

You are requested to attend a meeting of the Executive to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 16 March 2011 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meetings of the Executive held on 2 and 10 February 2011 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct. The usual declarations made at meetings of the Executive are set out in the attachment.
- 5 Treasury Management Strategy Statement and Investment Strategy. Report of the Strategic Finance Officer (attached).
Reporting Officer: Maggie Hammond
- 6 Financial and Performance Monitoring - Quarter 3 2010/2011. Joint Report of the Performance and Client Lead Officer and the Financial Services Manager (attached).
Reporting Officers: Dan Webb
Paul Fitzgerald
- 7 Project Taunton and Growth Point Funding 2011/2012. Report of the Strategic Director (attached).
Reporting Officer: Joy Wislade
- 8 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

- 9 Potential disposal of an asset in Taunton. Report of the Asset Holdings Manager, Southwest One, Property and Facilities Management (attached). Paragraph 3 - Financial or Business Affairs.

Reporting Officer: Adrian Priest

Tonya Meers
Legal and Democratic Services Manager

18 March 2011

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

If a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact Democratic Services on 01823 356382 or email d.durham@tauntondeane.gov.uk

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Executive Members:-

Councillor J Williams - Leader of the Council

Councillor C Herbert

Councillor K Hayward

Councillor J Adkins

Councillor N Cavill

Councillor J Lewin-Harris

Councillor T Hall

Councillor M Edwards

Executive – 2 February 2011

Present: Councillor Williams (Chairman)
Councillors Mrs Adkins, Cavill, Hall, Hayward, Mrs Herbert and
Mrs Lewin-Harris

Officers: Penny James (Chief Executive), Maggie Hammond (Strategic Finance Officer), Adrian Priest (Asset Holdings Manager, Southwest One), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager).

Also present: Councillors Mrs Allgrove, Beaven, Bishop, Bowrah, Brooks, Coles, Mrs Copley, Critchard, Denington, D Durdan, Ms Durdan, Farbahi, Mrs Floyd, Gaines, Guerrier, C Hill, Mrs Hill, Horsley, House, Miss James, R Lees, Mrs Lees, McMahon, Meikle, Mrs Messenger, Morrell, Murphy, Paul, Prior-Sankey, Mrs Stock-Williams, Stuart-Thorn, Swaine, Thorne, Watson, Mrs Waymouth, A Wedderkopp, D Wedderkopp and Mrs Wilson.
Mrs A Elder, Chairman of the Standards Committee

(The meeting commenced at 6.15 pm.)

14. Apology

Councillor Edwards

15. Minutes

The minutes of the meeting of the Executive held on 19 January 2011, copies of which had been circulated, were taken as read and were signed.

16. Declaration of Interests

Councillor Mrs Adkins declared a personal interest as an employee of Somerset County Council.

17. Executive Forward Plan

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

18. Exclusion of the Press and Public

Resolved that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12A to the Local Government Act, 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

19. **Former Nursery Site, Mount Street, Taunton**

(Prior to the discussion of this item, the Legal and Democratic Services Manager advised those Councillors who were Members of the Planning Committee that they would be able to join the debate and vote without “fettering their discretion”, if they wished to do so. This was because the details received from bidders as to their particular development schemes were indicative only at this stage. The decision would be subject to contract and the grant of planning permission. Therefore Members simply needed to make their usual declaration that they would consider any planning application on its merits at the time of considering that application.

If and when any scheme came forward for consideration by the Planning Committee, Councillors would then be able to make the declaration that they had not previously fettered their discretion and that they now had all the necessary details before them which would enable the planning merits of the application to be fully taken into account.)

Considered report previously circulated, concerning the outcome of the marketing exercise for the former Nursery Site at Mount Street, Taunton which had recently been undertaken by Southwest One.

The marketing exercise had tested a number of disposal options, details of which had been circulated.

A total of three bids were received by the closing date of 21 January 2011 and the main details of each bid were submitted for the information of Members. All of the bidders had proposed schemes for sheltered housing on the site.

Each bid was subject to contract and conditional upon the interested party obtaining a satisfactory planning consent for its proposed development scheme. Furthermore, a sale of the site would be subject to respective board approvals and satisfactory site surveys and investigations.

Resolved that it be recommended to Full Council that:-

- (a) The sale of the part of the former Mount Street Nursery Site shown on the plan included with the report, be progressed;
- (b) Southwest One be authorised to negotiate exclusively with the bidder identified in the report with a view to finalising appropriate terms and conditions that would protect the Council’s best interests, including price, for the sale of the site, conditional upon appropriate planning permission being obtained and due regard being paid to the existing Traffic Survey information for the local area;
- (c) Once terms and conditions had been agreed, Southwest One be also Authorised to instruct solicitors to proceed to the exchange of conditional contracts accordingly; and
- (d) Should negotiations with the bidder identified in the report prove abortive, the matter be brought back to the Corporate Scrutiny Committee and the Executive for further consideration as to how the Council should next proceed.

(The meeting ended at 7.03 pm.)

Executive – 10 February 2011

Present: Councillor Williams (Chairman)
Councillors Mrs Adkins, Edwards, Hall, Hayward, Mrs Herbert and Mrs Lewin-Harris

Officers: Penny James (Chief Executive), Shirlene Adam (Strategic Director), Brendan Cleere (Strategic Director), Joy Wishlade (Strategic Director), Maggie Hammond (Strategic Finance Officer), Paul Fitzgerald (Financial Services Manager), Fiona Gudge (Principal Accountant), Tracey Healy (Trainee Accountant), James Barrahan (Community Services Manager), Tim Burton (Growth and Development Manager), Simon Lewis (Strategy and Corporate Manager), Richard Sealy (Client and Performance Manager), Stephen Boland (Housing Services Lead), Phil Webb (Housing Manager – Property Services), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager).

Also present: Councillors Brooks, Henley, R Lees, Morrell, Mrs Stock-Williams, Stuart-Thorn, A Wedderkopp and Mrs Wilson.

(The meeting commenced at 6.15 pm.)

20. Apology

Councillor Cavill.

21. Declarations of Interest

Councillor Mrs Adkins declared a personal interest as an employee of Somerset County Council.

22. Proposals to increase Summons and Liability Costs for Council Tax and Business Rate Defaulters

Considered report previously circulated, concerning the current level of “reasonable costs” levied for issuing Summonses and Liability Orders for non-payment of Council Tax and Business Rates.

The Council was allowed to add reasonable costs to the debts if recovery was assisted through the Magistrates’ Court. The level of costs for a standard application was agreed in advance with the Court. If agreed, the Council would seek Civil Cost Structure Approval from the Court.

The last increase for the Council’s Summonses and Liability Orders took effect from 1 April 2006. However, since then costs charged by neighbouring authorities had increased, details of which were submitted.

Council Tax and Business Rate payers had a statutory right to pay their bills by a maximum of 10 instalments when they received their bill at the start of

the financial year concerned. Where an account remained unpaid, adequate warning was given prior to a Summons being issued.

Failure to collect Council Tax due to non-payment had a direct impact because those losses had to be subsidised by higher charges to those who did pay on time.

It was thought that an increase in the level of the Summons cost could act as a deterrent to non-payment or late payment of Council Tax and Business Rates. There was also the possibility of improving fairness by ensuring those people who failed to pay, contributed to the costs associated with that failure.

Finally, increased costs had the potential to increase the percentage of tax collected.

The current costs charged were as follows:-

| | |
|-----------------------|-----|
| Summons costs | £40 |
| Liability Order costs | £5 |
| Combined costs | £45 |

However, the actual cost of issuing Summonses and Liability Orders for non-payment of Council Tax and Business Rates had been calculated at £74.57.

Allowing for small variations in the assumptions made in calculating the above figure, it was proposed to increase the charge for a Summons to £63.50 and for a Liability Order to £10 with effect from 1 April 2011. It was anticipated that the proposed increase would generate further income of £50,000 per annum.

Resolved that:-

- (1) Full Council be recommended to increase the costs for Summonses and Liability Orders for non-payment of Council Tax and Business Rates to £63.50 (from £40) and £10 (from £5) respectively; and
- (2) The costs for Summonses and Liability Orders for non-payment of Council Tax and Business Rates be reviewed annually along with the other Fees and Charges.

23. **General Fund Revenue Estimates 2011/2012**

Considered report previously circulated regarding the Executive's final 2011/2012 budget proposals, prior to submission to Full Council on 22 February 2011 for approval.

Each year the Council set an annual budget which detailed the resources needed to meet operational requirements. It was prepared within the context of the Medium Term Financial Plan (MTFP) which included the 2011/2012 proposals within a 5-year rolling forecast.

Full Council had approved a Budget Strategy at its meeting on 5 October

2010. This was agreed in the face of unprecedented financial challenges and uncertainty and the need to adopt a robust but flexible Budget Strategy to deal with the tightening economic and funding conditions. The Strategy could be summarised as follows:-

- Plan for a 40% reduction in grant over four years;
- Adopt a strategic approach that required managers to review spending and offer choices of savings that could be delivered over a four year period;
- Be flexible to enable some services to deliver savings earlier than others, and consider investment in order to realise longer term savings;
- Support the flexible approach by using reserves to smooth the impact of cuts over the four year period;
- Look for innovative ways to deliver and charge for services;
- Be clear on priorities and undertake a thorough review of the existing stance on service area priorities;
- Undertake a complete review of the Corporate Strategy in the summer of 2011 once priorities had been finalised; and
- Adopt a more “traditional” savings plan approach to setting the 2011/2012 Budget.

Although discussions on the budget proposals, including the Savings Delivery Plans and the proposed Fees and Charges for the next financial year, had commenced in November 2010, the Final Settlement on the formula grant from Central Government was only received on 31 January 2011. Information on this, together with a number of emerging issues which needed to be addressed by the Executive, were detailed in the report.

The General Fund Revenue Account was the Council's main fund and showed the income and expenditure relating to the provision of services. Although the Council made charges for some of its services which reduced the net cost of providing them, the remaining expenditure was funded by the Government through the Revenue Support Grant and Business Rates and by the Council Tax payer.

Reported that the funding position contained in the Final Settlement showed a cut to funding of 13.2% and 11.2% in 2011/2012 and 2012/2013 respectively (compared to 13.7% and 10.6% as per the Provisional Settlement position).

A summary of the Final Grant Settlement was reported as follows:-

| | 2011/12 £'000 | | 2012/13 £'000 | |
|--------------------------------|------------------|--------|------------------|--------|
| 2010/11 Funding | 8,721 | | | |
| Base Adjustment 2011/12 | -1,831 | -21.0% | | |
| Adjusted 2011/12 Base | 6,890 | | 5,981 | |
| Funding Reduction | -909 | -13.2% | -671 | -11.2% |
| Final Settlement | 5,981 | | 5,310 | |
| <i>Note:</i> | | | | |
| Provisional Settlement was: | 5,944 | | 5,316 | |
| Final v Provisional difference | +37 | | -6 | |

A summary of the final settlements made to the other Local Authorities in Somerset was submitted for comparative purposes.

Reported that a Council Tax Freeze for 2011/2012 had been proposed.

Noted that the Council Tax calculation and formal tax setting resolution was to be considered separately. However, a Council Tax Freeze would mean that the Band D Council Tax would remain at £135.19. The Band D taxpayer would therefore continue to receive all the services provided by the Council in 2011/2012 at a cost of £2.59 per week.

As part of the Finance Settlement, the Government had incentivised Local Authorities to voluntarily freeze Council Tax in 2011/2012 by offering a grant equivalent to a 2.5% increase in Council Tax.

If the proposal to freeze Council Tax was accepted by Members, the Council was expected to receive a grant of approximately £136,000. Following indications from the Government, it had been assumed in the MTFP that this grant would be received over the next four years, provided there was no increase in Council Tax.

Further reported that the Budget Proposals for 2011/2012 incorporated the impact of cuts in Government funding and the measures that were proposed to address the overall budget gap in line with the approved Budget Strategy.

The budget gap position had been reported to all Councillors at various points in the budget setting process and the following table showed the changes to the proposed budgets between the Draft Budget position reported to the Executive on 1 December 2010 and the updated Draft Budget reported to the Corporate Scrutiny Committee on 27 January 2011:-

| | Change £000 | Gap £000 |
|---|----------------|--------------|
| A Previous Gap – Executive 1 December 2010 | | 1,151 |
| B Provisional Revenue Grant settlement | 340 | 1,491 |
| C Additional Cost Pressures | | |
| Housing Benefit and Council Tax Admin Grant | 91 | 1,582 |
| Various changes moving to detailed estimates | 47 | 1,629 |

| | | | |
|--|--|--------|------------|
| D | Proposed increases in fees and charges | -358 | 1,271 |
| E | Savings Delivery Plans (Public Acceptability 1&2) | -1,047 | 224 |
| F | Other savings | | |
| | Council Tax Base increase | -17 | 207 |
| | Waste Services contract price provision | -75 | 132 |
| G | Estimated Budget Gap as at 22 December 2010 (per Members' Draft Budget Consultation Pack) | | 132 |
| H | Further Changes: | | |
| | Proposed Council Tax Freeze | 136 | 268 |
| | Council Tax Freeze Grant from Government | -136 | 132 |
| | Maintenance of Pop Up Urinal in Taunton High St | 4 | 136 |
| | Youth Initiatives - One-off in 2011/2012 | 10 | 146 |
| | Building Preservation Trust grant | 1 | 147 |
| | Yearbook and diary savings plan item removed | 1 | 148 |
| | Employee benefits and travel allowances | -20 | 128 |
| | Planning Fees | -70 | 58 |
| | Court Costs Recovery | -50 | 8 |
| | Updated Collection Fund Deficit Forecast | -26 | -18 |
| | Reduce Deane Helpline contribution to Gen Fund | 26 | 8 |
| | Movement in Support Service Recharges | -88 | -80 |
| | Revenue Contribution to Capital (RCCO) | 80 | 0 |
| | Estimated Budget Gap 13 January 2011 | | 0 |
| | RCCO – New Schemes from General Reserves | 49 | 49 |
| | Use of General Reserves for One-off RCCO | -49 | -49 |
| Budget Gap - Corporate Scrutiny 27 January 2011 | | | 0 |

In the short period since the Corporate Scrutiny Committee's meeting, there had been three significant new pieces of information which had required urgent consideration:-

- The receipt of the Final Settlement information;
- A budget 'error' had been found relating to double-counting of recharges income; and
- Improvements to business processes had helped to identify an updated position on the Deane Helpline budget, highlighting a projected financial deficit in 2011/2012.

The following table identified the impact of the changes and the measures identified to balance the resultant budget gap position. The table also included modest investment in new initiatives that the Executive was minded to support:-

| | Change £000 | Gap £000 |
|---|----------------|-------------|
| Budget Gap as at 27 January 2011 | | 0 |
| Budget error – recharges | 150 | 150 |
| Deane Helpline Trading Account | 154 | 304 |
| Final Finance Settlement | -37 | 267 |
| Remove budget re the Pop up Urinal | -4 | 263 |
| Taunton High Street improvements | 4 | 267 |
| Funding to support projects emerging from the Priority Areas Strategy and Action Plan | 10 | 277 |
| Support for rural Post Offices and shops | 8 | 285 |
| Updated pay award assumption | -70 | 215 |
| Vacancy Factor (0.75%) | -61 | 154 |
| Use of General Reserves for Deane Helpline | -154 | 0 |
| Final Budget Gap | | 0 |

Noted that a detailed explanation for all of the proposals listed in the two tables above were included in the report.

Details of other significant budget changes were also submitted. These included:-

- Inflation;
- Concessionary Travel;
- Value Added Tax;
- The Southwest One Contract; and
- Investments, Borrowing and Capital Financing Costs.

Further reported on the following:-

Special Expenses – Taunton Unparished Area

The proposed budget for 2011/2012 was £46,820, which represented a 0% increase in the special expenses per Band D equivalent of £2.92 per property per year in the Unparished Area.

It was proposed to use the money as follows:-

- £15,000 for Youth Initiatives; and
- £31,820 for minor works and capital projects.

Deane DLO Trading Account

Deane DLO was in the middle of an Internal Transformation project and certain cost reductions and efficiencies had been taken into account within the Savings Plans. In addition, through the updating of the Client, DLO Management and Business Support functions, the direct costs and support service recharges budgets had been updated to reflect the latest position. Overall, the DLO was budgeting to make a surplus of £101,000.

There was also a proposed budget in the 2011/12 Capital Programme for vehicle replacement, to be funded from DLO reserves. The forecast reserves position at the end of 2011/2012 was currently a healthy £419,000.

The Council had also set aside a separate DLO Transformation Reserve related to the Internal Transformation project. The balance on this reserve currently stood at £226,000, before taking into account costs incurred in 2010/2011, which would be finalised at the end of the financial year.

Deane Helpline Trading Account

The General Fund Base Budget included a contribution from the Deane Helpline Trading Account to the General Fund of £80,000. This assumed that the Trading Account would deliver a surplus of at least that amount.

There had been some uncertainty over the likelihood of achieving this level of contribution and it had therefore been proposed to reduce the contribution by £26,000, to £54,000 in 2011/2012.

During the past few weeks a further update on the financial position of the Deane Helpline had been completed showing that there now was a significant risk of the service operating at a net cost (or deficit) of £75,000 in 2011/2012. This investigation had also highlighted the requirement to invest in the financial administration capacity within the service.

It was therefore proposed to recognise this risk and 'investment-to-save' requirement by removing the remaining budgeted transfer of £54,000 from the Trading Account to the General Fund, and include a provision of £100,000 within the General Fund for the estimated deficit for next year. These factors had had the effect of increasing the budget gap by £154,000.

The following table compared the 2011/2012 proposed budget with the 2010/2011 original budget, based on the information contained in the report:-

| | Original Estimate 2010/2011 £ | Forward Estimate 2011/2012 £ |
|---|--|---|
| Total Spending on Services | 15,389,730 | 12,810,430 |
| Capital Charges Credit | (1,930,000) | (1,930,000) |
| Interest payable on Loans | 226,430 | 226,430 |
| Minimum Revenue Provision | 342,500 | 370,500 |
| Interest Income | (69,000) | (69,000) |
| Less: Council Tax Freeze Grant | 0 | (136,000) |
| Transfer to Reserves – Previous Years commitments | 90,820 | 300,700 |
| Transfer from Reserve – RCCO 2011/12 | | (49,000) |
| Transfer from Reserves – Deane Helpline | | (154,000) |
| AUTHORITY EXPENDITURE | 14,050,480 | 11,370,060 |
| Less: Revenue Support Grant | (1,105,826) | (1,412,330) |
| Less: Contribution from NNDR Pool | (7,615,394) | (4,569,120) |
| Surplus/Deficit on Collection Fund | 130,210 | 71,800 |
| Expenditure to be financed by District Council Tax | 5,459,470 | 5,460,410 |
| Divided by Council Tax Base | 40,384.49 | 40,390.60 |
| Council Tax @ Band D | £135.19 | £135.19 |
| Cost per week per Band D equivalent | £2.59 | £2.59 |

The above figures did not include Parish Precepts or Special Expenses.

As stated above the Council prepared its annual budget within the context of the MTFP. This provided estimates of the budget requirement and budget gap into future years. The following table provided a summary of the current indicative MTFP:-

| | 2011/12 £m | 2012/13 £m | 2013/14 £m | 2014/15 £m | 2015/16 £m |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net Expenditure | 11.578 | 12.237 | 14.092 | 14.876 | 15.609 |
| <i>Financed By:</i> | | | | | |
| External Government Support | 5.981 | 5.310 | 4.783 | 4.310 | 4.416 |
| Council Tax Freeze Grant | 0.136 | 0.136 | 0.136 | 0.136 | 0 |
| Council Tax | 5.461 | 5.598 | 5.738 | 5.881 | 6.028 |
| Predicted Budget Gap | 0 | 1.193 | 3.435 | 4.549 | 5.165 |

Noted that the above estimates included the following assumptions related to funding:-

- Government Grant would be reduced by the following rates: 2011/2012 by 13.2%; 2012/2013 by 11.2%; 2013/2014 by 10%; and 2014/2015 by 10%.

- A 2.5% increase had been assumed for 2015/2016;
- The Council Tax Freeze Grant relating to 2011/2012 would be receivable for four years; and
- Council Tax would increase by 2.5% each year from 2012/2013.

Further reported that the reserves position was always considered as part of the overall financial framework that underpinned the Budget Strategy. This framework included an acceptable minimum reserves position of £1,250,000 or £1,000,000 if funds were allocated to 'invest to save' initiatives.

The Proposed Budget for 2011/2012 would maintain reserves well above this minimum, but the MTFP indicated that the Council was expected to face significant financial pressures in the medium term as shown in the following table:-

General Reserves Forecast

| | 2011/12 £m | 2012/13 £m | 2013/14 £m | 2014/15 £m | 2015/16 £m |
|---|---------------|---------------|---------------|---------------|----------------|
| Estimated Balance B/F | 2.163 | 2.261 | 1.061 | -2.421 | -7.017 |
| Transfers – Previous Years commitments | 0.301 | 0.040 | 0 | 0 | 0 |
| RCCO in 2011/12 | -0.049 | 0 | 0 | 0 | 0 |
| Deane Helpline 2011/12 | -0.154 | | | | |
| Predicted Budget Gap | 0 | -1.193 | -3.435 | -4.549 | -5.165 |
| Estimated Balance C/F | 2.261 | 1.108 | -2.327 | -6.876 | -12.041 |

Beyond 2011/2012, the MTFP included anticipated inflationary pressures related to staffing pay awards, price inflation on services and major contracts, and possible further cuts in Government funding. There was also a significant estimated reduction of parking income in 2013/2014 linked to Project Taunton town centre developments. Ways of mitigating this potential impact on the Budget were being investigated.

In line with the approved Budget Strategy, the Council was launching a Budget Review Programme which would lead to the creation of a four year funding plan designed to address the financial challenges ahead.

As part of the Prudential Code for Capital Finance there was a requirement for Full Council to approve the indicators as set out in the report. These were important as they detailed the expected borrowing requirement for both the General Fund and the Housing Revenue Account. They also set the operational boundaries for both the borrowing and investment levels and interest rate exposure for the Council.

The Council's S151 Officer had a duty in accordance with The Local Government Act 2003 to comment, as part of the budget setting process, on the robustness of the budget plans. In her response, Shirlene Adam had

stated that she believed the Council's reserves to be adequate and the budget estimates used in preparing the 2011/2012 budget to be as robust.

Noted that Equalities Impact Assessments had been undertaken on proposed budget savings items and other key changes within the proposed budget. Copies of the assessments were submitted to enable them to be taken fully into account by Members in confirming the recommended budget proposals for 2011/2012.

Reported that the Corporate Scrutiny Committee had considered the draft budget proposals at its meeting on 27 January 2011 and its comments were submitted.

The Committee had specifically recommended the Executive to reconsider the proposed budget saving of £29,500 to remove the funding for the Police Community Support Officer and the proposal to take over the maintenance of the 'pop up' urinal in High Street, Taunton at a cost of £4,000. However, no alternative budget savings had been forthcoming.

The Executive had considered these comments and had decided to effectively "mothball" the pop up urinal pending consultation with traders as to its future use. The cost of maintenance had therefore been deleted from the proposed budget.

Resolved that Full Council be recommended to agree the budget for General Fund services for 2011/2012 as outlined in the report and that:-

- (a) the transfer for any potential underspend in 2010/2011 back to General Fund Reserves be agreed;
- (b) the Equalities Impact Assessments provided in the report and appendices be considered as part of the budget decision process;
- (c) the proposed 2011/2012 budget, being Authority expenditure of £11,370,060 and Special Expenses of £46,820 be agreed in accordance with the Local Government Act 1992;
- (d) the projected General Fund Reserve balance of £2,260,000 in 2011/2012 be noted;
- (e) the forecast budget position within the Medium Term Financial Plan be noted;
- (f) the Prudential Indicators for 2011/2012 as set out in the appendix to these minutes be agreed.

24. **Housing Revenue Account Estimates 2011/2012**

Considered report previously circulated, which set out in detail the proposed Housing Revenue Account (HRA) for 2011/2012 which showed a working balance of £1,467,520.

The Council set an annual budget which detailed the resources needed to meet operational requirements. The budget was prepared within the context of the Medium Term Financial Plan (MTFP) which included a five year rolling forecast of expenditure and income.

The Government was planning to implement legislative changes to housing finance via the Localism Bill, which was expected to lead to the abolition of the current subsidy system.

Noted that the current Average Weekly Rent for Taunton Deane Council Dwellings was £64.16. This figure took into account disposals and demolition of dwellings since the rent was set last year.

In considering an increase in rents, the Department of Communities and Local Government (DCLG) had provided three alternative means of calculating this – Average Rent, Limit Rent and Guideline Rent.

The increase in Average Rent was based on a formula laid down by the DCLG in the HRA Subsidy Determination. This was calculated as Retail Price Index (RPI) (4.6% September 2010) + 0.5% + a 'convergence factor' in order that Council rents were in line with those of Housing Associations.

For 2011/2012 this convergence factor was calculated as £1.14. Therefore the proposed Average Weekly Rent for 2011/2012 would be £68.57, an increase of £4.41 or 6.87%.

This was below the Limit Rent (£69.44, an increase of £5.28 or 8.23%) and Guideline Rent (£68.99, an increase of £4.83 or 7.52%) alternatives. Each of these alternatives had implications which were outlined in the report, and acceptance of the Average Rent increase was therefore recommended.

Each ½% rent increase was equivalent to approximately £100,000 for the HRA. If the average rent was set lower than the current proposal, the loss of income would have to be met by reducing expenditure.

The Dwelling Rents formed the major element of income for the HRA. However, the proposed budget for non-dwelling rents and charges for services and facilities was based on a 4.6% increase.

The Supporting People grant had been reduced for 2011/2012 by 11% which was less than had been anticipated. An estimated reduction of 15% year on year had been anticipated in the future for MTFP purposes.

The Negative Subsidy for 2011/2012 was based on the Final Determination figures and represented payments to Central Government under the subsidy system. For MTFP purposes, it had been assumed that the HRA would move to a 'self financing' model from 2012/2013 and therefore no subsidy would be payable. It had been assumed that the Council would take on a debt of £86,000,000 from the Government as the estimated cost of the move to self-financing. It was hoped that final figures would be confirmed shortly.

The HRA expenditure budgets were reported and significant changes included the following:-

- Management Expenses – Changes to the Direct Labour Organisation had impacted on the HRA. Costs had been increased in line with inflation, with the only increase proposed being £18,000 to the Tenant Forum budget to provide a contribution towards initiatives to aid the social environment in the areas that the HRA had properties.

There had been two changes to this budget since consideration of the draft by the Corporate Scrutiny Committee on 27 January 2011. A correction of £187,510 had been made to the budget for the Core and Democratic costs which had, unfortunately been omitted from the draft budget and a vacancy factor of 0.5% had been built into the staffing costs for the HRA amounting to a saving of £7,830.

- Maintenance – Although budgets had generally been increased to reflect inflation, some areas such as Pre-Planned Maintenance had decreased overall by 12% compared to 2010/2011 ;
- Provision for bad debt – An increase in the annual provision was proposed due to the current economic climate;
- Depreciation – This cost was based on the Major Repairs Allowances which were incorporated in the Final Subsidy Determination;
- Debt Management Expenses – These were based on a recharge from Treasury Management, covering bank charges and fees associated with managing cash flow, borrowing and investments;
- Repayment on Borrowing and Interest – These included the additional debt of £86,000,000 through the HRA Reform. Initial estimates assumed this would be repaid over 17 years at a rate of 6% interest; and
- Interest receivable – this was based on an estimated interest rate of 1.32% on investments.

Also reported on appropriations, in the form of transfers to reserves and revenue contributions to capital.

Based on the budget contained within the report, the expected deficit for 2011/2012 was forecast to be in the region of £175,000. This was after making a revenue contribution to capital of £361,000.

Reported that the Corporate Scrutiny Committee had considered the draft budget proposals at its meeting on 27 January 2011 and its comments were submitted for consideration by the Executive.

Noted that an Equalities Impact Assessment had been undertaken on the proposed rent increase. A copy of the assessment was submitted to enable it to be taken fully into account by Members in confirming the recommended

budget proposals for 2011/2012.

Resolved that Full Council be recommended to:-

- (1) approve the average rent increase of 6.87%; and
- (2) agree the Housing Revenue Account Budget for 2011/2012.

25. Capital Programme Budget Estimates 2011/2012

Considered report previously circulated, concerning the proposed General Fund and Housing Revenue Account (HRA) Capital Programmes for 2011/2012 to 2015/2016.

Full Council had approved a Capital Programme for 2010/2011 General Fund schemes totalling £2,852,000 in February 2010. Slippage from the previous year and supplementary budget approvals during the year had increased the Capital Programme to £6,689,000.

An additional supplementary estimate of £60,000 was required in the current year to fund the cost of replacing 13 payment machines in the car parks to enable new coinage to be accepted. This scheme had been brought forward as the coinage was due to be introduced from April 2011.

Since the Budget Consultation Packs had been distributed to Members, confirmation of the loss of a significant amount of Government funding for General Fund Housing Capital had been received. £462,000 of Housing Capital Grant had been cut in full and £620,000 of Supported Borrowing had also been cut.

As a result, the predicted funding gap of £123,000 had increased to £1,205,000. This had made it necessary to review and revise the proposed Capital Programme for 2011/2012.

The proposed General Fund Capital Programme for 2011/2012 now totalled £1,421,000. This assumed nil slippage from 2010/2011, although it was thought that the majority of costs of the Crematorium Mercury Abatement project would slip into 2011/2012.

Proposals to close the funding gap were in place. The funding gap of £1,205,00 had been closed by:-

| £ | |
|---------|---|
| 635,000 | Reduced spending from the Initial Draft Programme targeted in areas where external funding had been cut |
| 60,000 | Remove replacement of car park pay and display machines. This scheme was brought forward to 2010/2011, with funding proposed from surplus earmarked reserves. |
| 381,000 | Use of existing Housing Enabling Reserve to fund current Registered Social Landlord (RSL) Grants commitments |
| 49,000 | Use revenue contribution to capital (RCCO) for New One-off Schemes (IT Infrastructure, Crematorium equipment) funded |

| | |
|-----------|--|
| | from General Reserves |
| 80,000 | Use RCCO towards Updated Existing Scheme (New Cremators) funded from 2011/2012 Budget. |
| 1,205,000 | Total |

The updated proposed Capital Programme was reported as follows:-

| Scheme | Initial Draft Programme £000 | Draft Programme £000 | Difference £000 |
|---|---|---------------------------------|----------------------------|
| Recurring Schemes (2011/12 onwards unless stated) | | | |
| Grants to Clubs | 46 | 46 | 0 |
| Play Equipment – Grants to Parishes | 20 | 20 | 0 |
| Replacement Play Equipment | 20 | 20 | 0 |
| IT Improvements | 59 | 59 | 0 |
| Taunton Canal Grant | 10 | 10 | 0 |
| Replacement Parking Enforcement Equipment | 10 | 0 | -10 |
| Disabled Facility Grants – Private Sector | 405 | 359 | -46 |
| Private Sector Renewal Grants | 301 | 0 | -301 |
| Grants to RSL's | 728 | 450 | -278 |
| Total Recurring Schemes | 1,599 | 964 | -635 |
| Updated Existing Schemes | | | |
| Taunton Crematorium New Cremators and Mercury Abatement Works (in addition to £1,085k in 2010/11) | 235 | 235 | 0 |
| Town Centre Improvements | 8 | 8 | 0 |
| Total Updated Existing Schemes | 243 | 243 | 0 |
| New Schemes | | | |
| ICT Infrastructure | 35 | 35 | 0 |
| Parking Payment Equipment Replacement | 60 | 0 | -60 |
| Taunton Crematorium Equipment | 14 | 14 | 0 |
| Cemeteries/Crematorium Mower Replacement | 0 | 15 | 15 |
| DLO Vehicle Replacement | 0 | 150 | 150 |
| Total New Schemes | 109 | 214 | 105 |
| Grand Total | 1,951 | 1,421 | -530 |

Further reported that funding the Capital Programme would be on the basis of that set out below:-

| Funding Source | Initial Draft Programme £000 | Draft Programme £000 | Difference £000 |
|---|---|---------------------------------|----------------------------|
| Revenue Funding – Capital Financing Reserve | 0 | 15 | 15 |
| Revenue Funding – Housing Enabling Reserve | 0 | 381 | 381 |
| Revenue Funding – DLO Reserve | 0 | 150 | 150 |
| Revenue Funding – 2011/12 Budget | 0 | 80 | 80 |
| Revenue Funding – General Reserves | 0 | 49 | 49 |
| Government Grants | 721 | 259 | -462 |
| Capital Receipts | 487 | 487 | 0 |
| Supported Borrowing – Regional Housing Pot | 620 | 0 | -620 |
| <i>Balance - To be identified</i> | 123 | 0 | -123 |
| Grand Total | 1,951 | 1,421 | -530 |

The Council's grant allocation for Disabled Facilities Grants had not been announced, but the assumption was that it would remain at £259,000.

The proposal was a reduction on the General Fund housing schemes of £625,000 despite the loss of £1,082,000 external funding. Commitments against areas of General Fund housing were being funded from the Housing Enabling reserve. The balance left in this reserve after the funding of the 2011/2012 programme was reported as follows:-

| Housing Enabling Reserve | Total £000 |
|---|-----------------------|
| Balance at 01/04/2010 | 782 |
| Amounts committed in 2010/2011 | (161) |
| Amount due in from Strong Vox (via s.106 agreement) | 375 |
| Proposed funding of 2011/2012 Capital Programme | (381) |
| Balance left in Reserve | 615 |

Noted that future General Fund projects could be undertaken when resources became available. This could be through either borrowing, revenue contributions or through the sale of assets.

The Council had approved a Capital Programme for 2010/2011 HRA Schemes totalling £4,560,000 in February 2010. Slippage from the previous year had increased the estimated programme expenditure in 2010/2011 to £6,058,000.

The proposed HRA Capital Programme for 2011/2012 totalled £4,299,000 and assumed nil slippage. The proposed programme was detailed below:-

| Scheme | Scheme Cost £000 | Total £000 |
|--|------------------------|---------------|
| Decent Homes | | |
| Bathrooms, Roofing, Windows and Heating Improvements | 3,654 | 3,654 |
| Other Works | | |
| Integrated Housing Management System | 15 | |
| Door Entry Systems | 20 | |
| Aids and Adaptations | 200 | |
| Sound Proofing | 20 | |
| DDA Work | 20 | |
| Asbestos Works | 20 | |
| Total Other Works | | 295 |
| Other Schemes | | |
| Community Alarm Systems | 45 | |
| Tenants Improvements | 5 | |
| Disabled Facilities Grants (HRA Stock) | 300 | |
| Total Other Schemes | | 350 |
| Total Proposed HRA Capital Programme 2011/12 | | 4,299 |

Funding the HRA Capital Programme

| | £'000 |
|--|--------------|
| HRA Revenue Funding (RCCO) | 361 |
| Revenue Funding – Housing Enabling Reserve | 3,938 |
| Total HRA Capital Resources | 4,299 |

General Fund Resources were reported as follows:-

- Revenue Funding – In 2011/2012 this would come from earmarked reserves, general reserves and Council Tax;
- Capital Grants and Contributions – With the withdrawal of the Regional Housing Grant, only Disabled Facilities Grant funding would be available in this category. The Department of Communities and Local Government had not announced the final allocations for 2011/2012, but the funding had increased by 6.22% nationally;
- Usable Capital Receipts – General – The balance of unallocated capital receipts was currently zero. Future capital receipts were expected from the sale of the former Nursery site at Mount Street, Taunton and the Bindon Road, Taunton site;
- Usable Capital Receipts – Housing – This related to income from the sale of council houses. It was estimated that only six Right to Buy

sales were likely in 2011/2012. 75% of the proceeds would be returned to Central Government;

- Supported Borrowing – This was borrowing for capital purposes. Central Government provided revenue support to meet the cost of debt repayment. Unfortunately the allocation would be zero for the Council in 2011/2012; and
- Unsupported Borrowing – Where the overall amount of capital expenditure exceeded the available resources, the Council would be required to undertake prudential borrowing for the difference. If borrowing was needed and approved it would only be taken after full consideration of Taunton Deane's Treasury Management Strategy and the indicators prescribed by the Prudential Code.

The capital resources attributable to HRA-related capital expenditure included the Major Repairs Allowance (MRA) (HRA Subsidy from central Government) and RCCO's. The MRA allocation for 2011/2012 included in the Final HRA Subsidy Determination was £3,938,000.

Reported that the Corporate Scrutiny Committee had considered the draft Capital Programme proposals at its meeting on 27 January 2011. No comments were submitted for consideration by the Executive.

Noted that Equalities Impact Assessments had been undertaken on the proposed cuts to the Housing Services Capital Budget. Copies of the assessments were submitted to enable them to be taken fully into account by Members in confirming the recommended budget proposals for 2011/2012.

Resolved that Full Council be recommended to approve:-

- (1) Both the General Fund Capital Programme and Housing Revenue Account Capital Programme budgets for 2011/2012; and
- (2) The supplementary estimate required in 2010/2011 for the replacement of the car park payment machines.

26. **Council Tax Setting 2011/2012**

Submitted report previously circulated, which made recommendations on the level of Council Tax for 2011/2012.

The Council was required to make an annual determination, which set its gross expenditure and gross income (including the Housing Revenue Account and balances brought forward), with the difference as its budget requirement. This determination was set out in the resolution.

Noted that at this stage, whilst the precept figures for the Avon and Somerset Police Authority were known, the figures for Somerset County Council and the Devon and Somerset Fire Authority were provisional pending their respective approval processes. It was likely this element of the total Council Tax determination would have to be advised to Members at the meeting of Full

Council on 22 February 2011.

The estimated expenses chargeable to the non-parished area of Taunton in 2011/2012 amounted to £46,820 and this formed part of the total net expenditure of the Council. Details were also submitted of the Parish Precepts levied and the appropriate Council Tax at Band D.

The estimated balance on the Council Tax Collection Fund was a deficit of £694,745. Taunton Deane's share of this amounted to £71,800 and this was reflected in the General Fund Revenue estimates.

The Council's budget requirement was £11,872,520 including draft Parish Precepts and non-parished Special Expenses. This amount was then reduced by the amount notified in respect of Taunton Deane's Revenue Support Grant (RSG) amounting to £1,412,330 and Domestic Rates Distribution (NDR) from the national pool, amounting to £4,569,120.

The net amount, having taken the collection fund position into account, of £5,962,870 was used to calculate the Council Tax at Band D, reflecting the Parish Precepts and Special Expenses, by dividing it by the total of the Council Tax Base as approved by the Executive on 19 January 2011.

The Council Tax for Taunton Deane (excluding Parish Precepts and Special Expenses for the non-parished area) was £135.19, which was unchanged from the 2010/2011 Council Tax. The provisional total Council Tax, including the Somerset County Council, Police and Fire Authorities precepts was £1402.29 subject to confirmation by the County Council and the Fire Authority.

Resolved that Full Council be recommended that subject to final determination including the Council Tax for Somerset County Council and the Police and Fire Authorities, which was to be advised:-

That it be noted that at its meeting on 19 January 2011 the Executive calculated the following amounts for the year 2011/2012 in accordance with the regulations made under Section 33(5) of the Local Government Finance Act 1992 (as amended):-

- (1) 40,390.64 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year.

| | | | |
|----------------------------------|----------|-------------------|--------|
| Ash Priors | 78.84 | Neroche | 251.93 |
| Ashbrittle | 97.37 | North Curry | 748.27 |
| Bathealton | 88.08 | Norton Fitzwarren | 820.30 |
| Bishops Hull | 1,075.48 | Nynehead | 157.34 |
| Bishops Lydeard / Cothelstone | 1,116.85 | Oake | 333.62 |
| Bradford on Tone | 290.50 | Otterford | 170.04 |
| Burrowbridge | 205.44 | Pitminster | 458.91 |

| | | | |
|---------------------------------|----------|----------------------|-----------|
| Cheddon Fitzpaine | 639.63 | Ruishton/Thornfalcon | 614.50 |
| Chipstable | 128.01 | Sampfard Arundel | 132.51 |
| Churchstanton | 335.61 | Staplegrove | 713.43 |
| Combe Florey | 121.40 | Stawley | 130.08 |
| Comeytrowe | 2,092.08 | Stoke St Gregory | 389.61 |
| Corfe | 132.48 | Stoke St Mary | 204.23 |
| Cotford St Luke | 800.55 | Taunton | 16,033.53 |
| Creech St Michael | 946.10 | Trull | 1,029.79 |
| Durstun | 59.57 | Wellington | 4,683.53 |
| Fitzhead | 123.27 | Wellington (Without) | 302.74 |
| Halse | 141.39 | West Bagborough | 168.06 |
| Hatch Beauchamp | 260.51 | West Buckland | 444.62 |
| Kingston St Mary | 452.76 | West Hatch | 141.96 |
| Langford Budville | 236.73 | West Monkton | 1,116.84 |
| Lydeard St Lawrence/ Tolland | 204.07 | Wiveliscombe | 1,119.67 |
| Milverton | 598.41 | | |

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items related.

- (2) That the following amounts be calculated by the Council for the year 2011/2012 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
- (a) £77,375,400 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(2)(a) of the Act.
(Gross Expenditure including amount required for working balance).
- (b) £65,502,880 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(3)(a) to (c) of the Act.
(Gross Income including reserves to be used to meet Gross Expenditure).
- (c) £11,872,520 being the amount by which the aggregate at (a) above exceeded the aggregate at (b) above, calculated by the Council in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (d) £5,909,650 being the aggregate of the sums which the

Council estimated would be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates, Revenue Support Grant, additional grant or SSA reduction grant (increased by the amount of the sums which the Council estimated would be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 (*Council Tax Surplus*) and increased by the amount of any sum which the Council estimated would be transferred from its Collection Fund to its General Fund pursuant to the Collection Fund (Community Charge) directions under Section 98(4) of the Local Government Finance Act 1988 made on 7 February 1994 (*Community Charge Surplus*).

| | | |
|-----|---------|--|
| (e) | £147.63 | $\frac{(c) - (d)}{(1)} = \frac{11,872,520 - 5,909,650}{40,390.64}$ |
|-----|---------|--|

being the amount calculated at (c) above less the amount at (d) above, all divided by the amount at (1) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year. (*Average Council Tax at Band D for Borough including Parish Precepts and Special Expenses*).

| | | |
|-----|----------|---|
| (f) | £502,465 | being the aggregate amount of all special items referred to in Section 34(1) of the Act. (<i>Parish Precepts and Special Expenses</i>). |
|-----|----------|---|

| | | |
|-----|---------|--|
| (g) | £135.19 | $\frac{(e) - (f)}{(1) \text{ above}} = \frac{147.63 - 502,465}{40,390.64}$ |
|-----|---------|--|

being the amount at (e) above less the result given by dividing the amount at (f) above by the amount at (1) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items related. (*Council Tax at Band D for Borough Excluding Parish Precepts and Special Expenses*).

(h)

| | | | |
|---------------------|----------|----------------------|--------|
| Ash Priors | 135.19 | Neroche | 151.07 |
| Ashbrittle | 153.68 | North Curry | 157.24 |
| Bathealton | 140.87 | Norton Fitzwarren | 165.83 |
| Bishops Hull | 155.65 | Nynehead | 160.61 |
| Bishops Lydeard | / 157.74 | Oake | 149.43 |
| Cothelstone | | | |
| Bradford on Tone | 154.12 | Otterford | 135.19 |
| Burrowbridge | 154.66 | Pitminster | 155.41 |
| Cheddon Fitzpaine | 146.13 | Ruishton/Thornfalcon | 154.72 |
| Chipstable | 149.64 | Sampford Arundel | 169.90 |
| Churchstanton | 156.79 | Staplegrave | 149.21 |
| Combe Florey | 151.66 | Stawley | 153.64 |
| Comeytrowe | 147.14 | Stoke St Gregory | 151.87 |
| Corfe | 154.06 | Stoke St Mary | 149.92 |
| Cotford St Luke | 153.93 | Taunton | 138.11 |
| Creech St Michael | 159.64 | Trull | 148.79 |
| Durston | 145.26 | Wellington | 154.99 |
| Fitzhead | 159.49 | Wellington (Without) | 151.87 |
| Halse | 147.57 | West Bagborough | 147.09 |
| Hatch Beauchamp | 152.46 | West Buckland | 153.18 |
| Kingston St Mary | 148.44 | West Hatch | 151.60 |
| Langford Budville | 152.09 | West Monkton | 163.48 |
| Lydeard St Lawrence | / 152.34 | Wiveliscombe | 153.95 |
| Tolland | | | |
| Milverton | 154.41 | | |

being the amounts given by adding to the amount at (g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (2) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items related.
(Council Taxes at Band D for Borough, Parish and Special Expenses).

(i) See overleaf

being the amounts given by multiplying the amounts at (h) above by the number which, in proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which is that proportion applicable to dwellings listed in Valuation Band D,

calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands. (Council Tax for Individual Parishes and the Borough)

(a)**2011/12 by Parish by Band****Shaded figures represent indicative data only**

| Valuation Band | A | B | C | D | E | F | G | H |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ash Priors | 90.13 | 105.15 | 120.17 | 135.19 | 165.23 | 195.27 | 225.32 | 270.38 |
| Ashbrittle | 96.97 | 113.14 | 129.30 | 145.46 | 177.78 | 210.11 | 242.43 | 290.92 |
| Bathealton | 93.91 | 109.56 | 125.21 | 140.87 | 172.17 | 203.47 | 234.78 | 281.73 |
| Bishops Hull | 103.76 | 121.06 | 138.35 | 155.65 | 190.23 | 224.82 | 259.41 | 311.29 |
| Bishops Lydeard/Cothelstone | 105.16 | 122.69 | 140.21 | 157.74 | 192.79 | 227.85 | 262.90 | 315.48 |
| Bradford on Tone | 102.75 | 119.87 | 137.00 | 154.12 | 188.37 | 222.62 | 256.87 | 308.25 |
| Burrowbridge | 103.11 | 120.29 | 137.48 | 154.66 | 189.03 | 223.40 | 257.77 | 309.32 |
| Cheddon Fitzpaine | 97.42 | 113.66 | 129.90 | 146.13 | 178.61 | 211.08 | 243.56 | 292.27 |
| Chipstable | 99.76 | 116.39 | 133.02 | 149.64 | 182.90 | 216.15 | 249.40 | 299.28 |
| Churchstanton | 104.53 | 121.95 | 139.37 | 156.79 | 191.64 | 226.48 | 261.32 | 313.58 |
| Combe Florey | 101.11 | 117.96 | 134.81 | 151.66 | 185.37 | 219.07 | 252.77 | 303.33 |
| Comeytrowe | 98.09 | 114.44 | 130.79 | 147.14 | 179.84 | 212.54 | 245.23 | 294.28 |
| Corfe | 102.71 | 119.83 | 136.94 | 154.06 | 188.30 | 222.53 | 256.77 | 308.12 |
| Cotford St Luke | 102.62 | 119.72 | 136.82 | 153.93 | 188.13 | 222.34 | 256.55 | 307.85 |

| | | | | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Creech St Michael | 106.43 | 124.17 | 141.90 | 159.64 | 195.12 | 230.60 | 266.07 | 319.29 |
| Durston | 96.84 | 112.98 | 129.12 | 145.26 | 177.54 | 209.82 | 242.10 | 290.52 |
| Fitzhead | 106.32 | 124.04 | 141.77 | 159.49 | 194.93 | 230.37 | 265.81 | 318.97 |
| Halse | 98.38 | 114.77 | 131.17 | 147.57 | 180.36 | 213.15 | 245.95 | 295.13 |
| Hatch Beauchamp | 101.64 | 118.58 | 135.52 | 152.46 | 186.34 | 220.23 | 254.11 | 304.93 |
| Kingston St Mary | 98.96 | 115.45 | 131.95 | 148.44 | 181.43 | 214.42 | 247.40 | 296.88 |
| Langford Budville | 101.39 | 118.29 | 135.19 | 152.09 | 185.88 | 219.68 | 253.48 | 304.17 |
| Lydeard St Lawrence/Tolland | 101.56 | 118.49 | 135.41 | 152.34 | 186.19 | 220.05 | 253.90 | 304.68 |
| Milverton | 102.94 | 120.09 | 137.25 | 154.41 | 188.72 | 223.03 | 257.35 | 308.82 |
| Neroche | 100.71 | 117.50 | 134.28 | 151.07 | 184.64 | 218.21 | 251.78 | 302.13 |
| North Curry | 104.83 | 122.30 | 139.77 | 157.24 | 192.18 | 227.13 | 262.07 | 314.48 |
| Norton Fitzwarren | 110.55 | 128.98 | 147.40 | 165.83 | 202.68 | 239.53 | 276.38 | 331.65 |
| Nynehead | 107.08 | 124.92 | 142.77 | 160.61 | 196.30 | 232.00 | 267.69 | 321.23 |
| Oake | 99.62 | 116.22 | 132.82 | 149.43 | 182.63 | 215.84 | 249.05 | 298.86 |
| Otterford | 90.13 | 105.15 | 120.17 | 135.19 | 165.23 | 195.27 | 225.32 | 270.38 |
| Pitminster | 103.61 | 120.87 | 138.14 | 155.41 | 189.95 | 224.48 | 259.02 | 310.82 |

| | | | | | | | | |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Ruishton/Thornfalcon | 103.15 | 120.34 | 137.53 | 154.72 | 189.10 | 223.48 | 257.86 | 309.44 |
| Sampford Arundel | 113.27 | 132.15 | 151.03 | 169.90 | 207.66 | 245.42 | 283.17 | 339.81 |
| Staplegrove | 99.47 | 116.05 | 132.63 | 149.21 | 182.36 | 215.52 | 248.68 | 298.41 |
| Stawley | 102.43 | 119.50 | 136.57 | 153.64 | 187.78 | 221.92 | 256.07 | 307.28 |
| Stoke St Gregory | 101.25 | 118.12 | 135.00 | 151.87 | 185.62 | 219.37 | 253.12 | 303.75 |
| Stoke St Mary | 99.95 | 116.60 | 133.26 | 149.92 | 183.23 | 216.55 | 249.86 | 299.84 |
| Taunton | 92.07 | 107.42 | 122.76 | 138.11 | 168.80 | 199.49 | 230.18 | 276.22 |
| Trull | 99.19 | 115.72 | 132.25 | 148.79 | 181.85 | 214.91 | 247.98 | 297.57 |
| Wellington | 103.33 | 120.55 | 137.77 | 154.99 | 189.43 | 223.87 | 258.32 | 309.98 |
| Wellington Without | 101.25 | 118.12 | 135.00 | 151.87 | 185.62 | 219.37 | 253.12 | 303.74 |
| West Bagborough | 98.06 | 114.40 | 130.75 | 147.09 | 179.78 | 212.46 | 245.15 | 294.18 |
| West Buckland | 102.12 | 119.14 | 136.16 | 153.18 | 187.22 | 221.26 | 255.30 | 306.37 |
| West Hatch | 101.07 | 117.91 | 134.76 | 151.60 | 185.29 | 218.98 | 252.67 | 303.21 |
| West Monkton | 108.99 | 127.15 | 145.32 | 163.48 | 199.81 | 236.14 | 272.47 | 326.97 |
| Wiveliscombe | 102.63 | 119.74 | 136.84 | 153.95 | 188.16 | 222.37 | 256.58 | 307.89 |

Being the amounts given by multiplying the amounts at (h) above by the number which, in proportion set out in Section 5 (1) of the Act,

is applicable to dwellings listed in a particular valuation band divided by the number which is that proportion applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Council Tax for individual Parishes and the Borough)

(b) (Provisional)

That it be noted that for the year 2011/12 the Somerset County Council, the Avon and Somerset Police Authority and the Somerset and Devon Fire & Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwelling shown below.

| | | | | | | | | |
|--|--------|--------|--------|----------|----------|----------|----------|----------|
| Somerset County Council | 684.87 | 799.01 | 913.16 | 1,027.30 | 1,255.59 | 1,483.88 | 1,712.17 | 2,054.60 |
| Avon & Somerset Police Authority | 112.02 | 130.69 | 149.36 | 168.03 | 205.37 | 242.71 | 280.05 | 336.06 |
| Devon & Somerset Fire & Rescue Authority | 47.85 | 55.82 | 63.80 | 71.77 | 87.72 | 103.67 | 119.62 | 143.54 |

| Valuation Band | A | B | C | D | E | F | G | H |
|-----------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| Ash Priors | 934.86 | 1,090.67 | 1,246.48 | 1,402.29 | 1,713.91 | 2,025.53 | 2,337.15 | 2,804.58 |
| Ashbrittle | 941.71 | 1,098.66 | 1,255.61 | 1,412.56 | 1,726.46 | 2,040.36 | 2,354.27 | 2,825.12 |
| Bathealton | 938.64 | 1,095.09 | 1,251.53 | 1,407.97 | 1,720.85 | 2,033.73 | 2,346.61 | 2,815.93 |
| Bishops Hull | 948.50 | 1,106.58 | 1,264.66 | 1,422.75 | 1,738.91 | 2,055.08 | 2,371.24 | 2,845.49 |
| Bishops Lydeard/Cothelstone | 949.89 | 1,108.21 | 1,266.52 | 1,424.84 | 1,741.47 | 2,058.10 | 2,374.73 | 2,849.68 |
| Bradford on Tone | 947.48 | 1,105.40 | 1,263.31 | 1,421.22 | 1,737.05 | 2,052.88 | 2,368.70 | 2,842.45 |
| Burrowbridge | 947.84 | 1,105.81 | 1,263.79 | 1,421.76 | 1,737.71 | 2,053.65 | 2,369.60 | 2,843.52 |

| | | | | | | | | |
|-----------------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| Cheddon Fitzpaine | 942.16 | 1,099.18 | 1,256.21 | 1,413.23 | 1,727.29 | 2,041.34 | 2,355.39 | 2,826.47 |
| Chipstable | 944.49 | 1,101.91 | 1,259.33 | 1,416.74 | 1,731.57 | 2,046.41 | 2,361.24 | 2,833.48 |
| Churchstanton | 949.26 | 1,107.47 | 1,265.68 | 1,423.89 | 1,740.31 | 2,056.73 | 2,373.15 | 2,847.78 |
| Combe Florey | 945.84 | 1,103.48 | 1,261.12 | 1,418.76 | 1,734.05 | 2,049.33 | 2,364.61 | 2,837.53 |
| Comeytrowe | 942.83 | 1,099.96 | 1,257.10 | 1,414.24 | 1,728.52 | 2,042.79 | 2,357.07 | 2,828.48 |
| Corfe | 947.44 | 1,105.35 | 1,263.25 | 1,421.16 | 1,736.97 | 2,052.79 | 2,368.60 | 2,842.32 |
| Creech St Michael | 951.16 | 1,109.69 | 1,268.22 | 1,426.74 | 1,743.80 | 2,060.85 | 2,377.91 | 2,853.49 |
| Durston | 941.57 | 1,098.50 | 1,255.43 | 1,412.36 | 1,726.22 | 2,040.08 | 2,353.94 | 2,824.72 |
| Fitzhead | 951.06 | 1,109.57 | 1,268.08 | 1,426.59 | 1,743.61 | 2,060.62 | 2,377.64 | 2,853.17 |
| Halse | 943.11 | 1,100.30 | 1,257.48 | 1,414.67 | 1,729.04 | 2,043.41 | 2,357.78 | 2,829.33 |
| Hatch Beauchamp | 946.38 | 1,104.11 | 1,261.83 | 1,419.56 | 1,735.02 | 2,050.48 | 2,365.94 | 2,839.13 |
| Kingston St Mary | 943.69 | 1,100.98 | 1,258.26 | 1,415.54 | 1,730.11 | 2,044.67 | 2,359.24 | 2,831.08 |
| Langford Budville | 946.12 | 1,103.81 | 1,261.50 | 1,419.19 | 1,734.56 | 2,049.94 | 2,365.31 | 2,838.37 |
| Lydeard St Lawrence/Tolland | 946.29 | 1,104.01 | 1,261.73 | 1,419.44 | 1,734.87 | 2,050.30 | 2,365.73 | 2,838.88 |
| Milverton | 947.67 | 1,105.62 | 1,263.56 | 1,421.51 | 1,737.40 | 2,053.29 | 2,369.18 | 2,843.02 |
| Neroche | 945.44 | 1,103.02 | 1,260.59 | 1,418.17 | 1,733.32 | 2,048.46 | 2,363.61 | 2,836.33 |

| | | | | | | | | |
|----------------------|--------|----------|----------|----------|----------|----------|----------|----------|
| North Curry | 949.56 | 1,107.82 | 1,266.08 | 1,424.34 | 1,740.86 | 2,057.38 | 2,373.90 | 2,848.68 |
| Norton Fitzwarren | 955.28 | 1,114.50 | 1,273.71 | 1,432.93 | 1,751.35 | 2,069.78 | 2,388.21 | 2,865.85 |
| Nynehead | 951.81 | 1,110.44 | 1,269.08 | 1,427.71 | 1,744.98 | 2,062.25 | 2,379.52 | 2,855.43 |
| Oake | 944.35 | 1,101.74 | 1,259.14 | 1,416.53 | 1,731.31 | 2,046.10 | 2,360.88 | 2,833.06 |
| Otterford | 934.86 | 1,090.67 | 1,246.48 | 1,402.29 | 1,713.91 | 2,025.53 | 2,337.15 | 2,804.58 |
| Pitminster | 948.34 | 1,106.40 | 1,264.45 | 1,422.51 | 1,738.62 | 2,054.74 | 2,370.85 | 2,845.02 |
| Ruishton/Thornfalcon | 947.88 | 1,105.86 | 1,263.84 | 1,421.82 | 1,737.78 | 2,053.74 | 2,369.70 | 2,843.64 |
| Sampfard Arundel | 958.00 | 1,117.67 | 1,277.34 | 1,437.00 | 1,756.34 | 2,075.67 | 2,395.01 | 2,874.01 |
| Staplegrove | 944.20 | 1,101.57 | 1,258.94 | 1,416.31 | 1,731.04 | 2,045.78 | 2,360.51 | 2,832.61 |
| Stawley | 947.16 | 1,105.02 | 1,262.88 | 1,420.74 | 1,736.46 | 2,052.18 | 2,367.90 | 2,841.48 |
| Stoke St Gregory | 945.98 | 1,103.65 | 1,261.31 | 1,418.97 | 1,734.30 | 2,049.63 | 2,364.96 | 2,837.95 |
| Stoke St Mary | 944.68 | 1,102.13 | 1,259.57 | 1,417.02 | 1,731.91 | 2,046.80 | 2,361.70 | 2,834.04 |
| Taunton | 936.81 | 1,092.94 | 1,249.08 | 1,405.21 | 1,717.48 | 2,029.75 | 2,342.02 | 2,810.42 |
| Trull | 943.92 | 1,101.24 | 1,258.56 | 1,415.89 | 1,730.53 | 2,045.17 | 2,359.81 | 2,831.77 |
| Wellington | 948.06 | 1,106.07 | 1,264.08 | 1,422.09 | 1,738.11 | 2,054.13 | 2,370.15 | 2,844.18 |
| Wellington Without | 945.98 | 1,103.64 | 1,261.31 | 1,418.97 | 1,734.30 | 2,049.62 | 2,364.95 | 2,837.94 |

| | | | | | | | | |
|-----------------|--------|----------|----------|----------|----------|----------|----------|----------|
| West Bagborough | 942.79 | 1,099.93 | 1,257.06 | 1,414.19 | 1,728.46 | 2,042.72 | 2,356.98 | 2,828.38 |
| West Buckland | 946.86 | 1,104.66 | 1,262.47 | 1,420.28 | 1,735.90 | 2,051.52 | 2,367.14 | 2,840.57 |
| West Hatch | 945.80 | 1,103.44 | 1,261.07 | 1,418.70 | 1,733.97 | 2,049.24 | 2,364.51 | 2,837.41 |
| West Monkton | 953.72 | 1,112.68 | 1,271.63 | 1,430.58 | 1,748.49 | 2,066.40 | 2,384.31 | 2,861.17 |
| Wiveliscombe | 947.36 | 1,105.26 | 1,263.15 | 1,421.05 | 1,736.83 | 2,052.62 | 2,368.41 | 2,842.09 |

27. **Improvements to Goodland Gardens and Town Bridge, Taunton**

Considered report previously circulated, concerning proposals to greatly improve the pedestrian movement along the banks of the River Tone between the Brewhouse Theatre and Goodland Gardens and linking into the new Castle Green public realm scheme and museum.

Currently, the connection of the river walkway from the Brewhouse across the Tone Bridge was not very visible and followed a route by the side of Debenhams into an unattractive paved area. Due to flood defence requirements, the area had a number of different levels which made access difficult.

A scheme had been designed by Taunton based Landscape Architects Swan Paul Partnership under their current commission to work on the river corridor and a plan of the proposed works was submitted.

The purpose of the works was to make the connection between the River Tone walkway from the Town Bridge into Goodland Gardens much more visible. This would entail taking some panels out from the Town Bridge to allow access and creation of a ramped walkway down into the gardens which would be fully accessible for wheelchairs and those with prams or pushchairs. The whole paved area behind Debenhams would also be upgraded and would include activity areas for skateboarding.

Should the proposed scheme be accepted by the Executive and once planning permission had been obtained, the main contract works would be carried out by a contractor with specialist experience of the construction of bridges and the delivery of high quality public realm schemes.

Further reported that a budget of £300,000 had been allocated against this scheme from Growth Points Funding and would include all fees, planning costs and physical construction costs (estimated at £250,000).

The works were programmed to be submitted for planning approval during February 2011 with construction commencing in April and completed by the end of August 2011.

Resolved that the proposed works to Goodland Gardens and the Town Bridge, Taunton be approved.

28. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

(The meeting ended at 7.17 pm.)

Appendix

PRUDENTIAL INDICATORS

| PRUDENTIAL INDICATOR | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|----------------|-----------------|-----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| | outturn | estimate | estimate | estimate | estimate |
| Capital Expenditure | | | | | |
| General Fund | £4,562 | £6,689 | £1,421 | £1,910 | £1,875 |
| HRA | £5,142 | £6,231 | £4,300 | £4,399 | £4,020 |
| TOTAL | £9,704 | £12,920 | £5,721 | £6,309 | £5,895 |
| Ratio of financing costs to net revenue stream | | | | | |
| General Fund | 0.14% | 1.08% | 1.32% | 1.70% | 1.75% |
| HRA | 1.89% | 1.81% | 2.28% | 2.17% | 2.07% |
| Net borrowing projection | | | | | |
| brought forward 1 April | £9,900 | £7,786 | £11,710 | £11,710 | £12,753 |
| Carried forward 31 March | £7,786 | £11,710 | £11,710 | £12,753 | £14,103 |
| in year borrowing requirement | -£2,114 | £3,924 | £0 | £1,043 | £1,350 |
| Capital Financing Requirement as at 31 March | | | | | |
| General Fund | £8,586 | £12,260 | £12,015 | £12,796 | £13,864 |
| HRA | £14,451 | £14,451 | £14,451 | £14,451 | £14,451 |
| TOTAL | £23,037 | £26,711 | £26,466 | £27,247 | £28,315 |
| Incremental impact of capital investment decisions | £ p | £ p | £ p | £ p | £ p |
| Increase in council tax (band D) | 1.54 | 2.90 | -0.84 | 0.00 | 0.16 |
| Authorised limit for external debt - | | | | | |
| TOTAL | £40m | £40m | £40m | £40m | £40m |
| Operational boundary for external debt - | | | | | |
| TOTAL | £30m | £30m | £30m | £30m | £30m |
| Upper limit for fixed interest rate exposure | | | | | |
| Net interest re fixed rate borrowing/ investments | 100% | 100% | 100% | 100% | 100% |
| Upper limit for variable rate exposure | | | | | |
| Net interest re variable rate borrowing/ investments | 50% | 50% | 50% | 50% | 50% |
| Maturity Structure of Fixed Rate Borrowing (Upper and lower limits) | | | | | |
| under 12 months | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% |
| 12 months and within 24 months | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% |
| 24 months and within 5 years | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% |
| 5 years and within 10 years | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% | 0% to 50% |
| 10 years and above | 20% to 100% | 20% to 100% | 20% to 100% | 20% to 100% | 20% to 100% |
| Upper limit for total principal sums invested for over 364 days (per maturity date) | | | | | |
| | £2m or 20% | £2m or 20% | £2m or 20% | £2m or 20% | £2m or 20% |

Usual Declarations of Interest by Councillors

Executive

- **Employee of Somerset County Council – Councillor Mrs Adkins**

Taunton Deane Borough Council

Executive – 16 March 2011

Treasury Management Strategy Statement and Investment Strategy

Report of the Strategic Finance Officer

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

1. Executive Summary

- Council debt at the time of issue of report is £14.5m, outstanding investments are £16.2m;
- Short-term interest rates currently at 0.5% and are forecast to rise to 0.75% in the third quarter of the year and 1.0% in the fourth quarter of 2011;
- Long-term rates more stable at 4.25 -4.75% (50yrs) for this financial year;
- Interest rates at historic all time low levels.

2. Background

2.1 The purpose of this Treasury Management Strategy Statement and Investment Strategy (TMSS) is to approve:-

- The Treasury Management Strategy for 2011/2012 (Borrowing and Debt Rescheduling);
- The Prudential Indicators;
- The Minimum Revenue Provision Statement; and
- Use of Specified and Non-Specified Investments.

3. Treasury Management Strategy Statement (TMSS) and Investment Strategy

3.1 Appendix 1 gives the full TMSS.

4. Finance Comments

4.1 This is a finance report and there are no further comments to make.

5. Legal Comments

5.1 There are no legal implications in this report.

6. Links to Corporate Aims

6.1 The TMSS supports the funding of projects as well as the general fund, which in turn support the Corporate Aims.

7. Equalities Impact

7.1 After initial screening no Equality Impacts were identified for any specific group.

8. Partnership Implications

8.1 Southwest One performs the treasury management function on behalf of Taunton Deane Borough Council. Southwest One will adhere to this strategy.

9. Recommendations

9.1.1 That the Executive approves the proposed Treasury Management Strategies outlined in this report.

Contact: Maggie Hammond
(01823) 358698
m.hammond@tauntondeane.gov.uk

IMPORTANT – PLEASE NOTE:

In order for this item to be debated in the most efficient manner at Executive, Members who have queries with any aspect of the report are requested to contact the officer named above before the meeting.



**Taunton Deane BC
Treasury Management Strategy Statement
and Investment Strategy 2011/12 to 2013/14**

Contents

- 1. Background**
- 2. Balance Sheet and Treasury Position**
- 3. Borrowing and Rescheduling Strategy**
- 4. Outlook for Interest Rates**
- 5. Investment Policy and Strategy**
- 6. Balanced Budget Requirement**
- 7. 2011/12 MRP Statement**
- 8. Reporting**
- 9. Other Items**

Appendices

- A. Current and Projected Portfolio Position
- B. Interest Rate Outlook: The Council's, Arlingclose's, <<>> (the Council's fund managers') –
- C. Specified Investments for use by the Council
- D. Non- Specified Investments for use by the Council

1. Background

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.
- 1.2. CIPFA has defined Treasury Management as:
"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.3. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral element to treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.
- 1.4. The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Appendix A), the Prudential Indicators and the outlook for interest rates (Appendix B).
- 1.5. The purpose of this TMSS is to approve:
 - Treasury Management Strategy for 2011-12 (Borrowing and Debt Rescheduling - Section 4, Investments - Section 5)
 - Prudential Indicators – (NB: the Authorised Limit is a statutory limit)
 - MRP Statement – Section 8
 - Use of Specified and Non-Specified Investments – Appendices C & D
- 1.6. As per requirements of the Prudential Code, the Council has adopted the CIPFA Treasury Management Code. The Council has incorporated the changes from the revised CIPFA Code of Practice (November 2009) into its treasury policies, procedures and practices.¹
- 1.7. All treasury activity will comply with relevant statute, guidance and accounting standards.

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

2. Balance Sheet and Treasury Position

2.1. The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR)², together with Balances and Reserves, are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are:

| | 31/03/2011 Estimate £m | 31/03/2012 Estimate £m | 31/03/2013 Estimate £m | 31/03/2014 Estimate £m |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| General Fund CFR | 12.260 | 12.015 | 12.796 | 13.864 |
| HRA CFR | 14.451 | 14.451 | **101.651 | **101.651 |
| Total CFR | 26.711 | 26.466 | 114.447 | 115.515 |
| Less: | | | | |
| Existing Profile of Borrowing and Other Long Term Liabilities | 14.5 | 9.0 | 9.0 | 9.0 |
| Cumulative Maximum External Borrowing Requirement | 12.211 | 17.466 | 105.447 | 106.515 |
| Balances & Reserves | 8.35 | 5.028 | 3.668 | -0.928 |
| Cumulative Net Borrowing Requirement/(Investments) | 3.861 | 12.438 | 101.779 | 107.443 |

****The HRA CFR figures for 31/3/2013 and 31/3/2014 include the indicative additional borrowing of £87.2m the Council will have to self-finance as a result of the abolition of the Housing Subsidy system. This additional borrowing is also reflected in other projections within this document.

2.2. The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at **Appendix A**. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.

Estimates of Capital Expenditure:

2.3. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

| Capital Expenditure | 2010/11 Approved £m | 2010/11 Revised £m | 2011/12 Estimate £m | 2012/13 Estimate £m | 2013/14 Estimate £m |
|---------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Non-HRA | 2.852 | 6.689 | 1.421 | 1.910 | 1.875 |
| HRA | 6.231 | 6.231 | 4.300 | 91.599 | 91.22 |
| Total | 9.083 | 12.920 | 5.721 | 93.509 | 93.095 |

2.4. Capital expenditure is expected to be financed as follows:

| Capital Financing | 2010/11 Approved £m | 2010/11 Revised £m | 2011/12 Estimate £m | 2012/13 Estimate £m | 2013/14 Estimate £m |
|------------------------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Capital receipts | 0.232 | 0.297 | 0.487 | 0.276 | 0.100 |
| Government Grants | 2.181 | 2.181 | 0.259 | 0.259 | 0.259 |
| Major Repairs Allowance | 3.785 | 3.785 | 3.867 | 0.000 | 0.000 |
| Revenue contributions | 2.222 | 2.733 | 1.108 | 0.781 | 0.151 |
| Total Financing | 8.420 | 8.996 | 5.721 | 1.316 | 0.510 |
| Supported borrowing | 620 | 620 | 0 | 0 | 0 |
| Unsupported borrowing | 2.530 | 3.304 | 5.721 | 88.243 | 88.550 |
| Total Funding | 3.150 | 3.924 | 0 | 88.243 | 88.550 |
| Total Financing and Funding | 11.570 | 12.920 | 5.721 | 89.559 | 89.060 |

Incremental Impact of Capital Investment Decisions:

2.5. As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

| Incremental Impact of Capital Investment Decisions | 2010/11 Approved £ | 2011/12 Estimate £ | 2012/13 Estimate £ | 2013/14 Estimate £ |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Increase in Band D Council Tax | 2.90 | -0.84 | 0.00 | 0.16 |
| Increase in Average Weekly Housing Rents | 0.00 | 0.00 | 0.00 | 0.00 |

2.6. **Reform to the Council Housing Subsidy System:** CLG consulted on proposals to reform the council housing subsidy system in July 2010. The consultation proposed a removal of the subsidy system by offering a one-off reallocation of debt. Details of the new system have been introduced in the Localism Bill to enable the new system to start in 2012, subject to the enabling legislation being passed in 2011.

This will require the Council to fund the amount (£87m) owed in the medium term through internal resources and/or external borrowing. The Council has the option of borrowing from the PWLB or the market. The type of loans taken will be decided on in discussions with the Housing department and the councils' Treasury Advisors.

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

2.7. The estimate for interest payments in 2011/12 is £650k and for interest receipts is £156k. Interest payments are estimated on the existing loans portfolio of £14.5m and do not include any costs related to HRA subsidy reform borrowing that may be undertaken in advance of 01/4/2012. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

| Ratio of Financing Costs to Net Revenue Stream | 2010/11 Approved % | 2011/12 Estimate % | 2012/13 Estimate % | 2013/14 Estimate % |
|--|--------------------|--------------------|--------------------|--------------------|
| Non-HRA | 1.08 | 1.32 | 1.70 | 1.75 |
| HRA | 1.81 | 2.28 | 2.17 | 2.07 |
| Total | 1.52 | 1.95 | 2.02 | 1.97 |

3. Borrowing and Rescheduling Strategy

3.1. The Council's balance of Actual External Debt at 31/03/10 (gross borrowing plus other long-term liabilities) is shown in Appendix A. This Prudential Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

3.2. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

| Authorised Limit for External Debt | 2010/11 Approved £m | 2011/12 Estimate £m | 2012/13 Estimate £m | 2013/14 Estimate £m |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Borrowing | 40.0 | 140.0 | 140.0 | 140.0 |
| Other Long-term Liabilities | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 40.0 | 140.0 | 140.0 | 140.0 |

3.3. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

| Operational Boundary for External Debt | 2010/11 Approved £m | 2011/12 Estimate £m | 2012/13 Estimate £m | 2013/14 Estimate £m |
|--|---------------------|---------------------|---------------------|---------------------|
| | | | | |

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

| | | | | |
|-----------------------------|-------------|--------------|--------------|--------------|
| Borrowing | 30.0 | 130.0 | 130.0 | 130.0 |
| Other Long-term Liabilities | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 30.0 | 130.0 | 130.0 | 130.0 |

3.4 The s151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council

3.4. In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:

- PWLB loans
- Borrowing from other local authorities
- Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
- Borrowing from the Money Markets
- Local authority stock issues
- Local authority bills
- Structured finance

3.5. Notwithstanding the issuance of Circular 147 on 20th October following the CSR announcement which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:

- Variable rate borrowing
- Medium-term Equal Instalments of Principal (EIP) or Annuity Loans
- Long-term Maturity loans, where affordable

Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium- and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.

3.6. PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt.

3.7. The Council has a £3.0m loan which is a LOBO loan (Lender's Options Borrower's Option) which will be in its call period in 2011/12. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB. The default response will however be early repayment without penalty.

3.9 The Council will keep open the option to borrow £87.2m in advance of April 2012. This will allow TDBC to have the required sum within the bank to pay CLG in respect of the Housing Reform. Any borrowing will be done following advice from our Treasury Advisors. Investment balances are therefore likely to be higher by this amount for a period of up to 12 months before expenditure is incurred.

3.10 The rationale for rescheduling would be one or more of the following:

- Savings in interest costs with minimal risk
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
- Amending the profile of maturing debt to reduce any inherent refinancing risks.

As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.

3.11 Borrowing and rescheduling activity will be reported to the Executive.

3.12 The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

The Council's existing level of fixed interest rate exposure is 100% and variable rate exposure is 0%.

| | Existing level at 31/03/10 % | 2010/11 Approved £m or % | 2010/11 Revised £m or % | 2011/12 Estimate £m or % | 2012/13 Estimate £m or % | 2013/14 Estimate £m or % |
|--|------------------------------------|--------------------------------|-------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Upper Limit for Fixed Interest Rate Exposure | 85 | 100 | 100 | 100 | 100 | 100 |
| Upper Limit for Variable Interest Rate Exposure | 15 | 50 | 50 | 50 | 50 | 50 |

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- 3.13. The Council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

| Maturity structure of fixed rate borrowing | Existing level at 31/01/ 2011 % | Lower Limit for 2011/12 % | Upper Limit for 2011/12 % |
|--|---------------------------------|---------------------------|---------------------------|
| under 12 months | 58% | 0% | 50% |
| 12 months and within 24 months | | 0% | 50% |
| 24 months and within 5 years | 14% | 0% | 50% |
| 5 years and within 10 years | | 0% | 50% |
| 10 years and within 20 years | | 0% | 100% |
| 20 years and within 30 years | | 0% | 100% |
| 30 years and within 40 years | | 0% | 100% |
| 40 years and within 50 years | 28% | 0% | 100% |
| 50 years and above | | 0% | 100% |

4. **Investment Policy and Strategy**

- 4.1. Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

- 4.2. The Council's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

- 4.3. Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Appendices C and D. The s151 Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Executive.

- 4.4. Changes to investment strategy for 2011/12 include:

- AAA-rated Variable Net Asset Value (VNAV) Money Market Funds
- T-Bills
- Local Authority Bills
- Term deposits in Sweden
- Maximum duration for new term deposits 2 years

- 4.5. As identified in Section 3.9 of this TMSS, the Council's investments are likely to include £87.2m borrowed in advance of spending needs. Investment balances are therefore likely to be higher by this amount for a period of up to 12 months before expenditure is incurred.

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The management of risks, including the risk of loss of the borrowed capital are identical to all forms of investment as set out in this strategy. The risk associated with interest rate changes are based on the Interest Rate forecast at **Appendix C** and the current “cost of carry”.

- 4.6. The Council’s current level of investments is presented at Appendix A.
- 4.7. The Council’s in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates.
- 4.8. In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMADF are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council’s capital is secure.)
- 4.9. The Council selects countries and the institutions within them (see Appendix C), for the counterparty list after analysis and careful monitoring of:
 - Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
 - Credit Default Swaps (where quoted)
 - GDP; Net Debt as a Percentage of GDP
 - Sovereign Support Mechanisms/potential support from a well-resourced parent institution
 - Share Prices (where quoted)
 - Macro-economic indicators
 - Corporate developments, news and articles , market sentiment.
- 4.10. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 4.11. The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.
- 4.12. To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Appendix D). The longer-term investments will be likely to include:
 - Term Deposits with counterparties rated at least A+ (or equivalent)
 - Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- 4.13. The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.
- 4.14.

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| No. 12 | Upper Limit for total principal sums invested over 364 days ³ | 2010/11 Approved £m/% | 2010/11 Revised £m/% | 2011/12 Estimate £m/% | 2012/13 Estimate £m/% | 2013/14 Estimate £m/% |
|--------|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | Whichever is the higher | 2.0 | 3.5 | 3.5 or 20% | 3.5 or 20% | 3.5 or 20% |

4.15. Collective Investment Schemes (Pooled Funds):

The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns.

4.16. Investments in pooled funds will be undertaken with advice from Arlingclose. The Council's currently invests in constant value Money Market Funds.

5. Outlook for Interest Rates

5.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix B. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

6. Balanced Budget Requirement

6.1. The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

7. 2011/12 MRP Statement

7.1. The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

7.2. The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

NB This does not preclude other prudent methods.

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- 7.3. MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).
- 7.4. The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.
- 7.5. The Council will apply Option 2 in respect of supported capital expenditure and Option 3 in respect of unsupported capital expenditure.
8. **Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

Treasury activity is monitored and reported internally to s151 Officer. The Prudential Indicators will be monitored through the year by the s151 officer and reported as below :

The s151 officer will report to the Executive on treasury management activity / performance and Performance Indicators as follows:

- (a) Half yearly against the strategy approved for the year.
- (b) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.
- (c) Executive will be responsible for the scrutiny of treasury management activity and practices.

9. **Other Items**

Training

CIPFA's Code of Practice requires the s151 officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Reviewing and addressing training needs:

Taunton Deane Borough Council trains new members in its finances including treasury management. Refresher financial training is offered which includes treasury management. Our treasury advisors also present to members at Members Briefings. Council staff (including SWOne secondees) attend regular treasury management training.

Investment Consultants

The CLG's Guidance on local government investments recommend that the Investment Strategy should state:

- Whether and, if so, how the authority uses external contractors offering information, advice or assistance relating to investment and
- How the quality of any such service is controlled.

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Taunton Deane Borough Council uses the advice of external contractors. This advice is used to maximise returns on investments whilst retaining certainty over the sum invested. It is also used to ensure that any borrowing is at the best rate available.

The external consultants meet regularly with the s151 officer to review treasury management activities including their advice.

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

APPENDIX A

EXISTING PORTFOLIO PROJECTED FORWARD

| | 31 Mar 10 Actual Portfolio £m | % | 31 Mar 11 Estimate £m | 31 Mar 12 Estimate £m | 31 Mar 13 Estimate £m | 31 Mar 14 Estimate £m |
|--|--|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| External Borrowing: | | | | | | |
| Fixed Rate – PWLB | 6.0 | | 6.0 | 6.0 | 93.2 | 93.2 |
| Fixed Rate – Market | 3.0 | | 8.5 | 8.5 | 8.5 | 8.5 |
| Variable Rate – PWLB | 6.0 | | | | | |
| Variable Rate – Market | | | | | | |
| Total External Borrowing | 15.0 | | 14.5 | 14.5 | 101.7 | 101.7 |
| Existing long-term liabilities | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Long Term Liabilities: | | | | | | |
| - PFI | 0 | | 0 | 0 | 0 | 0 |
| - Finance Leases | 0 | | 0 | 0 | 0 | 0 |
| - Operating Leases* | 0 | | 0 | 0 | 0 | 0 |
| Total Gross External Debt | 15.0 | | 14.5 | 14.5 | 101.7 | 101.7 |
| Investments: | | | | | | |
| <i>Managed in-house</i> | | | | | | |
| - Short-term monies (Deposits/ monies on call /MMFs) | 11.7 | | 8.0 | 8.0 | 8.0 | 8.0 |
| - Long-term investments | | | | | | |
| <i>Managed externally</i> | | | | | | |
| - By Fund Managers | | | | | | |
| - Pooled Funds (<i>please list</i>) | | | | | | |
| Total Investments | 11.7 | | 8.0 | 8.0 | 8.0 | 8.06 |
| (Net Borrowing Position)/ Net Investment position | (3.3) | | (6.5) | (6.5) | (93.7) | (93.7) |

*Operating Leases reclassified as Finance Leases as a result of IFRS

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

APPENDIX B

Arlingclose's Economic and Interest Rate Forecast

| | Mar-11 | Jun-11 | Sep-11 | Dec-11 | Mar-12 | Jun-12 | Sep-12 | Dec-12 | Mar-13 | Jun-13 | Sep-13 | Dec-13 | Mar-14 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 0.50 | 0.50 | 0.75 | 1.00 | 1.25 | 1.50 | 2.00 | 2.50 | 2.75 | 2.75 | 3.00 | 3.00 | 3.00 |
| Downside risk | - | - | - 0.25 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 |
| 1-yr LIBID | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 1.65 | 1.90 | 2.15 | 2.40 | 2.50 | 2.50 | 2.75 | 3.00 | 3.25 | 3.50 | 3.50 | 3.50 | 3.50 |
| Downside risk | - 0.25 | - 0.25 | - 0.25 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 | - 0.50 |
| 5-yr gilt | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 2.75 | 3.00 | 3.25 | 3.50 | 3.75 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.25 | 4.25 | 4.00 |
| Downside risk | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 |
| 10-yr gilt | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 3.90 | 4.00 | 4.10 | 4.25 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 5.00 | 5.00 | 4.75 |
| Downside risk | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 |
| 20-yr gilt | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 4.50 | 4.75 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.25 | 5.25 | 5.00 |
| Downside risk | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 |
| 50-yr gilt | | | | | | | | | | | | | |
| Upside risk | 0.25 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| Central case | 4.25 | 4.50 | 4.75 | 4.75 | 4.75 | 4.75 | 4.50 | 4.50 | 4.50 | 4.50 | 4.75 | 4.75 | 4.50 |
| Downside risk | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 | - 0.25 |

- The recovery in growth is likely to be slow and uneven.
- The initial reaction to the CSR is positive, but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.

Underlying assumptions:

- The framework and targets announced in the Comprehensive Spending Review (CSR) to reduce the budget deficit and government debt will be put to the test; meeting the 2010 borrowing target of £149bn will be crucial to the gilt market's confidence in the credibility of the deficit reduction plans.
- Despite Money Supply being weak and growth prospects remaining subdued, the MPC has gravitated towards increasing rates in the new year as global inflation continues to rise along with household inflation.
- Consumer Price Inflation is stubbornly above 3% and is likely to spike above 4% in the first quarter of 2011 as a result of VAT, Utilities and Rail Fares.
- Unemployment remains near a 16 year high, at just over 2.5 Million, and is set to increase as the Public Sector shrinks. Meanwhile employment is growing but this is mainly due to part time work, leaving many with reduced income.

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- Recently announced Basel III capital/liquidity rules and extended timescales are positive for banks. Restructuring of UK banks' balance sheets is ongoing and expected to take a long time to complete. This will be a pre-condition for normalisation of credit conditions and bank lending.
- Mortgage repayment, a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore the outlook for growth.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

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APPENDIX C

Specified and Non Specified Investments

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high credit quality” as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts: (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- Treasury-Bills (T-Bills)
- Local Authority Bills (LA Bills)
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- AAA-rated Money Market Funds with a Variable Net Asset Value (VNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

1. ** Investments in these instruments will be on advice from the Council’s treasury advisor.*
2. *The use of the above instruments by the Council’s fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody’s and Standard & Poor’s (where assigned).

Long-term minimum: A+(Fitch); A1 (Moody’s); A+ (S&P)

Short-term minimum: F1 (Fitch); P-1 (Moody’s); A-1 (S&P)

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

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New specified investments will be made within the following limits:

| Instrument | Country/ Domicile | Counterparty | Maximum Counterparty Limits %/£m | <i>E.g.</i> |
|--|--|--|--|---|
| Term Deposits | UK | DMADF, DMO | No limit | |
| Term Deposits/Call Accounts | UK | Other UK Local Authorities | No limit | |
| Term Deposits/Call Accounts | UK | Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) | | |
| Term Deposits/Call Accounts | Non-UK | Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+ | | |
| Gilts | UK | DMO | No limit | |
| T-Bills | UK | DMO | No limit | |
| LA-Bills | UK | Other UK Local Authorities | No limit | |
| Bonds issued by multilateral development banks | | (For example, European Investment Bank/Council of Europe, Inter American Development Bank) | | <i>EIB; CoE; IADB Bonds</i> |
| AAA-rated Money Market Funds | UK/Ireland/ Luxembourg domiciled | CNAV MMFs VNAV MMFs (where there is greater than 12 month history of a consistent £1 Net Asset Value) | | <i>Standard Life; Goldman Sachs; Prime Rate; RBS; Ignis etc. Aviva VNAV MMF Investec Liquidity Fund</i> |
| Other MMFs and CIS | UK/Ireland/ Luxembourg domiciled | Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments | | <i>Payden & Rygel; Investec Short Bond Fund</i> |

NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.

NB

Non-UK Banks - *These should be restricted to a maximum exposure of 25-30% per country. This means that effectively all your authority's investments can be made with non-UK institutions should you wish, but it limits the risk of over-exposure to any one country.*

MMFs - *We emphasise diversification for all investments including MMFs. We advise that, as far as is practicable, clients spread their investments in Money Market Funds between two funds or more.*

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Group Limits - For institutions within a banking group, we advise a limit of 1.5 times the individual limit of a single bank within that group.

| Instrument | Country/ Domicile | Counterparty | Maximum Counterparty Limit £m/% | Maximum Group Limit (if applicable) £m |
|-----------------------------|----------------------|---|---------------------------------------|---|
| Term Deposits/Call Accounts | UK | Santander UK Plc (Banco Santander Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Bank of Scotland (Lloyds Banking Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Lloyds TSB (Lloyds Banking Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Barclays Bank Plc | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Clydesdale Bank (National Australia Bank Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | HSBC Bank Plc | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Nationwide Building Society | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | NatWest (RBS Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Royal Bank of Scotland (RBS Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | UK | Standard Chartered Bank | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Australia | Australia and NZ Banking Group | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Australia | Commonwealth Bank of Australia | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Australia | National Australia Bank Ltd (National Australia Bank Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Australia | Westpac Banking Corp | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Canada | Bank of Montreal | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Canada | Bank of Nova Scotia | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Canada | Canadian Imperial Bank of Commerce | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Canada | Royal Bank of Canada | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Canada | Toronto-Dominion Bank | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Finland | Nordea Bank Finland | 3.5m or 20% | 5.25m or 20% |

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

| | | | | |
|-----------------------------|-------------|---|-------------|--------------|
| Term Deposits/Call Accounts | France | BNP Paribas | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | France | Credit Agricole CIB (Credit Agricole Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | France | Credit Agricole SA (Credit Agricole Group) | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | France | Société Générale | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Germany | Deutsche Bank AG | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Netherlands | ING Bank NV | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Netherlands | Rabobank | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Sweden | Svenska Handelsbanken | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | Switzerland | Credit Suisse | 3.5m or 20% | 5.25m or 20% |
| Term Deposits/Call Accounts | US | JP Morgan | 3.5m or 20% | 5.25m or 20% |

Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively if a counterparty is downgraded, this list may be shortened.

Treasury Management Strategy Statement and Investment Strategy 2011/12 to 2013/14

APPENDIX D

Non-Specified Investments determined for use by the Council

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use: *(please amend the table below as applicable – we encourage you to discuss with Arlingclose the instruments and limits appropriate to your Council's strategy.)*

| | In-house use | Use by fund managers | Maximum maturity | Max limit | Capital expenditure? | E.g. |
|---|-------------------------------------|----------------------|------------------|-----------|----------------------|---|
| <ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ CDs with banks and building societies | ✓ ✓ | ✓ | | £3.5m | No | |
| <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments | ✓ (on advice from treasury advisor) | ✓ | | £3.5m | No | <i>EIB Bonds, Council of Europe Bonds etc.</i> |
| Money Market Funds and Collective Investment Schemes, which are/ are not credit rated | ✓ (on advice from treasury advisor) | ✓ | | | No | <i>Investec Target Return Fund; Elite Charteris Premium Income Fund</i> |

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

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and Investment Strategy 2011/12 to 2013/14**

2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

Taunton Deane Borough Council

Executive – 16 March 2011

Financial and Performance Monitoring – Quarter 3 2010/2011

Joint Report of the Performance and Client Lead Officer and Financial Services Manager

(This matter is the responsibility of Executive Councillor Terry Hall)

1. Executive Summary




- 1.1 This report provides an update on the financial position and the performance of the Council to the end of Quarter 3 of 2010/2011 (as at 31 December 2010).
- 1.2 The monitoring of the Corporate Strategy, service delivery, performance indicators and budgets is an important part of the overall performance management framework.
- 1.3 **A high level summary of key successes / improvements** (ie 'Green' alerts) in Quarter 3 include the following:
 - 7 of the 9 corporate aim objectives are on target
 - Council Tax and NNDR debit collection rates are on course for the 2010/2011 target and the Q3 results are an improvement on the same period last year
 - 99.7% of calls to the Customer Contact Centre were resolved at the first point of contact
 - Speed of processing Benefits claims (new and change of circumstances) are on course for the 2010/2011 target and an improvement on the same period last year
 - 5 of the 6 key council projects are reported as being on course (LDF/Core Strategy, Housing Inspection project, Core Council Review, Project Taunton, Halcon project)
 - Sundry Debts - the level of overdue debt owed to TDBC fell significantly between Quarter 2 and Quarter 3
 - Landlord services – the latest survey result shows 99% satisfaction with repairs
 - Environment Health Licensing Inspections increased from 71% in Q2 to 94% in Q3
- 1.4 **A high level summary of areas off course / objectives not met** (ie 'Red' alerts) in Quarter 3 include:
 - Housing Revenue Account is forecast for a £593,000 overspend for the year
 - HRA Capital is forecast for a £343,000 overspend for the year
 - Procurement benefits are behind the original forecast
 - Equality Action Plans & Equality Impact Assessments are not yet embedded

2. The Performance Scorecard (please see **Appendix A**)

2.1 **Scorecard explanation / key** - each section of the scorecard uses the same template and is structured as follows:

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS |
|-----|---|--|---------------------------------|---|
| | Strategic & corporate objectives categorised in the 7 sections of the scorecard | Key performance indicators (& targets where possible) used to measure the objective. | Red, Amber or Green (see below) | A brief summary highlighting reasons for and issues surrounding the alert reported (see Green, Amber, Red below). Also any known problems that may jeopardise attainment. Where relevant, CMT/Executive will provide further information in addressing under performance. |

2.2 Key to performance alerts:

| | Reasons for alert | Notes |
|---|---|--|
|  (green) | Planned actions are on course | Justification for the Green alert will be provided. |
| | Performance indicators are on target | Key successes or exceptional performance will be outlined. |
|  (amber) | Some uncertainty in meeting planned actions | The reason for the Amber alert will be made clear. Mitigating actions will be outlined |
| | Some concern that performance indicators may not achieve target | |
|  (red) | Planned actions are off course | A brief high level summary is included within scorecard. Where the Corporate Management Team consider a Red alert to be a priority issue requiring further detail and explanation, a separate one page information sheet for more detail will be appended to the report |
| | Performance indicators will not achieve target | |

2.2 Please see the TDBC Scorecard at **Appendix A** for full details of 2010/11 Quarter 3 performance.

3. Quarter 3 – Financial Performance (April - December Budget monitoring)

3.1 A summary of key financial performance is found in the scorecard (**Appendix A**), section three – Managing Finances. A more detailed financial performance report can be found in **Appendices B & C**

3.2 Full Council approved the 2011/12 General Fund Budget at its meeting on 22 February. The approved budget included savings plans that result in redundancy of three staff, with the expectation that any associated redundancy costs would be met from General Reserves. A recommendation is therefore included in this report to ensure the requisite approval is in place for a Supplementary Budget allocation in 2010/11. This does not alter any budget decisions, but ensures that budget approval regulations are adhered.

3.3 The information in **Appendix B** includes a variance in spending between capital and revenue maintenance within the HRA. Given the amounts involved it is proposed to transfer budget of £400,000 from the revenue maintenance budget to the 'revenue contributions to capital' (RCCO) budget within the HRA. A recommendation is therefore also included in this report to ensure the requisite approval is in place for a Supplementary Budget allocation in 2010/11 HRA Capital Programme, to reflect the increased capital maintenance spend (to maintain the Decent Homes Standard).

3.4 Finance Comment from the Strategic Finance Officer (Deputy S151 Officer):

During September 2010, Southwest One Finance invested time in providing both financial awareness training for budget holders as well as hands on SAP training to launch a more robust budget monitoring process moving forward. This has been very successful and budget holders are now monitoring their budgets each month allowing them to identify and address as soon as possible any areas of concern.

The General Fund position is now a small overspend representing 1% of the budget. The HRA position, even though this is an overspend and reduces the HRA reserve to £1.788m, keeps the reserve above the minimum balance position.

General Fund Capital for Q3 shows an overspend of £12,000 that is being funded from reserves. HRA Capital for Q3 shows an overspend of £343,000 which is proposed to be funded from revenue as per the recommendation in this report.

4. Legal Comments

There are no legal implications in this report.

5. Links to Corporate Aims

As this report covers all aspects of the Council's performance, all Corporate Priorities are affected.

6. Environmental and Community Safety Implications

Please see the following sections of the Scorecard for those areas contributing to the above: 2.4 (Service Delivery – ‘Street Scene’); 5.4 (Somerset Waste Partnership).

7. Equalities Impact

See the scorecard section 7.3 for details of equalities progress within the council.

There is also further detail provided (in Appendix C) on the progress of Equality Action Plans, Equality Impact Assessments, and the Corporate Equality Scheme

8. Risk Management

See the scorecard section 7.4 for details of risk management progress within the council.

9. Partnership Implications

See the scorecard section 5 for details of the council's key partnerships.

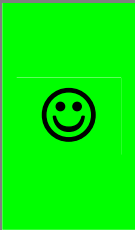
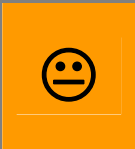
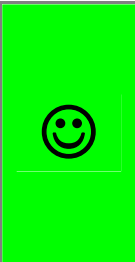
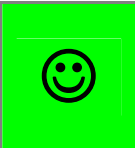
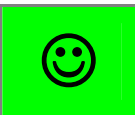

10. Recommendations





- 10.1 It is recommended that the Executive review the Council's performance and financial position as at the end of Quarter 3, taking corrective action or requesting further information from Theme Managers where necessary.
- 10.2 The Executive is requested to approve a recommendation to Full Council to approve a supplementary budget in the 2010/11 General Fund Revenue Budget of £28,000 for redundancy costs, to be funded from General Reserves.
- 10.3 The Executive is requested to approve a recommendation to Full Council to approve a budget transfer (“virement”) of £400,000 from HRA Maintenance to HRA Revenue Contributions to Capital.
- 10.4 The Executive is requested to approve a recommendation to Full Council to approve a supplementary budget of £400,000 in the 2010/11 HRA Capital Programme for Decent Homes Maintenance, to be funded by revenue contributions from the HRA revenue budget.

Contacts:

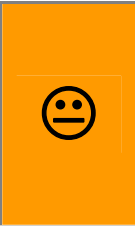


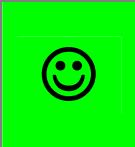
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|--|---|--|
| Dan Webb Performance & Client Lead Officer d.webb@tauntondeane.gov.uk 01823 356441 | Paul Fitzgerald Financial Services Manager p.fitzgerald@tauntondeane.gov.uk 01823 358680 | Maggie Hammond Strategic Finance Officer and Deputy S151 Officer m.hammond@tauntondeane.gov.uk 01823 358698 |
|--|---|--|

1. CORPORATE STRATEGY AIMS

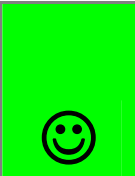
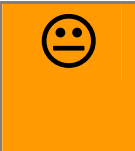

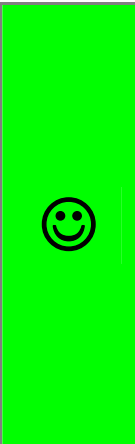
| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS |
|---|--|---|---|--|
| Tackling Deprivation & Sustainable Community Development (Aim 1) | | | | |
| 1.1 | Objective 1 Focus on Taunton East, North Taunton & Rural Deprivation | Actions – Progress against key activities |  | The 'Priority Areas Strategy' project is currently in phase one ('benchmarking & engagement'), and key activities are on track: <ul style="list-style-type: none"> • Community engagement in North Taunton & Taunton East has commenced • Benchmarking phase of rural element of project has now commenced • The 'PAS' project is successfully being integrated with the 'Total Somerset' project (customer access) |
| | | Index of Multiple Deprivation (IMD) score | N/A | Government have announced the 2010 IMD will be published in March 2011 (last IMD was 2007). This will further inform the 'Priority Areas Strategy' project |
| | | Total staff volunteer hours |  | The pilot scheme has struggled (an issue has been that some centres in priority areas are changing management & are not yet able to take on new volunteers). Currently 13 volunteers have completed 28 hours total voluntary work since Aug. CMT will consider a 6 month extension & re-launch of pilot scheme |
| | Objective 2 'One-Stop' advice on skills, employment & training | Actions – Progress against key activities |  | All job club members receive weekly 1 to 1 support from qualified volunteers. Taunton East - good progress, Wellington - progress has improved significantly in Quarter 3 following support from the TDBC Ec Dev Team with new marketing initiatives to increase take up of service. Ec. Dev. Team has circulated a proposal to Halcon businesses suggesting TDBC creates a Halcon Business Forum to identify key skills they need, & on increasing involvement in tackling worklessness in Taunton East . |
| | | Number of people supported / back to work |  | Taunton East Job Club (Halcon, Lambrook & Lane) continues to achieve its targets for: Membership; 'Jobs applied for; and 'job offers' The Wellington Job Club has become much more successful recently and is meeting its targets (the number of users has doubled since November) |
| | Objective 3 Secure medium term future of N. Taunton Partnership & Link Partnership | Actions – Progress against key activities |  | 3 year Service Level Agreement (SLA) with Link Partnership now in place for 2010/11 until 2012/13 |
| | | Funding secured |  | Funding secured for 2011/12 (£25K PCT contribution, and the rest from Housing & Strategy). Funding uncertain beyond 2011/12. |

| Regeneration (Aim 2) | | | | |
|----------------------|--|---|---|---|
| 1.2 | Objective 4 Facilitate the creation of a leading Green Knowledge economy | Actions – Progress against key activities |  | ☺ Economic Development Service Delivery Plan produced in December 2010 setting out three key themes to direct the service during 2011 and 2012. Copies circulated to all members in Jan 2011. ☺ Executive agreed in December 2010 to extend the Council’s involvement in Into Somerset for a further year (2011/12). ☺ Officers have a commenced a proactive engagement programme with local businesses to meet them and understand their growth ambitions and barriers. ☺ Leader’s dinner arranged for 2 nd March for Leader and Chief Exec to meet 8 local businesses to discuss their local investment needs. ☺ Discussions with developers have commenced to identify and promote the delivery of an increased supply of employment land in Taunton Quarterly Economy updates are now provided for all Members (circulated Jan 11) |
| | | Number of jobs created | N/A | Job creation figures will be provided annually, supported by a quarterly Ec Dev reports showing progress of the locally economy. (2010/11 Target = 1000) (*however this now needs to be revised) |
| | Objective 5 Facilitate Housing growth | Actions – Progress against key activities |  | ☺ Strategic Housing Land Availability Assessment completed ☺ Adoption of Core Strategy (& Urban Extensions Supplementary Planning Document) pushed back to March 2010 due to abolition on RSS ☺ TDBC is continuing to work closely with developers to bring sites forward (but housing market remains ‘difficult’) |
| | | Net additional homes provided | N/A | 2010/11 Target = 1000 (NB: revised target = 700 p.a for first 5 years) Information not yet available as new Building Control reporting system is not yet functioning – this will be available for the year-end outturn report |
| | | Supply of ready to develop housing sites |  | Target = 5 year supply of housing land within Taunton by Sept 2011 We currently have a 5 year supply identified, although marginal |
| | Objective 6 Deliver Infrastructure | Actions – Progress against key activities |  | ☺ Project Taunton funding in place until March 2012 – medium-term uncertain ☺ Delayed Infrastructure Delivery Plan ☺ Castle Green redevelopment work should start in March, and a review of the specification should mean a substantial saving on this project. Good progress with legal agreements |

Affordable Housing (Aim 3)

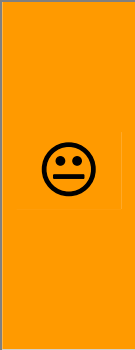
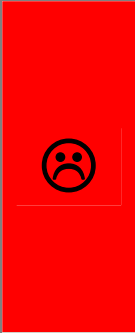
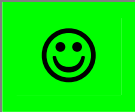
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| 1.3 | Objective 7 Making homes more affordable | Actions – Progress against key activities |  | <p>☹ TDBC is assessing the implications of new forms of affordable housing (eg affordable rent)</p> <p>☺ Housing conditions (social housing stock & private sector) – good progress being made – see section 5.6 Somerset West Private Sector Housing Partnership</p> |
| | | Number of affordable homes delivered |  | <p>2010/11 Target = 200 Forecast for year-end = 133 (118 units of rent & shared ownership + 25 private developers ‘homebuy’ units) Amber alert because we are not forecast to achieve this year’s target, however there is a high degree of confidence that the shortfall will be made up next year due to the number in the pipeline. The forecast 2011/12 = 267 (therefore 400 for the period 2010/11 – 2011/12)</p> |
| | | % of non-decent council homes |  | <p>2010/11 Target = max 0.5% (ie 25 properties ‘non-decent’) ON course in Taunton Deane owned social housing stock: 100% Decent Homes compliance achieved and sustained throughout Q2.</p> |
| | | Tackling fuel poverty (NI 187) |  | <p>LAA Target 2010/11 = 16.3% People receiving income based benefits living in homes with low energy efficiency. Annual measure. TDBC result 2009/10 = 13%. (LAA target was 17%) NI abolished. Future measurement will be against action plan.</p> |

Climate Change (Aim 4)

| | | | | |
|-----|---|---|--|---|
| 1.4 | Objective 8 Meet the 10:10 challenge by reducing our carbon emissions | Actions – Progress against key activities |  | <ul style="list-style-type: none"> Carbon Management Plan (CMP) includes 69 carbon reduction actions Progress reports on implementation of Plan produced in Aug 2010 & Jan 11 Jan report shows that of the 69 actions: 36 had been implemented, 23 are in the progress of being implemented and 10 had been abandoned A review of work on CMP Action Plan for 2011/12 to start in March 2011 Work on a strategy for achieving carbon neutrality due in 2011/12 TDBC '10% less' campaign has successfully raised awareness |
| | | 10% reduction in CO2 by Mar 11 |  | Overall carbon savings year-to-date = 2.7% Q1 = 4.4%; Q2 = 4.6%; Q3 = 0.1%. Q3 saw a big increase in gas consumption due to exceptionally cold weather in November and December 2010. NB: DLO energy figures not yet included. |
| | | Adapting to climate change |  | 2010/11 Target = level 3 (NB - LAA target now removed, however TDBC will continue to work towards level 3 for 2011/12 rather than 2010/11) Level 2 reported to DEFRA spring 2010 (Comprehensive Risk Assessment). |
| | Objective 9 Work with communities to reduce carbon emissions across the Deane | Actions – Progress against key activities |  | <ul style="list-style-type: none"> TDP (Taunton Deane Partnership; formerly called LSP) have agreed setting up of a working group to drive and co-ordinate the development of a Climate Change Strategy. Membership of the group will be agreed summer 2011 to develop the Strategy which should be completed Dec 2013. Work on creating a Passivhaus exemplar project started. Passivhauses have a 75% reduced heating demand, i.e. much lower carbon emissions from heating than standard built. We propose to work in partnership with a Housing Association. Initial awareness raising event with officers and Members took place in Jan 2011. 'GrantFinder' used to search for external funding (eg for Passivhaus project and Deane Energy Savers) Decision pending on SW REIP funding for Duke Street flats retrofit |
| | Per capita CO2 emissions in TD area | N/A | No targets set (awaiting updated data from DEFRA). Latest data published in Sept 2010 showed a 3% reduction from 2006 to 2008. This data is published annually, however there is a 2 year time lag. The 2009 data will be published in Sept 2011 | |

2. SERVICE DELIVERY

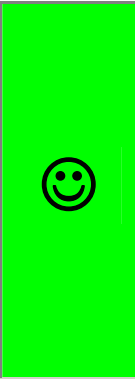
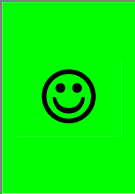
Excellent services - Customer driven - A dynamic organisation - Local focus

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS | | | | | | | | | | | | | | |
|--|---|--|--|--|---------|------------|---------|----------|----------|-------|-----|--|----------|-------|-----|----------|-------|-----|
| 2.1 | Ensuring development proposals are dealt with positively, with an emphasis on quality outcomes Delivering the Development Management Service aims | Planning Applications Speed of Processing |  | <table border="1"> <thead> <tr> <th>Type</th> <th>Q3 results</th> <th>Targets</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td>a) Major</td> <td>53.3%</td> <td>65%</td> <td rowspan="3"> Approx 35 major planning applications are received per year (2% of all applications). This means the weighting of each individual case is such that although every effort is made to work within the target set, outside influences do play a major factor in the releasing of decisions. </td> </tr> <tr> <td>b) Minor</td> <td>75.6%</td> <td>75%</td> </tr> <tr> <td>c) Other</td> <td>84.1%</td> <td>85%</td> </tr> </tbody> </table> | Type | Q3 results | Targets | Comments | a) Major | 53.3% | 65% | Approx 35 major planning applications are received per year (2% of all applications). This means the weighting of each individual case is such that although every effort is made to work within the target set, outside influences do play a major factor in the releasing of decisions. | b) Minor | 75.6% | 75% | c) Other | 84.1% | 85% |
| | | Type | | Q3 results | Targets | Comments | | | | | | | | | | | | |
| a) Major | 53.3% | 65% | Approx 35 major planning applications are received per year (2% of all applications). This means the weighting of each individual case is such that although every effort is made to work within the target set, outside influences do play a major factor in the releasing of decisions. | | | | | | | | | | | | | | | |
| b) Minor | 75.6% | 75% | | | | | | | | | | | | | | | | |
| c) Other | 84.1% | 85% | | | | | | | | | | | | | | | | |
| % of appeals allowed against the authority's decision (Target 25%) |  | <p>Year to date results (April – December) = 33.3% (3 out of 9 appeals allowed against the Council's decision) Quarter 3 results = 0 appeals allowed against the council's decision (0 out of 1 appeal allowed). Although the target is not being achieved year-to-date, and there were concerns in Q1 & Q2, recent performance shows improvement, and the national target is now being met Action: all appeal decisions are reported to the Planning Committee & reviewed for trends which may show changes in the process are needed. Training programme in place for Planning Officers.</p> | | | | | | | | | | | | | | | | |
| 2.2 | Safeguarding the health, safety & welfare of everyone in the Borough Delivering the aims of the Environmental Health Service | Satisfaction with EH regulatory services (Target = 75%) | NA | <p>Not collected since Sept 2010 as NI discontinued nationally and locally. Total at that date = 86%. (2009/10 = 90%)</p> <p>New TDBC satisfaction measure being implemented from Jan 2011. Data available next quarter.</p> | | | | | | | | | | | | | | |
| | | Food Safety compliance (Target = 80%) | NA | <p>Data available at end of year</p> <p>2009/10 = 88%</p> | | | | | | | | | | | | | | |
| | | Environmental Protection Team |  | <p>Requests for Service (e.g. pest control, dog warden, noise, odour, drainage, air pollution, public health).</p> <p>90.7% Total Service Requests responded to within target time (1409/1553)</p> | | | | | | | | | | | | | | |






















TDBC SCORECARD Q3 2010/11 (Appendix A)



| | | | | | | | |
|---|--|---|--|--|--|--|--|
| | | Health & Safety intervention visits (Target = 90%) | | Quarter 3 actual = 89% (313/ 351 inspections) | | | |
| | | Licensing inspections (Target = 75%) | | Quarter 3 actual = 94% (34 / 36 inspections) This shows a significant improvement from last quarter's result of 71%. | | | |
| 2.3 | Delivering customer driven services To deliver customer focussed services, achieving high levels of customer satisfaction. | 85% of calls resolved at 1 st point of contact | | Quarter 3 actual = 99.7% (Contact Centre Only) 131 calls of all calls answered were transferred to back office which should have been deliverable within Customer Contact | | | |
| | | 80% of calls answered within 20 seconds | | | Quarter 3 actual % | | |
| | | | | Contact Centre (SWOne) | 85.62% (Total 38,079 calls. 5,473 not within 20 seconds of hitting CC system) | | |
| | | | | Deane House | 99% | | |
| | | | | DLO Depot | 92% | | |
| | | Complaints measures -10 day response - % Complaints upheld | | 75% responded to within 10 day target (71 / 95) as at end Quarter 3 (April – Dec 2010). In the last quarter (Oct – Dec), the result was 94% 38% of complaints were upheld as at end Quarter 3 Action: A full complaints report for 2010 was taken to Corporate Scrutiny 24 Feb. An Information Report for Complaints Q1 & Q2 is on the Members Portal | | | |
| | | Benefits Service: Time to process new claims Target= 22 days | | Quarter 3 actual = 18.4 days (Q3 2009/10 was 18.6 days) | | | |
| | | Benefits Service: Time to process changes of circumstance Target = 8 days | | Quarter 3 actual = 8 days (Q3 2009/10 was 9 days) | | | |
| Landlord Services – satisfaction with repairs | | 99.06% satisfied overall with the repairs service. Target 98% Results from most recent survey conducted Jan 2011 | | | | | |

| | | | | | | | | |
|-----|---|--|---|---|-------------|-------------------|--|---|
| 2.4 | Ensuring the Borough is a clean and attractive place to live, work & visit Delivering Parks, Street Cleansing, Highways & Transport Services that are high quality and cost-effective | Street & environmental cleanliness targets. |  | % of surveyed land that is assessed as having deposits of: | | | | |
| | | Quality Assurance accreditation / Awards | |  | Type | Q3 results | Targets | Comments |
| | | | | | Litter | 2% | 6% | Better than the national average |
| | | | | | Detritus | 35% | 20% | Off target currently – weather related detritus in Q3 |
| | | | | | Graffiti | 0% | 4% | Better than the national average |
| | | | | | Fly posting | 0% | 1% | Better than the national average |
| | | | Fly-tipping | | 2 | 2 | Estimated until final result is received | |
| | | In a recent AA survey Taunton was voted as being amongst the best towns for a number of Council services including street cleansing. The street survey was carried out by 1,912 AA members this autumn. They recorded the frequency of 12 categories of street blight within two miles of their homes. | | | | | | |



3. MANAGING FINANCES (ref APPENDIX B & C for detailed budget monitoring)

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS | | |
|---|---|--|---|--|--|--|
| 3.1 | Budget monitoring To control spending within approved budget total for the year | General Fund Revenue within 0.5% =  0.5 – 2% =  over 2% =  |  | 2010/11 Forecast Outturn as at Quarter 3 = over spend of £110k (= 0.8%) against budgeted net expenditure of £14.049 m This comprises net under spend of £54k on services and a net overspend of £164k on other operating costs. Further information is provided in appendix B of this report. | | |
| | | General Fund Capital within 2% =  2 – 3.5% =  over 3.5% =  | |  | 2010/11 Forecast Outturn as at Quarter 3 = over spend of £12k (= 0.17%) against budgeted net expenditure of £6.689 m Further information is provided in appendix C of this report. | |
| | | Housing Revenue (HRA) within 0.5% =  0.5 – 2% =  over 2% =  | | |  | 2010/11 Forecast Outturn as at Quarter 3 = over spend of £593k The main item compromising this over spend is negative subsidy payment Further information is provided in appendix B of this report. |
| | | HRA Capital within 2% =  2 – 3.5% =  over 3.5% =  | | | |  |
| 3.2 Reserves To maintain an adequate reserve (based on financial risk analysis) | General Fund reserve >£1.25m =  £1 - £1.25m =  <£1m =  |  | Approved Balance is £1.594m as at March 2010. The current projected balance at March 2011 is £1.924m. This is above the minimum reserves expectation within the Budget Strategy. | | | |
| 3.3 Next year's budget gap | A balanced budget 2011/12 | |  | The Budget approved by Full Council on 22 February is a balanced budget with a nil budget gap. | | |




TDBC SCORECARD Q3 2010/11 (Appendix A)

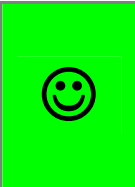

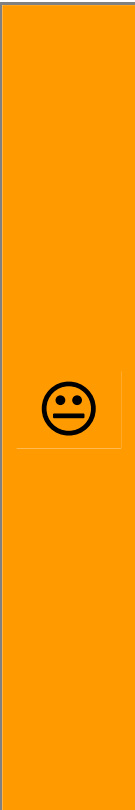
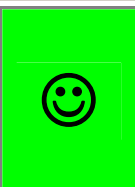



| 3.4 | Debt collection | Council Tax Target = 98% | | Quarter 3 actual = 91.86% (Q3 2009/10 was 91.46%) | 2010/11 forecast = 98% | | | | | | | | | | | |
|---|---|--|---|---|--------------------------|---|--|---|--|------------------|------------|------------|----------------------------|--------|-------|--------|
| | | NNDR Target = 98.3% | | Quarter 3 actual = 89.77% (Q3 2009/10 was 88.11%) | 2010/11 forecast = 98.3% | | | | | | | | | | | |
| | | Housing Rent Target = 98.3% | | Quarter 3 actual = 96.7% | 2010/11 forecast = 98.3% | <p>This figure takes into account the disruption prior to the Christmas break (ie delays of payments being posted onto rent accounts, adverse weather conditions, staff shortages and the changes to the patches managed by the team).</p> <p>The teams are confident that the target will be reached by the end of 2010/11. For the first time in 20 months there is a full quota of permanent staff. The team is becoming more familiar with the tenancies that need extra attention within the new patch areas and will focus on rent recovery as a priority task.</p> | | | | | | | | | | |
| | | Sundry Debts position (NB – SAP only) | | <table border="1"> <thead> <tr> <th></th> <th>End of Quarter 3 (as at 31st Dec 2010)</th> <th>Previous Quarter (as at 30th Sept 2010)</th> </tr> </thead> <tbody> <tr> <td>Outstanding debt</td> <td>£3,117,000</td> <td>£3,200,000</td> </tr> <tr> <td>Aged debt over 90 days old</td> <td>44.79%</td> <td>70.6%</td> </tr> <tr> <td>Value:</td> <td>£1,396,000</td> <td>£2,260,000</td> </tr> </tbody> </table> | | | | End of Quarter 3 (as at 31 st Dec 2010) | Previous Quarter (as at 30 th Sept 2010) | Outstanding debt | £3,117,000 | £3,200,000 | Aged debt over 90 days old | 44.79% | 70.6% | Value: |
| | End of Quarter 3 (as at 31 st Dec 2010) | Previous Quarter (as at 30 th Sept 2010) | | | | | | | | | | | | | | |
| Outstanding debt | £3,117,000 | £3,200,000 | | | | | | | | | | | | | | |
| Aged debt over 90 days old | 44.79% | 70.6% | | | | | | | | | | | | | | |
| Value: | £1,396,000 | £2,260,000 | | | | | | | | | | | | | | |
| (Quantifiable measures are being developed) | | | <p>The overall invoiced balance has remained stable. The value of debt over 90 days old has reduced significantly due to the fully automated recovery process (in SAP) now working successfully.</p> <p>The debt recovery processes are now nearly all in place. One of the final pieces is the appointment of external solicitors. These are close to being appointed to assist with debt collection activity. Quotes are being evaluated. Difficulty still exists in SWOne AR engaging with services in order to obtain their instruction on how to proceed once the debt is past the final notice part of the process. Paul Harding submitting a discussion paper to CMT on 31st Jan to suggest ways of improving engagement of service in debt management process.</p> | | | | | | | | | | | | | |
| 3.5 | Benefits subsidy | To achieve 100% subsidy | | Projection for 2010/11 = 100% (by remaining in the lower threshold for LA error overpayments) | | | | | | | | | | | | |

| | | | | |
|------------|--|---|--|--|
| 3.6 | Transformation Projects Ensure TDBC realises benefits of the various transformation projects, including the adoption of a new procurement strategy | Procurement benefits Original estimated target at end Mar 2011 £1.8m. Minimum of £400k required in 2010/11 (cumulative £800k) |  | From a total of £2.74m savings so far 'signed off' (for the lifetime of the contract), £660k cumulative savings delivered (as at 31 st December 2010) The 'Red' alert is for four reasons; <ul style="list-style-type: none"> • savings are significantly behind IBM original forecast • spend analysis reports (ie categories & local spend) not yet available in SAP, these are expected to be delivered in March • limited pipeline of future initiatives identified • The level of the Council's future spending is very uncertain in light of expected Government cuts. Less spending = decreased opportunity for delivering procurement savings. On a positive note discussions have commenced on constructing a DLO/HPS category plan to help identify significant saving opportunities in those areas. ICT, Utilities and Stationery Category plans due to give rise to savings opportunities over the course of the next quarter. A Procurement transformation project update will be reported at Corporate Scrutiny 24 March |
| | CCR proposed savings 2010/11 = £450k for Themes 2 & 4 |  | Projected savings from CCR are £521k so £71k above the proposed savings figures | |
| 3.7 | Efficiency Savings | 3.5% savings p.a (of 2007/08 baseline) | N/A | The National Indicator for cashable efficiency gains (NI179) was abolished by the Coalition Government in 2010. Monitoring of this measure had ceased since the abolition of the NI, but will be reinstated to provide Members with performance information as part of the Outturn Report. |





4. KEY PROJECTS

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS |
|-----|---|---|---|--|
| 4.1 | Local Development Framework (LDF) Core Strategy To create a plan to deliver sustainable growth | Publish Core Strategy for consultation in Mar/Apr 2011 Adopt the LDF Core Strategy in March 2012 |  | Adoption of Core Strategy (& Urban Extensions Supplementary Planning Document) pushed back to July 2012 due to changes in legislation and the forthcoming elections. Public consultation will be July – August 2011. (NB – no financial penalties, so delay should not be a concern) Progress reports to Scrutiny, Executive and Full Council in Feb 2011. |
| 4.2 | Housing Inspection project Achieve min “performing adequately” score in formal housing inspection (Autumn 2010) | Deliver project plan / work programme |  | Whilst feedback from the Audit Commission in July 2010 on improvements from housing project work was positive, this project has been amended in the light the Somerset Strategic Housing Project, which started in December 2010. Overall aims of this broader project: <ul style="list-style-type: none"> • improve the quality of strategic (non-landlord) housing services in Somerset and achieve efficiencies. • seek to alter the current ways of working, whilst still allowing local needs, priorities and circumstances to be met. • allow the Districts to decide the extent to which they are able to commit to a shared service in any area, based on their local requirements. • meet the “localism” agenda of the new Government, by allowing Councils to focus on collaborations that are relevant to them, rather than having the style, shape, and size of strategic housing services dictated to them centrally. There is a further related issue on regulation of the Government’s decision in October 2010 to abolish both the Audit Commission and the Tenant Services Authority, and to transfer housing regulatory responsibilities to the Homes and Communities Agency. The impact of this change on Taunton Deane and the county-wide housing improvement project is unknown at the moment. |
| 4.3 | Core Council Review | Themes 1, 2 & 4 |  | These themes have now been implemented, delivering annual revenue savings of £863,000. Work is now under way to ensure that ‘thematic working’ is introduced throughout the authority – where staff will increasingly work across service boundaries and disciplines to help deliver the Council’s priorities. |

| | | | | |
|-----|---|--|---|--|
| | Core Council Review | Theme 3 (DLO) |  | Full Council (on 15 December 2010) approved an interim plan for internal transformation of DLO services. The interim plan will deliver efficiencies to the value of c. £1m over the period to end of March 2015. Further work on internal transformation will continue, with regular progress reports to members. Work on the outsourcing option for DLO services is scheduled to begin summer 2011. |
| | | Theme 5 |  | Full Council (6 October 2010) approved a recommendation to determine the future of Theme 5 as part of the four year budget strategy, to be finalised after the May 2011 local elections. |
| 4.4 | SAP implementation | SAP Back Office Processing (BOP) system implementation |  | <p>Why is this amber – because, whilst the re-launch plan is progressing, it is taking longer than originally anticipated to complete and there are delays with launching the Corporate Feedback and Sickness modules.</p> <p><u>Background</u> We are in the process of implementing a plan to re-launch elements of the SAP system. The re-launch is being implemented in phases. Phase 1 was successfully completed in June and saw the completion of ‘sign-in’ checks by all staff and the completion of a pilot exercise on the ‘procure-to-pay’ functionality. Phase 2 involved the provision of detailed face-to-face training during July to staff using the ‘procure-to-pay’ functionality. This was followed by the switchover to using the full ‘procure-to-pay’ functionality in August. To date this has been successful. Phase 3 has involved detailed face-to-face training being provided to budget holders during September to assist them in using the Finance system. Further phases will involve the launching of the Corporate Feedback system, the HR ‘claiming & notifying’ functionality, HR management and Health & Safety. These comprise 15 individual modules which are being launched in phases. In Feb 2011 we will commence piloting the expenses module for launch in April. The launch of the Corporate Feedback & Sickness modules has been delayed, pending changes to the system. The impact on the Council of this delay is minimal and does not affect service delivery.</p> |
| 4.5 | Project Taunton Improving quality of life, boosting business opportunity, | Project progress & development milestones achieved |  | The most recent Project Taunton Delivery Team report (17 Feb) provides a positive update on progress of the various development projects including: Firepool; Cricket Club; Coal Orchard; Museum; Castle Green & Goodland Gardens; Tangier; Bus Staion; Retail; NIDR; Longrun Meadows; Urban Extension Masterplanning; Car Parking Strategy. |

| | | | | |
|-------------------|--|---|---|---|
| | <p>building quality developments, improving transport infrastructure, developing sustainable communities and making the most of waterside living and working</p> | <p>NB – full progress report produced by Project Director for Project Board quarterly</p> | | <p>Project Taunton progress updates are also provided to the Project Taunton Members Steering Group.</p> |
| <p>4.6</p> | <p>Halcon Project * NEW *</p> | <p>Deliver project plan / work programme</p> |  | <p>Outline business case is now in progress with cross officer working group.</p> <ul style="list-style-type: none"> • Stage one of Stakeholder engagement planning complete – all stakeholders are now identified • Stage one Risk analysis completed – Risk log initiated and initial risks identified • Consultants to support with delivery options work appointed and an initial viability study is underway • Member Change Steering group introduction to project, process, documentation and plan • Consultants engaged to advise on HRA funding • Site visit contacts made |

5. KEY PARTNERSHIPS

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|--|---|--|-----------------------------|-------------------|-----------------------------|---------------|-------------|---------|----|----|----|-------|-----------|----|----|----|------|----------|----|---|---|------|--------------|-----------|-----------|-----------|------------|
| 5.1 | Local Strategic Partnerships Support Somerset LSP Support Taunton Deane LSP | LAA PIs (NIS) on target | N/A | LSP now re-branded to the Taunton Deane Partnership . New set of revised priorities: 1. Priority Areas 2. Planning Cycles (aligning priorities and budgets) 3. Promoting Taunton Deane More detail to be provided at Community Scrutiny (8th March 2011) Somerset Strategic Partnership [SSP] is in the process of being wound up and is likely to be replaced by an informal Chief Exec's group which will meet as and when required. | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5.2 | Southwest One | Efficient delivery of in-scope services (basket of KPIs) |  | <p align="center">Key Performance Indicators – Quarter 3 (2010/11)</p> <table border="1"> <thead> <tr> <th></th> <th>No. of indicators</th> <th>No. of times measured in Q3</th> <th>No. on Target</th> <th>% on target</th> </tr> </thead> <tbody> <tr> <td>Monthly</td> <td>13</td> <td>39</td> <td>37</td> <td>94.8%</td> </tr> <tr> <td>Quarterly</td> <td>11</td> <td>11</td> <td>11</td> <td>100%</td> </tr> <tr> <td>Annually</td> <td>21</td> <td>2</td> <td>2</td> <td>100%</td> </tr> <tr> <td>Total</td> <td>45</td> <td>52</td> <td>50</td> <td>98%</td> </tr> </tbody> </table> | | No. of indicators | No. of times measured in Q3 | No. on Target | % on target | Monthly | 13 | 39 | 37 | 94.8% | Quarterly | 11 | 11 | 11 | 100% | Annually | 21 | 2 | 2 | 100% | Total | 45 | 52 | 50 | 98% |
| | | | | No. of indicators | No. of times measured in Q3 | No. on Target | % on target | | | | | | | | | | | | | | | | | | | | | | |
| Monthly | 13 | 39 | 37 | 94.8% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quarterly | 11 | 11 | 11 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Annually | 21 | 2 | 2 | 100% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 45 | 52 | 50 | 98% | | | | | | | | | | | | | | | | | | | | | | | | | |
| Social & economic development |  | <p align="center">KPI failures </p> <p>ICT - TDBC Network availability averaged indicator This KPI failed in both October & November (fault rectified – new part)</p> <p align="center">Successes </p> <p>Benefits - Overall customer satisfaction with the service. This achieved 7% above required target.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Part of the contractual arrangements agreed with IBM when Southwest One was formed, was a commitment to support the socio-economic development objectives of Taunton Deane BC and Somerset County Council. A number of programmes and activities have taken place in support of this commitment, and continue to run. A summary of the key elements which have progressed was included in the SWOne update & performance report to Corp Scrutiny 18 Nov 2010. The next update report will be in May 2011 | | | | | | | | | | | | | | | | | | | | | | | | | |

TDBC SCORECARD Q3 2010/11 (Appendix A)










| | | | | | | | |
|-----|---|--|--|---|-------------------------|---------|---|
| 5.3 | Tone Leisure More people, more active, more often | PI – Target 2% increase in total leisure visits | | Year-to-date (April – Dec 10) actual = 749,775 total visits = 4,336 less visits than 2009/10 (-1%) Quarter 3 (Oct – Dec 10) actual = 227,331 total visits = 6,159 less visits than 2009/10 (-2.6%) . NB – Tone Leisure Q3 report now on Members’ Portal. | | | |
| | | Progress against Tone Leisure key business objectives | | Tone Leisure performance monitoring was last reported to Community Scrutiny 9 Nov 10, covering quarter 2. This report outlined that “Tone Leisure is experiencing some effect from the pressures of the current economic climate”. The quarter 3 report is due in March/April. The Swimming Provision Task & Finish recommendations will be reported to Scrutiny 8 March. | | | |
| 5.4 | Somerset Waste Partnership To increase participation in the recycling service through promotion and enforcement | PI - % of household waste sent for reuse, recycling & composting (Target = 48%) | | Quarter 3 actual = 42.4% 2010/11 forecast = 48% (Year-to-date (cumulative) = 47.7%) The weather affected collections in December 2010, so the results are artificially low in Qtr 3. However, the results for January 2011 so far seem to indicate a movement of waste from December into January, thereby levelling things out. | | | |
| | | PI – Residual household waste (Target = 369kg per household) | | Quarter 3 actual = 94.4kg per household 2010/11 forecast = 369kg/hh (Year-to-date (cumulative) = 280.7Kg/hh) | | | |
| | | Progress against key business objectives | | Draft Business Plan considered by Community Scrutiny and Executive in January 2011. The plan outlines some of the difficult issues facing the Partnership in dealing with reduced funding from SCC. | | | |
| 5.5 | South West Audit Partnership | Target min 90% of 2010/11 Audit plan delivered | | 89% of planned audits in Quarter 3 were completed or are in progress. SWAP had fallen behind on delivery of the Audit Plan due to recruitment and staff absence issues. However by the end of Quarter 3 performance has been brought back in line with target. | | | |
| 5.6 | Somerset West Private Sector Housing Partnership <i>* NEW *</i> | Better standards and interventions in the private sector stock, by improving housing | | | Q3 results (cumulative) | Target | Comments |
| | | | | No of empty properties brought back into use | 5 | Not set | There are approximately 30 empty properties in the TDBC area that the Empty Homes Officer is giving priority to. This involves liaising with property |



TDBC SCORECARD Q3 2010/11 (Appendix A)



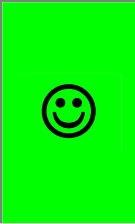
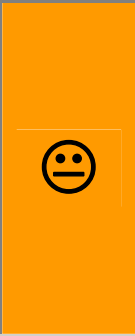





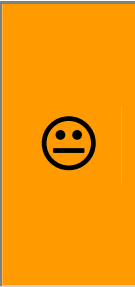
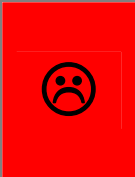
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|--|--|------------|--|--|-----|--|--|
| | | conditions | | | | owners and staff in the Partnership, to provide encouragement and support to bring more back into use. | |
| | | | | No of Disabled Facilities Grants approved | 99 | Not set | Whilst this number of project approvals is good, this leaves approximately a further 100+ clients on the waiting list for grant decisions. This backlog means that, with the limited funding available, vulnerable people are still kept waiting for works to improve the quality of their lives and thus maintain their independence at home. |
| | | | | No of properties brought up to Decent Homes standard | 352 | Not set | Again, whilst this performance is good given our limited capital funding (none next year) the Decent Homes Standard is the bare minimum we would expect all homes to achieve in the private sector. |

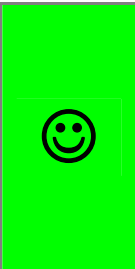


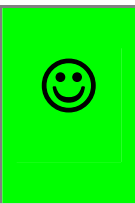




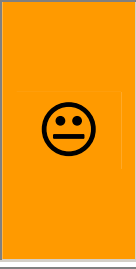
6. PEOPLE (Human Resources)

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS |
|-----|---|--|---|---|
| 6.1 | Investors in People (IiP) Achieve IiP re-accreditation, by delivering the IiP action Plan | Milestones achieved in IiP Action Plan. |  | Broadly on target with achievement of milestones. |
| | | IiP accreditation by March 2011 |  | Action Plan agreed and incorporated into Organisational Development Strategy. Current position is 85% achievement of standard (33/39 strands) |
| 6.2 | Staff Sickness Reduce sickness absence through strong absence management, revised policies & procedures, & training | Target = 9 working days max lost per FT employee |  | 8 Month data to 30 November 2010 actual = 6.08 days 2010/11 forecast = 9.12 days |
| 6.3 | PRED / Training Plans Maintain effective performance management of people and establish & deliver development needs | 100% completion of PREDs |  | 96% of staff have had a PRED in the last 12 months This is a significant improvement from last quarter's result of 80%. |
| | | 100% completion of training plans |  | 90% complete for current year. Allocation of funds and plans to address training needs complete |
| | | 100% delivery of 'essential' training activities (corporate training plan) |  | 90% of the 2010/11 Corporate training plan due in Quarter 3 was delivered. Health and Safety training is now scheduled from Feb 2011 and management development due from a previous quarter is progressing with further action due in Feb 2011 |
| 6.4 | Staff Turnover | Target 12% (voluntary leavers as % of staff in post) |  | Total turnover = 5.6% (Projection 8.4%) Voluntary Turnover = 3.5% (Projection 5.25%) Early Retirement/Redundancy = 1% (Projection 1.33%) Ill Health Retirement = 0% Other (End of Contract/Dismissal) = 1.2% (Projection 1.8%) Data for 8 months |

| | | | | |
|-----|--|---|---|--|
| 6.5 | Improve Staff Satisfaction | Results from staff survey / resulting action plan |  | The action plan to address the issues arising from the 2010 survey has been developed and communicated to staff. Implementation of this is on target and is part of a regularly reviewable Organisation Development strategy and plan. |
| 6.6 | Embed 'thematic working' Develop new ways of working and behaviours that are more flexible, involve project working and less rigid structures. | Results from staff survey. Positive evidence in cross organisational working, effective project teams, greater staff flexibility leading to improved organisational performance |  | Major communication/engagement events (staff briefings) held during May & June – 2 separate events. The Corporate Organisational Development plan sets down other initiatives for developing thematic working. This will be a long term initiative that will take time to embed, but progress is being made particularly through the creation of a no cross organisational project groups which are working effectively and other examples of people taking on projects outside of their normal job role The 2010 Staff Survey revealed that 64% of staff consider that 'co-operation between teams is good'. |

7. CORPORATE MANAGEMENT

| Ref | OBJECTIVES | MEASURES | ALERT | ISSUES (current & future) and IMPACTS |
|-----|--|--|---|---|
| 7.1 | Corporate Improvement Plan Deliver the action plan, focussing on high priority areas | Deliver 95% of High priority Actions, and 80% of Medium priority actions by target dates |  | The Corporate Governance Action Plan has been reviewed and refreshed, and now includes the key external audit recommendations from 2010 and the latest Annual Governance Statement. This will be reported to the Corporate Governance Committee quarterly (next meeting 14 March) |
| 7.2 | Audit & Inspection Ensure that statutory Audit & Inspection obligations are met, and scores maximised | Internal audit findings |  | There were 10 audits completed in Quarter 3. The findings were:  Comprehensive assurance = 2 (N188 and Housing Benefits)  Reasonable assurance = 3 (Treasury Management, Capital Accounting and Payroll)  Partial assurance = 5 (Equalities an Diversity, Health and Safety, Council Tax, NNDR and Debtors)  No assurance = 0 Internal Audit Plan progress review (SWAP) reported quarterly to Corporate Governance Committee (next meeting 14 March) |
| | | 2009/10 Final Accounts unqualified |  | Audit Commission Annual Governance Report 2009/10 presented to Corporate Governance Committee 27 September. The Council received an “unqualified” opinion on the 2009/10 accounts. |
| 7.3 | Equalities & Diversity Develop practices & policies based on Equalities Framework for Local Govt ('achieving' level) | Themes/Service areas delivery of Equality Action Plans |  | Growth and Development – EAP developed. 26 Actions 0% delivered. Legal and Democratic – EAP developed. 13 Actions. 50% delivered. Performance and Client – EAP developed. 10 Actions. 35% delivered. Community Services – EAP under development. Equality Impact Assessments underway on all CS service areas. Strategy Unit – EAP developed. 13 Actions. 27% delivered. DLO – EAP under development as part of review. No equality actions being delivered. |
| | | Council reports including Equality Impact Assessments |  | Reports to Committees that should have detailed Equality Impact comments or assessments that did = 29% (target 100%) A large proportion of reports to Members still do not include Equality Impact Assessment forms, or relevant Equality Impact comments. Without these Members are not receiving full information on the implications of decisions. Report authors |

| | | | | |
|-----|--|--|---|--|
| | | | | are placing the authority at risk of public enquiry or challenge under Equality Legislation. Report authors are also exposing members of the public to the risk of negative impacts of decisions. Objectives under the Councils Equality Scheme 2010-2013 cannot be fulfilled unless reports contain valid assessments or equality considerations. |
| 7.4 | Risk Management To ensure major risks are managed by embedding Risk Management Strategy | Delivery of RM Strategy Action Plan |  | <ul style="list-style-type: none"> Annual review and refresh of Corporate Risk Register completed by CMT & reported to Corporate Governance Committee 14 March Emphasis on new risks emerging from Comprehensive Spending Review & Central Govt Reforms Annual review of TDBC Risk Management Strategy due April/May Internal Audit of Risk Registers, major partnership & projects – ‘reasonable assurance’ opinion (no significant findings) |
| 7.5 | Value for Money / Benchmarking To ensure that Services provide excellent value for money | Council Tax charges – in lowest quartile |  | TDBC 2010/11 Council Tax precept is within lowest 20% of all English Districts. |
| | | Target efficiency savings at areas with poor VfM |  | Service data analysis is now a key part of the ‘Budget Review’ programme. The project workstream outcome is ‘to provide relevant financial & performance analysis of Council services to aid understanding of cost & value for money’ |
| 7.6 | Asset Management Develop the Council’s Asset Management arrangements | Implementation of Asset Mgt Plan |  | <p>A review of the AMP actions has now taken place. ‘RAG’ status for the 18 actions is as follows:  45%  22%  33%</p> <p>The monthly Asset Management Group continues to meet monthly and will now begin to monitor progress closely and will update this scorecard accordingly.</p> |
| | | Target 70% of maintenance spend planned |  | Work has now taken place by Finance to adjust the codes used by officers to code planned and reactive maintenance. This will now allow reporting from SAP ready for the next quarter report. |
| 7.7 | Health & Safety To take Health & Safety forward | Delivery of H & S Action Plan |  | The H&S action plan has been reviewed and is progressing. It has been updated following H & S audit and approved by CMT. The key issue of H & S competence training has been agreed and a rolling programme of ‘bite sized’ training started. Three new measures for internal monitoring and measurement of H & S performance are being considered and developed for use by the Council. H & S reports are provided quarterly to the Corporate Governance Committee (next 14 March). |

As at: 08/03/2011

TDBC SCORECARD Q3 2010/11 (Appendix A)



Appendix B

2010/11 Budget Monitoring Update (Quarter 3)

1 Introduction and Summary Financial Position

- 1.1 This appendix updates the Committee on the forecast financial position of the Council for the 2010/11 financial year, as at the end Quarter 3 (Q3).
- 1.2 The Q3 Forecast for the General Fund Revenue Budget shows a projected overspend of £110,000 (0.8%) against budgeted Net Expenditure of £14.049m.
- 1.3 General Fund Reserves are currently projected to be £1.954m in March 2011, which is above the minimum expectation within the Council's Budget Strategy.
- 1.4 The Q3 Forecast for the HRA revenue budget shows a projected overspend of £593,000 against a budgeted Net Expenditure of £153,000. There is also a previously approved transfer of £113,000 from the HRA reserves to fund the DLO transformation project in this year.
- 1.5 HRA Reserves are currently projected to be £1.788m in March 2011, which is above the minimum expectation of approximately £0.9m within the Council's Budget Strategy.

2 General Fund Revenue

- 2.1 The approved budget for the year included Net Expenditure of £14.049m. The current forecast for the year is net expenditure of £14.159m, giving an **overspend of £110k (0.8%)**.
- 2.2 The Net Budget, after taking into account income from Council Tax and General Government Grants, is a surplus of £470k. The forecast outturn is therefore a net surplus of £360k against the General Fund Revenue Account, as shown in the following table, which would be transferred to general reserves at the end of the financial year.

| | Budget £'000 | Forecast £'000 | Variance | |
|---|-----------------|-------------------|------------|-------------|
| | | | £'000 | % |
| Net expenditure on services | 15,139 | 15,085 | (54) | -0.3% |
| Other operating costs | 840 | 1,004 | 164 | 23.1% |
| Capital adjustments | (1,930) | (1,930) | 0 | - |
| Capital costs funded from revenue | 0 | 0 | 0 | - |
| Net Expenditure | 14,049 | 14,159 | 110 | 0.8% |
| Grants and Local taxation | (14,520) | (14,520) | 0 | |
| Net (Surplus)/Deficit for the Year | (470) | (360) | 110 | |

2.3 The key variances are explained as follows:

| Budget Area | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 | |
|--------------------------------|--|------------------------------|-------------|-------------|--------------------------------------|---|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | | |
| Expenditure on Services | | | | | | |
| Corporate Resources | | | | | | |
| NNDR | The NNDR on the TDBC assets is underspent due to refunds from previous year re valuations | (60) | 0 | 0 | (60) | ☺ |
| Conducting of Elections | All underspends in this department will be carried forward to cover the expenses of the elections in May 2011. | | (21) | 21 | 0 | ☺ |
| Car Leasing | There are no lease cars in Legal Services so this budget will be underspent. | | (3) | 0 | (3) | ☺ |
| Environmental Services | | | | | | |
| Crematoria | A one-off cost for works completed in 09/10 but charged to the 10/11 budget (£16k). Projected savings on staff costs through service restructure have increased by £26k in Q3 to £36k in total for the year. | 6 | | (26) | (20) | ☺ |
| Cemeteries | One-off increase in cost of tree maintenance due to Health and Safety requirements (£6k) partially offset by projected increase in fee income (-£3k). Further increase in income in Q3 | | 3 | (3) | 0 | ☺ |
| Waste Collection and Recycling | Savings arising as the remainder of the District Councils joining Sort It Plus. The approved budget has reduced in order to return this saving to reserves therefore forecast variance is now zero. | | (250) | 250 | 0 | ☺ |
| Licensing | Expected increase in funeral costs to be met by TDBC (£15k). Impact of irrecoverable income of £20k reflected in Q3. | | 15 | 20 | 35 | ☹ |

| Budget Area | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 | |
|--|--|------------------------------|--------------|-------------|--------------------------------------|---|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | | |
| Planning, Policy & Transportation | | | | | | |
| Car Parking (off street) Income | An increase in the VAT rate was announced in the emergency budget 22 June 2010, to apply from Jan 2011. As a result of this the net income from off street parking will be reduced. Due to the extreme poor weather in December car park income is predicted to be down for the year | 35 | 0 | 70 | 105 | ⊗ |
| Car Parking Salaries | Due to vacant posts the salaries budget for parking services is predicted to be underspent by £29k | | | (29) | (29) | ☺ |
| NNDR | The NNDR for the car parks is underspent against budget | (22) | 0 | 0 | (22) | ☺ |
| Building Control Trading Account | Income is predicted to be £90k under recovered due to lack of activity in the extension market. (£30k of this can be covered by previous trading account surplus' held in earmarked reserves – see below). | | | 90 | 90 | ⊗ |
| Salaries | Across the GF, excluding those reported above, the savings on salaries due to 0% pay rise and vacancy factors | | | (150) | (150) | ☺ |
| Subtotal – Total Service Expenditure Net Variance | | (41) | (256) | 243 | (54) | ☺ |
| Other Costs and Income | | | | | | |
| Investment Income | The predicted investment income has been reviewed in light of the present economic situation and taking into account transfers to Project Taunton the investment income has been reassessed as £20k under recovered. | (21) | 16 | 25 | 20 | ⊗ |
| Revenue Funding of Capital expenditure | Capital overspend unfunded that will be met from revenue (see Capital report Appendix C) | | 15 | | 15 | ⊗ |

| Budget Area | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 | |
|--|--|------------------------------|--------------|-------------|--------------------------------------|---|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | | |
| Transfer to/from Earmarked Reserves | The Budget shows a transfer to reserves from the Deane Helpline of £80k however in light of the current situation the Deane Helpline is now forecast to make a £79k deficit. £30k is planned to be transferred from the Building Control Trading Account earmarked reserve to offset reduced income. | | | 129 | 129 | |
| Subtotal Other Costs and Income Variance | | (21) | 31 | 154 | 164 | ⊗ |
| Grand Total – General Fund Revenue Net Variance | | (62) | (225) | 397 | 110 | |

2.4 The savings on Waste Collection and Recycling are significant, and recognise the amended contract position following Sort It Plus being accepted by all authorities in Somerset. The £250k savings has been returned to General Fund Reserves.

Other Potential Risks and Issues

2.5 In addition to the current forecast variances, managers have identified a number of areas where there are risks of future variances but at this stage there is uncertainty in terms of likelihood and/or amount. These include:

2.5.1 Vivary Park: The department is awaiting an external grant for the sensory garden of £22k, if this grant is not forthcoming the cost would need to be met from the Vivary Park trading reserve.

2.5.2 Tone Leisure: There has been some essential maintenance works at the St James St swimming pool that has resulted in a loss of income claim from Tone Leisure. The client officer has reviewed and approved this claim and the loss of income of £21,832 is proposed to be funded by the use of ear marked reserves.

3 General Fund – Reserves

3.1 The balance on 1 April 2010 is £1.564m Taking into account approved budget changes and the Q3 forecast the projected General Fund Reserves Balance in March 2011 is £1.924m.

4 Earmarked Reserves

4.1 The earmarked reserves were reviewed by the Strategic Finance Officer and a recommendation was approved by members in October to move £62k from the Earmarked Reserves to General Fund reserves. A further review has established another £127k to be returned to general reserves and to fund a capital project in

January 2011. The balance of the Earmarked reserves currently stands at £8.638m at 31 January 2011.

- 4.2 There are expected to be spends of £325k against earmarked reserves before the end of the year and with other commitments identified the uncommitted Earmarked reserves are projected to stand at £6.088m at year end.

5 Housing Revenue Account (HRA)

- 5.1 The approved budget for the year is a net deficit of £153k. The forecast outturn is a net deficit of £746k, giving a reported overspend against budget of £593k, as shown in the following table.

| | Final Budget | Outturn | Variance | |
|---|--------------|------------|------------|--------------|
| | £'000 | £'000 | £'000 | % |
| Net cost of services | (1099) | (537) | 562 | -51% |
| Other operating costs and income | 1122 | 1153 | 31 | 2.8% |
| Transfers to/from reserves | 130 | 130 | 0 | - |
| Net (Surplus)/Deficit for the Year | 153 | 746 | 593 | -388% |

- 5.2 The key variances are explained as follows:

| Budget Area | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 | |
|--------------------------------|--|------------------------------|----------|----------|-----------------------------------|---|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | | |
| Expenditure on Services | | | | | | |
| Negative Subsidy payment | The forecast negative subsidy payment for 2010/11 has increased based on current information. The projected overspend also includes a cost of £199k as the final instalment of on the final audited subsidy claim for 2009/10. | 400 | 0 | 344 | 744 | ⊗ |
| Staffing | One-off funding of Technical Surveyor for aids and adaptations on council stock | | 27 | | 27 | ⊗ |
| Correction to budgets | There is a forecast overspend due to an error in budget setting. This relates to staff charges arising through the Core Council Review such as the newly created Tenant Empowerment team. | | 200 | | 200 | ⊗ |
| Training | A planned saving will be made on training budgets | | (21) | | (21) | ☺ |

| Budget Area | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 | |
|-------------------------|---|------------------------------|------------|----------|-----------------------------------|---|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | | |
| Emergency Cover Rota | Saving will be made on ECR as the rota is now covered by the whole council. | | (8) | | (8) | ☺ |
| Investment Income | The expected increase in investment income has been reigned back in light of current projections. | (34) | 26 | 39 | 31 | ☹ |
| Rent Income | There will be a shortfall in income from rents due to the demolition of properties at Holyoaks St and Parmin Close and due to voids being higher than budgeted. | | | 200 | 200 | ☹ |
| Support Services Income | The income from Support Services will be under recovered by £100k due to the reduction in Supporting People Grant from SCC. | | | 100 | 100 | ☹ |
| Salaries | Across the HRA the savings on salaries due to 0 % pay rise and vacancy factors | | | (80) | (80) | ☺ |
| Maintenance Budgets | There will be underspends on the Pre-planned maintenance budget due to a shortage of staff in the year. The Staff have now been recruited and work should begin again in 2011/12. | | | (1,000) | (1,000) | ☺ |
| RCCO | RCCO costs are increased due to greater investment in capital maintenance (offset by reduced maintenance costs) | | | 400 | 400 | ☹ |
| Net variation | | 366 | 224 | 3 | 593 | ☹ |

Other Potential Risks and Issues

5.3 No other specific risks and issues have been identified at this time.

6 HRA Reserves

6.1 The balance on 1 April 2010 is £2.647m. The current projected deficit of £746k would decrease HRA Reserves to £1.901m in March 2011. The further transfer of £113k from the HRA reserves to fund the DLO transformation project will further reduce reserves to £1.788m.

7 DLO Trading Performance

7.1 The DLO is budgeted to make a surplus of £73k. There is currently no variance forecast against this budget for the year reported by the management.

8 Deane Helpline

8.1 A significant amount of work has been undertaken by the management of the service to clarify and update expectations for the year. This has included implementing improvements to the financial monitoring arrangements within the service.

8.2 The Deane Helpline was originally budgeted to make a surplus for the year of £123k. Of this amount, the General Fund Revenue Budget is budgeted to receive a planned transfer of £80k, with the balance to be held in the trading account reserve. However, the improved management information has helped to identify updated information regarding costs and income levels. The forecast performance on the trading account for 2010/11 has been revised and is currently projecting a £79k deficit for the year.

8.3 The main explanations for the current projections are:

- Income is projected to be £126k below the original budget estimate.
- Expenditure is forecast to be £75k over the original budget estimate, predominantly due to increased staffing costs.

8.4 There are no previous surpluses on the Trading Account held in reserve; therefore the expectation is that the General Fund would need to cover the deficit in 2010/11. This is reflected in the General Fund forecast outturn shown earlier in this report.

9 Accounts Payable

9.1 The full "Procure to Pay" process was re-launched in August 2010 and we are in the process of fully embedding the necessary procedural changes within the organisation. This will take time to complete, but will result in our maximising the number of invoices that are paid automatically.

9.2 Currently there are approximately the equivalent of half a week's worth of invoices to approve for payment, therefore backlogs are currently being kept under control. The percentage of invoices paid to terms continues to improve.

9.3 The "Procure to Pay" process continues to be monitored to identify areas where improvements can be made to the process.

10 Accounts Receivable

10.1 The debt position on sundry debtors for Taunton Deane Borough Council is improving (less debt is outstanding). The headlines are;

- Debt is reducing month on month since June 2010
- Debt levels are approximately £800k lower on 1 January 2011 than on 1 January 2010.
- Debt brought forward from the previous system has reduced from £3.45m to £0.99m.

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IMPORTANT – PLEASE NOTE:

In order for this item to be debated in the most efficient manner at the Executive Board, Members who have queries with any aspect of the report are requested to contact the appropriate officer(s) named above before the meeting.

Appendix C

2010/11 Quarter 3 April – December Capital Monitoring

1 Introduction

- 1.1 The purpose of this appendix is to update Members on the forecast outturn position of the Capital Programme as at Q3 for the financial year 2010/11.

2 General Fund Capital Programme

- 2.1 In February 2010 the Council approved a Capital Programme for 2010/11 General Fund schemes totalling £2.852m Slippage of £1.027m from the previous year plus supplementary budget approvals of £2.810m during the year has increased the programme to £6.689m.
- 2.2 Capital monitoring for Q3 has indicated that there will be an overspend of £12,000 although this overspend is being funded from reserves.

This is made up of the following variances:

| Project | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 |
|--|---|------------------------------|-------------|-------------|--------------------------------------|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | |
| Economic Development and Arts | | | | | |
| Neroche Project | The overspend on this project is due to the invoice for the final instalment being paid in the current financial year when it relates to the previous year. The overspend will be funded from reserves. | 0 | 15 | 0 | 15 |
| TOTAL Economic Development and Arts | | | | | |
| Environmental Services | | | | | |
| Waste Initiative | There is a small underspend on this budget as the invoices received in this year for Sort-it plus containers are slightly less than anticipated at the end of 2009/10. | 0 | 0 | (3) | (3) |
| TOTAL Environmental Services | | | | | |
| TOTAL Overspend/(Underspend) | | | | | 12 |

2.3 There are a number of areas where we are anticipating slippage. The underspends on these programmes will be identified as part of the year end process and rolled forward into 2011/12.

3 HRA Capital Programme

3.1 In February 2010 the Council approved a Capital Programme for 2010/11 HRA schemes totalling £4.560m. Slippage from the previous year has increased the estimated programme expenditure in 2010/11 to £6.058m.

3.2 Capital Monitoring for Q3 has indicated that there will be an overspend of £343,000 which is being funded from revenue. This is made up of the following variances:

| Project | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 |
|-----------------------|--|------------------------------|-------------|-------------|--------------------------------------|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | |
| HRA | | | | | |
| Choice Based Lettings | This budget was originally allocated to assist with the start up costs of the CBL Homefinder Somerset Scheme. This project has finished and the budget is no longer needed. | | (18) | | (18) |
| Cash Incentive Scheme | This is a carry forward from the previous year but as the scheme is discontinued following the CCR. | | (20) | | (20) |
| Decent Homes | The overspend here is due to the fact that there have been more voids than usual in this year and work has needed to be done on them to meet decent homes (these are properties that we have been refused entry to in the past and have now become void). The overspend will be funded from revenue and underspends on the sound proofing and asbestos projects. | | | 500 | 500 |
| Sound Proofing | The underspend here is due the fact that it's a demand led project and requires an upstairs and downstairs flat to be vacant. | | | (24) | (24) |
| Asbestos | The underspend here is due to the fact that asbestos is being managed rather than removed so it is charged to revenue. | | | (78) | (78) |

| Project | Explanation | Changes To Forecast Variance | | | Projected Year End Variance £'000 |
|-------------------------------------|--|------------------------------|-------------|-------------|--------------------------------------|
| | | Q1 £'000 | Q2 £'000 | Q3 £'000 | |
| Roland Close/Sneddon Grove | Advice from the accountant of this service is this budget is no longer needed as the projects have been completed. This variance is currently being explored further by the budget holder. | | | (17) | (17) |
| TOTAL Overspend/(Underspend) | | | | | 343 |

Taunton Deane Borough Council

Executive - 16 March 2011

Project Taunton and Growth Point funding 2011/2012

Report of the Strategic Director

(This matter is the responsibility of Executive Councillor Cavill)

1. Executive Summary

This paper sets out the proposals for the allocation of Growth Point funding for 2011/2012. Taunton Deane is one of the partners responsible for the Growth Point funding allocation. The allocations mentioned in this paper have been discussed and approved by the Project Taunton Advisory Board made up of the other partners, and also by the Council's Project Taunton Member Steering Group.

2. Background

- 2.1 Project Taunton was originally funded by contributions from three partners, Somerset County Council, Taunton Deane Borough Council and the South West Regional Development Agency. Since 2007 further funding has come from the South West Regional Development Agency for capital costs of property and land purchases, the Homes and Community Agency for a further property purchase, some funding from Taunton Deane towards the capital investment in Somerset Square but the bulk of funding has come from the Growth Points fund of Central Government. The team have been very successful at bidding to this fund and considerable amounts of revenue and capital funding have been received. However this funding stream is now at an end.
- 2.2 Budgets and spending plans have been agreed year on year with the Advisory Board and via the formal political mechanisms of Taunton Deane Borough Council. The revenue funding has been spent on project costs including salaries. The capital funding has been spent on delivery of projects. The final payment of Growth Points funding has now been received and the future delivery requirements of Project Taunton now need to be considered.

3. Budget Strategy for 2011/2012

The detailed revenue and capital budgets are found in the Delivery Team spending plans attached.

- 3.1 Revenue funding: There is £327,900 left in the revenue budget. This is just sufficient to support the Delivery Team for a further year. The budget has been streamlined where possible (for example, marketing will now be allocated to a specific project and thus can become a capital project cost). This leaves a slim contingency of £33,700. There is also a possibility that staff time spent on delivering specific capital projects can be allocated to capital. This is still under consideration.
- 3.2 Capital funding: Capital funding has come from a number of sources over the past few years though the largest contributor has been the Department for Communities and Local Government with the Growth Points programme. Other sources include the South West Regional Development Agency, the Homes and Communities Agency, Somerset County Council and Taunton Deane Borough Council itself. The total of what has been spent, plus what has been committed on current projects totals £7,092,000 leaving a balance of unallocated funding of £516,459. This is over and above any projects that have already been agreed. £230,000 of this has been allocated to additional projects. These are projects which have not had funding allocated to them but which are, in the team's view, those which ensure that the town centre has all the physical links in place to make it "work". Funding has been estimated against these projects but these will need refining as projects are developed.
- 3.3 This leaves an estimated balance of £286,459 that remains unallocated. It will be possible for this to be rolled forward. Potentially some could be used to capitalise some of the Delivery Team salary costs but it is important that a healthy contingency is retained for unforeseen items of expenditure.
- 3.4 The Council's Executive (4 April 2007) agreed that when the land at the Coal Orchard was sold to Somerset County Cricket Club the amount remaining from the capital receipt once Somerset Square was completed should be transferred to Project Taunton for the delivery of other schemes. In a report to the Executive (19 September 2007) this amount was identified as £100,000. However, it has come to light that in reality the £100,000 was never allocated to Project Taunton budgets and went into the general capital programme.
- 3.5 The totals mentioned in this report assume that this £100,000 is found from other budgets within Taunton Deane and re-allocated to Project

Taunton. This could come from either a capital receipt coming in to the Council or from another source such as Housing and Planning Delivery Grant. This issue has been considered by Taunton Deane's Member Project Taunton Steering Group who agreed in principle that they wish to see the funding returned to the Project Taunton budget as per the original decision, but want advice from the Financial Services Manager as to the best option for achieving this. The advice is outlined in the following paragraphs.

4. Finance Comments

- 4.1 A considerable amount of time has been spent verifying the true position relating to the balance of Growth Points Capital and Revenue funding and it is confirmed that there are sufficient funds to cover both the Capital and Revenue Budgets attached, subject to the £100,000 mentioned above being returned to the Project Taunton budget. There are sufficient funds left unallocated within the Housing and Planning Delivery Grant (HPDG) to transfer this amount into a capital funding reserve set aside for Project Taunton capital schemes.
- 4.2 This would leave a balance of approximately £380,000 left unallocated in HPDG. Also, an allocation of HPDG capital exists of £215,000 which is likely not to be required. This will be a subject of a report to Scrutiny later this month. Transferring £100,000 of HPDG would give certainty to the Project Taunton budget for planning purposes rather than having to wait for a capital receipt to come in at some time in the future.

5. Legal Comments

- 5.1 The legal issues are dealt with on a project by project basis with the full involvement of Taunton Deane's Legal Team.

6. Links to Corporate Aims

- 6.1 These projects link to the Regeneration Corporate Aim.

7. Environmental and Community Safety Implications

- 7.1 These issues are picked up through the planning process and dealt with at this stage on a project by project basis.

8. Equalities Impact

- 8.1 This report raises no equalities issues. However, these are considered on a project by project basis.

9. Risk Management

- 9.1 This report raises no particular risk management issues though risk management is an integral part of each project.

10. Partnership Implications

- 10.1 The Growth Point funding is granted to the place of Taunton rather than the Borough Council. The Project Taunton Advisory Board, comprised of all key partners, oversees the use of this funding. They have given their approval to the revenue and capital budgets attached.

11. Recommendations

- 11.1 The Executive is recommended to agree:-
- (a) The revenue and capital spending plans for the use of Growth Point funding in 2011/2012; and
 - (b) That £100,000 is added to the Project Taunton Capital Programme Expenditure Budget for 2010/2011 and the associated funding for this is transferred to a Project Taunton Capital Reserve from Housing and Planning Delivery Grant.

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| Project Taunton Revenue | | | | | | |
|--------------------------------|--------------------------------|---------------------|-----------------------------------|--|---------------------|-----------------------------------|
| <i>Ref.</i> | <i>Item</i> | <i>Income 10/11</i> | <i>Expected Expenditure 10/11</i> | | <i>Income 11/12</i> | <i>Expected Expenditure 11/12</i> |
| | <i>Growth Points</i> | 300,698 | | | | |
| | <i>09/10 underspend</i> | 273,286 | | | | |
| | <i>10/11 underspend</i> | | | | 302,000 | |
| | <i>GP Interest 09/10</i> | 26,580 | | | | |
| | <i>* GP Interest 10/11</i> | | | | 25,900 | |
| | <i>Additional income</i> | 6,984 | | | | |
| | | | | | | |
| 1 | <i>Salaries & on costs</i> | | 213,000 | | | 213,000 |
| 2 | <i>Office Costs</i> | | 14,000 | | | 14,200 |
| 3 | <i>Furniture & IT</i> | | 5,000 | | | 5,000 |
| 4 | <i>Project Costs</i> | | 69,000 | | | 19,500 |
| 5 | <i>Other inc rent</i> | | 4,200 | | | 42,500 |
| | Total | 607,548 | 305,200 | | 327,900 | 294,200 |
| | | | | | Contingency | 33,700 |

N.B

* Interest prediction

2011/2012 Expenditure is broken down as follows:

- 1 Salaries & On Costs** - Salaries, Car leasing, Pensions and NI
- 2 Office costs** - Stationery & print, Publications, Subscriptions, Hospitality, External room bookings, Office insurance, Shared office costs
- 3 Furniture & IT** - Office machinery, IT hardware, Office furniture, IT software, ICT consultancy
- 4 Project Costs** - Website, Marketing, Scout Centre, COACH, Sponsorship, UKHO, Rail Tickets
- 5 Other** - Rent & Utilities, Petty cash, Misc unplanned

Capital Budget

| | |
|---|---------------|
| 1 All project income to date from all sources | 17,308,403.00 |
| All project expenditure to 31/03/10 | 9,750,569.00 |
| Capital balance as at 01/04/10 | 7,557,834.00 |
| Plus VAT to be reclaimed | 50,625.00 |
| Total available balance | 7,608,459.00 |

Projects either delivered or with committed funding:

| Existing projects | Total Planned Expenditure |
|---|---------------------------|
| 2 Longrun Meadow | 625,260.00 |
| 3 Firepool | 1,217,240.00 |
| 4 Castle Green | 2,665,000.00 |
| 5 Retail | 275,000.00 |
| 6 NIDR | 1,000,000.00 |
| 7 Somerset Square | 36,500.00 |
| 8 Urban Growth | 850,000.00 |
| 9 Bridge Street Link & Goodland Gardens | 300,000.00 |
| 10 Charging Points | 33,000.00 |
| 11 Eco Towns various studies | 90,000.00 |
| | 7,092,000.00 |

Budget for future projects:

| Additional Projects | Total Estimated Expenditure |
|---------------------------------------|-----------------------------|
| 12 Coal Orchard | 20,000.00 |
| 13 High Street | 150,000.00 |
| 14 Network/Bus station masterplanning | 25,000.00 |
| 15 YMCA | 5,000.00 |
| 16 Signage | 25,000.00 |
| 17 Car parking Strategy | 5,000.00 |
| | 230,000.00 |

| | |
|------------------|------------|
| 18 Final Balance | 286,459.00 |
|------------------|------------|

- 1 This total comprises funding from a variety of sources including Growth Points, SWRDA, HCA, SCC, TDBC, etc
- 2 All works to install 3 new bridge crossings to Longrun Meadow, foot and cycle paths, planting, oak barn, green cathedral, etc
- 3 Acquisition of 92 & 94 Priory Bridge Road , CPO costs and cost of delivering new public realm
- 4 Fees and construction costs
- 5 Fees and contingency to repay £125K to development partner under certain agreed circumstances (unlikely to be required)
- 6 Contribution to cost of new road to secure £3.5M of HCA funding for 108 affordable dwellings. Road completed and dwellings under construction
- 7 Completion works and public art installation
- 8 Contract with Urban Initiatives to carry out strategic masterplanning and support TDBC through Core Strategy
- 9 Improved footpath link from Brewhouse to North Street, works to Town Bridge, at grade crossing of North Street and creation of new public 'park' to rear of Debenhams and new level crossing of Mill Stream
- 10 Installation of electric vehicle charging points at Cambria Farm Park and Ride
- 11 Studies required by the 'Eco Town' bid, including refresh of the Taunton Protocol and work to assess impact on viability of enhanced levels of sustainability
- 12 Initial masterplanning of proposals for the Coal Orchard area adjoining the Brewhouse
- 13 Development of detailed plan and works to enhance the High Street
- 14 Initial masterplanning of rail and bus station areas with a view to assessing enhancement/development options. Jointly funded with First Group.
- 15 Initial works to explore options for relocating YMCA into new town centre premises
- 16 Work to deliver a 'legible' town strategy with new signage for town centre
- 17
- 18 A. This balance excludes the payments received and/or due from Midas Homes in respect of flood storage capacity and the corresponding RIF loan repayment (1300k)
 B. This balance excludes potential income if 64 Priory Bridge Road were to be sold (surplus to operational requirements and not now needed in connection with the Firepool Scheme). Estimated proceeds of sale £165K
 C. This balance excludes potential additional income from the 'sale' of remaining flood storage capacity at Longrun Farm (negotiations ongoing)

30/03/2011, Report:Changes to lease arrangements for a Capital Asset, Taunton
Reporting Officers:Joy Wishlade

13/04/2011, Report:Community Right to Challenge - Proposed response to Government Consultation

Reporting Officers:Tonya Meers

13/04/2011, Report:Community Right to Buy - Proposed response to Government Consultation

Reporting Officers:Tonya Meers

13/04/2011, Report:Procurement savings transformation project- funding update report

Reporting Officers:Richard Sealy

15/06/2011, Report:Core Strategy and Infrastructure Delivery Plan

Reporting Officers:Ralph Willoughby-Foster

21/06/2011, Report:Review of Essential Users and Car Allowances

Reporting Officers:Martin Griffin

21/06/2011, Report:Taunton Town Centre Supplementary Planning Document

Reporting Officers:Tim Burton

21/06/2011, Report:Proposed Passivhaus Development

Reporting Officers:Lesley Webb

21/06/2011, Report:Treasury Management Outturn 2010/2011 and 2011/2012 update

Reporting Officers:Shirlene Adam

21/06/2011, Report:Performance Monitoring - Outturn Report 2010/2011

Reporting Officers:Dan Webb

21/06/2011, Report:2010/2011 Budget Outturn Report

Reporting Officers:Shirlene Adam

14/09/2011, Report:Update report - Into Somerset Partnership

Reporting Officers:David Evans