



EXECUTIVE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE EXECUTIVE TO BE HELD IN THE DEANE HOUSE ON WEDNESDAY 28TH MAY 2003 AT 18:00.

AGENDA

1. Apologies
2. Minutes
3. Call Forward Items
4. Public Question Time
5. Galmington Playing Field
Report of Financial Services Manager
6. Final Accounts
Report of Director of Development (enclosed)
7. The Prudential Code
Report of Head of Finance (enclosed)
8. Wellsprings Funding
Report of Head of Finance (enclosed)

G P DYKE
Member Services Manager

The Deane House
Belvedere Road
TAUNTON
Somerset

TA1 1HE

20 May 2003

Executive Members:-

Councillor Williams - Leader of the Council
Councillor Bishop (Planning and Transportation)
Councillor Mrs. Bradley (Leisure, Arts and Culture)
Councillor Mrs. Bryant (Communications)
Councillor Cavill (Economic Development, Property and Tourism)
Councillor Edwards (Environmental Policy and Services)
Councillor Garner (Housing Services)
Councillor Hall (Corporate Resources)
Councillor Mrs. Lewin-Harris – Deputy Leader - (Community Leadership)

FORWARD PLAN

The Council are required to produce a Forward Plan which contains matters that will be subject to a key decision. The following items are likely to be considered by the Executive, or individual Executive Councillors within the next four months. Every effort will be made to keep the information contained in the Plan up to date. It is possible, however that some items will need to be re scheduled and new items added as new circumstances arise.

Date for decision	Title of decision	Decision to be made by	Details of consultation	Details for representations	Contact Officer
25 June 2003	Wellington Park Management Plan	Executive	Health and Leisure Review Panel	Through consultation process	Karen Dyson
25 June 2003	Commutation Adjustment	Executive		At the meeting	Shirlene Adam
June 2003.	Appointments to Outside Bodies	Appropriate Executive Councillors	Appropriate Review Panels	Through consultation process	Peter Cottell
25 June 2003	Playing Pitch Strategy	Executive	Health and Leisure Review Panel	Through consultation process	Karen Dyson
25 June 2003.	Best Value Performance Plan	Executive	Public consultation exercise	Through consultation process	Adrian Gladstone-Smith
25 June 2003	Outturn Report	Executive		At the meeting	Shirlene Adam
25 June 2003	Capital Strategy	Executive		At the meeting	Shirlene Adam
25 June 2003	Asset Management Plan	Executive		At the meeting	Alan Hartridge
25 June 2003	Private Sector Renewal Strategy	Executive	Housing Review Panel	Through consultation process	Malcolm Western/David Whitehead
25 June 2003	Housing Strategy/Investment Plan	Executive	Housing Review Panel	Through consultation process	David Woolnough
25 June 2003	Treasury Management Outturn	Executive		At the meeting	Paul Carter
June/July	Policies relating to:- Absence Management; Capability; Harassment; Term time working	Executive Councillor Hall	Unions, Staff Side	Through consultation process	Kevin Toller
22 July	Somerset Direct	Executive		At the meeting	Mike McLaughlin
22 July 2003	Statement of Accounts	Council		At the meeting	Shirlene Adam
22 July 2003	Quarter 1 Budget Monitoring	Executive		At the meeting	Paul Carter
27 August 2003	Leisure Trust	Executive	Health and Leisure Review Panel	Through consultation process	Penny James
27 August 2003	Green Spaces Strategy	Executive	Health and Leisure Review Panel	Through consultation process	Karen Dyson
September 2003	Consent Streets/Areas Licensed to trade	Executive	Strategic Planning Review Panel	Through consultation process	Jim Hunter

Executive - 15 April 2003

Present: Councillor Horsley (Chairman)
Councillors Croad, Henley, Lees, Lisgo, Mullins and Stone

Officers: Mr S Fletcher (Chief Executive), Mr J J Thornberry (Director of Corporate Resources), Mr A Hartridge (Director of Development), Ms S Adam (Head of Finance), Ms J Dickinson (Head of Commercial Services), Mr S Rutledge (Chief Architect), Mr S Hughes (Leisure Facilities Manager), Mr R I Taylor (Chief Solicitor)

Also Present: Councillors Warren and Williams (Wellsprings Panel members),
Councillors Cudlipp, Dawson, Debenham and Mrs Lewin-Harris

(The meeting started at 6p.m.)

8. Apologies

Councillors Bulgin and Partington.

9. Minutes

The minutes of the meeting of held on 12 March 2003 were taken as read and were signed.

10. The Wellsprings Centre

Submitted report which updated both the Wellsprings Panel and the Executive on the Wellsprings Project and which recommended action to be taken to ensure the completion of the project.

A draft report to full Council, which set out for all members (and the public) a fuller summary of the project and of some of the main events since June 2002 when the Panel last took a recommendation to Council was also submitted.

It was now possible to seek the Council's approval to a full plan for the project's completion.

Funding had already been approved for some advance works aimed at making the Centre's roof and cladding as weathertight as the balance of the original scheme funds allowed. Symonds and Bluestone plc (the Council's Project Managers and Main Contractors respectively) had agreed such a package of advance works and a start on site would be made on 22 April.

The bulk of the work ("the Main Contract") remained to be funded. Bluestone plc had agreed a "Guaranteed Maximum Sum" (GMS) with Symonds as to the cost of the Main Contract. That GMS was set at £1.648m. The total amount requiring new funding would rise to £1.858m when professional and other fees were also included.

These Main Contract costs fell into two broad categories:- “repair works” (ie putting right those elements of the building which had been found to be constructed in an unacceptable way on the termination of the contract with Warner) and “completion works” (ie those parts of the scheme which Warner had not actually completed - when the contract was determined).

The Repair/Completion distinction was important as all potential funders had made clear that they would only consider completion works for any financial support. Thus Taunton Deane would need to fund the repair works on their own - and would then seek to recover those costs from Warner - based on breach of contract.

Over the last few months, approaches had been made to our partners in this scheme - Somerset County Council and Sport England to contribute towards these extra costs. The County Council had agreed to contribute £200k towards completion of the Centre, in return for reduced fees charged to Ladymead School for its use over the following 10 years.

Sport England had met on 14 April to consider the application. Sport England had now notified the Council that although they had taken a decision on the application, they would not release the result until after the elections on 1 May. This was because of central government's "purdah" arrangements which preceded all such elections, designed to avoid such decisions having an impact upon local election results.

Consideration was therefore given to how best the likely impact a delay to the start of the Main Contract could be minimised as this could delay completion into 2004 and add to the scheme costs.

The 1 May elections would have the effect of dislocating the normal decision-making processes until at least the Annual Council meeting on 14 May. In practice this would mean that the first meeting of the new Executive, and of the full Council, could not be until around 22 May, resulting in a delay of a month in the project at a most critical time.

Detailed consideration was given to the various scenarios and options that were possible depending on the result of the bid to Sport England.

As far as the programme of works were concerned the delay in the start of the advance "wind and weathertight" works (due to problems in tendering some of the packages) had meant that the earliest that this initial phase would start was on 22 April 2003.

It was intended that the main contract work would follow on from the advance works. If a decision could be taken to proceed as soon after 2 May as possible, then it might still be possible to achieve that continuity. If not then the programme would need to be re-examined.

The current position with the cost and funding for the repair/ completion of the Centre remained provisional as to the Sport England grant. Details were submitted of the provisional financial position as to the overall scheme cost, the contribution from each of the partners and a recommended means of financing the Taunton Deane share.

RESOLVED that:-

- (a) the grant offer from Somerset County Council be accepted together with the conditions attached;
- (b) the contract proposals from Symonds/Bluestone for the completion of the Wellsprings Centre be noted;
- (c) the contract's Guaranteed Maximum Sum be noted;
- (d) the funding scheme and the capital contribution from this Council towards the Centre's repair and completion, as detailed in this report, be agreed;
- (e) the funding scenarios set out in the report be agreed;
- (f) the Council be recommended to approve:-
 - i. the scheme and its funding consequences as set out in this report and its Appendix;
 - ii. that in the event of Sport England awarding a full grant the Chief Executive and the Head of Finance be given delegated power to authorise the completion works to the Wellsprings Centre;
 - iii. that in the event of Sport England awarding a reduced grant or failing to award any grant, the Leaders of the political parties represented on the Council after the May 1st elections, together with the Chief Executive and the Head of Finance, be given delegated power to authorise the completion works to the Wellsprings Centre and to make the necessary funding decisions (including the approval of any necessary supplementary estimates);
 - iv. the continuation of the Wellsprings Panel, consisting of the Leader of the Executive, the Leaders of the other Political Groups, the Executive Councillor for Leisure, two representatives from Ladymead Community School and a representative from Somerset County Council;
 - v. that the role and powers of the Panel be to oversee the completion of the project, to agree any minor adjustments and to monitor the progress of the financial claims to be made against Mr RWF Warner.

(The following Councillors left the meeting at the times indicated: Councillor Stone at 7.02 pm, Councillor Lisgo at 7.09 pm and Councillor Henley at 7.15 pm).

(The meeting ended at 7.31 pm).

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 28 MAY 2003

REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of the Executive Councillor for Leisure, Arts and Culture, Councillor Mrs Bradley

GALMINGTON PLAYING FIELD

1 Purpose

- 1.1 To inform the Executive of the financial consequences of the Charity Commission inquiry into the Council's management of the Galmington Playing Field.

2 Galmington Playing Field – Annual Running Costs

- 2.1 The Council had been accounting for, and treating the Galmington Playing Field as though it were part of the Council's general asset base. However a local benefactor conveyed the field to the Council in 1931 for use by the local community. This subsequently became registered as a charitable trust. There was adverse public reaction to suggestions that the Council were contemplating the disposal of the Playing Field to the neighbouring NHS Trust. In turn this led to the holding of an inquiry by the Charity Commission into the Council's administration of the Trust.
- 2.2 The Council is the owner of the Playing Field and also the trustee of the Charity, and the Trust is subject to different accounting rules from the other playing fields owned by the Council. The Trust is subject to the rules laid down by the Charity Commission and other relevant charity legislation. As such the Council must account for the income and expenditure relating to the Playing Field separately from the other Council property.
- 2.3 Indeed the Council is required to show the financial transactions relating to the Trust in separate accounts, as opposed to including them within the General Fund. In addition these accounts must be reported separately in the Council's Annual Statement of Accounts and the Council has to make annual returns to the Charity Commission.
- 2.4 At present the Galmington Playing Field costs more to maintain than the income that it receives from the bookings of the football pitches on it. In 2002/03 the field cost a net £7,903 to run. This cost has currently been met from the Parks and Playing Fields budget within the General Fund. These transactions must now be removed from the General Fund.
- 2.5 However the Council as trustee is obliged to make financial provisions for the Trust to ensure that it is able to continue operations in future years. Therefore the Council has two options:
 - a) to raise income levels through, for example, an increase in the price of pitch bookings to cover the running costs.

b) to continue to meet the annual deficit through an annual contribution from the General Fund budget.

It is clear that with an annual deficit of £7,903 in 2002/3 that option (a) is not feasible. Indeed it would require an increase in pitch fees of some 300% to meet the current deficit. In turn this would create inconsistency with the other pitch hire charges levied at other parks within the Borough. Therefore option (b) above is the only realistic option to meet the annual deficit.

- 2.6 By doing this, there will be no impact on the General Fund as the Council is already meeting the annual deficit on the pitch. However the income and expenditure will be removed from the Parks budget and replaced with an annual deficit contribution to the Trust.

3 **Capital**

- 3.1 The Trust should have only one asset; the playing field itself. As trustee the Council is required to protect any capital that the trust has and as such is not allowed to sell or dispose of any of the capital of the Trust without the prior consent of the Charity Commission. However in 1987 a portion of the field was sold to the adjoining Hospital without reference to the Commission.
- 3.2 The amount received was £4,900 and regrettably, due to a lack of financial records for that period, it has not been possible to confirm the precise treatment of this income. However, it is thought that it would have been treated as a capital receipt and used to finance other General Fund capital expenditure at that time.
- 3.3 As part of the Charity Commission inquiry mentioned in paragraph 2.1 the Commission have confirmed that they require the Council to re-establish this capital receipt as an additional asset of the Trust. The effect of this is that the capital receipt, together with compounded annual interest since 1987/88, will be maintained as an interest bearing “permanent endowment” of the Trust. In total this now amounts to £16,150. The annual interest generated from this investment will now be used to reduce the annual deficit of the playing field. This interest would ordinarily be credited to the General Fund, therefore the amount of interest that Fund receives will reduce by an estimated £560 per annum.
- 3.4 In order to create this endowment it is necessary to take this amount from the General Fund reserve, and as such, approval by Council is required.

4 **Effect on Corporate Priorities**

- 4.1 This report impacts on the following corporate priorities:
- Helping Communities shape their own future,
 - Encouraging healthier lives,
 - Protecting our Environment.

5 **Recommendations**

5.1 It is recommended:

- a) That the Executive note the contents of this report, and
- b) The Executive request Council approval for the transfer of £16,150 from the General Fund Reserve for the creation of the permanent endowment fund of the Galmington Playing Field Trust.

Background Papers: Agenda Item 5, Executive Meeting 17 July 2002, Galmington Playing Field, Possible sale of part of site to the Taunton & Somerset NHS Trust.

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TAUNTON DEANE BOROUGH COUNCIL

REPORT TO THE EXECUTIVE – WEDNESDAY, 28TH MAY 2003

REPORT OF THE DIRECTOR OF DEVELOPMENT

This matter is the responsibility of the Executive Councillor responsible for Housing Services,
Councillor Garner

FINAL ACCOUNTS

1. PURPOSE OF REPORT

- 1.1 As required under item 5.15 of Post Contract Controls as contained in the Constitution, the purpose of this report is to inform Members of the year's performance regarding Contract Final Accounts.

2. BACKGROUND INFORMATION

- 2.1 All relevant contract final accounts are now reported on an annual basis. The accounts are those on which there is relevant information available, have been audited up to the end of the preceding financial year, and have not previously been reported to Members.
- 2.2 When viewing the schedule of accounts Members are reminded of the following:-
 - 2.2.1 The completion of a contract final account sometimes takes many months from completion of defects. Therefore, it does not necessarily relate to the actual work carried out during the previous year.
 - 2.2.2 All contract final accounts are audited before the release of retention monies.
 - 2.2.3 There are various reasons why contracts exceed the "Contract Sum". In some cases when overspend relates to extra work a brief explanation is included. However, sometimes overspend is due to matters dealt with as direct payments and are "outside" the actual contract. For example, furniture removal to and from transit accommodation on modernisation contracts, Building Regulation fees, Public Utility connection and reconnection charges etc.
 - 2.2.4 The term "Miscellaneous Payments" may include expenditure on items such as Services costs, Building Regulation fees, advertising costs, Planning fees, consultants' costs and associated site work costs, where appropriate.

3. SUMMARY

The demand for improvements can change throughout the life of a housing project, and many overspends were due to the fact that opportunities were taken to include additional properties in response to demands as the benefits of improvements became apparent.

4. SCHEDULE OF FINAL ACCOUNTS

4.1 CONTRACTS WHERE FINAL ACCOUNT WAS LESS THAN CONTRACT SUM

4.1.1 Central Heating in 60 Dwellings at Halcon, Taunton, Contract 24 File Ref. 7/7/059

Contractor	JS Lane	
Contract Sum	£115,660.00	
Final Account		93,837.60
Other Costs	Advertising	738.77
	Building Design Group	10,467.70
	Miscellaneous Payments	88.63

	Total Cost	£105,132.70

4.1.2 PVC-u Window Replacement Contract 36 WIN, Phase 1 File Ref. 7/6/133

Contractor	Zenith Projects	
Contract Sum	£337,900.13	
Final Account		267,217.60
Other Costs	Miscellaneous Payments	5,902.60
	Purchase Orders DB02489	3,351.83
	DB02880	723.74
	DB03034	1,290.06

	Total Cost	£278,485.83

4.1.3 Pre-painting Repairs and External Redecoration – 35 PMA File Ref. 7/6/124A

Contractor	DR Jones (Yeovil) Ltd	
Contract Sum	£218,377.60	
Final Account		200,164.70
Miscellaneous Payments		130.70

	Total Cost	£200,295.40

4.1.4 Pre-painting Repairs and External Redecoration – 36 PMB
File Ref. 7/6/135B

Contractor	JP Lawrence	
Contract Sum	£84,233.70	
Final Account		£62,422.10

4.1.5 Pre-painting Repairs and External Redecoration – 36 PMD
File Ref. 7/6/135D

Contractor	DR Jones (Yeovil) Ltd	
Contract Sum	£206,937.00	
Final Account		£126,929.44

4.1.6 Modernisation of 10 Dwellings at Halcon, Phase 10B
File Ref. 7/3/078

Contractor	Connaught Group Ltd	
Contract Sum	403,984.72	
Final Account		391,651.53
	Building Design Group	29,543.37
	Miscellaneous Payments	6,879.88
	Removal Expenses	11,718.78
	QS Fees	4,360.00
	Building Regulation Fees	2,789.90

	Total Cost	£446,943.46

4.1.7 Pre-painting Repairs and External Redecoration – 36 PMA
File Ref. 7/6/135A

Contractor	JP Lawrence	
Contract Sum	£159,870.30	
Final Account		£123,927.50

4.1.8 Pre-painting Repairs and External Redecoration – 34 PMB
File Ref. 7/6/118B

Contractor	Ian Williams Ltd	
Contract Sum	£100,314.20	
Final Account		79,237.91
	Miscellaneous Payments	24.50

	Total Cost	£79,262.41

4.1.9 Central Heating to 58 Dwellings, Contract 25
File Ref. 7/7/060

Contractor	Tavener (UK) Ltd	
Contract Sum	£109,272.00	
Final Account		68,006.70
	Miscellaneous Payments	5,536.51
	Advertising	250.95
	Building Design Group	10,729.47

	Total Cost	£84,523.63

4.1.10 PVC-u Window Replacement Contract 37 WIN Phase 1
File Ref. 7/6/154

Contractor	Professional Windows (UK) Ltd	
Contract Sum	£208,670.00	
Final Account		200,344.76
	Building Design	14,054.93

	Total Cost	£214,399.69

4.1.11 Repair/Renewal of Roof Coverings to 26 Dwellings, Wellington
File Ref. 7/8/029

Contractor	GK Roofing Ltd	
Contract Sum	£42,915.17	
Final Account		£40,023.79

4.2 CONTRACTS WHERE EXTRA COST WAS DUE TO ADDITIONAL REPAIRS NECESSARY

4.2.1 Pre-painting Repairs and External Redecoration – 35 PMD
File Ref. 7/6/124D

Contractor	Ian Williams Ltd	
Contract Sum	£97,546.00	
Final Account		296,883.37
Payments to C J Partridge		12,275.89

	Total Cost	£309,159.26

Financed by – Housing Revenue Account		249,159.26
- General Fund		60,000.00

		£309,159.26

Note: Extra cost due to further repairs found necessary to most properties, rebuilding of some boundary walls and balconies, and extra drainage works.

4.2.2 Pre-painting Repairs and External Redecoration – 33 PME
File Ref. 7/6/109E

Contractor	Ian Williams	
Contract Sum	£66,899.80	
Final Account		£83,876.49

Note: Extra cost due to some underpinning and re-roofing to porch canopies.

4.2.3 Pre-painting Repairs and External Redecoration – Contract 34 PMC
File Ref. 7/6/118C

Contractor	Deane DLO	
Contract Sum	£67,119.00	
Final Account		140,391.60
	Advertising Costs	44.00

	Total Cost	£140,435.60

Note: Extra cost due to additional works required at Middleway Meeting Hall, additional work to cladding on properties in Churchill Way and generally more repairs necessary than expected on original surveys.

4.3 CONTRACTS WHERE EXTRA COST WAS DUE TO FURTHER DEMAND FOR WORKS

4.3.1 Installation of Smoke Dectectors to 745 dwellings – 36SD
File Ref. 7/5/035

Contractor	Stafford & Coomber	
Contract Sum	£39,238.94	
Final Account		47,966.25
	Purchase Order DB03424	385.00
	Payment to DLO	64.42
	Building Design Group	5,605.51

	Total Cost	£54,021.18

Note: Extra cost due to 91 additional properties included in contract.

4.3.2 Renewal of Electrical Installations in 15 Dwellings
File Ref. 7/5/036

Contractor	Barrington Services	
Contract Sum	£13,030.00	
Final Account		£16,922.00

Note: Extra cost due to 8 additional properties.

4.3.3 Central Heating in 108 Dwellings, Taunton, Contract 23
File Ref. 7/7/058

Contractor	Matthew James	
Contract Sum	£115,285.20	
Final Account		137,412.00
	Building Design Group	9,716.78
	Miscellaneous Payments	1,500.45

	Total Cost	£148,629.23

Note: Extra cost due to 28 additional dwellings added to contract.

4.3.4 PVC-u Window Replacement Contract 35 WIN
File Ref. 7/6/121

Contractor	Bowater Windows Ltd (T/A Zenith Projects)	
Contract Sum	£525,254.73	
Final Account		628,766.19
	Payments to DLO	3,149.90

	Total Cost	£631,916.09

Note: Extra cost due to 31 additional properties and work to lintels and brick arches.

4.3.5 Central Heating in 27 Dwellings at Wellington, Contract 27
File Ref. 7/7/066

Contractor	MJT Mechancial Services	
Contract Sum	£45,181.50	
Final Account		80,624.10
	Miscellaneous Payments	12,765.35
	Building Design Group	152.16

	Total Cost	£93,541.61

Note: Extra cost due to additional 26 properties included in contract.

4.4 CONTRACTS WHERE EXTRA COST WAS DUE TO ADDITIONAL WORK NECESSARY AND OPPORTUNITIES TAKEN TO BALANCE BUDGET (HIGHER PRIORITY REPAIRS THAN ITEM 4.4.2)

4.4.1 Pre-painting Repairs and External Redecoration – 37 PMA
365 Dwellings
 File Ref. 7/6/149A

Contractor	DR Jones (Yeovil) Ltd	
Contract Sum	£150,000.00 (Budget)	
Final Account		163,881.36
	Miscellaneous Payments	102.57

	Total Cost	£163,983.93

Note: Expenditure on all four 37 series contracts is balanced to match overall annual benefit. Extra cost due to additional necessary decoration.

4.4.2 Pre-painting Repairs and External Redecoration 37 PMC
248 Dwellings
 File Ref. 7/6/149C

Contractor	JP Lawrence	
Contract Sum	£133,500.00 (Budget)	
Final Account		119,969.04
	Advertising Costs	102.57

	Total Cost	£120,071.61

5. **RECOMMENDATION**

5.1 Members are RECOMMENDED to note the report.

Contact Officer: P Webb, extension 2732.

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 28TH MAY 2003

REPORT OF THE HEAD OF FINANCE

This Matter Is The Responsibility of Executive Cllr Williams (Leader of the Council)

THE PRUDENTIAL CODE

1. Purpose of Report

- 1.1 Local government finance is going through a period of exceptional change – as outlined in the Local Government Bill of 2002 and the Accounts and Audit Regulations 2003.
- 1.2 In particular the introduction of the prudential regime for capital will have a significant impact on all local authorities, and is the main subject for discussion in this paper.

2. Background

- 2.1 Part 1 of the Local Government Bill 2002 concentrates on the capital finance regime. The existing system of credit approvals (Basic Credit Approval (BCA) and Supplementary Credit Approval (SCA)) is to be abolished at the end of the current financial year 2003/04 and replaced by a new system, referred to as the “Prudential Regime” for financial years 2004/05 onwards.
- 2.2 The basic principle of the prudential regime is that local authorities will be free to invest as long as their capital spending plans are affordable, prudent and sustainable.
- 2.3 The new system will be regulated by the Prudential Code (a document drafted by CIPFA), which sets out indicators that local authorities must use and the factors they must take into account to demonstrate that they have fulfilled the objectives outlined in 2.2 above. The Code will apply to both the General Fund and the HRA.
- 2.4 CIPFA have published the draft Prudential Code for comment, and the remainder of this section deals with the content therein.

3. Objectives and Principles of The Code

- 3.1 The key objective of The Code is to provide authorities with a more **flexible framework** within which to undertake capital planning. In the existing system, local authorities effectively require centralised consent to make capital investment to support the provision of services. This consent will no longer be needed in the new system. Instead, local authorities will have a statutory duty to keep the scale of their capital investment under review – by **self regulation** (by having regard to the Prudential Code).

- 3.2 The draft Code places great weight on the importance of **affordability** as the ultimate constraint on the amount that an authority can spend or borrow. This will include consideration of the resources likely to be available, the revenue consequences of capital projects, interest costs arising from borrowing and investments, reserves, balances and risks and uncertainties associated with all these areas.
- 3.3 The draft Code promotes an **integrated framework for capital and revenue planning over a minimum 3-year timeframe**. In order to achieve this it anticipates that authorities will integrate the decisions required for The Code into the local strategic planning and asset management frameworks and anticipates that capital spending decisions will be made through proper options appraisals.
- 3.4 The draft Code emphasises how borrowing should be **prudent** and **sustainable**, based on affordability calculations and medium term financial plans and strategies.
- 3.5 The draft Code promotes the use of **prudential indicators** to assist in the management of these objectives.
- 3.6 And finally the draft Code requires adherence to the CIPFA Code of Practice for Treasury Management in the Public Services.

4. Potential Implications of the Code

- 4.1 All the financial planning documents currently produced by the Council will be required to reflect the principles of the Code.
- 4.2 The draft Code has some significant procedural implications, the most obvious being the requirement to undertake 3year forecasting of all the resources available to the Council. This should result in a budget report that not only sets the budget and Council Tax for the year ahead, but also looks forward and provides estimates of the budget and Council Tax levels for the subsequent two years (these are estimates only and not prescriptive). The output should be a rolling financial planning process.
- 4.3 The draft Code identifies a number of key prudential indicators – each contributing to one or two of the key principles of affordability, prudence and sustainability, as well as issues of good professional practice. The Code does not specify what the indicators should be set at, as this will be different for each authority, depending on their local circumstances. These should be considered and approved through the same process as the budget. The indicators, like the financial forecasts, must cover the forthcoming year plus the subsequent 2 years.
- 4.4 The draft code requires the Chief Finance Officer (Head of Finance at TDBC) to establish measurement and monitoring procedures for all forward looking indicators to ensure that proper account and action is taken in the event of a deviation from the forecasts.

5. Taunton Deane's Perspective

5.1 The Head of Finance has responded to this technical consultation on behalf of the Council. The main issues drawn out in the response include:-

- Comment that the Code should be finalised as soon as possible to allow authorities proper time to consider its' implications for the 2004/05 budget setting round.
- Comment on the issue of "monitoring the prudential indicators". Whilst it is right that the full Council (the budget setting body) set the initial indicators, it is felt more appropriate for the monitoring of those indicators to be done by the body responsible for budget monitoring (ie not full Council).
- A request to the Government to explain how they intend to provide revenue support for borrowing under the new regime (the draft Code is silent on this issue). The Office of the Deputy Prime Minister have stated that the Single Capital Pot will continue, but have not yet offered any indication on how it will work. It is hoped that a further consultation document will be published on this area in the next few months.
- A request to the Government to consider an early announcement on the floors and ceilings to be applied to the 2004/05 Local Government Finance Settlement.
- A request to the Government to consider moving towards a 3 year funding plan for the Local Government. Again this would allow authorities to plan ahead with greater certainty, and make the (now published) 3 year financial plans more robust.

6. Impact on Corporate Priorities

6.1 The Prudential Code will underpin all aspects of local authority capital spending, and consequently will affect all corporate priorities.

7. Recommendations

7.1 The Executive is requested to note the introduction of the Prudential Regime for capital and to consider the implications on Taunton Deane Borough Council set out in this report.

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Background Papers

CIPFA Prudential Code – Preliminary Guidance March 2003

CIPFA Prudential Code for Capital Finance – Second Exposure Draft March 2003

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 28TH MAY 2003

REPORT OF THE HEAD OF FINANCE

This Matter Is The Responsibility of Executive Cllr Williams (Leader of the Council)

WELLSPRINGS FUNDING

1. Purpose of Report

- 1.1 To outline the funding position on the Wellsprings Project now the Sport England decision is known.

2. The Funding Gap

- 2.1 The report to full Council on 22nd April 2003 set out the anticipated costs of completion together with the expected funding position on Wellsprings as follows:-

2.2

COSTS TO COMPLETE PROJECT

	Advance Contract - Already Funded	Main Contract – Funding Required	TOTAL
	£	£	£
Contract Costs (GMS)	148,453	1,648,347	1,796,800
Symonds Fees	111,825	76,528	188,353
Clerk of Works	-	18,900	18,900
Equipment To Be Purchased	-	22,000	22,000
Irrecoverable VAT	13,665	92,703	106,368
	273,943	1,858,478	2,132,421

FUNDING SOURCES FOR MAIN CONTRACT

	£
Sport England Lottery (remainder of original bid)	238,327
Sport England Lottery (February 2003 Bid)	550,000
Somerset County Council	200,000
TDBC Contribution	870,151*
Total Funding Package For Main Contract	1,858,478

* It was recommended that extra funding of £100k be set aside to cover further legal fees.

- 2.3 The report went on to set out how Taunton Deane's share of the funding package (£870,171 + £100,000) would be met.

- 2.4 Sport England have recently rejected the Councils bid for extra funding, therefore in order to complete the project, Taunton Deane Borough Council now must find the £550,000 from it's own resources. As agreed at Council on 22nd April 2003, this funding decision was delegated to the Chief Executive, together with the Head of Finance and the Leaders of the political parties.

3. The Funding Plan

- 3.1 The Chief Executive, Head of Finance, and the Leaders of the political parties met on 2nd May 2003 and agreed the following funding plan to complete the project.

Funding Sources	£
Amount of currently unallocated capital resources	315,000
Further Draw Down on Self Insurance Fund	235,000
Total	550,000

- 3.2 The £315,000 of unallocated capital resources shown above is made up of the amount uncommitted at budget setting time plus the additional capital receipt, over that which was budgeted, for the sale of Creech Paper Mills. This means that there are no unallocated capital resources available and that any further additions to the capital programme will have to be funded from revenue or through the sale of assets.
- 3.3 The self-insurance fund is primarily used to minimise insurance premiums while still providing sufficient insurance cover. The use of the fund to the extent shown above would mean that the amount available to cover such risks would fall to around £800,000. It would seem prudent to rebuild this provision back to current levels over the coming years.

4. Impact on Corporate Priorities

- 4.1 The funding decision will allow completion of the Wellsprings Sports Centre, (a key project for helping the Council deliver its' priority of "encouraging healthier lifestyles").

5. Recommendation

- 5.1 The Executive is requested to note and endorse the funding decision taken on 2nd May.

Shirlene Adam
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Background Paper

The Wellsprings Centre – Report to Council (22 April 2003)