



## EXECUTIVE

YOU ARE REQUESTED TO ATTEND A MEETING OF THE EXECUTIVE TO BE HELD IN THE DEANE HOUSE, BELVEDERE ROAD, TAUNTON ON WEDNESDAY 25TH JUNE 2003 AT 18:00.

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### **AGENDA**

1. Apologies
2. Minutes
3. Call Forward Items
4. Public Question Time
5. Approval of Draft Performance Plan 2003/04  
Report of Corporate Performance Manager (enclosed)
6. Asset Management Plan  
Report of Director of Development (enclosed)
7. Capital Strategy 2003  
Report of Financial Services Manager (enclosed)
8. Commutation Adjustment  
Report of Head of Finance (enclosed)
9. Outturn Report 2002/03  
Report of Financial Services Manager (enclosed)
10. Treasury Management Update  
Report of Financial Services Manager (enclosed)
11. Redevelopment of the Crescent Car Park site.  
Town Centre Regeneration and Opportunities for retail growth in the Old Market  
Centre/Crescent Car Park area  
Report of Director of Development (enclosed)
12. The Wellsprings Centre  
Report of the Director of Corporate Resources (enclosed)
13. Disabled Car Parking Charges  
Report of Financial Services Manager (enclosed)
14. Planning Staffing  
Report of Head of Finance (enclosed)
15. Supplementary Credit Approval - Air Quality Monitoring

Report of Chief Environmental Health Officer (enclosed)

G P DYKE  
Member Services Manager

The Deane House  
Belvedere Road  
TAUNTON  
Somerset

TA1 1HE

17 June 2003

Because of its size, copies of the Performance Plan referred to in Agenda item 5 have been distributed only to Executive councillors. Copies are, however, available to all other councillors by contacting Adrian Gladstone-Smith, Corporate Performance Officer, tel: 01823 356397 or by email [a.gladstone-smith@tauntondeane.gov.uk](mailto:a.gladstone-smith@tauntondeane.gov.uk)



### **Executive - 28 May 2003**

Present: Councillor Williams (Chairman)  
Councillors Bishop, Mrs Bradley, Mrs Bryant, N Cavill, Edwards, Garner, Hall and Mrs Lewin-Harris

Officers: Mr S Fletcher (Chief Executive), Mr J J Thornberry (Director of Corporate Resources), Mr A Hartridge (Director of Development), Mrs P James (Director of Community Services), Ms S Adam (Head of Finance), Mrs N Heal (Public Relations Officer) and Mr G P Dyke (Member Services Manager)

Also Present: Councillors Henley, House, Mrs Jones, Lisgo, Miss Peppard, Trollope, Wedderkopp and Weston

(The meeting started at 6.00 pm.)

#### 11. Minutes

The minutes of the meeting of the Executive held on 15 April 2003 were taken as read and were signed.

#### 12. Public Question Time

(a) Mr Barry Nowlam drew attention to the increased cost of the Wellsprings Centre and asked what was the procedure for surcharging those Councillors who had been in favour of providing it.

Mr Nowlam was informed that surcharging no longer existed in law as a concept of control. There were now other ways of making complaints about Councillors, details of which could be provided.

(b) Councillor Henley, as a member of the public, asked what were the future plans for football pitch provision in Wellington.

Councillor Mrs Bradley replied that work on pitches had been delayed because of the weather. The playing fields strategy was one of many currently being investigated. Mrs P James, Director of Community Services, confirmed that the sports pitches strategy would be submitted to the next meeting of the Executive. She undertook to provide Councillor Henley with a written reply to his question.

#### 13. Galmington Playing Field

Submitted report previously circulated regarding the financial consequences of the Charity Commission enquiry into the Council's management of the Galmington Playing Field.

The Council had been accounting for and treating the Galmington Playing Field as part of the Council's general asset base. A local benefactor had conveyed the field to

the Council in 1931 for use by the local community. This subsequently became registered as a Charitable Trust. The Charity Commission had undertaken an inquiry into the Council's administration of the Trust.

The Council was the owner of the playing field and also the trustee of the charity. The Trust was subject to different accounting rules from the other playing fields owned by the Council. The Trust was 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.

At present the Galmington Playing Field cost more to maintain than the income received from its use. This cost had currently been met from the Parks and Playing Fields budget within the General Fund. These transactions now had to be removed from the General Fund.

The Council, as trustee, was obliged to make financial provisions for the Trust to ensure that it was able to continue operations in future years. Therefore the Council had two options: (a) to raise income levels to cover the running costs; (b) to continue to meet the annual deficit through an annual contribution from the General Fund budget.

An increase in pitch fees of some 300% would be necessary to meet the current deficit. Therefore option (b) was the only realistic option to meet the annual deficit.

The only asset the Trust should have was the playing field itself. As trustee, the Council was required to protect any capital that the Trust had and could not 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. The amount received was £4,900 and it had not been possible to confirm the precise treatment of this income.

The Charity Commission required the Council to re-establish this capital receipt as an additional asset of the Trust. This meant that the capital received, together with compounded annual interest since 1987/88, would be maintained as an interest bearing "Permanent Endowment" of the Trust. In total this now amounted to £16,150. The annual interest generated from this investment would 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 the Fund received would reduce by an estimated £560 per annum.

In order to create this Endowment, it was necessary to take this amount from the General Fund Reserve and as such approval by Council was required.

RESOLVED that the report be noted and Council be recommended to agree the transfer of £16,150 from the General Fund Reserve for the creation of the Permanent Endowment Fund of the Galmington Playing Field Trust.

14. Final Accounts

Submitted details of all relevant contract final accounts which were now reported on an annual basis. The accounts with those on which there was relevant information available had been audited up to the end of the preceding financial year and had not previously been reported to Members.

RESOLVED that the report be noted.

15. The Prudential Code

Reported that Part 1 of the Local Government Bill 2002 concentrated on the capital finance regime. The existing system of credit approvals and supplementary credit approvals was 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.

The basic principle of the Prudential Regime was that local authorities would be free to invest as long as their capital spending plans were affordable, prudent and sustainable.

The new system would be regulated by the Prudential Code which sets out indicators that local authorities must use and the factors they must take into account to demonstrate that they had fulfilled the objectives outlined above. The Code would apply to both the General Fund and the HRA.

CIPFA had now published the draft Prudential Code for consultation.

Submitted details of the objectives and principles of the Code, together with its potential implications for the Council. The Head of Finance had responded to this technical consultation on behalf of the Council. The main issues drawn out in the response included:-

- Finalisation of the Code as soon as possible to allow Authorities proper time to consider its implications for the 2004/05 budget setting round.
- The issue of “monitoring the Prudential indicators”. Whilst it was right that the full Council (the budget setting body), set the initial indicators, it was 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 intended to provide revenue support for borrowing under the new regime (the draft Code was silent on this issue). The Office of the Deputy Prime Minister had stated that the Single Capital Pot would continue but had not yet offered any indication on how it would work. It was hoped that a further consultation document would 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 three year funding plan for local government. This would allow Authorities to plan ahead with a greater certainty and make the now published three year financial plans more robust.

A further report would be submitted to the Executive when the finalised Code was published.

RESOLVED that the introduction of the Prudential Regime for capital and its implications for Taunton Deane Borough Council be noted.

#### 16. Wellsprings Funding

Submitted report which outlined the funding position on the Wellsprings Project now the Sport England decision was known.

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

#### **COSTS TO COMPLETE THE PROJECT**

|                           | <b>Advance Contract -<br/>Already Funded</b> | <b>Main Contract -<br/>Funding Required</b> | <b>TOTAL</b>     |
|---------------------------|--|---|------------------|
|                           | £  | £   | £                |
| 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          |
|                           | <b>273,943</b>                               | <b>1,858,478</b>                            | <b>2,132,421</b> |

#### **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          |
| <b>TDBC Contribution</b>                          | <b>*870,151</b>  |
| <b>Total Funding Package for Main Contract</b>    | <b>1,858,478</b> |

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

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

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



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

| <b>Funding Sources</b>                            | <b>£</b>       |
|---|----------------|
| Amount of currently unallocated capital resources | 315,000        |
| Further Draw Down on Self Insurance Fund          | 235,000        |
| <b>Total</b>                                      | <b>550,000</b> |

The £315,000 of unallocated capital resources shown above was 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 meant that there were no unallocated capital resources available and that any further additions to the capital programme would have to be funded from revenue or through the sale of assets.

The Self Insurance Fund was primarily used to minimise insurance premiums while still providing sufficient insurance cover. The use of the fund to the extent shown above will 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.

RESOLVED that the funding decision taken on 2 May 2003 be noted and endorsed.

(The meeting ended at 6.30pm)

# **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE – 25 JUNE 2003**

## **REPORT OF THE CORPORATE PERFORMANCE MANAGER (This matter is the responsibility of John Williams, Leader of the Council)**

### **APPROVAL OF DRAFT PERFORMANCE PLAN 2003/04**

#### **1. Purpose**

- 1.1 To recommend approval to Council of the Performance Plan for 2003/04.
- 1.2 To note that further minor updating will be required prior to publication by 30<sup>th</sup> June 2003.

#### **2. Background**

- 2.1 The Council's Review Board recommended approval of the Plan on 12<sup>th</sup> June.
- 2.2 It has been a requirement for councils to produce an annual Performance Plan since April 2000, as part of the Best Value and Performance Improvement Legislation.
- 2.3 The main focus of the Plan is to report the measures being taken to deliver improvement in outcomes for local people and recording progress in delivering these outcomes. It should address key priorities, including progress on agreed delivery targets, and summarise an authority's improvement planning activities, including those undertaken following CPA.
- 2.4 Members should note that the main audience of the Plan is officers, members, groups and organisations with an interest in the authority, the regulatory bodies and central government. The publication deadline is 30<sup>th</sup> June each year.
- 2.5 The legislation includes strict guidelines on the content of Plans, which is revised annually by Government, and this year, was received as late as mid March.
- 2.6 The Government guidance on which this year's Plan is based is Circular 03/2003, issued in March 2003. This guidance introduced a number of new requirements, which include:
  - Progress over the past 3 years in implementing improvement measures
  - Outcomes from, or impact of, improvement measures implemented over the past 3 years
  - Plans for improvement over the current and subsequent 2 years
  - Performance indicator targets for the current and subsequent 2 years for all statutory indicators and local indicators in priority areasThe guidance also removed the following requirements:
  - An efficiency summary and consultation statement
  - The setting of a five-year period of Best Value Reviews

- Summarising any assessment of the level, and way, in which an authority exercises its functions

2.7 The revised guidance has changed the emphasis of the Plan. We are now required to report the outcomes (effects) of our improvements rather than merely detailing the actions we have taken, translating planned improvements into outcome targets. Councils must also report over a wider timescale, looking back three years and forward three years. The reporting period for this Plan is therefore April 2000 to March 2006.

### **3. Timetable**

3.1 In preparing this final draft we have endeavoured to ensure that all significant matters have been included within our understanding and interpretation of the Statutory Guidance. In this regard the District Auditor is currently undertaking a cursory review of the document prior to publication to ensure it meets the main compliance criteria. A full audit will commence after publication.

3.2 The Performance Plan has become an even more complex document in which all the data required is not available until right up to publication. The plan continues to grow and cuts across most Council services and functions. Importantly it consolidates in one place the Council's key strategies, plans, objectives and improvement targets together with commentary on actual performance and achievements.

3.3 As in previous years, Full Council will be asked to give retrospective approval after the 30th June publication deadline.

### **4. Matters of Interest**

4.1 In total, approximately 300 copies of the BVPP will be distributed to Members, parish councils, neighbouring councils, key partners, Council Managers and other interested staff. Additionally, it will be available to view at all Council information points, local libraries and via the Internet. We are also making copies available on CD this year.

4.2 The public are given a performance summary in the Booklet that was distributed with Council Tax and NNDR bills throughout March 2003. The Corporate Strategy will also be summarised in the Deane Dispatch.

4.3 Members may be particularly interested in the summary of Achievements and Plans, covering a six-year period, within Part 1 of the document.

### **5. Financial Implications**

5.1 Production costs of the Plan are minimised, through desk-top publishing and internal photocopying, outsourcing only the printing of the cover and binding. The cost will be just over £4 a copy.

### **6. Effect on Corporate Priorities**

6.1 The Performance Plan is the main document in delivering the Council's Corporate Priorities. It affects them all as it addresses the Council's key priorities, details progress on agreed actions and targets and publishes our improvement proposals.

## **7. Recommendation**

7.1 Members are asked to recommend approval of the Performance Plan to Full Council.

Contact Officer:

Adrian Gladstone-Smith, 01823 356397, [a.gladstone-smith@tauntondeane.gov.uk](mailto:a.gladstone-smith@tauntondeane.gov.uk)

## **TAUNTON DEANE BOROUGH COUNCIL**

### **EXECUTIVE MEETING – WEDNESDAY 25<sup>th</sup> JUNE 2003**

#### **REPORT OF THE DIRECTOR OF DEVELOPMENT**

##### **ASSET MANAGEMENT PLAN 2003**

This matter is the responsibility of the Executive Portfolio Holder with responsibilities for Corporate Property matters, Councillor Cavill and affects all the Council's Corporate Priorities.

#### **1. PURPOSE OF REPORT**

- 1.1 To note that the required data for 2002/03 for the Asset Management Plan 2003 submission to the Government Office by the July deadline is now largely in place.
- 1.2 To note progress with our 2002 10 Point Action Plan.
- 1.3 To endorse the supported 2003 10 Point Action Plan.

#### **2. PERFORMANCE OF THE PROPERTY PORTFOLIO**

- 2.1 The Review Board Meeting on 12<sup>th</sup> June:-
  - Considered the full range of properties covered by the AMP.
  - Noted that, with the sale of the Creech Paper Mill complex over the last year, the majority of our property is in a sound condition and well maintained, and there is a need for removing the Vivary Park tennis pavilion.
  - Noted the need for an adequate budget for addressing the maintenance backlog (in the order of £1/2 million to be considered alongside other bids for capital and revenue monies this year).
  - Agreed that the current data upon the performance of individual properties be made available to the relevant managers and the Executive Portfolio Holder.
- 2.2 Detailed summary sheets illustrating our progress with our Performance Indicators are attached. (Papers marked Section 6 attached).

#### **3. PROGRESS WITH OUR 2002 ACTION PLAN**

- 3.1 The 10 Point Action Plan agreed at the time of the submission of last year's AMP is attached (Paper marked Section 7) and a progress report is thereafter given in respect of each of the action points.
- 3.2 The "Reference Paragraph" refers to paragraphs in the 2002 AMP (copy available if you would contact me prior to the meeting).

4. **OUR 2003 ACTION PLAN**

- 4.1 Although not a Government requirement, we have set ourselves a 10 Point Action Plan for 2003 (attached). We have “rolled forward” issues arising from last year’s programme and would seek your endorsement to this.

5. **RECOMMENDATION**

- 5.1 To note the performance of our property portfolio and need for an adequate repair/maintenance budget to address a backlog.
- 5.2 To note progress being made with the 2002 Action Plan and endorse the 2003 Action Plan.

Contact Officer: Alan Hartridge, Director of Development  
Telephone: 01823 356405  
E-Mail: [a.hartridge@tauntondeane.gov.uk](mailto:a.hartridge@tauntondeane.gov.uk)

18. **PERFORMANCE INFORMATION – NATIONAL & LOCAL PROPERTY**  
**PERFORMANCE INDICATORS**

## PERFORMANCE 2002

## Outturn

| <b>National Indicators:</b>   | <b>Indicator</b>   |                  |                   | <b>2002/03</b> |
|---|--|------------------|-------------------|----------------|
| 1(a). % Gross internal floor space in condition categories A-D.   | <u>Category</u>  |                  | <u>%</u>          | <u>%</u>       |
|   | A  |                  | 36                | 38             |
|   | B  |                  | 53                | 54             |
|   | C  |                  | 9                 | 6              |
|   | D  |                  | 2                 | 2              |
| 1(b). Backlog of maintenance in priority categories 1-4.  | <u>Priority Level</u>  | <u>Value (£)</u> | <u>Value as %</u> | <u>%</u>       |
|   | 1  | 0                | 0                 |                |
|   | 2  | 12,000           | 3.74              | 0              |
|   | 3  | 179,500          | 55.93             | 4              |
|   | 4  | 129,425          | 40.33             | 56             |
|   | Total  | 320,925          | 100.00            | 40             |
| 2. Overall average internal rate of return (IRR) for industrial and retail investment properties.   | <u>Category</u>  |                  | <u>IRR</u>        |                |
|   | Industrial   |                  | 16.97             | 16.65          |
|   | Retail   |                  | 16.99             | 16.65          |
| 3(a)/(b). Total management costs per square metre (sq.m) for operational (a) and non-operational property (b).  | Owing to an alteration in definition, the information is not yet available |                  |                   |                |
| 4(a). Repair and maintenance costs per square metre (sq.m) for operational buildings (including fees).  | Owing to an alteration in definition, the information is not yet available |                  |                   |                |
| 4(b). Energy costs per square metre (sq.m) for operational buildings.   | Max  | £165.72/m sq     |                   | £138.37/m sq   |
|   | Average  | £11.27/ m sq     |                   | £11.46/ m sq   |
|   | Minimum  | £0.16/ m sq      |                   | £0.00/ m sq    |
|   |  |                  |                   |                |
| 4(c). Water costs per square metre (sq.m) for operational buildings.  | Max  | £127.77/m sq     |                   | £160.42/ m sq  |
|   | Average  | £15.18/ m sq     |                   | £18.03/ m sq   |
|   | Minimum  | £0.17/ m sq      |                   | £0.42/ m sq    |
|   |  |                  |                   |                |
| 4(d). CO <sup>2</sup> emissions in tonnes of carbon dioxide per square metre (sq.m) for operational buildings.  | Max  | 1192 kg/m sq     |                   | 910 kg/m sq    |
|   | Average  | 92 kg/m sq       |                   | 66 kg/m sq     |
|   | Minimum  | 1 kg / m sq      |                   | 0 kg/m sq      |
|   |  |                  |                   |                |
| 5(a). % of projects where outturn falls within 5% of the estimated outturn, expressed as a % of the total number of projects completed in the financial year. | <b>100%</b>  |                  |                   | 100%           |
| 5(b). % of projects falling within +5% of the estimated timescale, expressed as a % of the total number of projects completed in the financial year.          | <b>100%</b>  |                  |                   | 100%           |
| <b>Local Indicators:</b>  |  |                  |                   |                |
| 1. Number of units void as a % of investment properties.  | <b>Industrial</b>  |                  | <b>9.67%</b>      | 11.29%         |
|   | <b>Retail</b>  |                  | <b>14.28%</b>     | 19..39%        |
| 2. % of rent arrears as a proportion of annual rent income for commercial property.   | Owing to an alteration in definition, the information is not yet available |                  |                   |                |
| 3(a). % of maintenance spend against total revenue budget.  | Owing to an alteration in definition, the information is not yet available |                  |                   |                |
| 3(b). % of maintenance spend against total capital value of assets.   | Owing to an alteration in definition, the information is not yet available |                  |                   |                |

19. The AMP Group has identified the poorest performing assets from this table and this information is important for SUMs in considering future bids for resources.

19.1 **Expenditure needed to bring poorest non-investment property and Creech Mills up to standard (A) (ie., lowest property category)**

| <b>BUILDINGS - Poorest: Condition/Maintenance</b> | <b>National Indicators 1(a) and 1(b)</b> |                       |                            | <b>Current Situation</b>   |
|---|--|-----------------------|----------------------------|--|
| <b>LOCATION</b>                                   | <b>Property ODPM Category</b>            | <b>Priority Level</b> | <b>Backlog Expenditure</b> | <b>CPO Comment/Likely options for investigation by SUM</b>   |
| Sports Centre, Wellington                         | C  | 3                     | £19,560.00                 | This money has been made available for use in the 2003/04 financial year   |
| Vivary Park Wooden Shelter Tennis Pavilion        | D  | 2                     | £12,000.00                 | This money has not been allocated. The AMP Group are in discussions with the Parks Leisure Team regarding the future of this building  |
| Castle Green Public Convenience                   | C  | 3                     | £2,030.00                  | No works (except emergency and works necessary to ensure the integrity of the building) to be carried out as this facility is linked to the future of the Municipal Building |
| North Street Public Convenience Wiveliscombe      | C  | 3                     | £1,930.00                  | This figure of £1,930 is for normal maintenance works. Any necessary repairs/maintenance will be action during 2003/04   |
| Canal Road Public Convenience                     | C  | 3                     | £2,040.00                  | As above   |
| Creech Mills, Creech St Michael                   | C  | 2                     | £564,670.00                | The site has been sold   |

19.2 **Investigations needed into ways of improving efficiency of poorest non-investment property**

| <b>BUILDINGS - Poorest: Energy, Water, Emissions</b>   | <b>National Indicator</b>                  | <b>CPO Comment/Likely options for investigation by SUM</b> |
|--|--|--|
| <b>Location</b><br>Station Road Swimming Pool  | 4(b)                                       | Improve  |
| Public conveniences:<br>Taunton Bus Station<br>French Weir<br>Goodland Gardens<br>North Street<br>Station Road | 4(b)(c)(d)<br>4(b)<br>4(b)<br>4(c)<br>4(b) | Improve  |

19.3 **Investigations needed to improve the performance of the investment portfolio**

| <b>BUILDINGS - Poorest: Arrears/maintenance</b>                    | <b>Performance Indicator (Local - L National - N)</b> | <b>CPO Comment/Likely options for investigation by SUM</b>   |
|--|---|--|
| <b>Location</b><br>Shop at Plain Pond Housing Estate, Wiveliscombe | LPI 1   | A design has been prepared for a single two bedroomed property. This property has now been let on a short/medium term lease (3 years) therefore development option has been deferred |
| Greenway Stores (Shop) at Greenway Housing Estate, Bishops Lydeard | LPI 1 and NI 1(b)                                     | Investigate redevelopment option<br>On going   |
| Old Municipal Buildings, Taunton                                   | LPI 3(a)  | Investigation of alternative options<br>On going   |
| Cattle Market 18 units allied to agricultural sector, Taunton      | LPI 1 and 2   | Investigate redevelopment option<br>On going   |
| Creech Mills   | LPI 1, 2 and 3(a)                                     | Sold   |



**SECTION SIX****18. PERFORMANCE INFORMATION – NATIONAL & LOCAL PROPERTY  
PERFORMANCE INDICATORS****PROJECTED OUTTURNS 2003/04**

| <b>National Indicators:</b>   | <b>Indicator</b>   |                  |                   | <b>Target</b>      |
|---|--|------------------|-------------------|--------------------|
| 1(a). % Gross internal floor space in condition categories A-D.   | <u>Category</u>  |                  | <u>%</u>          | <u>%</u>           |
|   | A  |                  | 38                | 39                 |
|   | B  |                  | 54                | 55                 |
|   | C  |                  | 6                 | 6                  |
|   | D  |                  | 2                 | 0                  |
| 1(b). Backlog of maintenance in priority categories 1-4.  | <u>Priority Level</u>  | <u>Value (£)</u> | <u>Value as %</u> | <u>Target as %</u> |
|   | 1  | 0                | 0                 | 0                  |
|   | 2  | 12,000           | 4                 | 0                  |
|   | 3  | 179,500          | 56                | 58                 |
|   | 4  | 129,425          | 40                | 42                 |
|   | Total  | 320,925          | 100.00            |                    |
| 2. Overall average internal rate of return (IRR) for industrial and retail investment properties.   | <u>Category</u>  |                  | <u>IRR</u>        |                    |
|   | Industrial   |                  | 16.65             | 17                 |
|   | Retail   |                  | 16.65             | 17                 |
| 3(a)/(b). Total management costs per square metre (sq.m) for operational (a) and non-operational property (b).  | Owing to an alteration in definition, the information is not yet available |                  |                   |                    |
| 4(a). Repair and maintenance costs per square metre (sq.m) for operational buildings (including fees).  | Not yet available  |                  |                   |                    |
| 4(b). Energy costs per square metre (sq.m) for operational buildings.   | Max  | £138.37/m sq     |                   | £138.37/m sq       |
|   | Average  | £11.46/ m sq     |                   | £11.46/ m sq       |
|   | Minimum  | £0.00/m sq       |                   | £0.00/ m sq        |
| 4(c). Water costs per square metre (sq.m) for operational buildings.  | Max  | £160.42/m sq     |                   | £160.42/ m sq      |
|   | Average  | £18.03/ m sq     |                   | £18.03/ m sq       |
|   | Minimum  | £0.42/ m sq      |                   | £0.42/ m sq        |
| 4(d). CO <sup>2</sup> emissions in tonnes of carbon dioxide per square metre (sq.m) for operational buildings.  | Max  | 910 kg/m sq      |                   | 910 kg/m sq        |
|   | Average  | 66 kg/m sq       |                   | 66 kg/m sq         |
|   | Minimum  | 0 kg/m sq        |                   | 0 kg/m sq          |
| 5(a). % of projects where outturn falls within 5% of the estimated outturn, expressed as a % of the total number of projects completed in the financial year. | <b>100%</b>  |                  |                   | 100%               |
|   |  |                  |                   |                    |
| 5(b). % of projects falling within +5% of the estimated timescale, expressed as a % of the total number of projects completed in the financial year.          | <b>100%</b>  |                  |                   | 100%               |
|   |  |                  |                   |                    |
| <b>Local Indicators:</b>  |  |                  |                   |                    |
| 1. Number of units void as a % of investment properties.  | <b>Industrial</b>  | <b>11.29%</b>    |                   | 10%                |
|   | <b>Retail</b>  | <b>19.39%</b>    |                   | 15%                |
| 2. % of rent arrears as a proportion of annual rent income for commercial property.   | Owing to an alteration in definition, the information is not yet available |                  |                   |                    |
| 3(a). % of maintenance spend against total revenue budget.  | Owing to an alteration in definition, the information is not yet available |                  |                   |                    |
| 3(b). % of maintenance spend against total capital value of assets.   | Owing to an alteration in definition, the information is not yet available |                  |                   |                    |





**SECTION SIX****18. PERFORMANCE INFORMATION – NATIONAL & LOCAL PROPERTY  
PERFORMANCE INDICATORS**

| <b>National Indicators:</b>   | <b>Indicator</b>              |   |                        | <b>Target</b>           |
|---|-------------------------------|---|------------------------|-------------------------|
| 1(a). % Gross internal floor space in condition categories A-D.   | <u>Category</u>               |   | <u>%</u>               | <u>%</u>                |
|   | A                             |   | 36                     | 36.6%                   |
|   | B                             |   | 53                     | 53.7%                   |
|   | C                             |   | 9                      | 8.5%                    |
|   | D                             |   | 2                      | 1.2%                    |
| 1(b). Backlog of maintenance in priority categories 1-4.  | <u>Priority Level</u>         | <u>Value (£)</u>  | <u>Value as %</u>      | <u>Target as %</u>      |
|   | 1                             | 0   | 0                      | 0                       |
|   | 2                             | 576,670   | 60.72                  | 60                      |
|   | 3                             | 235,950   | 24.84                  | 24                      |
|   | 4                             | 137,165   | 14.44                  | 16                      |
|   | Total                         | 949,785   | 100.00                 |                         |
| 2. Overall average internal rate of return (IRR) for industrial and retail investment properties.   | <u>Category</u>               |   | <u>IRR</u>             |                         |
|   | Industrial                    |   | 16.97                  | 17                      |
|   | Retail                        |   | 16.99                  | 17                      |
| 3(a)/(b). Total management costs per square metre (sq.m) for operational (a) and non-operational property (b).  | <u>Category</u>               | <u>Last Year*</u>   | <u>£/sq m</u>          |                         |
|   | Operational                   | (£8.18/m <sup>2</sup> )                                     | £1.38 m <sup>2</sup>   | £1.25 m <sup>2</sup>    |
|   | Non-operational               |   | £2.25 m <sup>2</sup>   | £2.00 m <sup>2</sup>    |
| 4(a). Repair and maintenance costs per square metre (sq.m) for operational buildings (including fees).  |                               |   | £16.33/sq.m            | £16 sq m                |
| 4(b). Energy costs per square metre (sq.m) for operational buildings.   |                               |   | £5.79m <sup>3</sup>    | £5 m <sup>3</sup>       |
| 4(c). Water costs per square metre (sq.m) for operational buildings.  |                               |   | £2.70m <sup>3</sup>    | £2 m <sup>3</sup>       |
| 4(d). CO <sub>2</sub> emissions in tonnes of carbon dioxide per square metre (sq.m) for operational buildings.  |                               | Last year*<br>(461.01 kg/CO <sub>2</sub> / m <sup>3</sup> ) | 51.48kg/m <sup>2</sup> | 48.00 kg/m <sup>2</sup> |
| 5(a). % of projects where outturn falls within 5% of the estimated outturn, expressed as a % of the total number of projects completed in the financial year. |                               |   | <b>100%</b>            | 100%                    |
| 5(b). % of projects falling within +5% of the estimated timescale, expressed as a % of the total number of projects completed in the financial year.          |                               |   | <b>100%</b>            | 100%                    |
| <b>Local Indicators:</b>  |                               |   |                        |                         |
| 1. Number of units void as a % of investment properties.  | <b>Industrial</b> - (8.75%)** |   | <b>9.67%</b>           | 9%                      |
|   | <b>Retail</b> - (8.75%)**     |   | <b>14.28%</b>          | 12%                     |
| 2. % of rent arrears as a proportion of annual rent income for commercial property.   | Last year<br>(9.41%)*         |   | <b>15.21%</b>          | 14%                     |
| 3(a). % of maintenance spend against total revenue budget.  | (10.10%)*                     |   | 25.22%                 | 25%                     |
| 3(b). % of maintenance spend against total capital value of assets.   | (0.90%)*                      |   | 5.7%                   | 5.5%                    |

\* Last year's number of assets was incomplete and, therefore, comparison is difficult.

\*\* Last year's figures in brackets.

19. The AMP Group has identified the poorest performing assets from this table and this information is important for SUMs in considering future bids for resources.

19.1 **Expenditure needed to bring poorest non-investment property and Creech Mills up to standard (A) (ie., lowest property category)**

| <b>BUILDINGS - Poorest: Condition/Maintenance</b> | <b>National Indicators 1(a) and 1(b)</b> |                       |                            |   |
|---|--|-----------------------|----------------------------|---|
| <b>LOCATION</b>                                   | <b>Property ODPM Category</b>            | <b>Priority Level</b> | <b>Backlog Expenditure</b> | <b>CPO Comment/Likely options for investigation by SUM</b>  |
| Sports Centre, Wellington                         | C  | 3                     | £19,560.00                 | Maintain  |
| Vivary Park Wooden Shelter Tennis Pavilion        | D  | 2                     | £12,000.00                 | Removal/Replacement   |
| Castle Green Public Convenience                   | C  | 3                     | £2,030.00                  | Maintain  |
| North Street Public Convenience Wiveliscombe      | C  | 3                     | £1,930.00                  | Maintain  |
| Canal Road Public Convenience                     | C  | 3                     | £2,040.00                  | Maintain  |
| Creech Mills, Creech St Michael                   | C  | 2                     | £564,670.00                | Units 4-17 and 24-29 (investigate disposal option)<br><br>Units 18-23 (investigate maintenance/disposal option and RDA involvement) |

19.2 **Investigations needed into ways of improving efficiency of poorest non-investment property**

| <b>BUILDINGS - Poorest: Energy, Water, Emissions</b>   | <b>National Indicator</b>                  | <b>CPO Comment/Likely options for investigation by SUM</b> |
|--|--|--|
| <b>Location</b><br>Station Road Swimming Pool  | 4(b)                                       | Improve  |
| Public conveniences:<br>Taunton Bus Station<br>French Weir<br>Goodland Gardens<br>North Street<br>Station Road | 4(b)(c)(d)<br>4(b)<br>4(b)<br>4(c)<br>4(b) | Improve  |

19.3 **Investigations needed to improve the performance of the investment portfolio**

| <b>BUILDINGS - Poorest: Arrears/maintenance</b>                    | <b>Performance Indicator (Local - L National - N)</b> | <b>CPO Comment/Likely options for investigation by SUM</b> |
|--|---|--|
| <b>Location</b><br>Shop at Plain Pond Housing Estate, Wiveliscombe | LPI 1   | Investigate redevelopment option                           |
| Greenway Stores (Shop) at Greenway Housing Estate, Bishops Lydeard | LPI 1 and NI 1(b)                                     | Investigate redevelopment option                           |
| Old Municipal Buildings, Taunton                                   | LPI 3(a)  | Investigate alternative options                            |
| Cattle Market 18 units allied to agricultural sector, Taunton      | LPI 1 and 2   | Investigate redevelopment option                           |
| Creech Mills   | LPI 1, 2 and 3(a)                                     | Investigate alternative options                            |



## AMP 2002

### SECTION SEVEN

#### 10 POINT ACTION PLAN JULY 2002-2005

##### Strategic Action

|    | Reference Paragraph  | Action Required  | Responsibility                        | Target Date                                      | Priority High/Medium/Low |
|----|----------------------|--|---------------------------------------|--|--------------------------|
| 1  | 10.5, 10.6           | Implement programme of improvements to Asset Register and to update survey information   | Chief Architect (SUM)                 | May 2003   | 00                       |
| 2  | 15.3.1, 5.2.1        | Complete Space Audit and review of data storage and archiving priorities. Investigate initiatives such as hot desking, home working and e:governance to reduce workspace requirements. | Chief Architect (SUM)                 | May 2003   | 00                       |
| 3  | 15.3.1, 5.2.1        | Recommend formal maintenance programmes for the 2003/04 budget. Target repairs and maintenance budgets at assets that are likely to remain a part of the portfolio in the long term    | AMP Group                             | November 2002                                    | 000                      |
| 4  | 15.3.1, 9.2          | Investigate expansion scheme for expansion of Council's indoor tennis facilities and provision of adequate car parking   | Head of Commercial Services (SUM)     | June 2002  | 00                       |
| 5  | 15.3.1, 6.1          | Complete grant-giving review (capital and revenue)   | Head of Financial Services (SUM)      | March 2003                                       | 00                       |
| 6  | 15.3.1               | Identify additional funding requirements to meet compliance with the Disability Discrimination Act   | Director of Community Services        | September 2002<br>September 2003                 | 00                       |
| 7  | 15.3.1               | Identify replacement/development programme and partnerships for employment sites and premises to serve areas of need (North and East Taunton, Chelston, Wellington and rural areas)    | Policy and Regeneration Manager (SUM) | September 2003                                   | 00                       |
| 8  | 4.4, 11.5, 5.2.1, 19 | Investigate options for the poorest performing properties in the portfolio   | AMP Group and SUMs                    | Review progress Spring each year (complete 2005) | 00                       |
| 9  | 5.2.2                | Investigate provision of a more integrated property service  | CPO                                   | December 2002                                    | 00                       |
| 10 | 11.8                 | Develop local pPIs to monitor stakeholder consultation and user satisfaction.  | AMP Group                             | May 2003   | 00                       |

20.2 Ongoing Actions

|   | Reference Paragraph | Action Required  | Responsibility                           | Ongoing                                       | Priority High/Medium/Low |
|---|---------------------|--|--|---|--------------------------|
| 1 | 3.5, 10.9           | Ongoing investigation of opportunities to enter into partnership agreements with external delivery organisations with a view to securing more efficient use of assets and development of partnership working with SW Network Group and Somerset Property Partnership Group. This should improve cross-service asset use, training benchmarking and e:government programme implementation | AMP Group                                | Review each 6 months                          | 00                       |
| 2 | 10.3, 15.3.1        | Review and refine the SWOT analysis questionnaire (including links with stakeholders/implications of e:government on space utilisation)  | AMP Group                                | Review each 6 months                          | 00                       |
| 3 | AMP Process         | 1. Consider 'feedback' on AMP and compare pPIs with those of other similar authorities   | AMP Group                                | Autumn each year                              | 000                      |
|   |                     | 2. AMP Group co-ordinates for CMT additions to capital programme and amendments to Revenue Budget which arise from Service Plans and Best Value Reviews  | AMP Group                                | October/November                              | 000                      |
|   |                     | 3. Amendments/additions to budget (capital and revenue) discussed with relevant Executive Councillor   | AMP Group and Executive portfolio holder | November                                      | 00                       |
|   |                     | 4. Capital Project Appraisal reports submitted to Executive on potential additions to the Capital Programme  | AMP Group                                | November                                      | 00                       |
|   |                     | 5. Revenue Budget and Capital Programme agreed by Executive and Full Council   | Council                                  | February                                      | 000                      |
|   |                     | 6. Targets set for forthcoming financial year's pPIs   | AMP Group and Executive portfolio holder | February                                      | 000                      |
|   |                     | 7. Ensure that pPIs discussed with SUMs in order to direct resources in the current financial year towards problem areas and to realise opportunities (in accordance with AMP criteria) and to meet targets.   | AMP Group and SUMs                       | Spring each year                              | 000                      |
|   |                     | 8. Produce annual AMP  | AMP Group                                | July each year                                | 000                      |
|   |                     | 9. pPIs calculated and performance reviewed each quarter.  | AMP Group and Executive portfolio holder | Each quarter April, July, October and January | 00                       |

Key - Priorities determined by CPO and Executive portfolio holder:

High 000  
Medium 00  
Low





# **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE, WEDNESDAY, 25 JUNE 2003**

## **REPORT OF THE FINANCIAL SERVICES MANAGER**

### **CAPITAL STRATEGY 2003**

**This matter is the responsibility of Councillor Williams (Leader of the Council)**

#### **1. PURPOSE**

- 1.1 The purpose of this report is to seek the Executive's endorsement of the draft Capital Strategy for 2003 before the Council considers it on 22 July.

#### **2. BACKGROUND**

- 2.1 As part of good asset management practices the Council is required to prepare a Capital Strategy. As a Council policy document, the full Council must adopt the plan.

- 2.2 The Capital Strategy, together with the Asset Management Plan and the Housing Business Plan form the core documents required for the Council to comply with the requirements of the Single Capital Pot.

- 2.3 The Single Capital Pot was introduced in 2001 to allocate credit approvals to Authorities based on their progress towards having a joined up, corporate and strategic approach to capital investment. The capital strategy for 2001 and 2002 was assessed by GOSW as "good" and earned additional credit approvals for the Council of £50,000 each year.

- 2.4 The Capital Strategy is a summary of the Council's approach to capital investment including:-

- Development and ongoing management of the Capital Programme,
- Partnership working on capital projects,
- Linkages with other corporate strategies, and
- Performance measurement.

- 2.5 The Strategy, as attached, complies with the format and content requirements as specified in Government guidance. If the Executive is able to endorse the draft, with or without amendments, it will then be presented to Council on 22 July.

#### **3 EFFECT ON CORPORATE PRIORITIES**

- 3.1 Being a strategy document that covers all aspects of the Council the Capital Strategy reflects and impacts on all corporate priorities.

4. **RECOMMENDATION**

- 4.1 The Executive is RECOMMENDED to endorse the draft Capital Strategy for 2003 and to recommend its adoption by Council on 22 July 2003.

**Background Papers:** Agenda Item 6, Executive 17 July 2002, Capital Strategy 2002

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# Taunton Deane Borough Council - Capital Strategy 2003

## 1 Our Key Objectives and Principles

1.1 The activities of the Council are focussed around promoting the economic, social and environmental well being of the Borough, this is achieved through our Corporate Priorities. These six priorities are key to influencing the overall strategic direction of all spending plans. Our Corporate Priorities are:

- Economy – improving people’s livelihoods and job opportunities,
- Transport and Access – delivering more accessible services and a better transport system,
- Crime – developing safer communities,
- Health – promoting healthier lifestyles and communities,
- Environment – protecting and enhancing our environment,
- Delivery – helping to develop strong communities through working in partnership and delivering excellent services.

1.2 This strategy covers all aspects of Capital expenditure, including Housing and General Fund capital programmes. Therefore services ranging as widely as Social Housing, Highways, Leisure, IT and Tourism are included.

1.3 This strategy is a corporate document; it is influenced by the other corporate documents of the Council, such as the Best Value Performance Plan, Housing Strategy and Housing Business Plan, Community Plan, Local Transport Plan and Asset Management Plan. Our work with the Local Strategic Partnership on the overall Community Plan for the Borough, and the Vision Commission for Taunton also provides key strategic direction and a framework for capital investment within the Borough. These plans are consolidated into the spending plans laid out in the Corporate Strategy and ultimately into the Council’s Budget. This process will be demonstrated by references to those plans throughout this document. In addition best value reviews and service plans also influence our strategy. The Council’s Corporate Management Team, the Executive and Full Council have endorsed it.

1.4 The Council exerts enormous influence throughout the Borough, as an employer, a service provider, a tax raiser and importantly as a lever in developing all aspects of living and working in the area. Our capital spending can aid other agencies and local authorities and can directly influence the public at large. The table below gives some key examples together with the relevant Corporate Priority:

| <b>Project</b>                 | <b>How does TDBC Influence Others?</b>                                | <b>Corporate Priority</b>  |
|--------------------------------|---|--|
| Grants to Housing Associations | Enables RSLs to provide social housing in line with TDBC requirements | Access to affordable Housing and an Improved Environment, Service Delivery |

|   |   |   |
|---|---|---|
| Contribution to Wiveliscombe Community Office | The grant enables the local partnership to refurbish the project's offices          | Promotion of the local economy, access and delivery of services   |
| Contribution to North West Taunton Package    | Without the TDBC contribution, this multi agency scheme would not proceed           | Promotion of the local economy, access and delivery of services   |
| Wellington Town Centre Enhancement            | The improvement of shopping areas for the general public                            | Promotion of the local economy and improvement to the environment |
| DDA Compliance                                | To make all TDBC building accessible for all members of the public                  | Access to and delivery of services                                |
| Flood Alleviation schemes                     | Enabled the EA to commission a major flood alleviation scheme within the Borough    | Protecting the environment and the economy of the Borough         |
| CCTV schemes                                  | The reduction in crime in key urban areas   | Crime reduction and promotion of the economy                      |
| The Wellsprings Leisure Centre                | Without TDBC commitment to this scheme, the LEA would not have these new facilities | The promotion of healthier living and social inclusion            |

1.5 The Capital Strategy is a summary of the capital spending objectives that arise from the plans and strategies mentioned above. Consultation is a vital part in the formulation of all of these plans. Therefore as this document brings together the spending aspirations of all those plans the views of all stakeholders are already included in the Capital Strategy. Consultation takes place in many ways, for example, through user groups and surveys (Leisure and Commercial Property), questionnaires (Leisure), representative groups (Housing) and through the Member review panel process employed by the Council.

1.6 In addition the spending plans of the Council have been widely consulted upon through promotion in the publication "Deane Dispatch" and via a series of Budget Consultation workshops which took place with the general public over the Winter. This consultation reflected local and Borough wide priorities and enabled both revenue and capital monies to be closely aligned to the priorities of the Community. In particular it enabled over £70k of improvements to some of our most needy assets to be programmed into the 2003/04 budget. The delivery of the objectives outlined in the Capital Strategy is set out in detail in the AMP and the Housing Business Plan. These joined up plans are approved concurrently by the Council.

## 2 Capital Assets – Taunton Deane in Context.

2.1 The Council is an active Housing Authority with over 6,000 Council Houses and Flats. In addition the Council is responsible for several Leisure Centres, Parks, Car Parks and other operational assets. The Council also holds numerous investment properties. Further information is available in the Context Sheet, which accompanies this document. The value of the total asset base of the Council as at 31 March 2003 is shown below:

| Asset Type             | General Fund £    | Housing Revenue £  | Total £            |
|------------------------|-------------------|--------------------|--------------------|
| Council Dwellings      | 0                 | 272,655,450        | <b>272,655,450</b> |
| Other Land & Buildings | 32,051,153        | 9,893,300          | <b>41,944,453</b>  |
| Vehicles & Equipment   | 595,986           | 57,003             | <b>652,989</b>     |
| Infrastructure Assets  | 5,848,970         | 1,895,719          | <b>7,744,689</b>   |
| Community Assets       | 1,421,150         | 0                  | <b>1,421,150</b>   |
| Non Operational        | 3,399,000         | 0                  | <b>3,399,000</b>   |
| <b>Total</b>           | <b>43,316,259</b> | <b>284,501,472</b> | <b>327,817,731</b> |

## 3 Service Portfolio Objectives

3.1 The Authority is structured into primary groups of services (portfolios). The Council has clear objectives for investment within each portfolio and this is derived from our Corporate Priorities, our corporate plans and individual service plans, these are detailed in paragraphs 3.2 to 3.8 below. A summary of capital spending for the period 2002/03 to 2005/06 is shown below. This covers a period of four years for General Fund and two years for Housing Services.

| Portfolio                              | 2002/03 £        | 2003/04 £        | 2004/05 £      | 2005/06 £      | Total £           |
|--|------------------|------------------|----------------|----------------|-------------------|
| Community Leadership                   | 10,000           | 0                | 0              | 0              | <b>10,000</b>     |
| Corporate Resources                    | 252,681          | 120,000          | 85,000         | 85,000         | <b>542,681</b>    |
| Eco. Dev. Tourism & Council Businesses | 1,050,841        | 232,520          | 185,000        | 127,000        | <b>1,595,361</b>  |
| Environmental Policy                   | 871,821          | 26,000           | 10,000         | 10,000         | <b>917,821</b>    |
| Housing                                | 5,811,560        | 5,787,890        | 0              | 0              | <b>11,599,450</b> |
| Leisure, Arts & Culture                | 757,498          | 850,920          | 243,100        | 91,100         | <b>1,942,618</b>  |
| Planning & Transportation              | 453,349          | 200,000          | 0              | 0              | <b>653,349</b>    |
| <b>Total</b>                           | <b>9,207,750</b> | <b>7,217,330</b> | <b>523,100</b> | <b>313,100</b> | <b>17,261,280</b> |

### 3.2 **Community Leadership**

This portfolio is responsible for many cross cutting corporate priorities. For example economy, the crime and disorder strategy, the environment and the delivery of services. This portfolio provides a corporate overview on community issues and on the plans and reviews affecting the whole Borough. Influence on capital projects is at a corporate level, rather than focusing on specific projects, although the financial support for a multi agency community office is a key project for this portfolio.

### 3.3 **Corporate Resources**

This portfolio deals with the majority of the Councils support services. The clear strategy and objective here is to support front line services through improved Information Technology and improvements to corporate assets such as office buildings. Work within this portfolio is derived mainly from the Council's E Government strategy, the AMP and the service plan for office buildings.

### 3.4 **Economic Development, Tourism & Council Businesses**

This portfolio covers a key corporate priority and promotes our obligations on economic well being arising from the modernisation agenda. Projects included in this portfolio arise from the Councils Economic Development and Tourism Strategies and the Vision document. The Council has recently restructured the Development Directorate to enhance and promote our work in the area of economic development. In addition through the AMP process the Council is continuing to investigate economic development opportunities both on its own and in partnership through the Regional Development Agency. This is of particular importance as Taunton has recently been designated a Principal Urban Area, this will lead to many opportunities for the Council. Other examples include the enhancement and regeneration of the town centres of both Taunton and Wellington. In addition the service plans of the Council's trading services such as the Direct Labour Organisation and Crematorium influence the programme through projects such as the purchase of new vehicles and improvements to trading assets as identified in the Asset Management Plan.

### 3.5 **Environmental Policy**

This is a specific corporate priority, and the Capital Programme for this portfolio is designed to maintain and enhance the reputation that the Council has for providing quality services such as environmental health, waste control and street sweeping. For example in 2003/04 the Council has taken advantage of central Government funding opportunities to enable the monitoring of air quality. In addition the inclusion of projects supporting local flood alleviation schemes are consistent with the Local Plan.

### 3.6 **Housing**

The core documents relating to capital investment in this service area are the Housing Business Plan and the Housing Strategy, and is consistent with corporate priorities for healthy living and our environment. This details our plans for the future provision of Housing and the investment required both for our Housing stock and for private sector housing. Housing covers more than

50% of the Council's total capital spending and is particularly dependant on credit approvals as a major source of finance. Our priorities here are:

- to meet local targets for the provision of social housing within the Borough by partnership working with Housing Associations,
- to improve the condition of private sector stock through the provision of renovation grants,
- to improve the condition of the Council's Housing stock to meet the "decent homes" standard as promoted by the Government.

### 3.7 **Leisure, Arts & Culture**

This portfolio contains some of our major assets, such as Leisure Centres and our Parks. Our strategic direction here is to enhance these services through continued investment, and to maximise external funding opportunities for these projects. Arising from a 2002 Best Value review the Council has taken positive steps forward and is now actively setting up a not-for profit Trust for these facilities. This will enable the Council to maintain its Leisure assets to a greater standard whilst still providing quality leisure services to the residents of the Borough.

### 3.8 **Planning Policy and Transportation**

The majority of the projects within this Portfolio derive come from the recommendations that arise from the Local Transport Plan/Parking Strategy/Local Plan/Vision. This portfolio is especially important as it deals with so many fundamental aspects of the role of the Borough Council as a planning authority. Transport and planning issues tend to go hand in hand therefore co-ordination is vital between many different agencies and this is reflected in the priorities of this portfolio. These priorities include co-ordinated transport systems and improvements to the local infrastructure in conjunction with the County Council.

## 4 **Capital Investment Prioritisation and Bidding Regime**

4.1 The Authority has in place an established system to enable Corporate Management Team and elected Members to prioritise between proposed new capital schemes. This system is known locally as the Project Appraisal Report (PARs) system. The purpose behind the PAR is to provide comprehensive information on each new scheme, thereby enabling informed choices to be made. Guidelines on the requirements of the PAR system are available to all Service Managers and are placed on the Council's Intranet site. This process is now in place across the whole Authority. The principles behind the PAR system are not only used at budget setting time but are also used as a framework when considering the implementation of other major capital schemes.

4.2 In addition to the traditional data requirements needed when considering a new project, such as cost and other resource implications, the PAR requires Officers to consider Authority wide objectives, in particular its fit with the Council's Corporate Priorities.



- 4.3 To complete a PAR Officers must provide the following details on each proposed scheme:
- Project Outline and Description,
  - Category of Scheme (ie legal obligation, service necessity, service maintenance or service necessity),
  - Establishment of Need – appropriate analysis of need and rationale,
  - Fit with Corporate Priorities,
  - Fit with Service planning objectives,
  - Sustainability,
  - Option appraisal – ie “do nothing”, full scheme, partial scheme, scheme provided by other agencies, scheme provided through partnership working,
  - Risk identification,
  - Overall project evaluation,
  - Resource implications, capital and revenue, monetary and non-monetary,
  - Timescale for implementation,
  - Recommendations.
- 4.4 Submitted PARs are initially assessed at Director level, onward to Corporate Management Team and then onto the Executive who then make the final decisions as to which new schemes are included in the programmes, which are considered by Full Council.
- 4.5 As part of the above, the revenue implications of each new scheme must be considered. The Financial Services Unit also advises on the overall revenue impact of new schemes to ensure that the approval of new schemes is consistent with the Council’s revenue budget strategy and medium term financial plan.

## **5 Management of the Capital Programme**

- 5.1 The capital programme is formally reviewed and reported on a quarterly basis (along with all other budgets of the Council) to ensure not only spend against budget but also progress of each scheme against other aspects such as timetable and construction progress. In addition an analysis of available capital resources ensures that the “affordability” of the programme is maintained. This process has recently been enhanced by a new structure within the Financial Services Unit which provides a greater level of support to each of the Council’s Directorates, this is of particular benefit when appraising new schemes as both financial and non financial staff are involved in new projects from the outset. Thereby enabling risks (financial and non financial) to be actively managed. This data is reported to both Corporate Management Team and the Executive.
- 5.2 To ensure comprehensive financial data is available the VAT implications of the capital programme on the Council’s partial exemption position are also monitored and reported on a quarterly basis. This highlights the amount of any irrecoverable VAT and the impact on budgets.

- 5.3 In addition to the above the Audit and Review Unit are developing an enhancement to the contract monitoring systems employed by the Council. This will take the form of improved IT systems which will aid managers in the continuous monitoring of spend versus budget together with automatic links to pre-set contract performance indicators. The strategy for the monitoring and measurement of the programme covers the four year period of the programme detailed in paragraph 3.1.
- 5.4 Finally, the process of strategic risk management is employed for high spend/high risk/high profile capital projects. Where applicable, multi discipline project teams are formed to manage these schemes and to report progress and risks to Corporate Management Team on a regular basis.

## **6 Funding of Capital Projects**

- 6.1 The Council recognises that on its own it cannot deliver all of its investment priorities. It is vital to secure partners to assist with meeting our aims and to use external funding sources. For example the Council has worked with the Sports Lottery Fund and will deliver a flagship Leisure Centre in North Taunton which will be used by both local schoolchildren and the general public. The Council is at the forefront of E-Government objectives and is using central Government funding to work on projects within Taunton Deane and as part of a consortium of Authorities across Somerset; the aim being to improve service delivery. In addition the Council is working in partnership with the Environment Agency to provide much needed flood alleviation schemes within the Borough.
- 6.2 As an alternative funding source, and as a commitment to partnership working, the Authority welcomes the concept of PPP and PFI. At a time when capital resources are scarce these alternative funding vehicles will be fully explored. However, as yet no schemes have been identified which would warrant such a venture. With regard to the new Prudential Regime for Capital Finance the Council welcomes the new freedoms (and associated responsibilities) that will be part of the system. This will further enhance the ability of the Council in meeting the needs of the Community. In addition the AMP process has been used as a lever to enable the disposal of surplus and poorly performing assets. The capital receipts arising are then used to fund priority schemes of the Council. Finally the Council ensures that, where applicable, monies secured through S104 and S106 agreements are used to support our capital strategy.

## **7 Links with Best Value and Service Plans**

- 7.1 The development of this strategy cannot be achieved by only referring to the main corporate plans of the Authority. Notice must also be taken of the individual requirements of particular services and the outcomes of Best Value Reviews; this is achieved through the Officer group responsible for the production of the Asset Management Plan. The AMP Group will evaluate all Service Plans, Revenue Budget Development Bids and Best Value Reviews to ensure that any property/asset issues are included within the AMP/CS and Capital/Revenue Budget.

## 8 Procurement

- 8.1 The Council will through the use of its dedicated Corporate Purchasing Unit ensure that best value is obtained for contracts. This is further enhanced by the requirement of Officers to meet the strict tendering and contractual procedures required under our Financial Regulations and Contract Standing Orders. Dealing specifically with the principles recommended by the Construction Task Force where project integration and innovation are to be promoted, the Council welcomes this and many initiatives are now in place. The Council has continued to develop a scheme which was introduced in 2001 to work with neighbouring Authorities on a joint commissioning partnership for the construction of new Social Housing Projects. This involves the selection of preferred Housing Associations and builders in order to obtain long term value for money on such schemes (as promoted by the Construction Task Force). Involving multiple builders in a scheme such as this is believed to be the first of its type in the Country. Finally, the Council will continue to reduce the environmental impact of new projects through its energy management schemes and in construction specifications.

## 9 Partnership Working

- 9.1 As mentioned above, the Council fully utilises all alternative external funding sources in delivering its capital projects. However, the Council recognises that monetary needs are only one way in which partnerships are vital in delivering modern service targets. The Council cannot ignore the expertise that partners bring to the Council, in both technical and administrative terms, and the specialities that other providers can bring. In 2002 the Council has continued to develop its links with the County Council Property Service to share information on surplus property and on investment opportunities.
- 9.2 The table below highlights current partnership working (innovative cross cutting issues are shown in *italics*):

| <b>Capital Project (TDBC budget)</b>          | <b>Other Partners</b>  | <b>What do the Partners Provide?</b>  |
|---|--|---|
| <i>Implementing E Government (£400,000)</i>   | <i>Other Somerset Local Authorities/Police Authority/ ODPM</i> | <i>Shared resources/ Shared personnel/ County wide call centre technology for LG services</i> |
| Silk Mills Railway Crossing (£399,000)        | County Council/ Highway Agency                                 | Funding/ Technical support/ Common aim of Local Plan  |
| Flood Alleviation Schemes (£100,000)          | Private Housing Developers/Environment Agency/ Parish Councils | Funding/ Technical support  |
| Contributions towards Social Housing Projects | Housing Corporation/ Registered Social                         | Funding/ Land/ Provision of social housing in   |

|   |   |  |
|---|---|--|
| (£1,967,410)  | Landlords   | accordance with TDBC requirements  |
| Recycling Boxes (£145,000)                                | Other Somerset District Councils/Somerset County Council/Central Govt.        | Funding/Purchasing power/coordinated recycling strategy                              |
| <i>Somerset Direct (Funded via Government Grant)</i>      | <i>Other Somerset District Councils/Somerset County Council/Central Govt.</i> | <i>Funding/Purchasing power/coordinated innovative approach to service provision</i> |
| <i>Community Facilities (£120,000) Cotford St Luke</i>    | <i>County Council/ Local Developers/ Community</i>                            | <i>Planning advice/ Funding/ Shared Assets</i>                                       |
| Grants to Village Halls/ Play Equipment Grants (£360,298) | Parish Councils/ Local Village Hall & Playing Field Committees                | Funding/ Enhancement to community assets   |
| Bridgwater & Taunton Canal (£20,000)                      | County Council  | Funding/ Enhancement to community assets   |

9.3 Partnership working is further progressed within the Council, it is a requirement of the PAR system to consider how any scheme may be implemented through joint working or through the implementation of a scheme by a provider other than the Council.

## 10 Performance Measurement and Benchmarking

10.1 The Council is committed to ensuring that the money that it invests in capital projects achieves the desired outcomes and targeted objectives of the Authority. These targets are detailed in the specific plans and strategies of those services, as described in para.1.3. These outcomes are controlled and monitored in many different ways, for example:

- Grants to Housing Associations are dependant on specific targets relating to both the type of dwellings constructed and targeted occupants (ie special needs), the outcomes are reported to the Council's Housing Panel,
- Housing Improvement and Disabled facilities grant applications undergo stringent assessment criteria, thereby focusing resources towards Council objectives,
- Grants to Village Halls are only given to projects which meet County and Borough Council objectives,
- Where the Council requires external funding, for example from the Sports Lottery Fund, these projects must meet the specific criteria of all funding partners. Detailed outcome reports are provided to all partners,
- Where the Authority provides funding for footpath and street lighting projects there is a specific "needs" assessment made, to ensure that the project meets both Borough and County Council objectives.

10.2 The use of the national and local property performance indicators, as detailed in the AMP, will improve the performance of the Council's assets by targeting resources towards low performing assets, for example high cost or low return

assets. The Council has in place a stringent target and monitoring procedure for all indicators. Local indicators specifically target the use and return gained from our Commercial portfolio. The results of these indicators are reported to the Corporate management Team and the Executive.

- 10.3 These indicators will also allow specific services and assets to be targeted. For example the data derived from the maintenance backlog exercise will be integrated into the Council's Medium Term Financial Plan to ensure that this backlog is prioritised and that our reputation for good quality assets is maintained. These indicators are also used to inform Members when making asset disposal decisions.
- 10.4 The Council's budgeting procedures also allows the Authority to set benchmarks for areas such as financial return, maintenance costs and energy efficiency. Indeed targets for 2003/04 have already been set and progress will be monitored and reported quarterly to Corporate Management Team and Members. As the asset management process develops on a local and national basis it is envisaged that the performance of Taunton Deane Borough Council will be benchmarked against comparable Authorities.

## **11 Conclusion**

11.1 In both 2001/02 and 2002/03 the Council was assessed by the Government Office of the South West as having a "good" capital strategy, the highest level of score. As a consequence the 2003/04 version does not have to be assessed by GOSW, however the Council has continued to develop its capital strategy in line with its corporate priorities. This document summarises the strategic direction of capital investment within Taunton Deane Borough Council. The Council is committed to improving the Borough and recognises that capital investment is a major source of influence.

## **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE 25<sup>TH</sup> JUNE 2003**

### **REPORT OF THE HEAD OF FINANCE**

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

#### **COMMUTATION ADJUSTMENT**

**1. Purpose of Report**

1.1 To brief the Executive on the historic, current and proposed treatment of the commutation adjustment within Taunton Deane's accounts.

**2. The Legislative Background**

2.1 On 1/10/92, the Secretary of State exercised powers (s157 of the 1989 Act) to make single payments to Councils to commute all entitlement to future years improvement grant subsidy on works carried out before 1992/93. Where Councils had outstanding PWLB debt, the payments instead of being made to the Council were made directly to the PWLB to reduce or extinguish debts.

2.2 This payment (the commuted sum) served to reduce the credit ceiling. The credit ceiling is a notional figure, i.e. it is a memorandum item rather than a "real" figure in the Statement of Accounts. In theory it measures the net indebtedness of the Council arising from past capital projects. It is also used as the basis (after some technical adjustments) for calculating the MRP (Minimum Revenue Position), which is the statutory amount, which the Council has to include within its budget for the repayment of debt.

2.3 The single payment made by the Govt reduced authorities indebtedness, thereby reducing its credit ceiling (notional) and as a consequence its MRP (real), and Debt Interest (real) charges to the revenue account.

2.4 However, this reduction was not enough to compensate Councils for the loss of the annual improvement grant subsidy received previously. The calculation of the MRP was therefore amended to include the "Commutation Adjustment". This was intended to "compensate" authorities, and to return their accounts to the position to that which would have been held if the commutation exercised had not taken place (i.e. over the lifespan of the commutation adjustment the overall effect should be nil).

2.5 The calculation of the commutation adjustment is set out in regulation 138 and Schedule 2 to the 1997 Regulations. The CIPFA guidance notes state "*the commutation adjustment adds considerable complexity to the calculation of the MRP and can result in substantial adjustments to the charge to be made to the Consolidated Revenue Account.*"

### **3. Taunton Deane's Position**

- 3.1 Taunton Deane Borough Council have not been following the full requirements of this section of the 1989 Act in their Statement of Accounts. The situation is further complicated by the policy of "voluntary top-ups" to MRP, which was policy within Taunton Deane until the financial year 2001/02.
- 3.2 With the help of our treasury advisors, Sector, we have gone back through the Councils accounts to April 1992 and calculated the commutation adjustment for each financial year thereafter.
- 3.3 The relevant figures for each year are set out in Appendix 1.
- Column 1 shows the MRP figure that was charged to TDBC's accounts.
  - Column 2 shows the MRP figure that could have been charged to TDBC's accounts if we had followed the statutory provisions in their entirety (i.e. taken the commutation adjustment, and not had a voluntary top-up to the MRP figure).
  - Column 3 is the difference between the two.
- 3.4 In summary, the difference between what we have charged to the accounts, and what we were required to charge to the accounts over the period to the end of 2001/02 is £2,883,222.
- 3.5 During this period, TDBC operated a voluntary top-up to MRP policy, and this cannot be unwound. Reintroducing this to the equation reduces the above figure to £1,823,899 (Table b in Appendix 1). This lower figure is simply the aggregate value of previous years commutation adjustment, which the Authority had not made within the General Fund.
- 3.6 This £1.8m (or any amount up to this limit) can be taken back into this Councils accounts and transferred to the General Fund Reserve. However, there are ongoing costs associated with doing this - in simple terms, this is due to the commutation adjustment reducing the MRP, which in turn leaves the credit ceiling higher than it would have been. This higher credit ceiling means higher future annual MRP charges to the revenue account. The costs equate to roughly 4% of the "positive adjustment", plus an increase in debts costs borne by the General Fund.
- 3.7 In making the decision on how much of the £1.8m this Council "takes back into the accounts", it is important to consider:-
- The need for capital funding.
  - The future costs associated with it;
  - The aspirations of the Council re repayment of debt.
  - The impact of this decision on the new Prudential Regime.
- 3.8 Appendix 2 attempts to show the ongoing annual costs of returning the commutation adjustment to the Councils reserves in increments of £250,000.

- 3.9 The Council could choose not to take any of the £1.8m back to the General Fund Reserve – by leaving the funds in the accounts as they are, but describing them as the early repayment of debt.

#### **4. The Choices**

- 4.1 In addition to the £1.8m (which deals with the position up to the end of 2001/02) the Council has budgeted for the repayment of debt within the General Fund budget in both 2002/3 and 2003/4 under the existing (incorrect) method of calculation, a follows:-

|              | <b>£</b>              |
|--------------|-----------------------|
| 2002/3       | 116,500               |
| 2003/4       | 153,660               |
| <b>Total</b> | <b><u>270,160</u></b> |

These amounts will no longer be a cost to the General Fund, with the 2002/3 element being reported as part of the 2002/3 outturn report (thereby showing a larger underspend than that expected at Qtr 3). The 2003/4 element will be reported to Members at the first quarterly budget monitoring exercise.

- 4.2 The area of choice surrounds this Councils treatment of the £1.8m. It is clear that whilst there is a need for monies to support capital spending, this must be balanced with the ongoing revenue costs that this adjustment will incur.
- 4.3 The accounts presented to you next month must reflect your decision re the backdated commutation adjustment. This issue cannot be delayed for future financial years. It would be prudent therefore, to take the maximum commutation allowance now, and to take some time to consider how this should be best used to meet the Councils priorities. The funds if not required, will be returned to the reserve in 2003/04 and noted as early repayment of debt. This will be considered during the budget setting exercise later this year.
- 4.3 The impending introduction of the Prudential Regime will change all the current regulations re MRP, and the allocation of interest charges between the various Council Funds (ie HRA and General Fund). As stated in the report to the Executive in May 2003, some of the detail of the new system has not been published yet - therefore the future financial impact of this decision is based on the existing capital finance regulations.
- 4.4 District Audit have reviewed and audited our calculations and have accepted the position as shown in this report.

#### **5. Impact on Corporate Priorities**

- 5.1 The capital finance regulations underpin all aspects of local authority capital spending. The transfer of the commutation adjustment funds to earmarked capital reserves will offer this Council flexibility in delivering their corporate priorities.



**6. Recommendation**

6.1 The Executive is requested to note the current position on the commutation adjustment and to recommend Council to:

- a) Approve the transferring of the backdated commutation adjustment amounting to £1,823,899 to the General Fund Reserve and the immediate earmarking of these funds for capital purposes (RCCO in 2002/03);
- b) Approve the transfer of the 2002/03 commutation adjustment amounting to £116,500 to the General Fund Reserve and the immediate earmarking of this for capital purposes (RCCO in 2002/03);
- c) Approve the transfer of the 2003/04 commutation adjustment amounting to £153,660 to the General Fund Reserve and the immediate earmarking of this for capital purposes (RCCO in 2003/04).

**Shirlene Adam**  
**Head of Finance**  
**(01823) 356310**  
**s.adam@tauntondeane.gov.uk**

**Table A - Minimum Revenue Position 1992 – 2002**

| <b>Year</b> | <b>Actual MRP Charged<br/>£</b> | <b>Statutory MRP<br/>£</b> | <b>Difference<br/>£</b> |
|-------------|---------------------------------|----------------------------|-------------------------|
| 1992/3      | 951,339                         | 852,329                    | 99,010                  |
| 1993/4      | 846,621                         | 598,668                    | 247,953                 |
| 1994/5      | 844,175                         | 624,896                    | 219,279                 |
| 1995/6      | 856,910                         | 618,112                    | 238,798                 |
| 1996/7      | 875,968                         | 599,743                    | 276,225                 |
| 1997/8      | 912,712                         | 569,001                    | 343,711                 |
| 1998/9      | 859,022                         | 524,540                    | 524,540                 |
| 1999/0      | 863,851                         | 506,087                    | 506,087                 |
| 2000/1      | 992,888                         | 454,269                    | 454,269                 |
| 2001/2      | 666,860                         | 439,479                    | 227,381                 |
|             |                                 | <b>Total</b>               | <b>2,883,222</b>        |

**Table B - Minimum Revenue Position 1992 – 2002**

| <b>Year</b> | <b>Actual MRP Charged<br/>£</b> | <b>Statutory MRP +<br/>Voluntary Top<br/>Ups<br/>£</b> | <b>Difference<br/>£</b> |
|-------------|---------------------------------|--|-------------------------|
| 1992/3      | 951,339                         | 899,773  | 51,566                  |
| 1993/4      | 846,621                         | 740,397  | 106,224                 |
| 1994/5      | 844,175                         | 619,297  | 124,878                 |
| 1995/6      | 856,910                         | 711,959  | 144,951                 |
| 1996/7      | 875,968                         | 705,940  | 170,028                 |
| 1997/8      | 912,712                         | 709,717  | 202,995                 |
| 1998/9      | 859,022                         | 631,303  | 227,719                 |
| 1999/0      | 863,851                         | 616,444  | 247,407                 |
| 2000/1      | 992,888                         | 716,277  | 276,612                 |
| 2001/2      | 666,860                         | 395,341  | 271,519                 |
|             |                                 | <b>Total</b>   | <b>1,823,899</b>        |

**Impact of Adjustment to Credit Ceiling**

| <b>Adjustment Value<br/>£</b> | <b>Annual MRP<br/>'Cost'<br/>£</b> | <b>GF Interest<br/>Cost in 2003/4<br/>£</b> | <b>Total Revenue<br/>Cost<br/>£</b> |
|-------------------------------|------------------------------------|---|-------------------------------------|
| 250,000                       | 10,000                             | 5,500                                       | 15,500                              |
| 500,000                       | 20,000                             | 10,920                                      | 30,920                              |
| 750,000                       | 30,000                             | 16,240                                      | 46,240                              |
| 1,000,000                     | 40,000                             | 21,450                                      | 61,450                              |
| 1,250,000                     | 50,000                             | 26,590                                      | 76,590                              |
| 1,500,000                     | 60,000                             | 27,540                                      | 87,540                              |
| 1,750,000                     | 70,000                             | 31,830                                      | 101,830                             |
| 1,823,899                     | 72,956                             | 33,080                                      | 106,036                             |

# TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 25 JUNE 2003

## REPORT OF THE FINANCIAL SERVICES MANAGER

### OUTTURN REPORT 2002/03

This matter is the responsibility of Councillor Williams (Leader of the Council)

#### 1. Purpose

- 1.1 To update the Executive on the outturn position of the Authority on revenue and capital for the General Fund, Housing Revenue Account and trading services for 2002/03.
- 1.2 The outturn position reported for both funds contain some estimated figures for government subsidies on housing and housing benefit. The final figures for these will not be available in time for the final accounts to be produced. Should the final figures differ significantly from those used in closing down the accounts for 2002/03, a further report will be presented to Members giving the updated position on subsidy and the implications for the Councils reserves.
- 1.3 The following outturn figures will therefore be used to prepare the Council's Statement of Accounts, which will be presented to Members next month. This is well within the current statutory timetable for approval of the 2002/3 annual accounts, however improvements to the closedown timetable will have to be made over the next three years to meet the deadline which will be in place when the Council considers the 2005/6 accounts (ie June 2006).

#### GENERAL FUND

##### 2. Revenue

- 2.1 Members were presented with regular budget monitoring reports during 2002/03 outlining the estimated outturn position and the likely impact on the General Fund reserve. In summary, these reports showed the following expected use of reserves to support the budget:

| 2002/03   | Change during the Year £ | Impact on General fund Reserve £ |
|---|--------------------------|----------------------------------|
| Original use of Reserves                                    |                          | 83,184                           |
| Less Q2 reported underspend                                 | -188,300                 |                                  |
| Less Q3 reported underspend                                 | -95,600                  |                                  |
| <b>Plus supplementary estimates agreed during the year:</b> |                          |                                  |
| Revenue contributions to capital (various schemes)          | +601,775                 |                                  |
| Wellsprings Revenue costs                                   | +96,000                  |                                  |
| Vision for Taunton  | +50,000                  |                                  |
| <b>Total Use of Reserves to support the 2002/03 budget</b>  |                          | <b>547,059</b>                   |

- 2.2 The draft outturn for 2002/03 is set out in summary in Appendix 'A', and is set out in four main columns as follows:-
1. The Original Budget approved by the Executive on 13 February 2002 (Column 1)
  2. The Current Budget including all supplementary estimates and reported savings during the year which have been approved by the Executive, as per paragraph 2.1 above (Column 2)
  3. The Draft Outturn Position (Column 3)
  4. The Variance between the Current Budget and the Draft Outturn (Column 4).
- 2.3 The draft outturn position is significantly different from that set out in paragraph 2.1 above, this is due to the impact of the Commutation adjustment. Further details are shown in section 2.7 below. Removing this exceptional item the draft outturn position shows a net transfer from the General fund reserve of £497,183. This is £49,876 lower than that reported during budget monitoring during the year (see table in para. 2.1). The main reasons for this are shown in the following table:-

| <b>Expenditure Head</b>               | <b>Variation since the Q3 Budget Monitoring Report £</b> | <b>Comments</b>  |
|---------------------------------------|--|--|
| <b>Additional Costs</b>               |  |  |
| Loss on Leisure DSO operations 2002/3 | 99,666   | During the year the Leisure DSO made a total loss of £110,736. This includes many exceptional items and further details are shown in paragraph 6.3 of this report. This loss has been funded initially from the DSO reserve however this is insufficient to cover the total required and the balance has to be financed by the General Fund. |
| Homelessness                          | 63,000   | Increased expenditure on bed and breakfast accommodation   |
| <b>Additional Income</b>              |  |  |
| Interest receipts                     | -114,042   | Due to unexpected surplus cash balances in the latter part of 2002/3 and their subsequent investment within the money markets there has been an increase of investment interest earned. Further comments on this issue are included within paragraph 5.4 of the Treasury Management Outturn report which is included within this agenda.     |
| Development Control Fees              | -64,000  | Additional fees over that reported in the Q3 budget monitoring report  |
| Recycling Credits                     | -26,000  | Additional income over that reported in the Q3 budget monitoring report  |
| Other                                 | -8,500   | Various underspends and other minor increases in income  |
| <b>Total Net Over/(Underspend)</b>    | <b>-49,876</b>   |  |

- 2.4 In addition to the above, there have been several requests from Officers to carry underspends from 2002/03 to 2003/04. These are mainly due to timing differences and the Head of Finance is recommending that the Executive approve the following carry forwards into 2003/04:

| <b>Requests from Officers to carry forward 2002/3 underspends to 2003/4:</b> |                 |  |
|--|-----------------|--|
| <b>Expenditure Head</b>  | <b>Amount £</b> | <b>Comments</b>  |
| Vision for Taunton   | 50,000          | This was the subject of a request for a supplementary estimate during 2002/3, however no costs have been incurred within 2002/3 therefore there has been a request for these funds to be carried forward to 2003/4   |
| Liquor Licensing   | 50,000          | The set up costs, which are likely to be incurred in the administration of the Council's new responsibilities for Liquor Licensing, are estimated at £78k, there is already £20k within the 2003/4 budget for set up costs, leaving £58k to be found. The approval of this carry forward from the 2002/3 budget would largely cover the remaining costs. The balance of £8k being found from within the 2003/4 budget. |
| Rental Support Scheme  | 10,000          | In a report to the Strategic Planning, Transportation and Economic Development Review Panel in February 2003 there was a recommendation to extend the existing rental grants scheme. The report identified the need to carry forward the 2002/3 underspend in support of the new scheme.   |
| Community Safety   | 5,300           | In order to support and enhance the Council's work with Communities against Drugs, the Safer Communities Initiative and the Partnership Development Fund there has been a request to carry forward the unspent balance from 2002/3 to 2003/4. In addition this will go part of the way in making up for a reduction of central Government funding in 2003/4  |
| The Wellsprings Centre   | 55,850          | Due to the delayed opening of the Wellsprings Centre the revenue budget for the facility has been underspent. As a contingency measure, officers are recommending that the remaining balance be carried forward to meet any, as yet, unidentified additional costs which may arise as the construction phase of the centre progresses.   |
| <b>Total Carry Forwards</b>  | <b>171,150</b>  |  |

2.5 The effect of allowing these carry forwards to proceed will be as follows:

|  | £       | £              |
|--|---------|----------------|
| Use of Reserves per Current Budget                       |         | 547,059        |
| Additional underspends as detailed in paragraph 2.2      | -49,876 |                |
| Requested carry forward of underspends per paragraph 2.3 | 171,150 |                |
| <b>Use of Reserves 2002/03</b>                           |         | <b>668,333</b> |

2.6 In addition the Head of Finance is requesting the Executive consider earmarking funds for the replacement of the HR/Payroll system software. This was identified as part of the Payroll Best Value Review. The replacement system is required by April 2004 and provisional discussions with preferred suppliers have indicated that the one off set up and licence purchase costs will be in the region of £50,000. Therefore the Head of Finance is requesting that this be earmarked from the 2002/03 underspend.

2.7 **Commutation Adjustment**

The effect of the Commutation adjustment on the Council's finances is the subject of a separate item on this agenda. In broad terms the Council has been setting aside a greater amount than necessary for the repayment of debt within the Revenue budget. The District Auditor has agreed that the Council can "reclaim" these monies. In total, up to and including 2002/3, they amount to:

|               | £                |
|---------------|------------------|
| Up to 2001/02 | 1,823,899        |
| 2002/03       | 116,500          |
| <b>Total</b>  | <b>1,940,399</b> |

2.8 This adjustment for years up to and including 2001/2 has been credited directly to the General Fund reserve. For 2002/3 the amount which was set aside for debt repayment will now no longer be required, therefore this is a saving. However, the Commutation report recommends that all of these monies be earmarked for capital purposes therefore within the 2002/3 final outturn this must be shown as a revenue contribution to capital. Unfortunately, for accounting purposes, the setting aside of monies from revenue for capital must be shown within the revenue account therefore this transaction counts as part of the Council's total overspend (although it is immediately countered by the income already within the General Fund reserve).

2.9 **Outturn Position**

Having considered all of the above, the expected outturn of the Council for 2002/03 is as follows:-

|   | <b>Original Budget 2002/03 £</b> | <b>Current Budget 2002/03 £</b> | <b>Actual 2002/03 £</b> | <b>Variation between Current Budget and Actual £</b> |
|---|----------------------------------|---------------------------------|-------------------------|--|
| Use of Reserves                           | 83,184                           | 547,059                         | 497,183                 | -49,876  |
| Carry forward of Underspends              | -                                | -                               | 171,150                 | 171,150  |
| Earmarked Reserve for HR/Payroll system   | -                                | -                               | 50,000                  | 50,000   |
| Commutation RCCO                          | -                                | -                               | 1,823,899               | 1,823,899  |
| <b>Total use of General Fund Reserves</b> | <b>83,184</b>                    | <b>547,059</b>                  | <b>2,542,232</b>        | <b>1,995,173</b>                                     |

#### 2.10 General Fund Reserve

The current budget required a total of £547,059 from the General Fund Reserve to support expenditure. As shown in paragraph 2.9 this will increase to £2,542,232. The current position of the General Fund Reserve is therefore:

|   | <b>£</b>   | <b>£</b>         |
|---|------------|------------------|
| Balance brought forward 1 April 2002  |            | 2,122,409        |
| <b>Add:</b>   |            |                  |
| Business Rate Refunds received  | +340,615   |                  |
| Commutation adjustment up to 2001/2   | +1,823,899 |                  |
| Corporate Priorities underspend returned to reserve                                   | +13,737    |                  |
| CSL Reserve returned to reserve   | +350,000   |                  |
| <b>Less amount used to support the 2002/03 budget:</b>                                |            |                  |
| General   | -718,333   |                  |
| Exceptional Item - Commutation RCCO   | -1,823,899 |                  |
| <b>Balance carried forward 31 March 2003</b>  |            | <b>2,108,428</b> |
| Less amount used to support the 2003/4 budget   | -692,499   |                  |
| <b>Expected balance @ 31 March 2004 (prior to any 2003/4 supplementary estimates)</b> |            | <b>1,415,929</b> |

This may be compared to an estimated year-end balance on the reserve of £2,098,407 following all budget monitoring exercises.

2.11 Details of the major variations arising since the Q3 budget monitoring exercise are listed and explained in Appendix B.



- 2.12 Due to the size of the Councils capital programme and the significant problems experienced during the year a larger proportion of Officer time has been spent on capital works than expected. The budget for this time is within the revenue budget and the Executive is requested to approve an RCCO to switch this budget to capital. In total this amounts to £102,570.
- 2.13 As part of the recommendations of this report there is a request for the formal approval of the carry forward of unspent budgets, the funding of the DSO deficit from the General Fund, the creation of a provision for the HR/Payroll system reserve, and the creation of an additional RCCO for the Internal staff time charged to capital.

### 3. Capital

- 3.1 The General Fund capital programme for 2002/03, as approved by Full Council on 25 February 2003, showed net total expenditure in the year of £3,396,190.
- 3.2 The final outturn position shows total expenditure of £1,640,689 and included unplanned expenditure of £39,040. A summary of this is shown below.

| Scheme                    | 2002/03 Spend £ | Comments   |
|---------------------------|-----------------|--|
| Depot Improvements        | 5,323           | Work originally scheduled for 2003/4, funded directly by DLO reserve   |
| Vivary Park refurbishment | 5,081           | Due to additional internal recharges, corresponding saving within Revenue Budget (included in the RCCO mentioned in para. 2.11 above). |
| TDBC Website              | 23,573          | Due to additional internal recharges, corresponding saving within Revenue Budget (included in the RCCO mentioned in para. 2.11 above)  |
| Other minor overspends    | 5,063           | Various schemes  |
| <b>Total</b>              | <b>39,040</b>   |  |

- 3.3 As Members will be aware, recent supplementary estimates for schemes such as the Wellsprings Centre have fully allocated all current resources available to finance capital projects. The effect of transferring the commutation adjustment to capital reserves, as recommended in the previous agenda item, will increase the amount of capital resources available for use on future capital schemes to £1,940,399. This is before approval of any further amendments to the capital programme which are included on this agenda.
- 3.4 As is common for capital budgets, which may span more than one financial year, all other slippage has been rolled forward into 2003/04. The updated budget for 2003/04 now totals £4,009,082. The total programme for 2003/04 to 2005/06 now totals £4,845,282 and is fully financed.

## HOUSING REVENUE ACCOUNT

### 4 Revenue

- 4.1 The Housing Revenue Account has also been closed using estimated subsidy figures (see 1.2 above).
- 4.2 The draft outturn shows a Working Balance carried forward into 2003/04 of £1,379,595 which is £405,595 more than predicted in the Q3 budget monitoring report.
- 4.3 The additional surplus of £405,595 arises for the following reasons:

| Heading   | £'000       |
|---|-------------|
| Charges for services (additional income)                      | -64         |
| Rent Rebates (reduced expenditure)                            | -115        |
| Management (reduced grasscutting and internal recharge costs) | -134        |
| Reduced Maintenance Costs                                     | -145        |
| Contribution towards expenditure                              | +25         |
| Debt Charges  | +9          |
| Provision for Bad Debts                                       | +18         |
| <b>TOTAL</b>  | <b>-406</b> |

Further details are shown in Appendix C.

- 4.4 As a result of slippage, it is estimated that an additional £67,000 will be spent on planned maintenance and painting contracts in the current year. This will reduce the balance carried forward to £339,000.

### Piper Trading Account

- 4.5 The balance carried forward on the Trading Account at 31 March 2003 amounts to £134,256 compared to the revised estimate of £90,016. Winning the Control Centre contract with Mendip DC produced £14,000 extra income. As a result of slippage, it is estimated that an additional £35,000 will be spent on upgrading Piper equipment in the current year. This will reduce the balance carried forward to £99,000.

### Capital Receipts

- 4.6 All useable Capital Receipts were spent during 2002/03. Reserved Capital receipts amounting to £3,656,144 were used to redeem Housing debt, and the balance of useable capital receipts at 31 March 2003 is therefore nil.

### Provision For Capital Expenditure

- 4.7 £1,348,883 of capital expenditure was financed out of revenue during 2002/03. The balance available as at 31 March 2003 stands at £455,265 and this will be spent during the current year.

## 5 Capital

- 5.1 When the Q3 budget monitoring report was prepared it was expected that there would be an underspend of £457,870. It is pleasing to report that the underspend was made up during Q4 and total expenditure exceeded the original estimate by some £192,000.

5.2 A summary is set out below:

| Description             | Original Estimate<br>2002/3 £ | Q3 Estimate<br>2002/3 £ | Actual 2002/3<br>£ |
|-------------------------|-------------------------------|-------------------------|--------------------|
| HRA                     | 4,652,360                     | 3,923,150               | 4,439,305          |
| Renovation Grants       | 861,000                       | 861,000                 | 811,716            |
| Social Housing<br>Grant | 756,070                       | 1,027,410               | 1,148,956          |
| Enabling Fund           | 0                             | 0                       | 61,912             |
| <b>Total</b>            | <b>6,269,430</b>              | <b>5,811,560</b>        | <b>6,461,889</b>   |

There are sufficient resources within Housing to finance this overspend ie MRA and Revenue contributions to capital.

## 6 TRADING SERVICES

### 6.1 Deane DLO

During the year the Deane DLO made a net surplus of £54,767. Of this surplus a provision of £43,500 has been made for the distribution of profit share to Deane DLO employees. Therefore the net increase on the DLO Reserve is £11,267. The balance on the Reserve as at 31 March 2003 is £94,692.

6.2 A summary of performance is shown below:

| Deane DLO            | Surplus/(Deficit)<br>2002/3 £ |
|----------------------|-------------------------------|
| Highways             | 30,111                        |
| Grounds Maintenance  | 29,655                        |
| Building Maintenance | (20,852)                      |
| Cleansing            | 15,853                        |
| <b>Total</b>         | <b>54,767</b>                 |

The loss incurred by the Building Maintenance Division can be wholly attributed to the repayment of monies overclaimed in 1998/99 from the Housing Revenue Account.

### 6.3 Leisure DSO

During 2002/3 there were many changes to the amount of deficit funding required by the Leisure DSO. It was estimated that at Q3 the DSO would require deficit funding of £41,916. The actual level of deficit funding required was £152,652, ie an overspend of £110,736. Included within this overspend are several one off exceptional items. The table below details the reasons for this overspend:

| Heading   | £      | Comments  |
|---|--------|---|
| Shift In Trading<br>Position since Q3                             | 7,544  | Additional loss since Q3 and prior to exceptional items.  |
| <b>Exceptional items</b>  |        |   |
| Additional provision<br>for gas usage at St<br>James Street Baths | 8,700  | Insufficient provision made in the 2001/2 DSO accounts  |
| Usage of Face to<br>Face packs                                    | 23,790 | No charge was made in the accounts for the use of Face to Face packs by the DSO in 2001/2. Therefore the DSO have had to bear two years |

|                             |                |  |
|-----------------------------|----------------|--|
|                             |                | charges in 2002/3.   |
| Leisure Management System   | 21,694         | Costs over and above those budgeted for by the DSO   |
| Sundry Debts                | 49,008         | In 2002/3 it was identified that there was an imbalance between the Leisure Sundry Debtor income control account within the ledger and the value of debts outstanding according to the Leisure centres. The difference has therefore been to be written off. The difference arose because of inadequate reconciliation procedures. |
| <b>Total 2002/3 Deficit</b> | <b>110,736</b> | Funded by DSO reserve (£11,070) and the balance from the General Fund (£99,666)  |

The table below clearly shows that the majority of the total loss is due to exceptional items, and it is pleasing to note that, if these exceptional items are ignored that there has not been a significant shift in the underlying trading position of the DSO. The loss reflects the competitive market which the DSO is currently operating within. Members will be aware that the Leisure DSO will move to a Trust status from October 2003 and will be largely financially independent from the Council.

## 7 Effect on Corporate Priorities

7.1 As this report covers all aspects of the Council's finances, all corporate priorities are affected.

## 8. RECOMMENDATION

8.1 The Executive is requested to:

- a) Note the draft outturn positions on revenue and capital for both the General Fund and Housing Revenue Account for 2002/03.
- b) Approve the creation of a reserve for the replacement HR/Payroll IT system of £50,000.
- c) Approve the funding of £99,666 of the Leisure DSO deficit from the General Fund.
- d) Approve the creation of an RCCO for Internal Recharges charged to capital projects of £102,570.
- e) Approve the earmarking of £43,500 of the DLO surplus to be set aside for future profit share payments.
- f) Approve the carrying forward of the following 2002/3 underspends into 2003/4:
  - Vision for Taunton £50,000
  - Liquor Licensing £50,000
  - Rental Support Scheme £10,000
  - Community Safety £5,300
  - The Wellsprings Centre £55,850

**Contact Officer:** Paul Carter, Financial Services Manager, Tel 01823 356418

**Background Papers:** Executive 13 February 2002, Revenue Budget Setting 2002/3, Executive 12 February 2003, Third Quarter Budget Monitoring Report, Executive 12 February 2003, Revenue Budget Setting 2003/4.

## TAUNTON DEANE BOROUGH COUNCIL

## GENERAL FUND REVENUE OUTTURN 2002/03

The outturn shows the expenditure on and income from the Council's day-to-day activities. It gives the costs of the main services provided according to the Council portfolio structure.

| Actual<br>2001/02<br>£ | Portfolio  | Original<br>Estimate<br>2002/03<br>£ | Current<br>Estimate<br>2002/03<br>£ | Actual<br>2002/03<br>£ | Variance<br>£     |
|------------------------|--|--------------------------------------|-------------------------------------|------------------------|-------------------|
|                        |  | (1)                                  | (2)                                 | (3)                    | (4)               |
| 543,687                | Community Leadership                               | 530,170                              | 507,170                             | 486,297                | -20,873           |
| 1,582,338              | Corporate Resources                                | 1,918,190                            | 1,862,490                           | 1,853,460              | -9,030            |
| 726,431                | Economic Dev. Property & Tourism                   | 833,270                              | 855,740                             | 896,845                | 41,105            |
| 3,276,399              | Environmental Services                             | 3,576,320                            | 3,567,300                           | 3,440,204              | -127,096          |
| 1,944,511              | General Services                                   | 2,067,960                            | 2,645,145                           | 2,906,635              | 261,490           |
| 1,670,330              | Housing Services                                   | 1,621,450                            | 1,716,800                           | 1,736,008              | 19,208            |
| 3,331,085              | Leisure, Arts & Culture                            | 3,542,860                            | 3,605,510                           | 3,679,159              | 73,649            |
| 919,546                | Planning Policy & Transportation                   | 1,093,330                            | 843,270                             | 934,484                | 91,214            |
| 0                      | Exceptional Item – RCCO for commutation adjustment | 0                                    | 0                                   | 1,823,899              | 1,823,899         |
| <b>13,994,327</b>      | <b>Total Service Expenditure</b>                   | <b>15,183,550</b>                    | <b>15,603,425</b>                   | <b>17,756,990</b>      | <b>2,153,565</b>  |
| 130,390                | Revenue Financing of Capital                       | 73,790                               | 73,790                              | 96,176                 | <b>22,386</b>     |
| -3,428,205             | Asset Management Revenue Account                   | -3,678,720                           | -3,601,720                          | -3,632,990             | <b>-31,270</b>    |
| 121,027                | Contribution to DLO Reserve re AMRA                | 148,190                              | 148,190                             | 162,134                | <b>13,944</b>     |
| -154,473               | Loans Fund Principal                               | -542,593                             | -515,593                            | -569,918               | <b>-54,325</b>    |
| 94,077                 | Contribution to V & P Account                      | 73,400                               | 73,400                              | 78,315                 | <b>4,915</b>      |
| -301,811               | Interest Income                                    | -231,160                             | -291,160                            | -405,202               | <b>-114,042</b>   |
| -481,370               | Contribution from General Fund Balances            | -83,184                              | -547,059                            | -2,542,232             | <b>-1,995,173</b> |
| <b>9,973,962</b>       | <b>Authority Expenditure</b>                       | <b>10,943,273</b>                    | <b>10,943,273</b>                   | <b>10,943,273</b>      | <b>0</b>          |
| 3,450                  | Special Expenses                                   | 7,710                                | 7,710                               | 7,710                  | 0                 |
| <b>9,977,412</b>       | <b>Borough Expenditure</b>                         | <b>10,950,983</b>                    | <b>10,950,983</b>                   | <b>10,950,983</b>      | <b>0</b>          |
| 253,726                | Parish Precepts                                    | 265,838                              | 265,838                             | 265,838                | 0                 |
| <b>10,231,138</b>      | <b>Budget Requirement</b>                          | <b>11,216,821</b>                    | <b>11,216,821</b>                   | <b>11,216,821</b>      | <b>0</b>          |
| -3,766,195             | Contribution from NNDR Pool                        | -4,238,941                           | -4,238,941                          | -4,238,941             | 0                 |
| -2,984,587             | Revenue Support Grant                              | -2,673,651                           | -2,673,651                          | -2,673,651             | 0                 |
|                        | <u>Surplus on Collection Fund</u>                  |                                      |                                     |                        |                   |
| 103,221                | Community Charge                                   | 23,804                               | 23,804                              | 23,804                 | 0                 |
| -38,831                | Council Tax  | -47,995                              | -47,995                             | -47,995                | 0                 |
| <b>3,544,746</b>       | <b>Net Expenditure to be Raised by Council Tax</b> | <b>4,280,038</b>                     | <b>4,280,038</b>                    | <b>4,280,038</b>       | <b>0</b>          |

## GENERAL FUND RESERVE BALANCE 2002/03

|                  |   |                  |                  |                  |                   |
|------------------|---|------------------|------------------|------------------|-------------------|
| <b>1,688,926</b> | <b>Balance b/f 1<sup>st</sup> April</b>     | <b>1,560,383</b> | <b>2,122,409</b> | <b>2,122,409</b> | <b>0</b>          |
| 337,361          | Transfer from Provisions/NNDR Refunds       | 0                | 497,457          | 2,528,251        | <b>2,030,794</b>  |
| -                | Transfer to VAT Reserve                     | -70,000          | -70,000          | 0                | <b>70,000</b>     |
| 96,122           | General Fund Surplus for the Year           | -83,184          | -547,059         | -2,542,232       | <b>-1,995,173</b> |
| <b>2,122,409</b> | <b>Balance c/f at 31<sup>st</sup> March</b> | <b>1,407,199</b> | <b>2,002,807</b> | <b>2,108,428</b> | <b>105,621</b>    |

## Appendix B

### Analysis of Variations since Q3 Budget Monitoring Exercise - 2002/03

| Executive Councillor | Director | Service                     | Amount<br>£000's | Over or Under spend<br>£000's | Comments   |
|----------------------|----------|-----------------------------|------------------|-------------------------------|--|
|                      |          | <b>Increased Income</b>     |                  |                               |  |
| Cllr Bishop          | AH       | Development Control         | -64              |                               | Additional income from planning applications             |
| Cllr Bishop          | PJ       | Horticultural Maintenance   | -13              |                               | Increased contribution from SCC                          |
| Cllr Bishop          | JJT      | Car Parking – On Street     | -8               |                               | Increased fees & charges                                 |
| Cllr Cavill          | AH       | Property Management         | -19              |                               | Additional income from property rents                    |
| Cllr Cavill          | AH       | Publicity & Tourism         | -6               |                               | Additional income from tourist guide                     |
| Cllr Edwards         | PJ       | Recycling                   | -26              |                               | Additional income from recycling credits                 |
| Cllr Edwards         | PJ       | Licensing                   | -7               |                               | Net increases in fees & charges                          |
| Cllr Edwards         | PJ       | Crematorium                 | -45              |                               | Increased fees & charges                                 |
| Cllr Hall            | JJT      | Local Land Charges          | -14              |                               | Increased fees & charges                                 |
| Cllr Hall            | JJT      | Council Tax Collection      | -72              |                               | Additional costs recovered                               |
| Cllr Hall            | JJT      | Corporate Management        | -114             |                               | Additional interest received                             |
|                      |          | Total                       |                  | <b>-388</b>                   |  |
|                      |          | <b>Reduced Income</b>       |                  |                               |  |
| Cllr Edwards         | PJ       | Pest Control                | 5                |                               | Reduced fees & charges                                   |
| Cllr Cavill          | AH       | Taunton Market              | 28               |                               | Reduced rent from the market                             |
| Cllr Hall            | JJT      | Corporate Management        | 29               |                               | Reduced interest received                                |
| Cllr Hall            | JJT      | Housing Act Advances        | 11               |                               | Reduced interest received                                |
|                      |          | Total                       |                  | <b>73</b>                     |  |
|                      |          | <b>Reduced Costs</b>        |                  |                               |  |
| Cllr Bishop          | JJT      | Car Park – On Street        | -5               |                               | Reduced cash collection costs                            |
| Cllr Bradley         | PJ       | Wellsprings                 | -56              |                               | Start-up costs not required                              |
| Cllr Cavill          | JJT      | Shopmobility                | -10              |                               | Reduced contribution to SCC                              |
| Cllr Edwards         | AH       | Waterways                   | -12              |                               | Reduction in contract/hotspots expenditure               |
| Cllr Hall            | JJT      | Rent Allowances             | -35              |                               | Net reduction in benefit payments admin.                 |
| Cllr Hall            | JJT      | Rent Rebates                | -12              |                               | Budget not required                                      |
| Cllr Hall            | JJT      | Corporate Management        | -21              |                               | Reduced expenditure on estates                           |
| Cllr Hall            | JJT      | Public House Rate Relief    | -34              |                               | Budget not required                                      |
| Cllr Hall            | JJT      | Corporate Management        | -12              |                               | Reduced contribution to superannuation fund              |
| Cllr Hall            | JJT      | Corporate Management        | -117             |                               | MRP provision for 2002/03                                |
|                      |          | Total                       |                  | <b>-314</b>                   |  |
|                      |          | <b>Increased Costs</b>      |                  |                               |  |
| Cllr Bishop          | JJT      | Concessionary Travel        | 9                |                               | Increased number of CT applications                      |
| Cllr Bradley         | PJ       | Leisure DSO                 | 100              |                               | Increase contribution to the Leisure DSO deficit         |
| Cllr Edwards         | PJ       | Crematorium                 | 11               |                               | Increased medical referee & other costs                  |
| Cllr Edwards         | PJ       | Cemetery                    | 12               |                               | Increased running costs and wages                        |
| Cllr Garner          | PJ       | Homelessness                | 63               |                               | Net increases in bed & breakfast costs                   |
| Cllr Hall            | JJT      | Council Tax Benefits        | 94               |                               | Net increase in CT benefits payments                     |
| Cllr Hall            | JJT      | Corporate Management        | 50               |                               | New HR/Payroll IT system provision                       |
| Cllr Hall            | JJT      | Corporate Management        | 117              |                               | Additional RCCO for the commutation adjustment (2002/03) |
| Cllr Hall            | JJT      | Corporate Management        | 14               |                               | Increased contribution to the DLO reserve                |
| Cllr Hall            | JJT      | Exempt Input Tax            | 64               |                               | Accrued costs  |
|                      |          | Other Minor Costs Increases | 45               |                               |  |
|                      |          | Total                       |                  | <b>579</b>                    |  |
|                      |          | <b>Total Underspend</b>     |                  | <b>-50</b>                    |  |

## Appendix C

**Housing Revenue Account**

|                                  | <b>Original<br/>Estimate<br/>2002/03<br/>£</b> | <b>Current<br/>Estimate<br/>2002/03<br/>£</b> | <b>Actual<br/>2002/03<br/>£</b> | <b>Variance<br/>£</b> |
|----------------------------------|--|---|---------------------------------|-----------------------|
|                                  | (1)  | (2)   | (3)                             | (4)                   |
| <b>Income</b>                    |  |   |                                 |                       |
| Dwelling Rents                   | 15,572,000                                     | 15,540,000                                    | 15,540,137                      | (137)                 |
| Non Dwelling Rents               | 377,140  | 377,140                                       | 381,925                         | (4,785)               |
| Charges for Services/Facilities  |  |   |                                 |                       |
| Repairs                          | 55,000   | 55,000  | 101,205                         | (46,205)              |
| Management etc                   | 217,440  | 217,440                                       | 229,788                         | (12,348)              |
| Contribution towards expenditure |  |   |                                 |                       |
| Shared Services                  | 169,800  | 169,800                                       | 144,419                         | 25,381                |
| Rebates War Widows               | 60,000   | 45,700  | 36,421                          | 9,279                 |
| Government Subsidy               | 4,303,180                                      | 4,871,080                                     | 4,631,699                       | 239,381               |
| Housing Defects                  | 243,610  | 243,610                                       | 243,613                         | (3)                   |
| Interest Receivable              | 74,300   | 80,000  | 65,573                          | 14,427                |
| <b>Total Income</b>              | <b>21,072,470</b>                              | <b>21,599,770</b>                             | <b>21,374,780</b>               | <b>224,990</b>        |
| <b>Expenditure</b>               |  |   |                                 |                       |
| Management General               |  |   |                                 |                       |
| Hostels                          | 40,210   | 40,210  | 22,621                          | (17,589)              |
| Internal Recharges               | 1,531,830                                      | 1,531,830                                     | 1,493,233                       | (38,597)              |
| Contingency Budget               | 47,500   | 47,500  | 28,506                          | (18,994)              |
| Tenants Advisor                  | 20,000   | 20,000  | 5,496                           | (14,504)              |
| Other                            | 246,930  | 246,930                                       | 235,340                         | (11,590)              |
| Management Special               |  |   |                                 |                       |
| Grasscutting                     | 257,900  | 257,900                                       | 232,281                         | (25,619)              |
| Other                            | 274,360  | 284,390                                       | 288,312                         | 3,922                 |
| Sheltered                        | 577,860  | 597,860                                       | 587,233                         | (10,627)              |
| Maintenance                      |  |   |                                 |                       |
| General                          | 3,128,680                                      | 3,128,680                                     | 3,051,224                       | (77,456)              |
| Pre-planned                      | 806,310  | 926,310                                       | 777,446                         | (148,864)             |
| Internal Recharges               | 294,210  | 297,710                                       | 379,354                         | 81,644                |
| Rent Rebates                     | 7,758,400                                      | 8,262,500                                     | 7,957,662                       | (304,838)             |
| Provision for Bad Debt           | 32,400   | 0   | 17,588                          | 17,588                |
| Depreciation                     | 3,276,210                                      | 3,276,210                                     | 3,276,206                       | (4)                   |
| Debt Management                  | 20,670   | 20,670  | 19,163                          | (1,507)               |
| Loan Charges Interest            | 1,578,460                                      | 1,510,630                                     | 1,447,084                       | (63,546)              |
| Minimum Revenue Provision        | 498,770  | 483,600                                       | 483,596                         | (4)                   |
| RCCO                             | 370,530  | 370,530                                       | 370,530                         | 0                     |
| <b>Total Expenditure</b>         | <b>20,761,230</b>                              | <b>21,303,460</b>                             | <b>20,672,875</b>               | <b>(630,585)</b>      |
| <b>Net Expenditure</b>           | <b>(311,240)</b>                               | <b>(296,310)</b>                              | <b>(701,905)</b>                | <b>(405,595)</b>      |

**Working Balance**

|                                 |                |                |                  |                |
|---------------------------------|----------------|----------------|------------------|----------------|
| Balance b/f 1/4/2002            | 488,760        | 653,690        | 653,690          | 0              |
| Plus CSL Contract Determination | 0              | 24,000         | 24,000           | 0              |
| Plus Net Surplus 2002/03        | 311,240        | 296,310        | 701,905          | <b>405,595</b> |
| <b>Balance c/f 31/3/2003</b>    | <b>800,000</b> | <b>974,000</b> | <b>1,379,595</b> | <b>405,595</b> |

## TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 25<sup>th</sup> JUNE 2003

### REPORT OF THE FINANCIAL SERVICES MANAGER

This matter is the responsibility of Councillor Williams (Leader of the Council)

#### TREASURY MANAGEMENT UPDATE

##### 1. Purpose Of The Report

- 1.1 To update the Executive on the outturn position for treasury management activities for 2002/03, and the current position to date for the financial year 2003/04 on treasury management issues.

##### FINAL FIGURES 2002/03

##### 2. Loans

- 2.1 The Accounts of the Loans Pool for the year ended 31st March 2003 have now been balanced and a summary of the year's transactions is as follows: -

|                                    |                 |
|------------------------------------|-----------------|
| Total debt outstanding 1.4.2002    | £<br>27,263,204 |
| Long term loans repaid during year | (2,012,203)     |
|                                    | 25,251,001      |
| Increase in Internal borrowing     | 659,317         |
| Total debt outstanding 31.3.2003   | 25,910,318      |

- 2.2 Analysis of the Councils' Loan Debt:-

| 31 <sup>st</sup> March 2002 |                                       | 31 <sup>st</sup> March 2003 |
|-----------------------------|---------------------------------------|-----------------------------|
| £                           |                                       | £                           |
| 24,062,660                  | Public Works Loan Board               | 22,052,467                  |
| 200                         | Local Bonds                           | 200                         |
| 85,002                      | Annuity Loans                         | 82,992                      |
| 6,500                       | Temporary Loans (Repayable on Demand) | 6,500                       |
| 3,108,842                   | Internal Balances                     | 3,768,159                   |
| 27,263,204                  |                                       | 25,910,318                  |

##### 3. Interest Rates

- 3.1 The Bank Base Rate is currently reviewed on a monthly basis by the Monetary Policy Committee (MPC) at the Bank of England. At the commencement of the financial year the Bank Base Rate was 4.0 %. This rate remained in force until 6<sup>th</sup> February 2003 when it was reduced to 3.75%, remaining at this level since.

##### 4. Borrowing Transactions

- 4.1 No external borrowing was taken on in the last financial year.

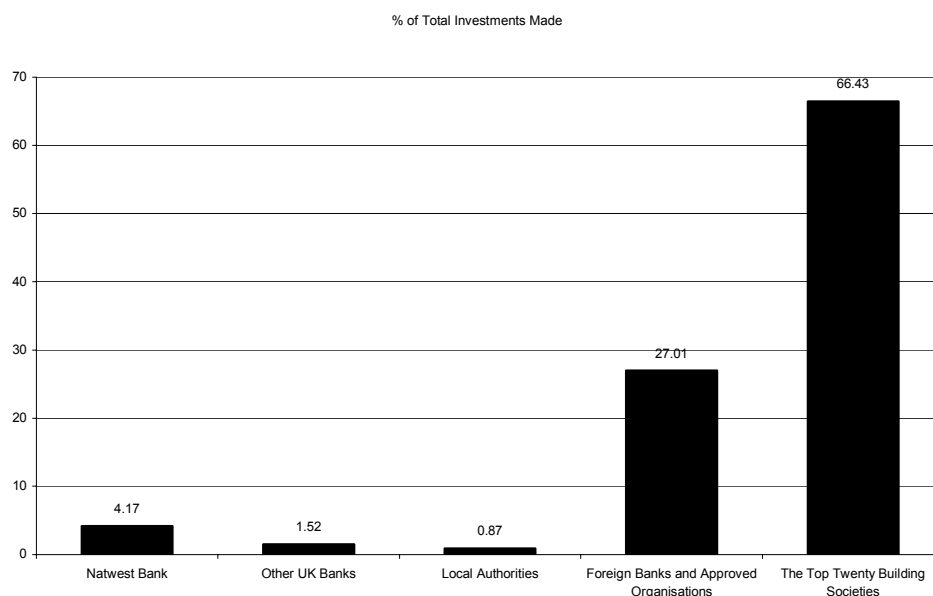


4.2 The average consolidated rate of interest on the total portfolio for 2002/03 was 6.55%.

## 5. Investment Transactions

5.1 When necessary, any surplus funds were invested with approved institutions for periods of up to 364 days in accordance with the Treasury Policy Statement. As at the 31<sup>st</sup> March 2003 sums totalling £13,450,000 were invested as set out in Appendix A.

5.2 The weighted average total of investments (£'s/day) was made proportionally to the following institutions during the 12-month period: -



5.3 The average rate of interest achieved when investing surplus funds during 2002/03 was 3.96 %.

5.4 Interest earned on this surplus amounted to just under £540,000 of which approximately £400,000 was allocated to the General Fund. This was £100,000 over revised estimates calculated mid-year and greatly eased the budgetary pressures felt elsewhere in the Council. The increase was due to an unanticipated increase in surplus cash funds itself due to more robust cash flow forecasting procedures implemented during financial year 2001/2. Further more detailed analysis will be conducted in future to ensure that surpluses like these are more readily detectable and accounted for in future budgetary exercises.

## THE CURRENT YEAR

### 6. Outlook for Interest Rates

6.1 The past financial year has witnessed unwillingness from the Bank of England's Monetary Policy Committee to move interest rates due to uncertainty of the short and medium term economic forecast.

This is counter to the more aggressive and recent reduction of rates in Europe (see Appendix B) which coupled with the Treasury's "not now" stance to joining the Euro, means that we should not expect any direct impact on our own rates and consequent returns on Council investments and borrowing costs, in the immediate future. For the moment aggregate opinion within the financial community, including the Council's advisors is that rates should rise within the current financial year following a further 0.25% reduction in the coming months.

**7. Borrowing Strategy**

7.1 The Councils Treasury Management Strategy is risk adverse. Flexibility is the key and both the current and forecast interest rates will continue to be monitored in conjunction with our treasury management advisers, Sector. Borrowing will be taken at a time considered to give the optimum opportunity within the overall debt portfolio ensuring that the balance of variable and fixed rate debt is appropriate and the maturity profile is acceptable. Currently officers are awaiting the implementation of the 'Prudential Code', which is expected to alter the way, which Councils' borrow. Implementation is expected in financial year 2004/5 with further information on the implementation process due July 2003. Updates on the implications this has on borrowing strategy and other treasury issues will be made once the detail of the code is known.

**8. Public Works Loan Board**

8.1 Longer term borrowing is usually taken from the PWLB and the maximum annual borrowing is limited by quota. The formula for determining the quota levels for 2003/2004 remains unchanged from 2002/2003 and the quota will be an amount equivalent to the sum of –

(a) Basic and Supplementary Credit Approvals used in 2003/04 and

(b) Repayments due in 2003/04 on loans borrowed from the Board.

8.2 The council has loans to the value of £10,000 maturing during 2003/04. Estimated quota entitlement for borrowing during this year is £1,842,027. It is not anticipated any borrowing will be undertaken until the detail of the Prudential Code is known as discussed in 7.1 above.

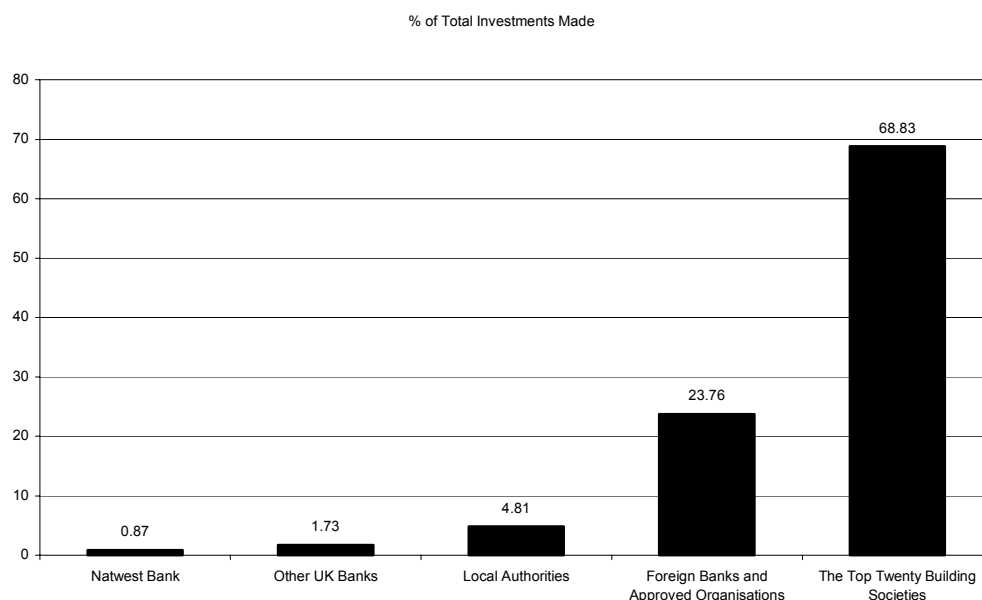
**9. Borrowing Transactions**

9.1 No long or short term borrowing has been undertaken so far during the current financial year.

**10. Investment Transactions**

10.1 As at 11th June 2003, sums totalling £16,800,000 were invested as set out in Appendix C.

- 10.2 The weighted average total of investments (£'s/day) was made proportionally to the following institutions during the current year to 11<sup>th</sup> June 2003: -



- 10.3 The average rate of interest achieved when investing surplus funds during 2003/04 to date is 3.75%. This equates to £165,000, which is approximately 30% of budgeted investment income.

## 11. EFFECT ON CORPORATE PRIORITIES

- 11.1 Treasury Management impacts on all aspects of the Council's revenue and capital finances and therefore affects all Corporate Priorities.

## 12. RECOMMENDATION

- 12.1 The Executive is requested to note the treasury management outturn for 2002/03, and the position to date for 2003/04.

**Background Papers:** Agenda Item No. 5, Executive 12<sup>th</sup> March 2003, Treasury Management Strategy Statement 2003/4

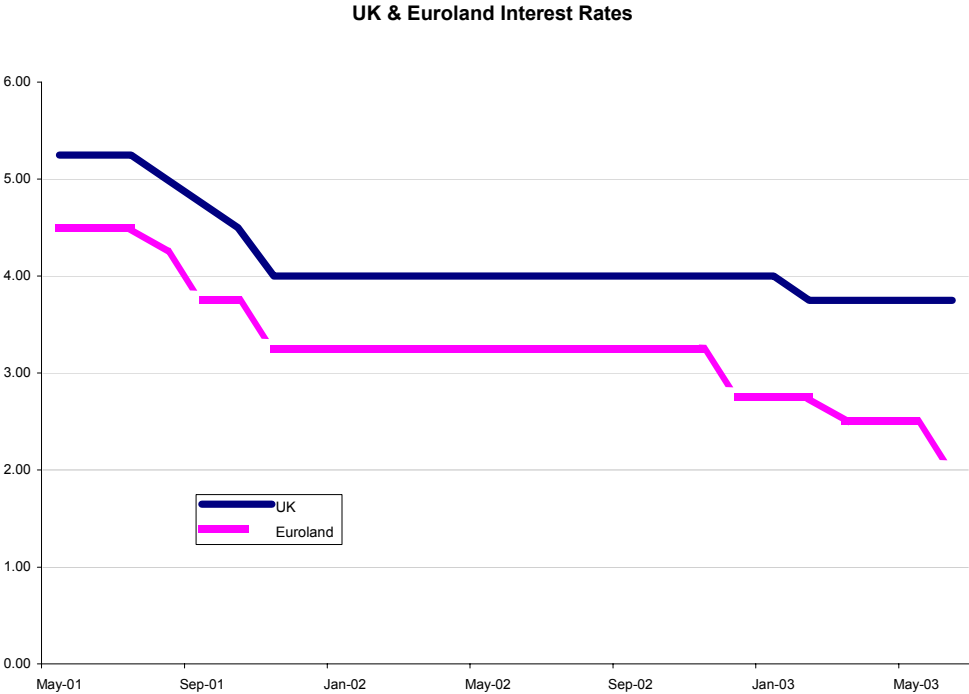
**Contact: - Paul Carter**  
**Financial Services Manager**  
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Appendix A

Investments At 31<sup>st</sup> March 2003

| <b>Borrower</b>                   | <b>Amount<br/>£</b> | <b>Rate of<br/>Interest<br/>%</b> | <b>Date of<br/>Investment</b> | <b>Date of<br/>Maturity</b> |
|-----------------------------------|---------------------|-----------------------------------|-------------------------------|-----------------------------|
| Newcastle Building Society        | 1,000,000           | 3.90                              | 03/02/03                      | 03/04/03                    |
| Reigate & Banstead BC             | 200,000             | 3.38                              | 05/03/03                      | 10/04/03                    |
| Coventry Building Society         | 1,000,000           | 4.94                              | 17/10/02                      | 16/04/03                    |
| Nationwide Building Society       | 1,500,000           | 3.60                              | 17/02/03                      | 17/04/03                    |
| Derbyshire Building Society       | 1,000,000           | 3.61                              | 28/02/03                      | 17/04/03                    |
| Stroud & Swindon Building Society | 1,000,000           | 3.57                              | 17/03/03                      | 02/05/03                    |
| West Bromwich Building Society    | 750,000             | 3.86                              | 03/02/03                      | 06/05/03                    |
| West Bromwich Building Society    | 600,000             | 3.89                              | 05/02/03                      | 06/05/03                    |
| Chelsea Building Society          | 1,000,000           | 3.60                              | 13/02/03                      | 13/05/03                    |
| Leeds & Holbeck Building Society  | 1,000,000           | 3.62                              | 20/02/03                      | 21/05/03                    |
| National Australia Bank           | 1,500,000           | 3.98                              | 15/11/02                      | 15/08/03                    |
| Abbey National Business Reserve   | 1,500,000           | 3.69                              | N/A                           | On Demand                   |
| Bank of Scotland Business Reserve | 1,400,000           | 3.70                              | N/A                           | On Demand                   |
| <b>TOTAL</b>                      | 13,450,000          |                                   |                               |                             |

**Chart of Interest Rates in UK & Euroland  
May 2001-June 2003**



Investments Outstanding At 11<sup>th</sup> June 2003

| <b>Borrower</b>                       | <b>Amount<br/>£</b> | <b>Rate of<br/>Interest<br/>%</b> | <b>Date of<br/>Investment</b> | <b>Date of<br/>Maturity</b> |
|---------------------------------------|---------------------|-----------------------------------|-------------------------------|-----------------------------|
| HSH Nordbank<br>(Germany)             | 500,000             | 3.56                              | 09/06/03                      | 16/06/03                    |
| Portman Building<br>Society           | 1,500,000           | 3.50                              | 01/05/03                      | 20/06/03                    |
| HFC Bank (Subsidiary<br>of HSBC)      | 1,500,000           | 3.51                              | 01/05/03                      | 20/06/03                    |
| Nationwide Building<br>Society        | 1,500,000           | 3.60                              | 15/05/03                      | 20/06/03                    |
| HSH Nordbank<br>(Germany)             | 1,000,000           | 3.57                              | 20/05/03                      | 20/06/03                    |
| UK Debt Management<br>Office          | 1,000,000           | 3.64                              | 09/06/03                      | 20/06/03                    |
| Skipton Building<br>Society           | 1,000,000           | 3.56                              | 02/06/03                      | 21/07/03                    |
| Coventry Building<br>Society          | 1,000,000           | 3.55                              | 02/06/03                      | 21/07/03                    |
| National Australia Bank               | 1,500,000           | 3.98                              | 15/11/02                      | 15/08/03                    |
| West Bromwich<br>Building Society     | 1,500,000           | 3.59                              | 13/05/03                      | 19/08/03                    |
| Reigate & Banstead<br>Borough Council | 500,000             | 3.45                              | 02/05/03                      | 20/10/03                    |
| Cheshire Building<br>Society          | 1,000,000           | 3.40                              | 01/05/03                      | 29/04/04                    |
| Reigate & Banstead<br>Borough Council | 300,000             | 3.40                              | 02/05/03                      | On Demand                   |
| Abbey National<br>Business Reserve    | 1,500,000           | 3.69                              | N/A                           | On Demand                   |
| Bank of Scotland<br>Business Reserve  | 1,500,000           | 3.70                              | N/A                           | On Demand                   |
| <b>TOTAL</b>                          | 16,800,000          |                                   |                               |                             |

## **TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE MEETING – WEDNESDAY 25<sup>th</sup> JUNE 2003**

### **REPORT OF THE DIRECTOR OF DEVELOPMENT**

- (i) **REDEVELOPMENT OF THE CRESCENT CAR PARK SITE**
- (ii) **TOWN CENTRE REGENERATION AND OPPORTUNITIES FOR RETAIL GROWTH IN THE OLD MARKET CENTRE/CRESCENT CAR PARK AREA**

This matter is the responsibility of the Executive Portfolio Holders with responsibilities for Economy, Transport and Access (Councillors Cavill and Bishop) and the wider regeneration issues are relevant to all corporate priorities.

#### **1. PURPOSE OF REPORT**

- 1.1 To note that Sovereign Land Ltd have advised the Council that they have concluded that the Crescent Car Park site is such a restricted site that, in the current market conditions, it would not be viable to carry out the Crescent Car Park scheme. The scheme, originally considered by the Council in 2001, has been amended since that time to try to improve viability but Sovereign now conclude that no further amendments would produce any substantially improved viability.
- 1.2 To consider the recommendations of the Members Steering Group which was given the responsibility for overseeing this development project and to consider a request for the approval of a supplementary estimate for outstanding consultancy fees.
- 1.3 To also consider whether the Council should examine potential retail redevelopment opportunities in the Old Market Centre/Crescent Car Park area, as an integral part of town centre regeneration.
- 1.4 To consider the partnership arrangements that would be warranted together with the associated supplementary estimate for such a wider study.
- 1.5 To consider extending the role of the existing Members Steering Group.

#### **2. BACKGROUND – CRESCENT CAR PARK DEVELOPMENT**

- 2.1 At its meeting on 18<sup>th</sup> December 2001, the Council approved the appointment of Heritage Shopping Centres Ltd/Salmon Harvester Properties to carry out the proposed redevelopment of The Crescent Car Park site. This followed a comprehensive marketing exercise and developer competition for the scheme during the course of 2000.
- 2.2 Early in 2002, Salmon Harvester Properties withdrew from the scheme for their own commercial reasons. The Council subsequently approved Heritage Shopping Centres Ltd bringing in Fortis Bank as their

partners/financiers for the scheme. When the Managing Director of Heritage Shopping Centres Ltd became ill the Council agreed to Sovereign Land Ltd joining Heritage Shopping Centres Ltd as its development partner for the scheme.

2.3 The scheme layout has comprised the following main elements:-

- The redevelopment of Crown Walk to provide a Victorian style covered shopping precinct with the main shoppers entrance off High Street.
- The provision of a town square at the rear of Bath Place.
- The provision of a new open shopping street leading to a department store towards the southern end of High Street.

3. **TESTING THE VIABILITY OF THE REDEVELOPMENT SCHEME**

- 3.1 On 17<sup>th</sup> February 2003 the Steering Group was informed that our prospective partner, Sovereign Land Ltd, had requested a three month period in which they wished to review the proposed scheme, in respect of tenant interest and design. They wished to defer the signing of Heads of Terms until after this review period.
- 3.2 The corporate officer group held a meeting with Sovereign Land on 29<sup>th</sup> May 2003 to receive their response, attended also by their commercial advisers Cusham Wakefield Healey and Baker and our advisers CB Hillier Parker.
- 3.3 At the meeting Sovereign Land informed the officers that despite promising tenant interest they were unable to produce a financially viable scheme for quality retailing. They consider that the site has potential for “value” (ie discount) shopping but is too small to satisfy the demand for quality shops. They consider that the town needs quality retailing and not more discount shops (a view shared by CB Hillier Parker and the Members Steering Group).
- 3.4 The Council’s advisers, CB Hillier Parker, are planning consultants with expertise in retailing issues and their detailed views on the issues have been considered by the Member Steering Group. CB Hillier Parker consider that it was appropriate for Sovereign to test the viability of revised proposals over an extended period and conclude that the time is now right for the Council to test another, more comprehensive scheme.
- 3.5 Sovereign Land Ltd do not wish to proceed with the Crescent Car Park scheme emanating from the December 2001 decision of the Council and your Member Steering Group consider that the existing objectives of providing a major retail opportunity at the Crescent Car Park are not achievable in present circumstances. They advise that the Heritage/Sovereign Ltd Crescent scheme is not viable and should not proceed at the present time.



4. **REVENUE IMPLICATIONS**

- 4.1 The Council had a nil budget for the year 2002/03, with the understanding that the developer (Sovereign/Heritage) will reimburse the Council for any fees paid to CBHP. To date, a total of £38,000 was spent and a reimbursement of £15,000 was received from Sovereign Land Ltd, leaving an outstanding balance of £23,000. It is also estimated that an additional cost in the region of £5,000 to £7,000 will be incurred. This represents the costs of employing CB Hillier Parker to advise on commercial/viability matters only for the last quarter of 2002/03. A supplementary estimate of £30,000 is required for fees paid to CBHP.

5. **THE OLD MARKET CENTRE/CRESCENT CAR PARK AREA**

- 5.1 The Vision for Taunton is that it should function effectively as a major retail destination in the region. It has been suggested that a study of the Old Market Centre and the Crescent Car Park “wider area” would demonstrate the potential of this area to contribute significantly to the future vitality and viability of Taunton. The general area, together with the Council’s main land ownership, largely in the form of car parks, is attached at Appendix 1.
- 5.2 The area around the Crescent Car Park has been identified from a location point of view as the best area to try to cater for expansion of the core main retail area for Taunton. CB Hillier Parker undertook a retail capacity study for the Borough Council in August 1999 (“Taunton Deane Retail Capacity Study”). This confirmed that, in accordance with the sequential approach in national planning policy guidance, additional retail floorspace should, where possible, be located in or on the edge of Taunton town centre. Hillier Parker considered that the Crescent and Whirligig sites provided key opportunities to improve the durable goods retailing provision within the town during the local plan period. In addition, Hillier Parker at that time recommended that the Council considered the potential of the site to the rear of the Old Market Centre, for possible long-term redevelopment for prime retailing. The Taunton Deane Local Plan reflects this sentiment and suggests that this area could function as a natural extension to the southern end of the primary shopping area.
- 5.3 It can therefore be seen that a combined development of the Crescent and the land to the rear of the Old Market Centre would, in fact, meet the objectives recommended by CB Hillier Parker four years ago and its potential has been recognised, but no commitment has been given.
- 5.3 Members of the Steering Group have considered implications concerning the Borough Council’s land ownership and its car parks. They have noted that there are significant sources of revenue accruing to the Borough Council from these three car parks, which even after making allowance for fairly significant maintenance costs (particularly in respect of the two

multi-storey car parks), provide a substantial income. Nevertheless, they advise that discussions should be held with principal landowners and a feasibility study should be undertaken into the potential of this “wider area.

- 5.4 Members should therefore note at this stage that not only could any scheme for redevelopment be fairly difficult to implement, again with significant parking disruption during construction, but a careful assessment of viability and the Borough Council’s financial return from such a development would be crucial.

## 6. **PARTNERSHIP ARRANGEMENTS/CONSULTANCY ARRANGEMENTS**

- 6.1 Detailed consideration has been given by your Steering Group to possible partnership arrangements/consulting arrangements for a feasibility study of the “wider area”. This has influenced the recommendation to you at the end of this report.
- 6.2 Members will be mindful that Terence O’Rourke are commencing production of an Urban Design Framework for the town centre and the “masterplanning” of key sites. These are to be the subject of consultation and stakeholder involvement. The present brief is to identify future retail opportunities and to “masterplan” Firepool and Tangier. Under the present contract, they are not expected to produce a “masterplan” or “development brief” for the retail expansion of Taunton.
- 6.3 It is considered that agreement should be sought with the Regional Development Agency, Terence O’Rourke and partners for the “masterplanning” of potential redevelopment areas on either side of High Street. If this work is to progress in tandem with existing programming/consultation arrangements, there is a tight timescale to reach agreement, and it would be prudent to have a supplementary estimate available for potential “masterplanning” and for future consultancy fees to assess scheme viability/potential development partnerships.

## 7. **STEERING GROUP**

- 7.1 It would be helpful to have a Member Steering Group to oversee progress. A corporate group of officers could report to it on a regular basis (in accordance with the agreed Planning Concordat). The membership of the present Crescent Car Park Steering Group would appear to be well placed to fulfil this responsibility if you so wish.

8. **FINANCIAL IMPLICATIONS STUDY**

8.1 The revenue implications of the proposals outlined in this paper include several figures that are estimates, but they are of the following order:-

|  |         |
|--|---------|
| * Outstanding CBHP consultant fees   | £30,000 |
| * Contribution to Terence O'Rourke for extending the master planning Urban Design Framework Brief                      | £25,000 |
| * Additional provision for future consultancy fees in respect of any scheme viability assessment/ initial negotiations | £15,000 |
|  | -----   |
| TOTAL  | £70,000 |

8.2 A supplementary estimate in the sum of £70,000 will now therefore be required (on the assumption that the RDA will and partners agree to meet the balance of extra consultancy fees for Terence O'Rourke).

9. **RECOMMENDATION**

9.1 That the Council notes that the Crescent Car Park scheme is not viable and should not be pursued at the present time.

9.2 That opportunities for retail growth in the Old Market Centre/Crescent Car Park area be investigated, and officers commence discussions with significant landowners in the area.

9.3 That agreement be sought with the RDA, Terence O'Rourke and partners to extend the existing contract to secure "masterplanning" of the potential retail growth/redevelopment of the Old Market Centre/Crescent Car Park area.

9.4 That the Council be asked to approve a supplementary estimate in the sum of £70,000 to enable outstanding fees to be met and to enable matters to progress to assist town centre regeneration.

9.5 That the existing Crescent Car Park Steering Group be requested to form a Steering Group to oversee progress in regenerating the Old Market Centre/Crescent Car Park area.



**TAUNTON DEANE BOROUGH COUNCIL**

**THE WELLSPRINGS CENTRE, TAUNTON**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES TO THE  
EXECUTIVE MEETING ON 25 JUNE 2003**

**(This matter is the responsibility of the Leader of the Council and  
Executive Councillor Mrs D Bradley)**

1. Purpose

- 1.1 The purpose of this report is to advise of the discovery of structural defects at the Centre and to seek approval for the funding of remedial work.

2. Background

- 2.1 At its meeting on 22 April, the Council agreed to authorise the carrying out of "advanced works" to the Centre in order to secure that it should be made wind and water tight.
- 2.2 On 2 May, Sport England indicated to the Council that they were not prepared to give further Grant Aid to the Council to complete this project. The leaders of the political groups then represented on the Council agreed to make available the necessary funds to complete the project and the Council's chosen contractor, Bluestone plc, was advised that they could proceed with the completion works.

3. Present Position

- 3.1 In the course of carrying out the advanced works, Bluestone discovered that there were some apparent structural defects which had not previously been identified at the Centre concerning the internal blockwork wall and the means by which it was attached to the structural steel framework for the building. In addition there are problems concerning the connections between the roof purling and the eaves cleats.
- 3.2 These defects have been inspected by the Structural Engineer employed by Symonds Group Limited who has confirmed the existence of the problems and the manner in which remedial work should be carried out.
- 3.3 These defects have been spotted as a result of the removal of defective cladding on one of the walls at the Centre and there are two other walls which are constructed in an identical fashion. Symonds Group Limited have therefore recommended, and our Building Control Manager concurs, that the other two walls should be inspected for the same problem.
- 3.4 Bluestone plc have quoted the sum of £68,736.00 excluding VAT to remove the cladding on the other two walls to facilitate their inspection, to replace that cladding and to effect the necessary repair work to the one wall now known to suffer from these defects. It is estimated that to repair similar defects on the other two walls (if they manifest those defects), will amount to in excess of £18,000 based on our understanding of Bluestone plc's current quotation.

4. Financial Implications

- 4.1 The work now identified in paragraph 3 above is not part of the work for which Bluestone plc were engaged and for which they provided a gross maximum sum (GMS). The sum quoted of £68,736 is outside the GMS as would be the cost of any additional remedial work once the other two walls likely to be affected have been inspected.
- 4.2 The Council have currently voted sufficient funds to meet the GMS and certain anticipated additional legal and other expenses.
- 4.3 It follows that an additional sum will need to be found to meet the additional costs now identified which will need to be, in part, in the form of a supplementary estimate.
- 4.4 In the outturn budget to be discussed by the Executive at its meeting on 25 June, an underspend on the Wellspring budget of £55,850 has been identified and has been earmarked for future challenges on this project.

5. Conclusion and Recommendation

- 5.1 These structural defects could only have been found when the defective cladding was removed. It is necessary and appropriate to ensure that the other two walls are not similarly defective and accordingly the cladding needs to be removed to inspect the circumstances of these other two walls. There is no other means of satisfactorily discovering the position with these two other walls.
- 5.2 The cost of carrying out this work has been described as detailed in paragraph 3 above and the means of funding the cost of the work has in part been identified as set out in paragraph 4 above.
- 5.3 With the protective cladding having been removed it is urgent that the repair works are carried out quickly to avoid further risk to the building. Emergency approval has therefore been given by the Leader to Bluestone starting the works immediately therefore the Executive is RECOMMENDED to:-

- (1) Transfer the earmarked 2002/03 revenue underspend of £55,850 on this project to the capital programme; and
- (2) Request Full Council to confirm a supplementary estimate from unallocated Capital Reserves of £34,150.

**J. J. THORBERRY,**  
**DIRECTOR OF CORPORATE RESOURCES**  
On behalf of the Officer Group

Contact Officer: Jeremy Thornberry, Ext. 2301

**TAUNTON DEANE BOROUGH COUNCIL**

**EXECUTIVE - 25 JUNE 2003**

**REPORT OF THE HEAD OF FINANCE**

**This Matter Is The Responsibility of Executive Cllr Bishop**

**DISABLED PARKING CHARGES**

**1.0 Purpose & Background**

1.1 The Strategic Planning, Transportation and Economic Development Panel met on 10 June 2003 and considered the report of the Service Support Manager on parking charges for blue badge holders.

1.2 The Panel agreed that the current charges should be abolished for blue badge holders and requested the Executive Councillor for Planning and Transportation to proceed with advertising formal amendments to the present Traffic Regulation Order.

**2.0 Financial Implications**

2.1 The estimated annual income from charges paid by badge holders is £70,000 per annum. The impact on the 2003/04 budget, due to the timing of this change, is likely to be in the order of £50,000.

2.2 This can be funded by virement in the current year from the following sources:-

|   | £      |
|---|--------|
| HMO Licensing<br><i>(this was added to the 2003/04 base budget as an unavoidable commitment (ongoing). Although this funding is still required, the initial impact will be felt in the financial year 2004/05.)</i> | 30,000 |
| Environmental Schemes<br><i>(this will reduce the reserve for environmental schemes to £27,000.)</i>  | 20,000 |
|   | 50,000 |

2.3 A virement of this size requires Executive and Council approval.

**3.0 Impact on Corporate Priorities**

3.1 The funding proposal outlined above will not have a detrimental effect on any Corporate Priority.

**4.0 Recommendation**

- 4.1 The Executive is requested to ask full Council to approve the above virement totalling £50,000 for the funding of the removal of charges on disabled car parking.

**Shirlene Adam**  
**Head of Finance**  
**01823 356310**  
**s.adam@tauntondeane.gov.uk**

**Background Paper**

Parking Charges For Blue Badge Holders – Strategic Planning, Transportation and Economic Development Panel 10 June 2003



## TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE - 25 JUNE 2003

### REPORT OF THE HEAD OF FINANCE

This Matter Is The Responsibility of Executive Cllr Bishop

#### PLANNING STAFFING

##### **1.0 Purpose & Background**

- 1.1 The Strategic Planning, Transportation and Economic Development Panel met on 10 June 2003 and considered the report of the Chief Planning Officer on "Performance and Staffing in Development Control".
- 1.2 The report outlined the use of the Planning Delivery Grant in 2003/04, and recommended the appointment of one full-time and one part-time member of staff within the Planning Unit.
- 1.3 The Executive Councillor for Planning and Transportation has agreed with the Panel's recommendations and seeks Executive and Council approval of the necessary budget changes.

##### **2.0 Planning Delivery Grant**

- 2.1 The Government have issued additional funds to all Planning authorities in 2003/04 under the heading of Planning Delivery Grant. This money has been issued to authorities based on planning performance - with this Council receiving £75,000. Similar grants may be available in future years, but this cannot be guaranteed, or indeed budgeted for with any certainty.
- 2.2 The grant should be targeted to delivering improved services and in this Council this will be achieved by allocating the grant as follows:-

|                                     | £      |
|-------------------------------------|--------|
| Development Control                 |        |
| Increase in staffing                | 25,000 |
| Consultants Fees                    | 15,000 |
| Additional training for staff       | 8,000  |
| Additional training for councillors | 2,000  |
| Resourcing of IT systems            | 5,000  |
|                                     | 55,000 |
| Planning Policy & Regeneration      |        |
| Consultants Fees                    | 15,000 |
| Additional training for staff       | 5,000  |
|                                     | 20,000 |
| TOTAL                               | 75,000 |

2.3 The funds set out above should only be used for one-off items, and the funding of temporary staff.

**3.0 Staffing Issues**

3.1 The report to the Panel outlined a request for additional staffing totalling £32,179 within the Planning Unit. This, as ongoing expenditure, cannot be funded from the Planning Delivery Grant.

3.2 The Planning Income levels have increased steadily over the last few years, and it is now felt appropriate to review the Councils base budget position. The base budget for 2003/04 estimates £342,000 of planning fee income (2002/03 actual £417k).

3.3 It is proposed to fund the cost of employing additional permanent staff within the planning Unit as set out in the report to the Panel by virement. This can be done by increasing the base budget for planning fee income by £32,180 and increasing the base budget for planning staff by £32,180. This has nil impact on the net budget of the authority. Should the planning fee income fall short of the new increased budget, then staffing levels will be revisited.

3.4 This level of virement requires Executive and Council approval.

**4.0 Recommendation**

4.1 The Executive is requested to ask full Council to  
A/ approve the above virement totalling £32,180 for the funding of the additional staffing within the Planning Unit;and to  
B/ approve the allocation of the Planning Delivery Grant within the 2003/04 budget as shown in paragraph 2.2 above.

**Shirlene Adam**  
**Head of Finance**  
**01823 356310**  
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**Background Paper**

Performance and Staffing in Development Control - Strategic Planning,  
Transportation and Economic Development Panel 10 June 2003

**TAUNTON DEANE BOROUGH COUNCIL  
EXECUTIVE  
WEDNESDAY 25 JUNE 2003**

**REPORT OF THE CHIEF ENVIRONMENTAL HEALTH OFFICER  
SUPPLEMENTARY CREDIT APPROVAL – AIR QUALITY MONITORING**

**This matter is the responsibility of Executive Councillor Edwards**

**1.0 Executive Summary**

- 1.1 The purpose of this Report is to inform members that bids have been made for Supplementary Credit Approval (SCA), as follows:
- a) Action Planning, in the sum of **£16,000**
  - b) Replacement Meteorological Station, **£5,000**
- 1.2 A letter from the Department for Environment, Food & Rural Affairs (DEFRA) dated 30 April 2003 confirms that the application has been successful, despite bids being heavily oversubscribed nationally.

**2.0 Background**

- 2.1 An SCA is an approval given to borrow money for a specific purpose, and is given in addition to the basic credit approval issued to the Council each year. If the SCA is accepted and a loan taken out then the authority would be liable for the interest and principal repayments in future years. The Authority will receive some reimbursement of these charges through the annual revenue support grant allocation process.

**3.0 Action Planning Bid**

- 3.1 Taunton Deane Borough Council is in a unique position in that, following a Supplementary Stage 3 Air Quality Report published in September 2002, Air Quality Management Areas (AQMA) in Henlade and in East Reach were designated in January 2003.

We are, therefore, currently involved in a Stage 4 Review and Assessment, developing an Action Plan, as well as carrying out the second round of review and assessments. All of these are statutory functions with tight deadlines.

- 3.2 To assist in the production of the Action Plan, which is a statutory consequence of declaring an AQMA, it is proposed to employ the Air Quality Management Resource Centre (AQMRC), at the University of the West of England (UWE) to carry out a comprehensive review project. The project will involve:

- consideration of the guiding principles

- a review of the Council's AQMAs, Supplementary Stage Three Assessment work
- consideration of relevant local authority and external agency planning functions and responsibilities
- criteria development for evaluating potential options following review of sources identified
- developing a framework for estimating the air quality improvements required
- developing a framework for quantifying potential air quality and non-air quality impacts of outlined measures
- developing a framework for the consideration of cost-effectiveness
- developing of a framework methodology for ranking and prioritising options
- producing recommendations for the effective development of an Action Plan in pursuit of securing the national air quality objectives.

3.3 The AQMRC is one of the leading organisations in the UK for the study and resolution of air quality management problems. They work with a large number of partners, including DEFRA.

They are very familiar with consultation techniques being employed by local authorities in aspects of their local air quality management work, and particularly with respect to action planning and strategy work.

3.4 The AQMRC has estimated that the project will require 40 days, at an estimated total cost of **£16,000**.

#### **4.0 Replacement Meteorological Station**

4.1 The Council has operated a meteorological station since the early 1990s but the station has been inoperable since December 2002. The data provided by the station have been most useful in the interrogation of air monitoring data collected, using both our permanent and mobile monitoring stations.

The use of local meteorological data will become increasingly important as more air monitoring is carried out and, in particular, for use in our future air modelling work. The accuracy of modelling exercises depends upon very localised data.

4.2 Having obtained a number of quotes for a replacement station, our application was based on Skye Instruments Limited supplying a MiniMet station and a SkyeLynx Delux communications and graphing package.

In addition to the supply and installation costs of around £5,000, there will be an ongoing cost of £375 for the annual maintenance contract, which will ensure that the sensors and system remain accurate.

## **5.0 Conclusions**

- 5.1 The coincidental timing of so many Air Quality Projects, each of which requires very significant amounts of work, means that the development of the Action Plan for the AQMAs cannot be undertaken from within existing staff resources.
- 5.2 The preferred Contractor (AQMRC) has considerable experience in this very specialised field and is highly regarded by DEFRA.
- 5.3 The success of future air quality projects will increasingly depend upon reliable and very local meteorological data. It is therefore important that the Council has access to and control of such data.
- 5.4 Both bids are in line with Corporate Priority 2, Our Environment.

## **6.0 Recommendation**

It is recommended that the DEFRA offers of SCA be accepted in the sums of £16,000 and £5,000 for Air Quality Action Planning and for a replacement Meteorological Station, respectively, and that Full Council approval be sought for the general fund capital programme for 2003/04 to be amended accordingly.

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