	-	52	-	-	-	52
Horton Parish Council Playing Field Project	8	-	8	-	-	-	8
North Perrott Cricket Club	0	-	0	-	-	-	0
Hinton St George Pre-School Appeal	6	-	6	-	-	-	6
Combe St Nicholas Primary School Running Track	0	-	0	-	-	-	0
The Guildhall Chard	9	12	12	-	-	-	12
Unallocated Budget West	32	9	23	-	-	-	23
Guildhall air conditioning	5	5	-	-	-	-	5
Broadway play area	13	4	4	-	-	-	4
Ark at Egwood Indoor Activity Space	13	-	13	-	-	-	13
East Chilton Parish Council - Play Area Upgrade	6	-	6	-	-	-	6
Ilminster Sports Club - New Play Area	13	-	13	-	-	-	13
Merriott Village Hall - Kitchen Refurbishment	5	-	5	-	-	-	5
Subtotal for Area Committees	473	95	568	-	-	-	568
CORPORATE							
Capital Contingency	2,560	906	1,654	-	-	-	1,654
CORPORATE	2,560	906	1,654	-	-	-	1,654
Total Gross Capital Programme	50,680	20,789	28,801	43,154	11,129	1,023	84,106

Q2 Capital Programme Completed Projects - Budgets Removed 2022/23	2022/23 £000's	Comments
Yeovil Rec - J O'Donnell Pavilion upgrade	- 4	SLT Removal of project - Funded from contingency if required.
Demolition of Public Conveniences, West Street, Crewkerne	- 1	Project Complete, proposed removal of the budget.
Empty Property Grants	- 33	Vire £0.027 from Empty Property Grants to cover short fall. (need more from VD) -£6k Remove from the Capital Programme
Home Repairs Assistance 2021-22	- 27	Vire £0.027 from Empty Property Grants to cover short fall. (need more from VD)
HMO Grants	- 19	Remove from the Capital Programme
Meeting Room AV Upgrade	- 20	Project Complete, proposed removal of the budget.
Total	- 50	

Q2 Capital Programme Paused / Completed Projects 2022/23	2022/23 Variance £000s	Comments
Riverside Park Planting Scheme	- 6	Covid 19 has continued to cause delays to project work at Riverside Park due to lack of volunteers on site and visitor pressure increasing the workload for the rangers. Currently in planting season so work will continue. Update Oct 2022; No commitments on this planting scheme as ranger team has been short staffed for 3 months therefore ground preparations have not been made and no materials ordered.
Millers Garage	- 413	Removed from the Capital Programme. An ear marked reserve has been set up fund the project if needed in the future.
Enhancement to SSDC Bldgs	- 30	Recommended not to proceed and the budget to be removed from the Capital Programme.
Decarbonisation of Operational Buildings - Phase 2	- 947	This links to phase 1 of the programme which is focusing on the leisure sites with the aim of having the heating and other works completed by March 23 to make use of the grant funding available. A second phase was approved for 2022/23 but a major part of that budget is now reserved for phase 1. Only parts of phase 2 programme can now be met. First priority is to retain budget for Westlands boiler replacement. Delivery timing slippage. Other than getting operationally critical plant renewed this could be scaled back as the whole Decarb programme will need to re-established.
Environmental Services Fleet Vehicles Street Scene	- 35	Smart Bin Software (enables efficiency reducing need for vehicles). Paused and on hold due to SSDC digital capacity to deliver this project.
Huish Episcopi Swimming Pool	- 71	Completed , budget to be removed from the Capital Programme. Completed , budget to be removed from the Capital Programme.
Holyrood Sports Hall	- 3	Final payment made on this 23/7/2020. If there is further money remaining I would suggest that this is reallocated to offset some of the capital expenditure on the Chard Pool. It would have been strategic leisure obligations and therefore could be used for this purpose in my opinion, You might need Jackie Hamblin to confirm this.
Lufton 2000, Yeovil - All Phases	- 199	If the sale proceeds this sum may no longer be required.
E5 Upgrade	- 25	The upgrade of the financial system was completed in July, the outstanding items of the upgrade which are V1 Capture will not be implemented so balance of budget can be taken.
Firewalls & Security (Civica Upgrade)	- 11	Completed , budget to be removed from the Capital Programme.
Data Centre Network Switch Stack	- 100	Funding to replace current switch stacks at end of life. The switch stacks provide connectivity between on-premise systems, internet and cloud based systems. Addresses potential security vulnerabilities. The future of the data centre is unclear and dependant on strategic LGR decisions. Until we know the future of the SSDC data centre we should pause spend.
Total of Projects Paused for Delivery in 2022/23	- 1,840	



2022/23 Revenue Budget Monitoring Report for the Period Ending 30 September 2022 and Revised Estimates for 2022/23

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead: Karen Watling, Chief Finance Officer
Lead Officers: Paul Matravers, Lead Finance Specialist
Martin Hone, Senior Project Accountant - Finance
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Purpose of the Report

1. The purpose of this report is to provide District Executive with the current forecast of spending and income against the Council's approved Revenue Budget for the financial year ("outturn"), to explain estimated variations against budget, and to propose Revised Estimates to Full Council for the 2022/23 revenue budget including proposals to balance the budget. This report should be read alongside the Capital Budget Monitoring Report also on District Executive's agenda.

Public Interest

2. Maintaining the financial health and resilience of the organisation is important to ensure the ongoing delivery of priority services within our community. The Council also has a legal obligation to set and maintain a balanced revenue budget position.

Recommendations

3. That the District Executive:
 - a. Noted the cost pressures being forecast against the approved 2022/23 revenue budget as set out in Table One.
 - b. Noted the measures being proposed by Senior Leadership Team to fund these cost pressures to bring the budget to a balanced position as set out in Table Two.
 - c. Noted the forecast year-end reserves position shown in Appendix A.
 - d. Agreed the virement of £140k from salaries Commercial Property Staffing Underspend to Commercial Property – Contract Agreed with Somerset County Council in May 2022 for support on managing the facilities management of SSDC occupied buildings.
 - e. Recommends to Council the Revised Estimates for 2022/23 which assume that the funding proposals (as set out in Table Two of this report) and the proposals set out in the Capital Budget Monitoring Report (also on this Executive Committee's agenda) are approved. The Revised Estimates are given in Table Three and analysed between service areas in Table Four.



- f. Recommends to Council the use of £66,950 from the Medium-Term Financial Plan Reserve to address in-year budget pressures.

Background

4. The 2022/23 original net budget of £19.714m was approved by Council in February 2022. This represents the financial plans that the Executive manages, under their delegated authority and in accordance with the Financial Procedure Rules. All the Council's income and expenditure has a responsible budget holder.
5. The first quarter's budget monitoring report advised District Executive that there were budget pressures totalling an estimated £1.6m arising from the National Pay Award, increasing interest rates, increasing cost of living pressures, and a projected overspend in the commercial property budget. The report further advised that the situation would be updated at quarter two and that the Senior Leadership Team would make proposals to deliver a balanced outturn by year-end.
6. The projected position has significantly changed since that initial forecast was reported at Quarter 1, and now requires Revised Estimates to be approved by Full Council as required by the Scheme of Delegation and Financial Procedure Rules.

Summary of the Current Financial Position and Forecast Outturn

7. The normal process of budget monitoring involving budget holders and finance specialists has been enhanced for this quarter to include deep dive reviews by finance and management on focused areas of the budget. This has resulted in us being able to better identify areas of the budget which are under pressure and require budget increases and areas where savings can be made and/or alternative sources of finance can be applied. This work has also included an in-depth review of the capital programme, the outcomes of which are detailed in the Capital Budget Monitoring Report on this District Executive's agenda. The proposals contained within that separate report impact significantly on the financing charges revenue budget hence it is important that Members are aware of the linkage between the two reports. Table One of this report shows the impact on the forecast outturn for 2022/23 and Table Two shows how the recommended mitigating actions delivers the budget to the target agreed by Council in February 2022.
8. Changes primarily relating to the rapid change in economic conditions since the Original Approved Budget was agreed in February 2022 mean that the Council faces increased cost pressures in several areas of the budget (shown in Table One). These total £3.023m. A detailed explanation of each is given in relevant paragraphs later in the report. Members should note that the forecasts are the gross costs of these pressures. They are not netted-off against potential additional income or other mitigating factors. These are set out in Table Two. For instance, there are additional anticipated costs in Commercial Property shown in Table One that are partially offset by the recharging of some of these extra costs to tenants.



South Somerset District Council

9. Senior Leadership Team is proposing that the budget pressures are funded through a mixture of measures comprising of forecast savings, use of specific earmarked reserves, changes to the capital programme (resulting in savings in financing charges), and other measures as shown in Table Two below.

Table One: Identified cost pressures

Budget Area	£	Comments	Paragraph
Property Services Budget	1,030,000	Gross increases in rent payable, service charges, insurance costs, consultants' fees & provision of facilities management services from Somerset County Council	Para 21 and Table 5
Pay Award and Members Allowances	725,530	Cost of agreed pay award above Feb 2022 Budget assumptions on full establishment & indicative increase in Members' Allowances	Paras 14 to 18
Fuel & Utility Costs	194,000	Inflation on costs above Feb 2022 Budget assumptions	Para 19
Financing Charges	1,134,200	Gross increase in costs arising from rapid rise in interest rates along with MRP cost increases and assuming Feb 2022 approved Capital Budget is wholly spent	Paras 28 to 36 & Q2 Capital Budget Monitoring Report
Somerset Waste Partnership	79,000	Increase in cost for container purchase and delivery - SSDC's share	Paras 24 to 25
TOTAL	3,162,730		

Table Two: Proposed Funding measures

Proposed measure	£	Comments	Paragraph
Pay Award savings Assumption	-60,000	Given current vacancy rate assumption that all the Pay Award will not be needed	Para 16
Staff Turnover savings assumption	-100,000	Given current vacancy rate assumption that there will be a budget underspend	Para 16
Investment Income	-92,000	Increase in income from Treasury Management Pooled investments	Para 37
Yeovil Innovation Centre	-55,000	Additional rental income	Para 21
Operational Property Income	-106,000	Additional rental income	Para 21
Mileage Allowances	-76,000	Underspend of £60k to date, projection assumes trend continues.	Para 22
Financing Charges	-137,270	Impact of removal of capital projects from the programme and slippage into 2023/24.	Para 33
IT Budgets	-150,000	Savings from hardware and software maintenance with additional hardware and software running up to LGR being financed by Capital Budget. Savings in equipment, tools and materials budget	Para 23
Commercial Property	-1,013,430	Additional rental income and adding in service charges income budget line	Para 21



Proposed measure	£	Comments	Paragraph
Somerset Waste Partnership	-713,000	SSDC's share of underspends and additional income on recycling credits	Paras 24 to 26
Savings in the Employees budget	-541,000	These represent savings made to date	Para 17
Other smaller proposed savings	-52,080	£28k savings in virtual meetings budget, £24k saving in Finance consultancy	Para 23
Use of earmarked Reserves	-66,950		Para 49
TOTAL	-3,162,730		

10. The net budget forecast outturn before the application of the MTFP support fund is shown in table three by type of expenditure and income. Table four shows the same information by service area.

Table Three: Revised Expenditure and Income analysis

	Approved Original Budget	Revised Estimate	Change
<u>Expenditure</u>			
Employees	£21,857,650	£21,853,080	(£4,570)
Premises	£3,457,660	£4,338,660	£881,000
Transport	£815,420	£739,420	(£76,000)
Supplies & Services	£9,718,550	£9,794,050	£75,500
Third Party Payments	£18,780,850	£18,286,850	(£494,000)
Housing Benefits payments	£27,348,150	£27,348,150	£0
Capital Financing	£1,219,280	£2,170,730	£951,450
Revenue Reserve transfers	(£1,296,780)	(£1,296,780)	£0
	£81,900,780	£83,234,160	£1,333,380
<u>Income</u>			
Government grants	(£38,619,920)	(£38,619,920)	£0
Other grants and contributions	(£1,159,240)	(£1,159,240)	£0
Sales	(£2,182,830)	(£2,182,830)	£0
Fees and charges	(£17,738,690)	(£18,913,120)	(£1,174,430)
Investment income	(£2,485,780)	(£2,577,780)	(£92,000)
Gen Govt Grants & LA Taxation	£0	£0	
	(£62,186,460)	(£63,452,890)	(£1,266,430)
Net Budget	£19,714,320	£19,781,270	£66,950

Table Four: Revised Estimates by Directorate

	Approved Original Budget	Revised Estimate	Change
<u>Directorate</u>			
Chief Executive	£1,949,580	£1,948,570	(£1,010)
Commercial Services	£2,736,700	£2,089,270	(£647,430)
Place & Recovery	£532,200	£499,610	(£32,590)
Strategy & Support Services	£10,292,500	£11,151,850	£859,350
Service Delivery	£4,203,340	£4,091,970	(£111,370)
Net Budget	£19,714,320	£19,781,270	£66,950

11. The budget is analysed by categories of expenditure and income and written explanations of each are giving in the paragraphs that follow.
12. The year-to-date net spend position of £6.22m suggests an underspend of some £3.5m against the profiled year to date budget, however whilst there is significant underspending in the staffing budget of some £1.2m the rest of the variance to-date is a result of cash flow and timing differences which do not impact on the forecast year-end position.

Analysis of Expenditure and Income budget areas

Employees

13. **National Pay Award:** The 2022/23 pay award has recently been agreed by the employers and unions and comprises the following:
 - With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above
 - With effect from 1 April 2022, an increase of 4.04 per cent on all allowances (*as listed in the 2021 NJC pay agreement circular dated 28 February 2022*)
 - With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement
 - With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine.
14. The impact on the Council's budget, assuming a full staff establishment, is an additional £0.696m over and above what was agreed at Council in February 2022.
15. It may be that this increase will be mitigated to some extent by the Council's vacancy rate which is expected to increase as Vesting Day for the new authority approaches. Based on the current vacancy rate of 17% an assumption has been made that £60k of the forecast increase will not be incurred in 2022/23. Recruitment is underway in several areas, in compliance with the LGR agreed

staffing protocol, and Senior Leadership Team does not recommend that these recruitments should be halted.

16. A review of underspending already achieved-to-date suggests that £541k can be taken out of the employee's budget: £281k in Service Delivery, £55k in Strategy & Support, and £205k in Commercial Services. We have also assumed a modest (£100k) underspend at the year-end due to vacancies not being filled.
17. **Members Allowances:** The forecast increase in Members' allowances of £29,100 above the budget agreed in February 2022 assumes an increase of 5.60%. This figure has not yet been finalised.

Premises and property services

18. **Utility Bill increases:** At this stage the full effect of the utility price increases is difficult to forecast to year-end, especially since we are not yet in the coldest winter months. These budgets will therefore be monitored closely in the coming months. The current cost pressure of £0.194m (see Table One) is based on the most up-to-date information available the time of writing.
19. **Property Services:** A deep dive review has identified that certain budgets associated with holding the commercial property portfolio are not in line with actual spend or have historically not been included in the approved base budget. As a result, there is currently a forecast year end gross cost pressure of £1.030m as detailed in Table Five below.
20. Members are advised that some of these additional costs *i.e.* service charges (£0.295m) and Insurance premiums (£0.05m) can be recharged to Tenants. In addition, the deep dive review has confirmed additional commercial rent income from rent renewals, lease re-gearing and 'grossing up' of £668k. After including these items, the overall net budget position for property services is an underspend of £123k.

Table Five: Net budget impact in property services budgets

Cost / Income Item	£000	Comments
Rents Payable	370	Rents payable on leasehold assets within the Council's property portfolio & agents fees
Property Management	140	Contract agreed with Somerset County Council in May 2022 for the provision of facilities management services in respect of SSDC occupied buildings (see Recommendation D)
Service Charges	295	Service charge costs for properties with multiple tenancies
Insurance Premiums	50	Insurance premiums have increased above the level anticipated in the original budget
Consultancy Fees	175	Largely reflects the recoverable expenditure on management costs (e.g., lease renewals) and dilapidation payments
SUB TOTAL	1,030	



LESS:		
Recharges to tenants	-345	Service charges and insurance premiums.
Property Management Staffing Underspend	-140	Underspend on employee budgets (vacant posts), this will cover the cost of the contract agreed with SCC agreed in May 2022 (see Recommendation D).
Additional Commercial Rent	-668	Additional income from portfolios, rent renewals, lease regear and 'grossing up'
SUB TOTAL	-1,153	
NET POSITION	-123	

Transport

21. The underspend on staff mileage allowances to the end of September is £60k. The forecast underspend to year-end of £76k (see Table Two) anticipates an increase in claims over the second part of the year but that the revised budget can be reduced by £76k.

Supplies and Services

22. This category of expenditure covers a wide range of costs. Specific savings proposals are being proposed for:
- Democratic Services: £28k arising from an underspend on the budget for virtual meetings.
 - IT Budgets: £150k comprising: £70k on the maintenance of hardware and software; £65k due to most requirements for additional hardware and software running up to LGR being financed by Capital funds; and, as a result, a £15k budget for equipment, tools and materials that is no longer required.
 - Finance costs: £24k in consultancy and publications budgets.

Third Party Payments

23. **Somerset Waste Partnership (SWP) Forecast Outturn:** Overall, the end of October (Month 7) position shows that the SWP budget is forecast to be underspent by £3.101m. This represents 6.3% of the original budget. The savings expected can be explained further as follows:
- Recycle More now fully rolled out and savings and savings forecast of £2.759m (SCC: £1.100m and Districts £1.659m).
 - Savings on Covid-19 costs in Districts of £0.320m.
 - Savings on year-end accruals for the County Council Disposal contract (£0.290m), net of additional costs of timber disposal at HWRC sites (£0.263m).



24. The SSDC share of the forecast outturn surplus as calculated by the Somerset Waste Partnership (SWP) is set out in Table Six below:

Table Six: SSDC’s share of cost increases and savings from SWP

	Cost Pressure/ (Saving) £000
Collection Costs	(465)
Recycling Credits	(153)
Covid-19	(93)
Other Savings	(2)
Additional Cost Pressure of Container Purchase and Delivery	79
NET SAVING ON CURRENT BUDGET	(634)

25. The year end forecast for other items included in this category is anticipated to be on budget and therefore no Revised Estimates are proposed in this area. The current position as at quarter 2 shows an overspend, against the profiled budget but this is mainly a timing issue related to Council Tax Rebate payments. In total, the Council has received £9.3m funding for these payments and to date has a spend of £8.4m.

Housing Benefit payments

26. At this stage the budget is showing an underspend caused by timing issues, the forecast year end position is in line with the current budget and therefore no adjustments to estimates are proposed for this area.

Capital financing costs

27. **Impact of increases in Interest Rates:** Since the budget was set in February 2022 the Bank of England have increased interest rates at each of their meetings as set out in Table Seven. The base rate in February 2022 was 0.5% with the budget assumption of the rate rising to 1% during this financial year (as advised by our Treasury Management advisers Arlingclose). At the time the Council set its budget for 2022/23 its assumptions for inflation and interest rates were based on best market forecasts provided by the Council’s external advisors. Since then a number of unforeseen factors (e.g., war in eastern Europe, economic disruption and loss of market confidence) have led to increased costs of supplies and services as well as explaining the rapid rise in the Base Rate.

Table Seven: Increases in Bank of England Base Rate

Date of increase	Increase	Base rate
17 March 2022	0.25%	0.75%
5 May 2022	0.25%	1.00%
16 June 2022	0.25%	1.25%
4 August 2022	0.50%	1.75%
22 September 2022	0.50%	2.25%
3 November 2022	0.75%	3.00%

28. The Bank of England's Monetary Policy Committee (MPC) sets the Bank Base Rate in order to influence the national economy to meet the government's 2% inflation target. At its meeting on 3 November 2022, the MPC voted by a majority of 7–2 to increase Bank Rate by 0.75 percentage points, to 3%. CPI inflation is currently 11.1% in October 2022.
29. In the MPC's central projection, CPI inflation starts to fall back from early next year as previous increases in energy prices drop out of the annual comparison. CPI inflation is projected to fall sharply to some way below the 2% target in two years' time, and further below the target in three years' time.
30. The impact of the increase in the bank rate affects both the council's interest payable on debt and the interest income it receives on its investments. In terms of interest payable, this is dependent on the level of current and future external debt of the council. This in turn depends largely on the amount of expenditure incurred on the capital budget that is planned to be funded from borrowing.
31. If the currently agreed capital budget of £51m were to spend by year end, the cost pressure arising from the increase in interest rates would be some £0.682m on top of the current financing charges budget of £1.125m.
32. However, if the proposals that are made in the Q2 capital budget monitoring report are approved, regarding the removal of capital budgets that are no longer needed, or for projects that are proposed to be paused, as well as the slippage of current year budgets to future years, a reduction to this cost pressure of £0.137m can be made.
33. **Increase in MRP costs and brokerage fees:** An increase in MRP (Minimum Revenue Provision) costs of £357k and debt brokerage fees (£46k) is required. The MRP increase is required due to the proposed refinancing of the capital programme and minor amendments in the useful life assumptions required to calculate the costs.
34. **Alleviating Somerset Council's budget position in 2023/24:** The new authority's implementation Executive has requested that all 5 Councils consider whether they can protect revenue resources when financing their capital budget programmes.

35. The Q2 capital budget monitoring report elsewhere on the agenda proposes that £4.664m of revenue earmarked revenue reserves originally intended to fund 2022/23 capital expenditure are retained and replaced by long term borrowing (this adds an extra £50k to the capital financing charges budget for this financial year).
36. **Treasury Management Pooled Investments**: An increase in income of £92k by year end is forecast to arise from the Council's Treasury Management investments.

Government Grants

37. There is a year-to-date budget variance of £1.1m for Housing Benefits Subsidy that the Council receives towards the Housing Benefit payments. The subsidy is paid based on an estimate of the value of payments that will be made during the year and is paid over to the Council in monthly instalments. Any shortfall in income received during the year will be recouped at the end of the financial year once the final claim is submitted. The expectation is that the budget for Housing Benefit Administration will be as agreed in the original 2022/23 budget.

Other grants and contributions

38. Income received from other grants and contributions is currently on budget. The variance is the result of this timing issue and in most cases the income due was received in October.

Sales and rental income

39. There is currently a small surplus shown in sales income of £42k, and the forecast sales income is broadly in line with the budget.
40. Additional rental income outside of the commercial property portfolio of £161k will be added into the Revised Estimates comprising an increase for renting out part of Brympton Way (£106k) and increases at the Yeovil Innovation Centre (£55k).

Budget Virements

41. District Executive has delegated authority to approve virements between activities/services/projects within the overall approved net budget total and have further delegated this authority as set out in the table below which is included in section 3.4 of the Financial Procedure Rules.

Authoriser	Limit	Finance advice required from
Budget Holder	£25,000	Specialist – Finance
SLT Member	£50,000	Lead Specialist Finance
Portfolio Holder	£100,000	S151 Officer
District Executive	Greater than £100,000	S151 Officer

42. There are no virements greater than £100,0000 requiring District Executive approval in the period July to September 2022. Recommendation D of this report asks District Executive to agree the virement of £140k from the salaries budget in Commercial Services to the third party payments budget in the same directorate. This is in respect of the contract for the provision of facilities management services agreed with Somerset County Council in May 2022.

Council Tax Support and Council Tax

43. The Council Tax Support Scheme (CTS) provides for discounted tax charges to households with lower incomes. The Authority has set an estimate for 2022/23 of £10.918m within the Council Tax Base for annual CTS discounts, and total of £10.224m has been allocated as at the 30 September 2022. The cost of the CTS is allocated through the Council Tax Collection Fund and is shared between the preceptors in proportion to their relative shares of council tax due for the year (SSDC share is 14.13% for 2022/23).
44. The Hardship Scheme is in place for extreme circumstances with a budget of £36,600 for the year. By the end of September 2022, SSDC had processed 44 successful requests and the amount awarded was £18,882.
45. The in-year collection rate for Council Tax for this time period is 54.79% for 2022/23 compared to 54.12% for the same period last year. At the end of September 2022, the total of £16.807m outstanding debt relating to previous years had been reduced by £2.8m.

Non-Domestic Rates

46. The in-year collection rate for Non-Domestic Rates for this time period is 55.24% for 2022/23 compared to 49.45% for the same period last year. At the end of September 2022, the total of £7.089m outstanding debt relating to previous years had been reduced by £2.097m.
47. Non-Domestic Rates income that the Council collects is distributed between Central Government, SSDC, Somerset County Council and the Fire and Rescue Authority under the Business Rates Retention funding system. The shares for 2022/23 are Central Government 50%, SSDC 40%, SCC 9%, Fire 1%.

Reserves Position

48. Recommendation f. of this report asks District Executive to recommend to Council the use of £66,950 from the Medium-Term Financial Plan Support Reserve to address in-year budget pressures. This is effectively a balancing item at Q2 to deliver a balanced outturn at year end.
49. Details regarding the earmarked and General Fund Balance position are given in appendix A.

Financial Risks

50. As part of budget monitoring, and revised budget setting, an assessment of financial risks needs to be made. This assessment is detailed in Table 8 below with an update from the responsible officer.

Table Eight: Financial Risks

Current Risk	Responsible Officer	Officer's Update
Interest Rates	Chief Finance Officer	Interest rates are anticipated to continue to increase for the remaining part of the financial year as explained in this budget monitoring report. A rise in interest rates increases the cost of borrowing but a positive impact will be seen on the return on the Council's investments. But the former is larger than the latter. Proposals made in the Q2 Capital Budget Monitoring report, if approved, will reduce the impact of the rising rates on the revenue budget. Proposals have recently been received by the CFO from Arlingclose in consultation with Somerset County Council proposing options to mitigate this risk. These will be reviewed as soon as possible.
Cost of living and inflation	Senior Leadership Team	<p>Senior Leadership Team will continue to assess the impact of the cost-of-living crisis on budgets and services.</p> <p>Leisure Contract – the sharp increase in utility costs (combined with an increase in national minimum and living wage and consumables), is presenting a significant new financial pressure for our leisure operator which may in turn impact negatively on the Authority's leisure budgets over time. The Council's operator is proactively taking steps to manage the impact on the South Somerset contract and is in the process of undertaking a financial modelling exercise to review management fee projections. Any new financial implications arising will be reported at a later date, but members should note the potential budgetary risk.</p> <p>Nationally the leisure sector is under immense strain given the current economic climate. Some operators are already running facilities on reduced opening hours or have taken other measures such as reducing pool temperature to help manage costs so that facilities can remain open. Therefore this risk is not peculiar to the South Somerset contract.</p>
Business Rate Income	Director-Service Delivery	The collection rate is up 5.79% compared to the same period in the previous year quarter 2. This is a volatile measure affected by the timing of summonses and payments made by large businesses. There is an increased risk of collection in a time of adverse economic conditions but that has not been evidenced thus far in 2022/23.
The Council Tax Support Scheme	Director-Service Delivery	The original budget for 2022/23 is £10.918m and a total of £10.224m has been awarded as at 30 September 2022. If costs exceed the assumption in the Council Tax Base this risks a deficit in the Collection Fund to be paid in subsequent years in proportion to preceptors' totals.
Housing Benefit Subsidy	Director-Service Delivery	Current predictions are for the housing benefit subsidy to be on budget at the year-end, but the outcome will not be confirmed until the subsidy claim is externally audited in autumn 2023.



Council Plan Implications

51. The budget is closely linked to the Council Plan, maintaining financial resilience and effective resource planning is important to enable the Council to continue to fund its priorities for the local community.

Carbon Emissions and Climate Change Implications

52. There are no implications currently in approving this report.

Equality and Diversity Implications

53. When the budget was set any growth or savings made included an assessment of the impact on equalities as part of that exercise.

Privacy Impact Assessment

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

Background Papers

55. Budget Setting reports to Full Council in February 2022.

Appendix A

Reserves	Balance as at 01/04/2022 £'000	Transfers		Forecast balance as at 31/03/2023 £'000	Reason for transfers
		To £'000	From £'000		
Capital					
Usable Capital Receipts	(5,035)	(570)	2,131	(3,474)	To fund capital expenditure in 2022/23 (£1.718m) and to set up earmarked reserve for Millers Garage (£413k). £2m is earmarked in 2023/24 as a funding source for the Octagon Theatre redevelopment as agreed by Full Council in December 2021.
Internal Borrowing Reserve (Vehicle Purchases)	(149)	0	149	0	Using to fund 2022/23 capital expenditure
Capital Reserve Balance	(5,184)	(570)	2,280	(3,474)	
Revenue					
Regeneration Fund	(3,243)	(1,093)	1,095	(3,241)	Pooling Gains arising from SSDC being in the Somerset Business Rates Pool are transferred into the Fund. Transfers out are to fund the revenue costs and some of the capital costs of the Regeneration Programme. An amount of £1.108m to fund the capital programme has been switched to borrowing as per the Q2 capital budget report recommendations.
Capital Reserve	(151)	(1,666)	1,666	(151)	As this is a revenue reserve we are not using it to fund the 2022/23 capital budget as per the proposal in Q2 capital monitoring report
Cremator Replacement Capital Reserve	(549)	0	0	(549)	This will not be used to fund capital expenditure, borrowing will be undertaken as per the recommendations in the Q2 capital budget monitoring report.
IT Replacement Reserve	(10)	0	10	0	This will be used in 2022/23 to part fund the relevant projects within the 2022/23 approved capital programme
Ticket Levy Reserve	(252)	(38)	94	(196)	Ticket levies to reserve movement. This is available for Octagon projects (revenue or capital)
Commercial Investment Risk Reserve	(6,719)	0	2,000	(4,719)	£2m of the balance has been transferred into the General Fund Balance in 2022/23 as per Full Council approval in December 2021. It is proposed that works on investment properties will be funded from external borrowing instead of this earmarked reserve, see Q2 capital budget monitoring report.
Sports Facilities Reserve	(10)	0	0	(10)	
Yeovil Athletic Track Repairs Fund	(216)	(19)	10	(225)	This reserve is needed for funding capital in 2024/25 and beyond.
Artificial Grass Pitch Reserve	(177)	(15)	4	(188)	This reserve is needed for funding capital in 2024/25 and beyond. £4k required in year for Hockey Infrastructure.
YIC Maintenance Reserve	(60)	(20)	8	(72)	
Somerset LGR Reserve	0	(1,234)	1,000	(234)	The reserve is to fund staffing pressures arising from LGR in 2022/23, to date £538k has been approved by SLT under delegation. It is assumed that the balance on the reserve will be spent by year end. The £234k for 2023/24 relates to SSDC's contribution to the overall LGR implementation programme.
Medium Term Financial Plan Support Fund	(8,862)	0	2,686	(6,176)	Expenditure funded by the reserve includes: £1,234k into the LGR reserve, £900k for Leisure contract, £350k transfer to Treasury to manage interest rate risk, £71k for the Kick Start Project and £64k for a Planning Policy A303 project. £67k to fund the in year 2022/23 budget gap.
Area Committee Reserves	(113)	0	0	(113)	
Election Reserve	(254)	(40)	0	(294)	Budgeted annual contribution to reserve
Waste Reserve	(100)	0	100	0	
Community Initiatives Reserve	(382)	0	382	(0)	This has been transferred to 2022/23 revenue budget for use to fund the Somerset Families Programme.
Treasury Management Reserve	(750)	(350)	0	(1,100)	There will be £350k transferred from the Medium Term Financial Plan Support Fund in 2022/23 to manage interest rate risk.
Revenue Grants Reserve	(399)	0	106	(293)	Funding of Localities projects in year (£12k) and funding of the MTIG project £31k.
Revenues and Benefits Reserve	(1,240)	0	713	(527)	Funding for transitional resources less new burdens grant received transferred to reserve
Business Support Scheme (Flooding)	(82)	0	38	(44)	Transfer to fund the cost associated with the River Parrett trail
Community Housing Fund	(18)	0	18	0	Used to fund spend in Community Housing budgets in 22/23.
Community Safety Reserve	(25)	0	25	0	Used to fund spend on the Public Space Protection Orders & Safe Space Project
Housing & Homelessness Reserve	(537)	0	318	(219)	Funding of temporary staff in 2022/23.
Spatial Policy Reserve	(141)	(68)	132	(77)	Transfer of Neighbourhood Planning Grant into reserve, less funding for planning post.
Climate Change Fund	(266)	0	204	(62)	Funding of staff involved in this climate change initiative.
Community Resilience Reserve	(91)	0	72	(19)	Social mobility project.
Business Rates S31 Grants Collection Fund	(6,513)	0	3,310	(3,203)	This reserve holds the S31 grant provided by Government to compensate the Council for the reduced business rates income following the introduction of Retail Discount Relief in 2020/21. The transfer from reserves offsets the forecast NNDR deficit in the 2021/22 accounts. The transfer to reserves is S31 grant received in 2021/22 that will be used to offset any future year deficits. £3m of the balance will be used in 2022/23.
MRP Reserve	(444)	0	0	(444)	Transfer to reserve to cover potential additional MRP
Revenue Reserves Balance	(31,606)	(4,543)	13,991	(22,158)	
General Fund Balance	(6,556)	(2,000)	0	(8,556)	Increase in reserve by transfer from Commercial Risk reserve as agreed by December 21 Full Council

2022/23 Treasury Management Mid-Year Performance Report and Strategy Update

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
SLT Lead: Karen Watling, Chief Finance Officer
Lead Officers: Paul Matravers, Lead Specialist – Finance
Andy Turner, Specialist - Finance

Purpose of the Report

1. To present the Council's 2022/23 mid-year treasury performance report as required by CIPFA's Treasury Management Code.

Recommendations

2. The Audit Committee recommends that Council note the actual and forecast treasury performance and approve the updated Treasury Management Strategy Statement and Investment Strategy for 2022/23.

Introduction and Background

3. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services Code of Practice requires the Council to approve an annual Treasury Management Strategy and, report treasury performance mid-year and at the year end.
4. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Treasury Management Strategy.
5. This report provides information on the performance of the Council's Treasury Investments for the first six months of the 2022/23 financial year. The performance of the Council's Commercial Investments, which are part of the Commercial Strategy, are reported separately through 6-monthly update reports therefore that detail is not included in this report. On this basis, it is worth noting that whilst the treasury income and cost implications of commercial investment acquisitions are included within this report, the investment property income is not.



6. CIPFA has defined Treasury Management as “the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
7. The Council has delegated responsibility for the oversight and monitoring of its treasury management policies and practices to Audit Committee, and for the execution and administration of treasury management decisions to the S151 Officer who will act in accordance with the organisation’s policy statement and Treasury Management Practices (TMPs), and CIPFA’s standard of Professional Practice on Treasury Management.
8. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Specific risks are identified in the Council’s approved Treasury Management Practices. The risks include:
 - Liquidity Risk (Adequate cash resources)
 - Interest Rate Risk (Fluctuations in the value of investments and borrowing).
 - Inflation Risks (Exposure to inflation)
 - Fraud, Error and Corruption, and Contingency Management (Exposure to loss through fraud, error or other eventualities)
 - Refinancing Risks (Impact of debt maturing in future years).
 - Legal & Regulatory Risk (Compliance with statutory and regulatory requirements).
9. The Local Government Act 2003 requires the Council to ‘have regard to’ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy; this sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

Treasury Management Strategy Statement and Investment Strategy

10. The updated 2022/23 Treasury Management Strategy is attached at Appendix A. There are no amendments to the borrowing strategy, treasury investment strategy, approved counterparties or investment limits.
11. The updated strategy includes a revision to the capital financing requirement figures, with amendments made to reflect the actual capital financing requirement at 31/3/2022 and the revised estimates for the subsequent three years. Please refer to table 2: Balance Sheet Summary and Forecast within Appendix A.



12. The remainder the report provides information on:

- Treasury Management Position
- Current Borrowing
- Interest Rates and Inflation
- Treasury Investment Activity
- Pooled Fund Investments
- Non Treasury Investments

Treasury Management Position - Summary

13. The treasury management position as at 30 September 2022 and the change during the year is shown in the Table 1.

Table 1: Treasury Management Position – Summary

	31/03/2022 Balance £000's	Net Movement £000's	30/09/2022 Balance £000's
Long-term borrowing	-	0	-
short-term borrowing	(128,500)	14,500	(114,000)
Total Borrowing	(128,500)	14,500	(114,000)
Long-term Investments	0	0	0
Short-term Investments	16,550	(13,550)	3,000
Cash and Cash Equivalents	23,500	740	24,240
Total Investment	40,050	(12,810)	27,240
Net Position	(88,450)	1,690	(86,760)

External Borrowing

14. External borrowing has decreased during the first six months of the year due to a significant element of the loan portfolio maturing and improved cash flow has meant that not all the matured borrowing needed replacing.
15. It should be noted that the actual external borrowing held at 30 September 2022 was £114m, in addition, and in line with the treasury management strategy and the principle of minimising borrowing costs forward deals to the value of £27m have been placed.
16. Including the forward deals means the actual and committed borrowing figure rises to £141m as at the end of September 2022. The £27m of forward deals have been secured at rates between 1.25% and 1.95% with the loan periods being between three and four months. If this borrowing were to have been



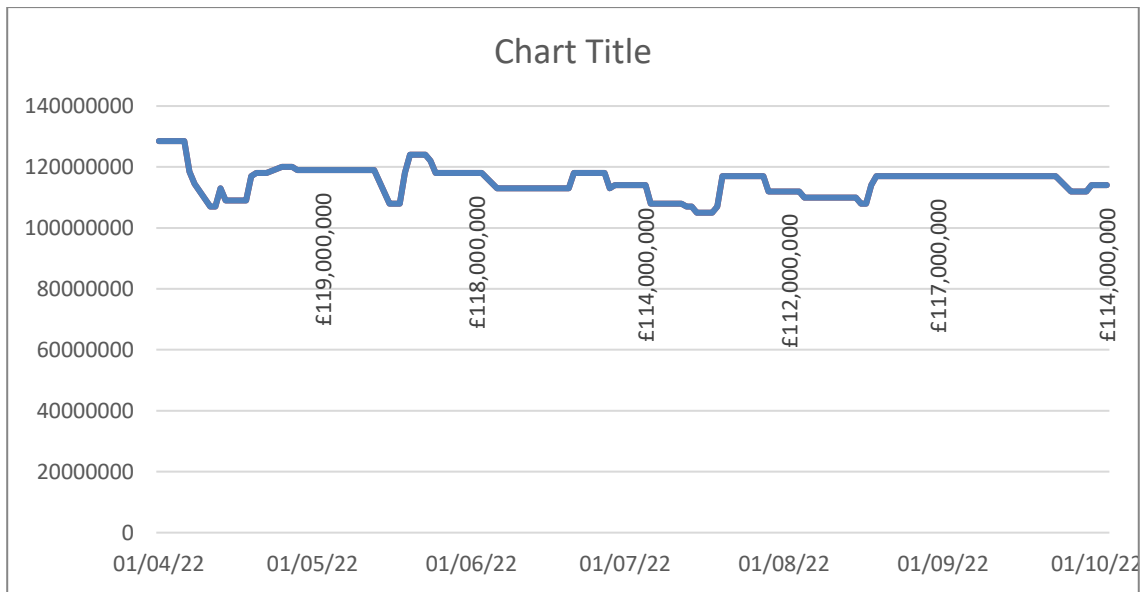
secured today, the rate for the same loan period would be in the region of 3% (based on PWLB rates at 7 November).

17. The external borrowing requirement in respect of the capital programme for 2022/23 was anticipated to be in the region of £20m. As at 30 September 2022 only a small amount of external borrowing has been required to fund the capital expenditure. It is anticipated that expenditure will increase in the second half of the financial year and that external borrowing will be a source of funding in respect of this spend. Therefore, the expectation is that the projected borrowing of £20m will be utilised by the end of the financial year. However, this does not take account of any slippage in capital spend which might be identified as part of the quarter 2 capital programme monitoring.
18. Taking into account the projected borrowing to fund capital spend and the borrowing required for cashflow purposes means the projected value of long term borrowing as at 31 March 2023 is estimated to be in the region of £149m.
19. The external borrowing requirement at the end of the 2022/23 financial year was anticipated to be £146m. There is a small anticipated increase, however this is a projection, and the year end figure for external borrowing is partially dependant on the delivery of the capital programme and the associated borrowing costs.
20. As mentioned above, the amount of external borrowing is partially dependent on spend on the projects included in the capital programme progressing as planned, particularly those projects in the Regeneration Programme, and the Council's cash flow position. If project timescales slip the external borrowing amount will be significantly lower than the figure anticipated in the 2022/23 Annual Treasury Management Strategy.
21. The Council's finance team continually review the council's cash flow position and borrowing options in order to keep the cost of borrowing to a minimum. With interest rates rising significantly in recent months and with a rise in rates expected to continue for the foreseeable future continual monitoring of the cashflow position and the available borrowing options is a high priority for the finance team. The securing of forward deals at a significantly lower rate has helped to protect the Council revenue budget from the impact of the recent rate rises.
22. Work is also ongoing with the Council's treasury advisors to further ensure that all borrowing options are considered. It is anticipated that short term rather than long term borrowing will be utilised for the remaining part of the financial year. However, this is kept under review to strike the appropriate balance between costs and cost certainty. If long term borrowing were to become the better option, which is a change of strategy, any decision which may affect the successor council and its future year revenue budget will be taken in line with the Section 24 notice.



23. Graph 1 shows the movement in the external borrowing position for 2022/23. It provides the amount of external borrowing on the first day of each month for the April to September period and the value of borrowing at 30 September 2022 (£114m).

Graph 1: External Borrowing 2022/23



24. Table 2 summarises the external borrowing position as at 30 September 2022. It includes the opening position in respect of external loans, loans repaid, new loans and the average interest rate.

Table 2: External Borrowing Summary

	Amount £'000	Average Interest Rate %
External Loans as at 1 April 2022	128,500	0.20
New Loans	108,000	1.07
Loans Repaid	(122,500)	0.34
Total External Loans as at 30 September 2022	114,000	1.21

25. The £114m of external borrowing as at 30 September 2022 is detailed in Table 3. The table shows that we have prioritised the inter-authority lending market, with the short-term loan interest rates ranging from 0.15% to 1.88%.



Table 3: External borrowing as at 30 September 2022

Lender	Date Borrowed	Repayment Date	No of Days	Interest Rate	Amount
West Yorkshire Police Authority	19/01/2022	18/01/2023	364	0.15%	10,000,000
Guildford Borough Council	19/04/2022	31/03/2023	346	1.00%	2,000,000
Wealden District Council	19/04/2022	31/03/2023	346	1.00%	6,000,000
West Midlands Combined Authority	20/04/2022	21/10/2022	184	0.75%	11,000,000
Rushcliffe Borough Council	27/04/2022	25/11/2022	212	0.85%	3,000,000
West of England Combined Authority	16/05/2022	15/05/2023	364	1.00%	3,000,000
Tendring District Council	19/05/2022	20/02/2023	277	0.85%	5,000,000
West of England Combined Authority	19/05/2022	18/05/2023	364	1.00%	5,000,000
London Borough of Newham	20/05/2022	20/10/2022	153	0.95%	8,000,000
Northumberland County Council	24/05/2022	24/10/2022	153	0.98%	5,000,000
Ards and North Down Borough Council	15/07/2022	17/10/2022	94	1.20%	3,000,000
West Yorkshire Combined Authority	19/07/2022	19/04/2023	274	1.25%	2,000,000
London Borough of Hackney	20/07/2022	20/04/2023	274	1.25%	5,000,000
Spelthorne Borough Council	20/07/2022	20/10/2022	92	1.20%	5,000,000
West Yorkshire Combined Authority	20/07/2022	03/04/2023	257	1.25%	10,000,000
Chichester District Council	21/07/2022	21/10/2022	92	1.20%	5,000,000
The Nottinghamshire Office of the Police & Crime Commissioner	18/08/2022	18/04/2023	243	1.70%	8,000,000
Barnsley Metropolitan Borough Council	19/08/2022	20/02/2023	185	1.65%	3,000,000
West Yorkshire Combined Authority	19/09/2022	20/03/2023	182	1.88%	3,000,000
Barnsley Metropolitan Borough Council	20/09/2022	20/03/2023	181	1.67%	5,000,000
Basildon Borough Council	20/09/2022	20/03/2023	181	1.88%	5,000,000
Brentwood Borough Council	30/09/2022	31/03/2023	182	1.88%	2,000,000
				Total	114,000,000



Table 4: Forward deals as at 30 September 2022

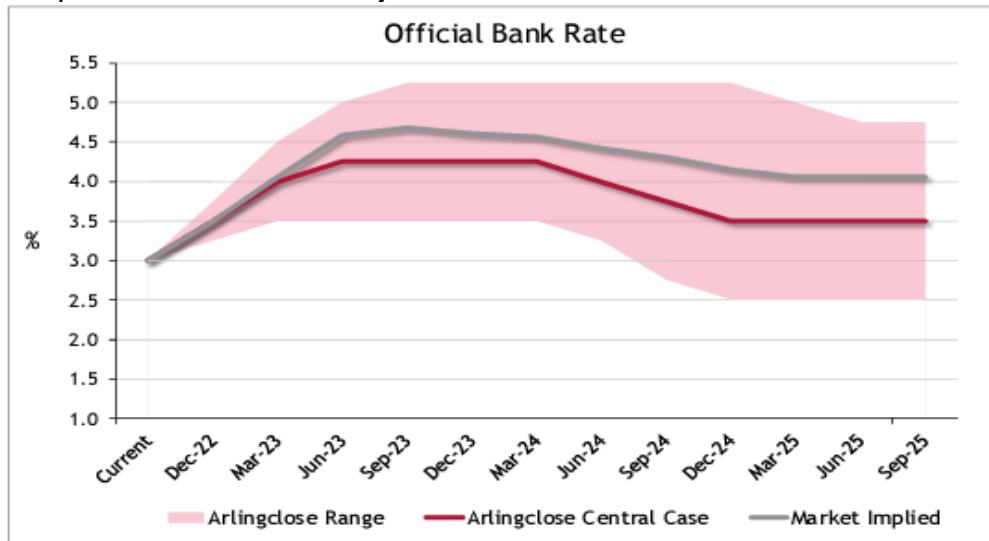
Lender	Date Borrowed	Maturity Date	No. of Days	Interest Rate	Amount £
Warwickshire County Council	20/10/2022	20/02/2023	123	1.9500	5,000,000
Warwickshire County Council	21/10/2022	21/02/2023	123	1.9500	5,000,000
Bolton Metropolitan Borough Council	21/10/2022	21/02/2023	123	1.9800	10,000,000
Crawley Borough Council	25/11/2022	06/03/2023	101	1.2500	5,000,000
Maldon District Council	19/01/2023	19/04/2023	90	1.3300	2,000,000
				Total	27,000,000

26. The above information shows that the current strategy of utilising short-term inter-authority lending for the Council's treasury borrowing requirement means interest rates and interest costs are relatively low to date.
27. The tables also demonstrates that rates have continued to increase in the April to September period and short-term borrowing for a 6 month period can now be sourced in the region of 3.20%. It is anticipated that interest rates will continue to increase, and the assumption is that interest rates for 6 months will be in the region of 4% to 5% by the end of the financial year. The previous advantage of borrowing for short periods to take advantage of the low rates on offer is diminishing and will need to be monitored closely given current and anticipated future rate increases and the risk this creates at the point of re-financing.

Interest Rates

28. The November 2022 economic and interest forecast data provided by the Council's treasury advisors anticipates that interest rates are likely to rise further during 2022/23 to reach 4% by the end of the year.
29. The graph below details the Arlingclose interest rate projection for the period to September 2025.

Graph 2: Interest Rate Projection





30. It is expected that the Bank Rate will continue to be high in 2023 and 2024 in order to dampen aggregate demand and reduce the risk of sustained higher inflation. This action by the Monetary Policy Committee will slow the economy, necessitating cuts in the Bank Rate later in 2024.
31. Further commentary from Arlingclose in respect of the economy and financial markets is provided in appendix B.

Treasury Investment Activity

32. The Council holds significant invested funds, representing income received in advance of expenditure plus cash balances and reserves held. In the first six months of the financial year, the Council's investment balance has ranged between £25.74 million and £40.05 million.

Table 4: Breakdown of Investments as at 30 September 2022

	Date Invested	Maturity Date	Interest Rate %	Nominal Amount £
Treasury Bills				
UK Government T-Bill 0%	30/09/22	10/10/22	2.10	1,000,000
UK Government T-Bill 0%	30/09/22	17/10/22	2.10	2,000,000
Money Market Funds				
Invesco Aim	Various	Not fixed	1.30	740,000
Property & Pooled Funds				
Schroders Income Maximiser (UK Equity)	Various	Not fixed	4.15	6,250,000
CCLA Property Fund	Various	Not fixed	2.48	6,000,000
Fidelity Global enhanced income (Global Equity)	Various	Not fixed	3.86	250,000
Ninety One Diversified Income	Various	Not fixed	3.99	5,000,000
Columbia Threadneedle Strategic Bond	Various	Not fixed	2.99	5,000,000
Royal London Enhanced Cash Plus Fund	Various	Not fixed	1.07	1,000,000
			Total	27,240,000

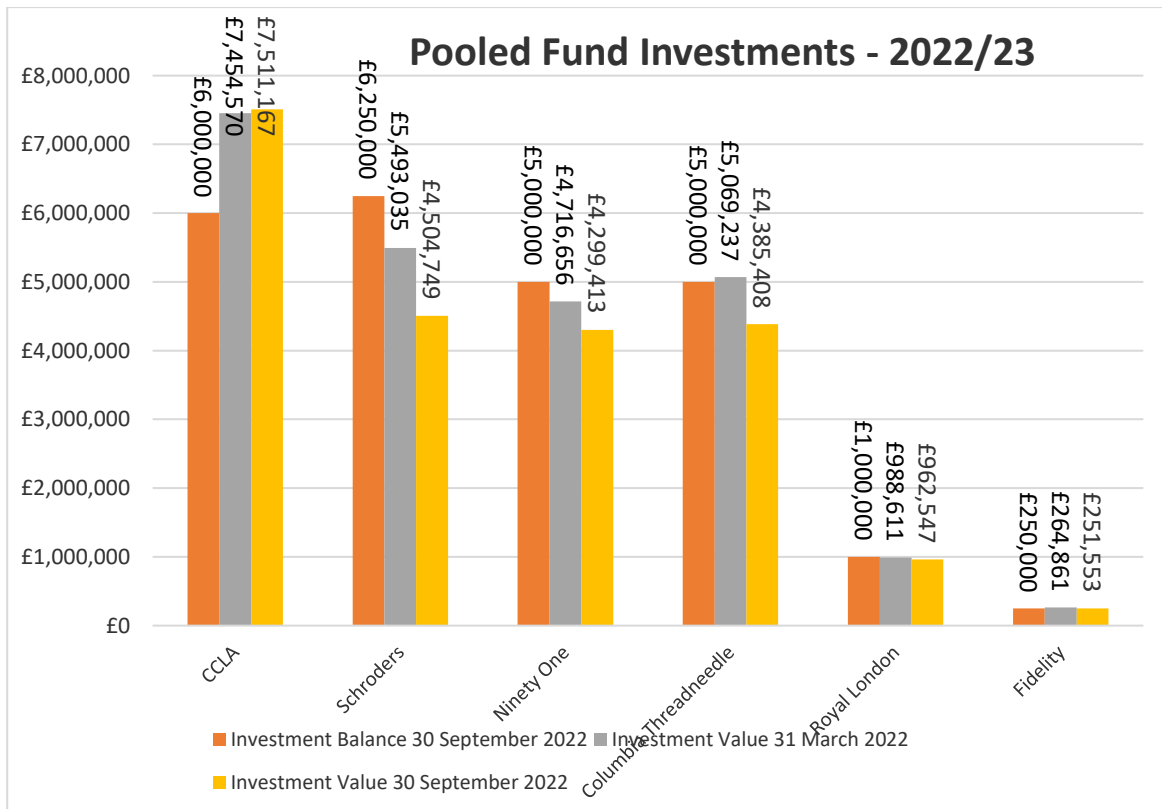
33. The Council has maintained its strategic fund investments in Property & Pooled Funds at £23.5m and it is estimated that the level of strategic investments as at 31 March 2023 will remain in the region of £23.5m.



Pooled Fund Investment - Values

- 34. The Council's pooled fund investments are held in externally managed funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. This fits with the objectives of the Council's overall Financial Strategy.
- 35. The Council has investments in bond, equity, multi-asset and property funds. The April to September period was a very difficult environment for bonds engendered by global central banks' determination to bring high and persistent inflation under control through increases in policy rates. The sell-off in gilts, other sovereign bonds and corporate bonds with a rise in gilt/bond yields (i.e. a fall in price) was reflected in the Authority's bond and multi-asset income funds. The fall in equity valuations is reflected in the equity and multi-asset income funds.
- 36. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium to long term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.
- 37. The investment balance as at 30 September 2022 and the value of each investment as at 1 April and 30 September are detailed in the following chart.

Graph 3: Pooled Fund Investments 2022/23



Note: Pooled fund investments are revalued to reflect the fair value of the investment, the second and third bars in the graph signifies this value at 31 March 2022 and 30 September 2022. The first bar represents the nominal investment balance in each fund at 30 September 2022.

38. Table 5 below includes the opening and closing investment balances for each pooled fund investment. The investment fair value signifies the individual value of the investments after the year-end and mid-year valuation. The table shows that the 'fair value' of the portfolio has decreased by £2.072m, which is a decrease of 8.64% between 1 April and 30 September, reflecting volatility in market value. The strategy works on the basis that investment values will go up and down, but annual income return remains positive, and the Council would not plan to redeem the investment when its value is below the nominal balance unless this would be a prudent course of action.

Table 5: Pooled Fund Investments as at 30 September 2022

Investment	Investment Balance 30/09/2022 £	Investment Value 01/04/2022 £	Investment Fair Value 30/09/2022 £
CCLA	6,000,000	7,454,570	7,511,167
Schroders	6,250,000	5,493,035	4,504,749
Ninety One	5,000,000	4,716,656	4,299,413
Columbia Threadneedle	5,000,000	5,069,237	4,385,408
Royal London	1,000,000	988,611	962,547
Fidelity	250,000	264,861	251,553
Total	23,500,000	23,986,970	21,914,837

Pooled Fund Investment – Income Return

39. The income generated from pooled fund investments for the first six months of 2022/23 and the rate of return is detailed in the following Graph 4 and Table 6. This demonstrates that the investment in the Schroder Income Maximiser, Ninety One and Columbia Threadneedle have performed well in terms of income and rate of return on investment.
40. Overall, the return on pooled funds has positively averaged 5% during the first six months of the financial year.



Graph 4: Interest Received and Rate of Return 1 April to 30 September

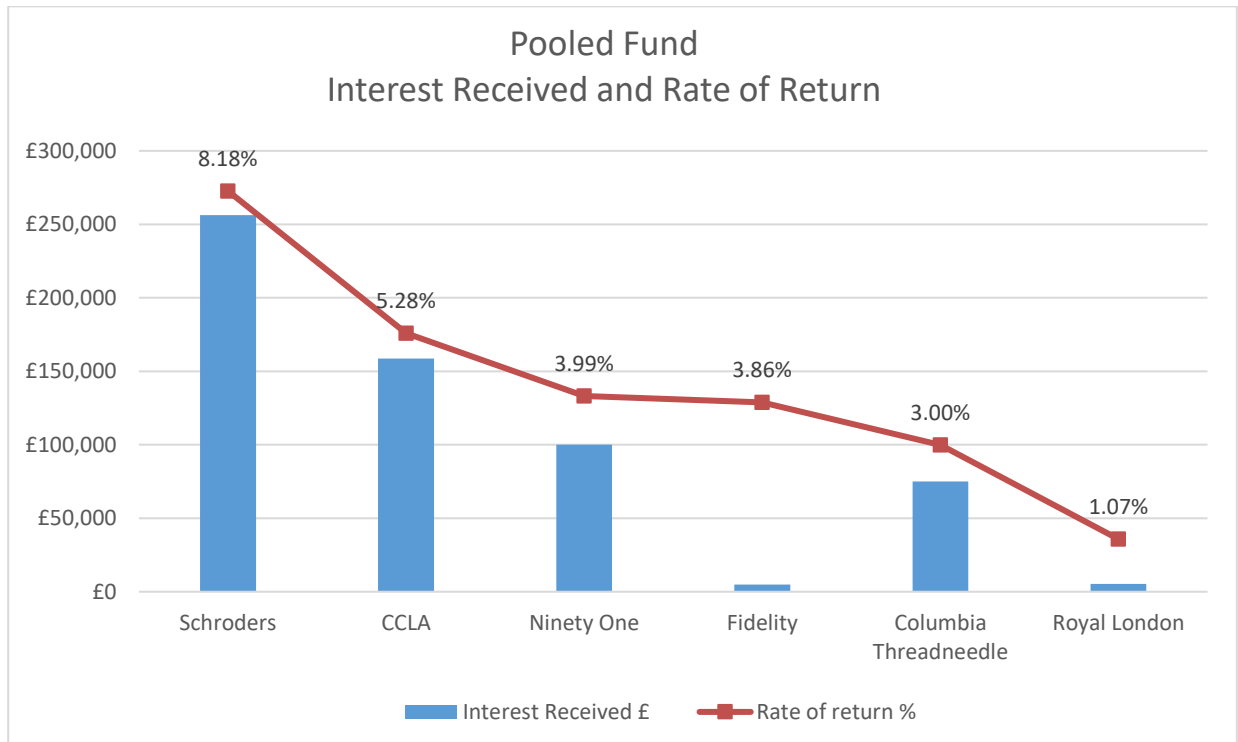


Table 6: Pooled Fund Investment Interest at 30 September 2022

Fund	Interest Received £	Rate of return %
Schrodgers	£256,329	8.18%
CCLA	£158,739	5.28%
Ninety One	£100,130	3.99%
Fidelity	£4,842	3.86%
Columbia Threadneedle	£75,121	3.00%
Royal London	£5,388	1.07%
Total	£600,548	5.11%

Non-Treasury Investments

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



42. In addition to its treasury investments, the Council also holds £43.58m in other investments in the form of loans to third parties. The loans values are detailed below (as at 30 September 2022):
- Loan to Community Organisation - £0.13m
 - Loan to Trading Company - £0.05m
 - Loan to Local Authority Partnership - £3.43m
 - Loan for Commercial Activities - £39.97m
43. The detail of the Council's total investment in commercial investment property is reported separately. As part of its Commercial Strategy, investment in property has increased significantly in the past three years. The value of investment properties held on the balance sheet as at 31 March 2022 (including some properties held for a substantial period of time) was £89.97m. This is unchanged as at 30 September 2022 due to the Council decision to cease making acquisitions of this nature in order to comply with the revised Prudential Code.

Financial Implications

44. There are no additional financial implications in reviewing the attached treasury management strategy.

**Background
Papers:**

Treasury Management Strategy 2022/23 (Full Council February 2022)



**South Somerset
District Council**

**Investment and Treasury
Strategies**

2022/23 to 2024/25

Introduction

1. Treasury management is the management of the Council's cash flows, borrowing and investments and the associated risks. The Council has borrowed and invested substantial sums of money and is, therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are, therefore, central to the Council's prudent financial management.
2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
3. All the indicators required to be published under CIPFA's (Chartered Institute of Public Finance & Accountancy) and DLUHC (Department for Levelling Up, Housing & Communities) Investment Code are found in Appendix C.

Overall Position to-date and medium term forecast

4. On 30th September 2022, the Council had external borrowing of £114m and 27m of treasury investments. These balances are summarised below.

Table 1: Existing Debt and Investment Position

	01/04/2022 Balance £'000	30/09/2022 Balance £'000
External Borrowing:		
Local Authorities	(128,500)	(114,000)
Total External Borrowing	(128,500)	(114,000)
Treasury Investments:		
Treasury Bills	0	3,000
Term Deposits (Other LA's and Banks)	16,550	0
Money Market Funds & Business Reserve	0	740
Property and Pooled funds	23,500	23,500
Total Treasury Investments	40,050	27,240
Net Debt(-)/Investment	(88,450)	(86,760)

5. Forecast changes in these sums are shown in the balance sheet analysis in the table below.

Table 2: Balance Sheet Summary and Forecast

	2021/22 Actual £'000	2022/23 Projection £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Capital Financing Requirement	143,901	156,756	156,249	155,323
Less: External Borrowing	(128,500)	(149,116)	(151,921)	(154,362)
Less: Other Debt Liabilities (Leases)	(5)	0	0	0
Internal Borrowing	15,396	7,640	4,328	961
Less: Usable Reserves	(54,362)	(27,213)	(21,555)	(17,146)
Less: Working Capital Surplus (-) / Deficit	(2,800)	(2,800)	(2,800)	(2,800)
Treasury Investments / New Borrowing (-)	(41,766)	(22,373)	(20,027)	(18,985)

Note: The 2023/24 and 2024/25 figures in table 2 are the projected balance sheet figures if the council were to continue to exist and are not the balance sheet figures of the new unitary authority.

Borrowing Strategy

- The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investments. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- The Council had an increasing CFR due to the spend within the capital programme including significant expenditure on regeneration schemes. The trend of expenditure indicates it will be required to borrow up to £154m over the forecast period.
- CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The table above demonstrates that the projected level of outstanding debt is lower than the CFR for the period.
- The Council currently holds £114m of loans (as at 30 September 2022), compared to £128m on 1 April 2022, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 shows that the Council expects to borrow up to £149m in 2022/23. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the proposed authorised limit for borrowing of £195m.
- The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and

achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective. In addition, given that a new unitary authority will come into being on 1st April 2023 there is need to not undertake longer term loan agreements, unless required, in order to give maximum flexibility to the new council to best manage the consolidated Capital Financing Requirement of the five councils.

11. With short-term interest rates currently lower than long-term rates, it is likely to be more cost effective in the short term to either use internal resources, or to borrow short term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk.
12. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
13. Discussions will continue be held with the other S151 Officers within Somerset to assess on a combined basis whether it is beneficial that the council/s borrow additional sums in 2022/23 at long-term fixed rates.
14. Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period (although forward loan interest rates will usually factor in an allowance for interest rate risk during the intervening period).
15. Additionally, the Council may borrow further short term loans to cover unplanned cash flow shortages.
16. The approved sources of long-term and short-term borrowing are:
 - HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - Any institution approved for investments (see below)
 - Any other bank or building society authorised to operate in the UK
 - Any other UK public sector body
 - UK public and private pension funds (except Somerset County Pension Fund)
 - Capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

17. Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- Leasing
 - Hire purchase
 - Private finance initiative
 - Sale and leaseback
18. Debt rescheduling: The HM Treasury's PWLB lending facility allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

20. The Council invests funds that it holds for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
21. This investment strategy meets the requirements of statutory guidance issued by the Government in January 2018.

Treasury Management Investments

22. The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to fluctuate between £30m and £60m during the 2022/23 financial year.
23. The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.
24. The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest

rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

25. Given the increasing risk and very low returns from short-term unsecured bank investments, the Council has diversified into more secure and/or higher yielding asset classes. The Council has maintained its strategic (long-term) investments at £23.50m and it is estimated to remain at this level as at the end of 2022/23. We do not plan to make any new strategic investments but will continue to review the portfolio with Arlingclose and will make any necessary investments based on risk and return.
26. The Council will continue to monitor the risk and returns on its strategic (long-term) investments and will work closely with its treasury advisors ensuring that strategic investments continue to be an appropriate option for the Council.
27. A proportion of the Council's surplus cash is currently invested in short-term unsecured bank deposits, money market funds and other local authorities.
28. Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's 'business model' for managing them. The Council aims to achieve value for money from its internally managed treasury investments by a business model of collecting the contractual cash flows and, therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
29. **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£3 m 5 years	£6 m 20 years	£6 m 50 years	£3 m 20 years	£3 m 20 years
AA+	£3 m 5 years	£6 m 10 years	£6 m 25 years	£3 m 10 years	£3 m 10 years
AA	£3 m 4 years	£6 m 5 years	£6 m 15 years	£3 m 5 years	£3 m 10 years
AA-	£3 m 3 years	£6 m 4 years	£6 m 10 years	£3 m 4 years	£3 m 10 years
A+	£3 m 2 years	£6 m 3 years	£3 m 5 years	£3 m 3 years	£3 m 5 years
A	£3 m 13 months	£6 m 2 years	£3 m 5 years	£3m 2 years	£3 m 5 years
A-	£3 m 6 months	£6 m 13 months	£3 m 5 years	£3 m 13 months	£3 m 5 years
None	n/a	n/a	£6 m 25 years*	n/a	£3 m 5 years
Money market funds, Strategic pooled funds and real estate investment trusts		£10m (nominal value) per fund or trust			

30. **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
31. **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
32. **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

33. **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £2m per company as part of a diversified pool in order to spread the risk widely.
34. **Registered providers (unsecured):** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
35. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
36. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
37. **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.
38. **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £200,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

39. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty
40. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
41. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
42. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
43. **Investment Limits:** The Council's revenue reserves available to cover investment losses are forecast to be £3m on 31 March 2023. In order that no more than 20% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and

multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£20m per group
Any group of pooled funds under the same management	£20m per manager
Negotiable instruments held in a broker's nominee account	£30m per broker
Foreign countries	£12m per country
Registered providers and registered social landlords	£8m in total
Unsecured investments with building societies	£8m in total
Loans to unrated corporates	£4m in total
Money market funds	£20m in total
Real estate investment trusts	£10m in total

44. **Liquidity management:** The Council uses an in-house spreadsheet based cash flow forecasting model to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.
45. The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Service Investments – Loans

46. The Council lends money to local businesses, local charities, other local authority partnerships, and local residents to support local public services and priorities, and stimulate local economic growth. Currently the Council has loans invested with:
- Hinton St George Shop
 - Somerset Waste Partnership – for waste vehicles, with added benefit of keeping waste contract costs down
47. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to minimise this risk and ensure that total exposure to service loans remains proportionate to the

size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 5: Loans for Service Purposes

Category of Borrower	Actual as at 30/09/2022			2022/23 Approved Limit £k
	Balance Owing £k	Loss Allowance £k	Net Figure in Accounts £k	
Local Businesses	127	0	127	200
Local Authorities	3,428	0	3,428	7,500
Community (small) Loans	0	0	0	1,000
Employees	13	0	13	100
Total	3,568	0	3,568	8,800

48. Accounting standards require the Council to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Councils statement of accounts will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
49. No loss allowance is set aside for the current loans made for service purposes. In the case of the loan to the local business and the loan to the joint operation, the Council has a charge over the asset. The asset values are currently higher than the value of the balance owing on the respective loans, therefore no loss allowance is currently required. Assets are revalued in line with the accounting policies and the loss allowance will be revised if asset value reduces to a level below the balance outstanding on the loan.
50. The Council assesses the risk of loss before entering into and whilst holding service loans by working up a robust business case and applying due diligence to all requests for service loans, and proportionate monitoring of credit risk of borrowers. For example, with loans to key businesses the Council's finance specialist team (qualified accountants) will review financial statements and service officers will maintain communication with the borrower in order that emerging risks are identified promptly. The Council will use credit rating information where available, and will use external specialist advisors if appropriate.

Service Investments – Shares

51. The Council does not currently hold any direct investment in the shares of subsidiaries, its suppliers or local businesses.

Commercial Investments – Property

52. The Council has invested in a diverse investment property portfolio both locally and nationally with the intention of generating surplus income that will be spent on local public services delivered within the district. This was in response to

significant reductions in government funding over recent years and in order to meet service delivery objectives and the place making role of the Council.

53. The Council agreed at its meeting on 16th December 2021 to no longer make such investments due to changes in the revised Prudential Code that no longer allowed such investments to be undertaken.
55. In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs. The Council also recognises that asset values may increase and decrease over time due to market volatility, and takes a long term perspective with the assumption that capital values are likely to hold or grow over the life of the asset.
56. Where value in accounts is at or above purchase cost: A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021/22 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

Or

57. Where value in accounts is below purchase cost: The fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss, and the Council is therefore taking mitigating actions to protect the capital invested. These actions include: planning to hold the assets for the long term; maintaining assets to appropriate quality; mitigating risk of realised losses through maintaining adequate funds in an Investment Risk Reserve, and reducing capital borrowing through its MRP policy.
58. The Council assesses the risk of loss whilst holding property investments by undertaking appropriate due diligence including full valuation surveys and operating an asset management plan. The Council also considers strength of local market conditions to give confidence on future re-letting and also considers possible alternative uses if appropriate, and actively monitors the portfolio to ensure tenant obligations for maintaining assets are fulfilled.
59. Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Council actively manages cash flow through its treasury management arrangements and plans to under-borrow against its CFR so that it can temporarily borrow at short notice if required.
60. The Council's asset disposal policy includes the approved process for asset disposal and performance indicators (property management indicators) which provide the information on the performance of each property. The performance

indicators provide information on assets which are not yielding the level of return required.

61. The Council uses industry standard software, to track the performance of its investment portfolio. The software is capable of monitoring running yields asset by asset and across the portfolio, and adopting multiple scenarios. By continually reviewing the market, the tenant covenant and unexpired lease term of each property, the Council is able to find the optimum time to dispose of assets.

Other Categories of Investment

Table 6: Other Categories of Investment

Category of Borrower	Actual as at 30/09/2022			2022/23 Approved Limit £k
	Balance Owing £k	Loss Allowance £k	Net Figure in Accounts £k	
Joint Operations	39,972	0	39,972	40,000
Total	39,972	0	39,972	40,000

62. **Special Purpose Vehicles** - The Council has setup a special purpose vehicle (SSDC Opium Power Ltd) which has successfully delivered a renewable energy project, a second project is nearing completion and a third project is in the early stages of development. The Council's is continuing its journey into ownership and development of renewable energy which will provide essential support to the National Grid for balancing power demand and storing renewable energy. The company is 50:50 owned between the Council and Opium Power Limited, with the Council providing a secured term loan facility to the SPV. A repayment schedule for both projects has been agreed with the SPV as part of the loan conditions.

Proportionality

63. The table below shows the extent to which the expenditure planned to meet the service delivery objectives and place making role of the Council is dependent on achieving the expected net income from investments over the lifecycle of the Medium Term Financial Plan.
64. Should it fail to achieve the expected net income, the Council's contingency plans for continuing to provide these services including holding adequate funds in an earmarked Investment Risk Reserve as well as carrying adequate General Reserves. Budget estimates are also set using prudent assumptions about net income from the portfolio

Table 7: Proportionality of Investments

	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Gross Service Expenditure	72,256	72,280	69,807	72,618
Investment Income:				
Treasury Investments	1,950	2,486	2,906	2,587
Commercial Investments	6,468	6,982	5,732	5,385
Total Investment Income	8,418	9,468	8,638	7,972
Proportion %	11.65%	12.75%	12.37%	10.98%

65. Investment income shown in the above table is the gross income included in the budget estimates, disregarding asset management and capital financing costs.

Borrowing In Advance of Need

66. Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Up to December 2021, the Council has chosen not to follow this guidance and borrowed for this purpose to generate income to lessen the impact of reductions in grant funding from Government.
67. On the 16 December 2021, Council agreed not to undertake any new commercial investments in order to be compliant with the revised prudential code.

Related Matters

68. **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
69. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

70. Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
71. In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
72. **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the S151 Officer believes this to be the most appropriate status.

Financial Implications

73. The budget for investment income and debt interest in 2022/23 is summarised as follows:

Table 8: Interest Income and Costs Budget Estimates

	2022/23 Investment Income £'000	2022/23 Average Interest Rate %	2022/23 Interest Costs £'000	2022/23 Average Interest Rate %	2022/23 Net Income or Costs £'000
Total	(2,486)	2.00%	1,197	1.00%	(1,289)

74. If actual levels of investments and borrowing, or actual interest rates differ from those forecast, performance against budget will be correspondingly different. Significant variances will be identified in budget monitoring reports to the Senior Leadership Team and the District Executive.

Other Options Considered

75. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The S151 Officer, having consulted the Portfolio Holder for Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

APPENDIX B – Additional commentary from Arlingclose

External Context

Economic background: The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the ‘fiscal event’ increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers’ cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China’s zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of -44 in August, down -41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August’s rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for an 0.5% increase, three for an 0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a ‘mini budget’, loosening fiscal policy with a view to boosting the

UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

Financial markets: Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

Credit review:

In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Hackney Carriage Ranks in Yeovil Town Centre Consultation

Portfolio Holder: Adam Dance, Area North, Licensing & Environmental Health
Strategic Director: Peter Paddon, Acting Director – Place and Recovery
Service Manager: Natalie Fortt, Regeneration Programme Manager
Lead Officer: Ian Timms, Yeovil Refresh Project Manager
Contact Details: Ian.Timms@southsomerset.gov.uk or 01935 462961

Purpose of the Report

1. This report seeks approval from Full Council to carry out a formal consultation on the position of hackney ranks in Yeovil town centre. Hackney carriage ranks are provided as part of a range of transport options in the town centre. This report outlines proposals to update the position of ranks to service customers across the town centre. This forms an element of the Yeovil Refresh Transport workstream.

Public Interest

2. The report identifies the existing and proposed positions for hackney carriage ranks in Yeovil town centre. Hackney carriage ranks are places where this type of licensed vehicle can wait to pick up passengers. The position and location of these ranks is a formal and set out in legislation. The establishment of new ranks or proposals to change ranks must legally be subject to an approved formal consultation by the council. The Licensing Committee will discuss this report at their meeting on 13 December and make a proposal to Council to carry out that consultation.

Recommendations

3. That subject to Licensing Committee supporting the Yeovil town centre hackney rank consultation, they recommend that Full Council approve the approach.

Background

4. Yeovil Refresh is a holistic regeneration project seeking to transform the town centre creating a positive destination for a range of uses. There are four key workstreams which provide a focus on key themes which will support the regeneration. This report focuses on an element of the Transport workstream specifically the provision of Hackney Carriage Ranks within the town centre.
5. Hackney Carriage Ranks are appointed using section 63 of the Local Government (Miscellaneous Provisions) Act 1976. A number of associated sections then prescribe how these ranks can be used and operated by those holding a hackney carriage license. There are specific regulations that define the highway markings



South Somerset District Council

and signage requirements for these ranks. Ranks can be provided on the highway or on land with approval from the owner. In Yeovil ranks are provided on the highway and on council owned car parks.

6. As members are aware significant works are underway to transform the public realm in streets across the core of Yeovil town centre. These cover Westminster Street in the western end of the town travelling through the spine of the town centre via the High Street, Borough, Middle Street and into the eastern area of streets which link to Reckleford. This programme of works will create an area which is an accessible shared space, is greener, is decluttered and has reduced levels of traffic to encourage greater footfall and support movement of pedestrians.
7. To support this there has been some rationalization of overall parking provision whilst maintaining a strong mix of available on and off-street parking for all users. A review has also been carried out of bus routes into and through the town centre. Hackney carriage provision is now being considered as an element of the transport provision into the town.

Proposals for consultation

8. There are several hackney ranks across the town centre which have been established over time and are based on historic use patterns. These are outlined in the plan attached as appendix A1 - 4 which illustrates the general position of the ranks and suggested approach to each of them.
9. The largest rank which is primarily used during the day is located in Silver Street. To minimize traffic through the Borough we would propose that this is moved to Princes Street. This would be a similar location to that used during the Covid -19 Pandemic. We believe this provides a rank which continues to serve the town centre and can be accessed via High Street or from the Borough via Church Street on a relatively level route. Vehicles using the route would be able to leave the town centre by turning right into Westminster Street and exiting through Clarence Street.
10. We also propose to create a specific nighttime only rank situated along the northern edge of Stars Lane car park. This would establish a clear provision to service premises which form the core of late-night entertainment in Yeovil. In association with this we would extinguish a small 2 car rank located off stars lane in front of Chicago Rock. This area is the subject of emerging plans to widen paving as part of a later phase of the Refresh.
11. There are four other ranks located in the town centre. There is currently provision in Middle Street to the east of South Western Terrace. We would propose to extinguish this rank and amalgamate it with the rank in Old Station Road to rear of Premier Inn. This rank would also be updated to enable all hackney carriages to utilize it while maintaining provision for fully accessible vehicles to pick up and drop off.



South Somerset District Council

12. The remaining two ranks at Earle Street and South Street are proposed to be retained in their existing positions.

13. This pattern of ranks is intended to provide for range of scenarios serving the day and night time economy.

Summary of Proposals

- Extinguish the Silver Street rank and relocate the provision to Princes Street.
- Provide a new nighttime only rank in Stars Lane car park.
- Remove 2 car rank in Stars Lane.
- Remove rank in Middle Street northeast of South Western Terrace junction.
- Retain and amend Old Station Road rank.
- Retain Earle Street rank.
- Retain South Street rank.

Consultation requirements

14. There are clear requirements for carrying out the consultation laid down in the legislation. These are “that a district council shall give notice to the chief officer of police for the police area in which the stand is situated and shall also give public notice of the proposal by advertisement in at least one local newspaper circulating in the district and shall take into consideration any objections or representations in respect of such proposal which may be made to them in writing within twenty-eight days of the first publication of such notice”.

15. This also means direct consultation with drivers and companies using the ranks.

16. The consultation must be approved by the licensing committee and Full Council. At the conclusion of this work, it is reported back through the same mechanism. This would include recommendations emerging following consideration of all representations. This report seeks approval from licensing committee and Full Council to undertake this consultation.

Financial Implications

17. There are no additional financial implications associated with the carrying out of this consultation if approved by committee. The consultation will be carried out using the resources of the Yeovil Refresh Project Team. There will be cost implications from any changes, if agreed, which will be focused on correct marking and signing of bays. At this stage this cannot be quantified but will need to be dealt with through existing budget provision for Transport schemes.

Council Plan Implications



18. The Consultation links to Priority 2 of the Council Plan which delivers the regeneration programme.

Carbon Emissions and Climate Change Implications

19. The movement of ranks is aimed at providing appropriate positions for hackney ranks in the town. One of the wider aims of the work is to reduce traffic through the core streets which should contribute to improvements in air quality. It's not possible to quantify potential benefits in this report but a reduction of traffic in the air quality management area and the movement of the traffic should assist in managing air quality.

Equality and Diversity Implications

20. An Equality Impact Relevance Check was carried out which established that an EIA was needed. The check and EIA is attached as Appendix B. At this stage detailed consultation is planned as part of the proposed consultation. This will inform the EIA enabling the identification of specific actions and recommendations as the proposals evolve.
21. We are clear though that at this stage we perceive that there would be some impacts on those with mobility impairments because of age or disability. The purpose of the consultation will be to clearly define those and address them.

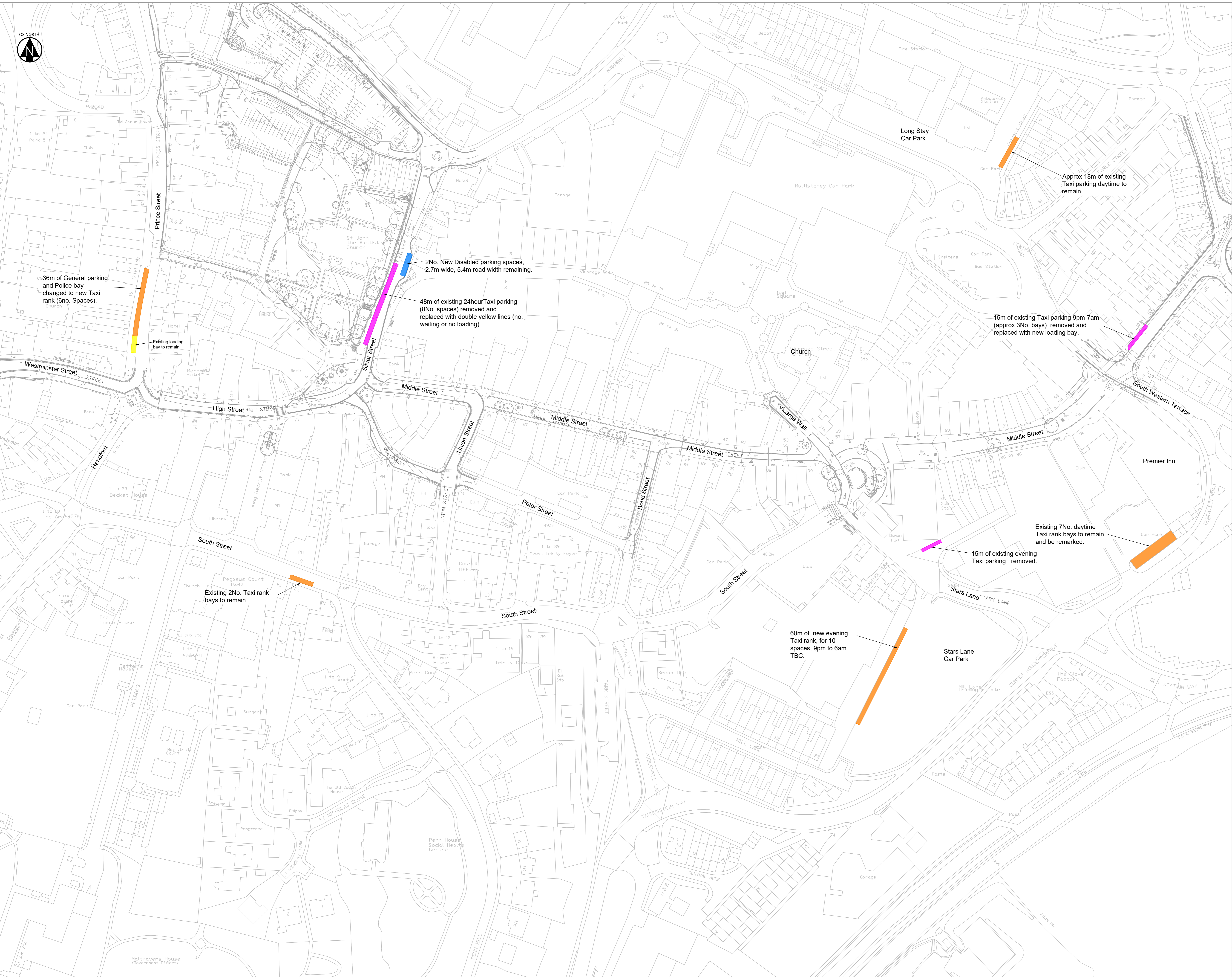
Background Papers

Following Appendices:

- Appendix A1 – Overview of hackney rank position and proposals
 - Appendix A2 – Silver Street & Princes Street proposals
 - Appendix A3 – Stars Lane car park proposed new rank position
 - Appendix A4 – Old Station Road proposed reconfiguration
 - Appendix B1 – Equality Relevance check
 - Appendix B2 – Equality Impact assessment
-



NOTES:
 1. Drawing based on OS mapping and Topographical survey from Solum Survey drawing number YPR-HYD-XX-XX-SU-Z-0001-REV D.
 2. This drawing does not purport to be a detailed design and is not suitable for construction purposes.



36m of General parking and Police bay changed to new Taxi rank (6no. Spaces).

Existing loading bay to remain.

2No. New Disabled parking spaces. 2.7m wide, 5.4m road width remaining.

48m of existing 24hour Taxi parking (8No. spaces) removed and replaced with double yellow lines (no waiting or no loading).

Approx 18m of existing Taxi parking daytime to remain.

15m of existing Taxi parking 9pm-7am (approx 3No. bays) removed and replaced with new loading bay.

Existing 2No. Taxi rank bays to remain.

Existing 7No. daytime Taxi rank bays to remain and be remarked.

15m of existing evening Taxi parking removed.

60m of new evening Taxi rank, for 10 spaces, 9pm to 6am TBC.

REVISIONS

PO2	17.11.21	South Street taxi spaces added. Stars lane car park spaces amended.	JG	JG	IRC
PO1	15.11.21	First Issue	JG	JG	IRC

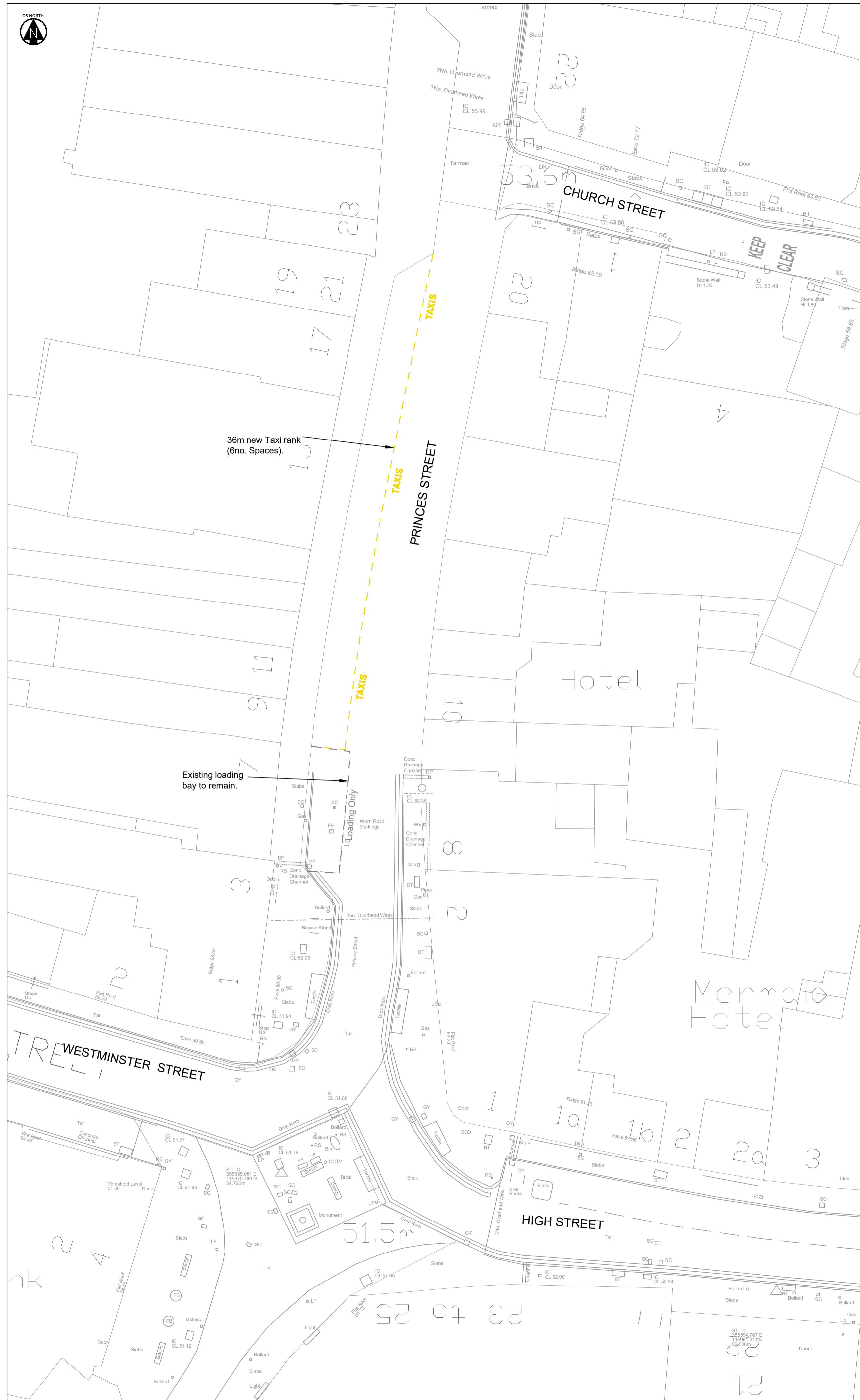
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CLIENT: SOUTH SOMERSET DISTRICT COUNCIL

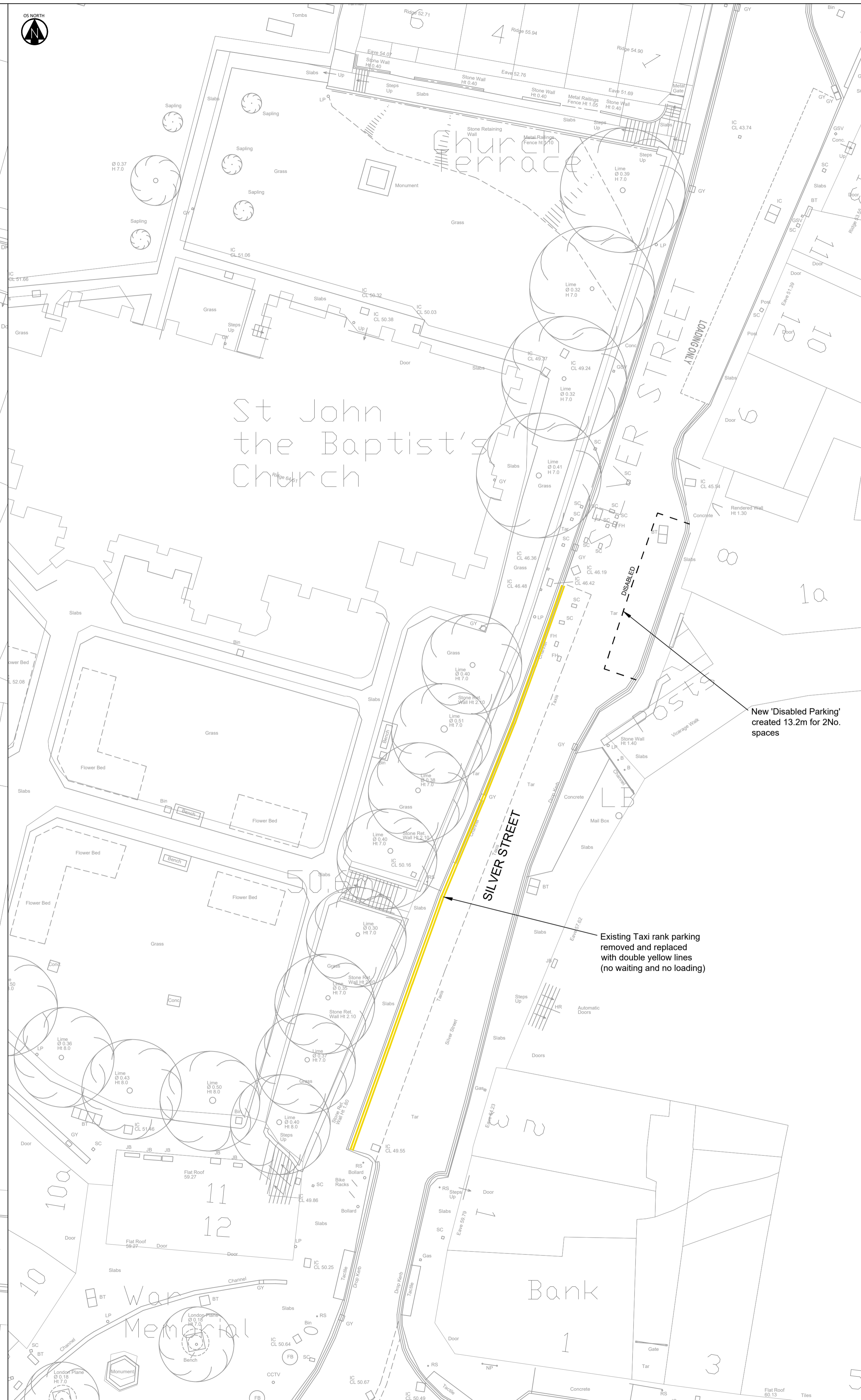
PROJECT: YEovil PUBLIC REALM

TITLE: TAXI RANK PROVISION

HYDROCK PROJECT NO. C-11450-C	SCALE @ A0 NTS
STATUS DESCRIPTION INFORMATION	STATUS S2
DRAWING NO. (PROJECT CODE ORIGINATOR ZONE LEVEL TYPE ROLE NUMBER) YPR-HYD-XX-XX-DR-C-1301	REVISION P02



PRINCES STREET PLAN



SILVER STREET PLAN

- NOTES:
1. Drawing based on OS mapping and Topographical survey from Solum Survey drawing number YDR-HYD-XX-XX-SU-Z-0001-REV D.
 2. This drawing does not purport to be a detailed design and is not suitable for construction purposes.

REVISIONS

Rev	Date	Description	By	Ckd	App
P01	17.11.21	First Issue	JG	JG	JRC

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CLIENT
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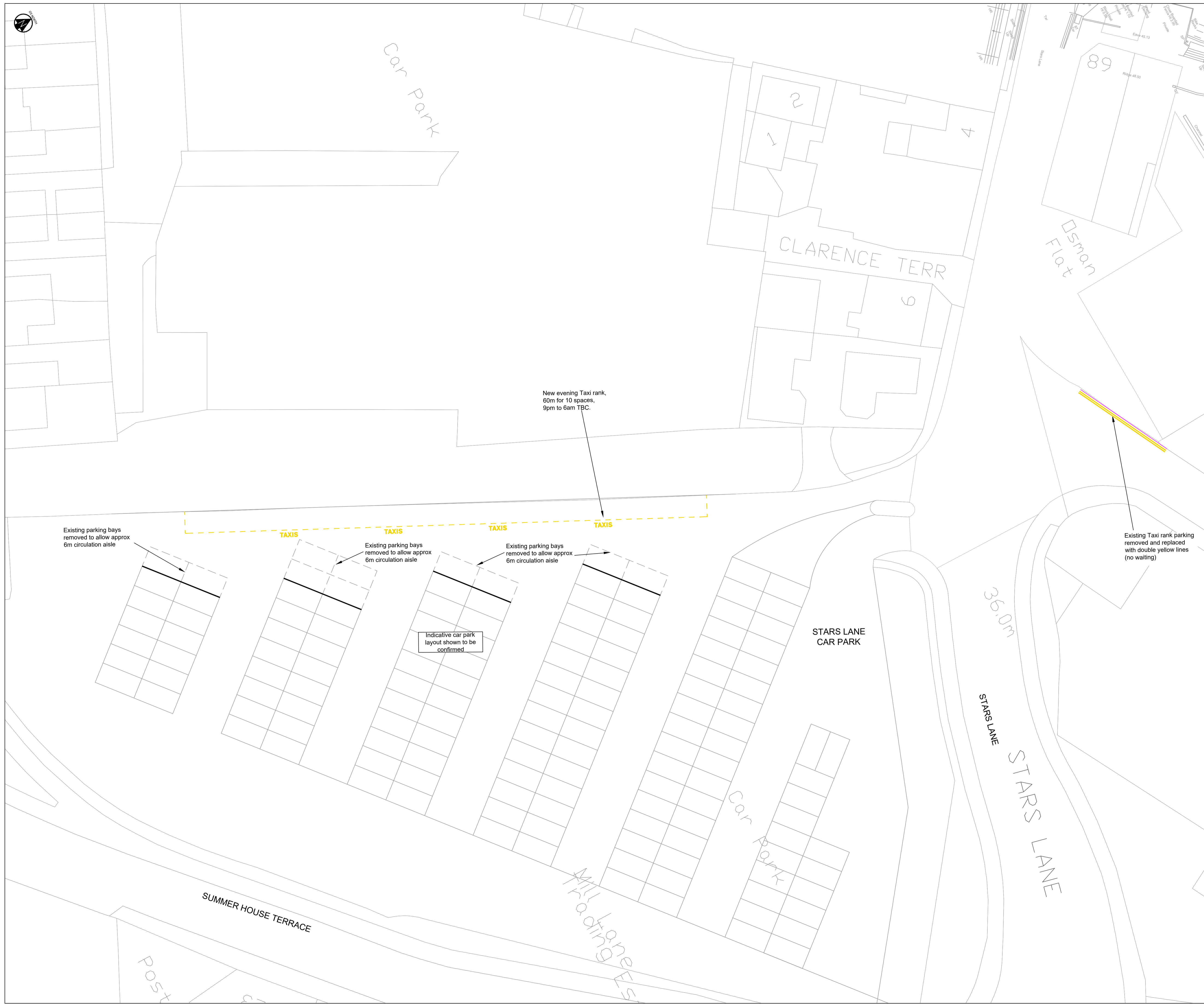
PROJECT
YEOVIL PUBLIC REALM

TITLE
PROPOSED TAXI PARKING PRINCES STREET

HYDROCK PROJECT NO. C-11450-C	SCALE @ A1 1 : 200
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STATUS S2
REVISION P01

INFORMATION
DRAWING NO. (PROJECT CODE-ORIGINATOR-ZONE-LEVEL-TYPE-ROLE-NUMBER)
YPR-HYD-XX-XX-DR-C-1302



NOTES:
 1. Drawing based on OS mapping
 2. This drawing does not purport to be a detailed design and is not suitable for construction purposes.

REVISIONS

Rev	Date	Description	By	Ckd	App
P01	17.11.21	First Issue	JG	JG	JRC

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PROJECT
 YEOVIL PUBLIC REALM

TITLE
 PROPOSED TAXI PARKING
 STARS LANE CAR PARK

HYDROCK PROJECT NO. C-11450-C	SCALE @ A1 1 : 200	STATUS S2
STATUS DESCRIPTION INFORMATION	DRAWING NO. (PROJECT CODE-ORIGINATOR-ZONE-LEVEL-TYPE-ROLE-NUMBER) YPR-HYD-XX-XX-DR-C-1303	REVISION P01



- NOTES:
1. Drawing based on OS mapping
 2. This drawing does not purport to be a detailed design and is not suitable for construction purposes.

Indicative car park layout shown to be confirmed

Existing 3 No. accessible Taxi parking spaces to remain for pick up and drop off

Car Park

Existing parking reconfigured for 6No. new spaces for general taxi parking/spaces

SIXYL

TAXIS

TWO SIXYL

OLD STATION ROAD

REVISIONS

P01 17.11.21 First Issue JG JG JRC

Rev	Date	Description	By	Ckd	App



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PROJECT
YEOVIL PUBLIC REALM

TITLE
PROPOSED TAXI PARKING
OLD STATION ROAD CAR PARK

HYDROCK PROJECT NO. C-11450-C	SCALE @ A1 1 : 100
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STATUS DESCRIPTION	STATUS
INFORMATION	S2
DRAWING NO. (PROJECT CODE-ORIGINATOR-ZONE-LEVEL-TYPE-ROLE-NUMBER) YPR-HYD-XX-XX-DR-C-1304	REVISION P01

Equality Impact Relevance Check Form



The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required.

What is the proposal?	
Name of the proposal	Hackney Rank Provision Yeovil
Type of proposal (new or changed Strategy, policy, project, service or budget):	project
Brief description of the proposal:	The report proposes updated position for ranks
Name of lead officer:	Ian Timms

You should consider whether the proposal has the potential to negatively impact on citizens or staff in the following ways:

- Access to or participation in a service,
- Levels of representation in our workforce, or
- Reducing quality of life (i.e. health, education, standard of living)

A negative impact is any change that could be considered detrimental. If a negative impact is imposed on any citizens or staff with protected characteristics, the Council has a legal duty to undertake a full Equality Impact Assessment.

Could your proposal negatively impact citizens with protected characteristics? (This includes service users and the wider community)	YES
Could your proposal negatively impact staff with protected characteristics? (i.e. reduction in posts, changes to working hours or locations, changes in pay)	YES

Is a full Equality Impact Assessment required?	YES
If Yes, Please provide a brief description of where there may be negative impacts, and for whom. Then complete a full Equality Impact assessment Form	
Changing the position of the Silver Street taxi rank may be seen as less easy to access on foot. There is therefore a potential negative impact on people with mobility impairments either as a result of a physical disability or age. To this end it is proposed that a full EIA is undertaken.	
If No, Please set out your justification for why not.	
Service Director / Manager sign-off and date	N Fortt 17/11/22
Equalities Officer sign-off and date	Dave Crisfield 18 th November 2022

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

Organisation prepared for	South Somerset District Council		
Version	V2	Date Completed	22/11/22

Description of what is being impact assessed

Proposals relating to hackney taxi ranks in Yeovil. These include movement of ranks to alternate positions, amendments to arrangements and new ranks.

The movement of the Silver Street rank to Princes Street could affect those with mobility impairments due to disability or age. This proposed change was in place during the Covid 19 pandemic. This is intended to minimise traffic passing through the Borough supporting improvements in air quality combined with reducing the number of conflicts with vehicles and pedestrians. The movement means a 2-minute walk on relatively incline free Church Street to reach the proposed rank from the Borough. The existing rank is located on Silver Street which has a significant incline. The proposal will seek to improve the level access at the rank.

There are proposed alterations to the Old Station road rank which would see a mix of spaces for hackney carriages. This retains 2 fully accessible spaces and remarking the remaining area of the rank. This rank does currently appear to be under utilised so this change is intended to enable all vehicles to use the rank.

Evidence

What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the [South Somerset District Equalities Profile](#), [SSDC Workforce Profile](#), [Office of National Statistics](#), [Somerset Intelligence Partnership](#), [Somerset’s Joint Strategic Needs Analysis \(JSNA\)](#), Staff and/ or [area profiles](#), should be detailed here

South Somerset District Equalities Profile describes the ageing population in the area. This illustrates that this population is more likely to suffer from ill health or disabilities which infers mobility may be affected. In term of disability statistics of those that have long term disability issues (15,163) around a fifth state they have no access to vehicles. This indicates that if vehicles are needed these are likely to be public transport which includes hackney carriages.

Historic discussions with the disability community have highlighted issues relating to access in the core streets. Due to the location of the hackney rank in Princes Street during the pandemic we are aware of general concerns raised around additional distance from core streets.

Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?

At this stage formal consultation has not been carried out with protected groups. However we intend to incorporate specific discussions as a key element of this required statutory consultation with specified consultees.


Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<ul style="list-style-type: none"> Movement of Silver Street rank to Princes Street increases distance from core streets. This could impact those with mobility impairments 	☒	☐	☐

Disability	<ul style="list-style-type: none"> • Movement of silver Street rank to Princes Street increases distance from core streets. This could impact those with mobility impairments. • The proposed rank in Princes Street is level, which could have a positive impact on those with mobility issues, as the current rank is on a steep incline. 	☒	☐	☐
Gender reassignment	<ul style="list-style-type: none"> • 	☐	☒	☐
Marriage and civil partnership	<ul style="list-style-type: none"> • 	☐	☒	☐
Pregnancy and maternity	<ul style="list-style-type: none"> • 	☐	☒	☐
Race and ethnicity	<ul style="list-style-type: none"> • 	☐	☒	☐
Religion or belief	<ul style="list-style-type: none"> • 	☐	☒	☐

Sex	•	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	•	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.	• Carers of those with mobility impairments either through age or disability will be impacted	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negative outcomes action plan				
Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Consultation to be carried out with representative groups.	03/01/2023	Ian Timms	Reported back to Council Committees	<input type="checkbox"/>
Actions from consultation to be incorporated in proposed recommendations.	17/02/2023	Ian Timms	Incorporated in final proposals	<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
If negative impacts remain, please provide an explanation below.				
Negative impacts will be fully assessed through consultation				
Completed by:	Ian Timms			
Date	22/11/22			
Signed off by:	Natalie Fortt			
Date	24/11/22			
Equality Lead/Manager sign off date:	Dave Crisfield 24th November 2022 			
To be reviewed by: (officer name)	Ian Timms			
Review date:	February 2022 (following completion of consultation)			

Continuation of Appointment of Returning Officer and Electoral Registration Officer

Executive Portfolio Holder: Val Keitch, Leader of Council
Chief Executive: Jane Portman
Contact Details: Angela.cox@southsomerset.gov.uk or 01935 462148

Purpose of the Report

1. To extend the appointment of the position of Returning Officer for South Somerset District Council to 31 March 2023.

Public Interest

2. Section 35(1) of the Representation of the People Act 1983 requires the council to appoint an officer to be the Returning Officer (RO) in local elections.
3. The Returning Officer (RO) is the person who has the overall responsibility for the conduct of elections in South Somerset. The RO is usually an officer of the council, but the role of the RO is a personal responsibility, independent and separate from their duties as an employee of the council.

Recommendations

4. That the Council:-
 - a) agrees to extend the appointment of Jill Byron (Monitoring Officer) as Returning Officer and Electoral Registration Officer for South Somerset District Council until 31 March 2023.

Background

5. Council agreed to appoint Jill Byron as Returning Officer and Electoral Registration Officer for South Somerset District Council at its meeting on 08 July 2021 for an initial period of 18 months. The intention is for Jill Byron to continue in this role to ensure consistency is maintained until 31 March 2023 when South Somerset District Council will cease.

Report Detail

6. There are no district-wide elections anticipated, however, in the event of any Town or Parish Council by-elections being called to fill casual vacancies, SSDC will need a RO to oversee that election process.



South Somerset District Council Financial Implications

7. There are no financial implications in extending this appointment.

Legal implications (if any) and details of Statutory Powers

8. Section 35(1) of the Representation of the People Act 1983 requires the council to appoint an officer to be the Returning Officer (RO) in local elections.

Council Plan Implications

9. The position of Returning Officer supports all of the values of the SSDC Council Plan 2020 - 2024.

Carbon Emissions and Climate Change Implications

10. No relevant considerations.

Equality and Diversity Implications

11. Due regard was given to equality and diversity considerations throughout the appointment process.

Privacy Impact Assessment

- No relevant considerations.

Background Papers

- Report to Council (Appointment of Chief Executive Officer) 08 July 2021
-



Report of Executive Decisions

Executive Portfolio Holder: Val Keitch, Leader of Council, Strategy
Director: Jill Byron, Monitoring Officer
Lead Officer: Angela Cox, Democratic Services Specialist
Contact Details: angela.cox@southsomerset.gov.uk or (01935) 462148

Purpose of the Report

This report is submitted for information and summarises decisions taken by the Chief Executive, Portfolio Holders and District Executive Committee since the last meeting of Council in September 2022.

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

Background Papers

All Published

Appendix A – Executive Decisions

Portfolio	Subject	Decision	Taken By	Date
Protecting Core Services	Planning to support the release of phosphate credits within the Somerset Levels and Moors Ramsar catchment to unlock stalled housing developments	District Executive agreed:- a. to note the report. b. that the report be re-presented to the November meeting of District Executive with further clarification on the points raised by Councillors both at Scrutiny Committee and District Executive.	District Executive	06/10/22
Strategy	The 'Making' of the North Cadbury and Yarlington Neighbourhood Plan	District Executive agreed to the making of the North Cadbury and Yarlington Neighbourhood Plan.	District Executive	06/10/22
Area North, Licensing & Environmental Health	Public Space Protection Orders: Yeovil	District Executive agreed to time extensions for the two existing Public Space Protection Orders (PSPOs) in Yeovil as set out in Annex 1 and Annex 2. This will extend the duration of the PSPO's for another three years.	District Executive	06/10/22
Economic Development	Millers Garage Car Park Project, East Street, Crewkerne	District Executive:- a. Noted the call-in request by the Scrutiny Committee to re-consider the decision taken by District Executive on 04 August 2022 with reference to value for money; b. Confirmed that Option B – agree to the proposed land swap and delivery of a car park on adjoining land at no cost to the Council, be adopted; c. Confirmed that £203,000 previously allocated from the Corporate Capital Contingency Fund towards the Project as an addition to the budget approved by Full Council in February 2022, be retained in an appropriate reserve to safeguard the project should the Option B approach fail.	District Executive	03/11/22

Portfolio	Subject	Decision	Taken By	Date
Economic Development	Planning to support the release of phosphate credits within the Somerset Levels and Moors Ramsar catchment to unlock stalled housing developments	<p>District Executive agreed:-</p> <p>a. the structure that would be required to ensure any third-party nutrient neutrality credit market will provide appropriate safeguards to both the Council (as the Competent Authority) and Natural England as the relevant adviser, to ensure land use projects are designed to an appropriate specification, and provide certainty of delivery of the agreed P credits and ensuring:</p> <ul style="list-style-type: none"> • the co-ordination of land use management projects that result in phosphate use reduction or phosphate removal, • the methodology for agreeing the level of P credits derived from each land use project, • the mechanisms for the marketing of credits, including the retention of any buffer, and; • the mechanisms and funding arrangements to ensure ongoing project monitoring and compliance over the “in perpetuity” term and the management arrangements for selling credits to developers. <p>b. to delegate to lead officers (Director of Service Delivery and Lead Specialist Built Environment) authority to confirm to landowners who can demonstrate that they can meet the provisions set out in this report that their credit sales will be accepted as providing an appropriate solution to securing nutrient neutrality, and</p> <p>c. to advise the relevant land owners bringing forward P credits that securing a solution to phosphate mitigation alone, where the consequences of any</p>	District Executive	03/11/22

Portfolio	Subject	Decision	Taken By	Date
		such credit acquisition will result in the applicant seeking to re-visit issues of viability, or otherwise seek to diverge away from the other obligations normally sought by way of S.106 (A-C) will require the Council to assess (or re-assess) whether, the application proposal remains one that delivers a sustainable form of development, when considered against the provisions of the Development Plan as a whole.		
Director of Strategy and Support Services	Corporate Performance Report 2022-23: 2 nd Quarter	That District Executive agreed to:- a. note the Corporate Performance Report 2022-23: 2nd Quarter b. note the improved Key Performance Indicators (KPIs)	District Executive	01/12/22
Finance and Legal Services	2022/23 Capital Budget Monitoring Report for the Period Ending 30 th September 2022 and Revised Estimates for 2022/23	This report appears on the Council agenda	District Executive	01/12/22
Finance and Legal Services	2022/23 Revenue Budget Monitoring Report for the Period Ending 30 th September 2022 and Revised Estimates for 2022/23	This report appears on the Council agenda	District Executive	01/12/22

Audit Committee

Committee Chairman: Cllr Mike Hewitson
Lead Officer: Karen Watling, Section 151 Officer
Contact Details: Karen.watling@southsomerset.gov.uk

This report summarises the items considered by the Audit Committee since the last report to Council in September 2022. The Audit committee has met once, on 22 September 2022, and the draft minutes of the meeting can be viewed at: <https://modgov.southsomerset.gov.uk/ieListDocuments.aspx?CId=135&MId=3208&Ver=4>

Below are the items that have been considered.

22 September 2022

- 2021/22 Unaudited Statement of Accounts
- 202/22 Draft Annual Governance Statement
- Informing the Audit Risk Assessment for the 2021/22 External Audit
- 2022/23 Q2: Internal Audit Progress Report
- Risk Management Update Q2 2022/23
- Report on SSDC Opium Power

The next meeting is scheduled to take place on Thursday 15 December 2022 at 2.30pm

Mike Hewitson
Vice-Chairman of Audit Committee



Scrutiny Committee

This report summarises the work of the Scrutiny Committee since the last report to Council in September 2022.

Since the last report, the committee have met in-person on 4th October and 29th November to consider the reports going before District Executive and providing 'critical friend' challenge. A Task and Finish Group has also met twice to consider the Somerset County Council Draft Section 19 Flood Investigation reports for the Ilminster flooding event on 20th October 2021 and the first of the Chard flooding events on 28th June 2021.

Minutes of the committee meetings will be viewable on the website at:
<https://modgov.southsomerset.gov.uk/ieListMeetings.aspx?CIId=141&Year=0>

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

Gerard Tucker
Scrutiny Committee Chairman



Questions under Procedure Rule 10

The following question has been submitted by Councillor Henry Hobhouse:

Land Adjacent Foxes Run, Bridgwater Buildings, Castle Cary

Foxes Run planning application was granted at appeal on 25 April 2019 and conditions were applied.

On 25 April 2022 the planning consent was void. None of the pre-commencement conditions were carried out.

Legal Services have advised that this planning application is not dead as the conditions are not enforceable. Could Legal Services please explain at the Council meeting why planning conditions cannot be enforced?

Date of Next Meeting

Members are asked to note that the next scheduled meeting of the Full Council will be **Thursday 19th January 2023 at the Council Offices, Brympton Way, Yeovil** and as a virtual meeting using Zoom meeting software **commencing at 7.30 p.m.**

This meeting will also be streamed to YouTube:

https://www.youtube.com/channel/UCSDst3IHGj9WoGnwJGF_soA
