

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 3 August 2017 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Executive held on 6 July 2017 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of Disclosable Pecuniary Interests or personal or prejudicial interests, in accordance with the Code of Conduct, in relation to items on the agenda. Such interests need to be declared even if they have already been recorded in the Register of Interests. The personal interests of Councillors who are County Councillors, Town or Parish Councillors will automatically be recorded in the minutes.
- 5 Quarter 4 2016/2017 Performance Report. Report of the Corporate Strategy and Performance Officer (attached).
Reporting Officer: Richard Doyle
- 6 Financial Monitoring – Outturn 2016/2017. Report of the Financial Services Manager (Deputy S151 Officer) (attached).
- 7 Draft Medium Term Financial Plan 2018/2019. Report of the Assistant Director - Strategic Finance and Section 151 Officer (attached).
Reporting Officer: Paul Fitzgerald
- 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 Proposed secured loan to The Collar Factory Limited in relation to the redevelopment of The Collar Factory, Taunton. Report of the Business

Development Manager (attached). Paragraph 3 - Information relating to financial or business affairs.

Reporting Officer: David Evans

Bruce Lang
Assistant Chief Executive

07 August 2018

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.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, 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



The meeting rooms at both the Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



An induction loop operates at Shire Hall 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 219736 or email r.bryant@tauntondeane.gov.uk

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Executive Members:-

Councillor J Warmington	(Community Leadership)
Councillor A Sully	(Corporate Resources)
Councillor M Edwards	(Economic Development, Asset Management, Arts and Culture, Tourism and Communications (Deputy Leader))
Councillor P Berry	(Environmental Services & Climate Change)
Councillor T Beale	(Housing Services)
Councillor J Williams - Leader of the Council	(Leader of the Council)
Councillor R Parrish	(Planning Policy and Transportation)
Councillor V Stock-Williams	(Sports, Parks and Leisure)

Executive – 6 July 2017

Present: Councillor Williams (Chairman)
Councillors Beale, Berry, Edwards, Habgood, Mrs Herbert, Parrish and Mrs Warmington

Officers: Ian Timms (Assistant Director – Business Development), Jo Nacey (Finance Manager and Deputy Section 151 Officer), Matthew Parr (Economic Development Project Officer) and Marcus Prouse (Democratic Services Officer)

Also present: Councillors Aldridge, Coles, Horsley and Mrs Smith.

(The meeting commenced at 6.15 pm.)

20. Minutes

The minutes of the meeting of the Executive held on 20 April 2017, copies of which had been circulated, were taken as read and were signed.

21. Regeneration of the Coal Orchard, Taunton – Capital Investment

Considered report previously circulated, relating to the proposed regeneration of the Coal Orchard, Taunton.

The redevelopment of the Coal Orchard had been an element of Council plans for the centre of Taunton for a significant period of time. The intention to create a new development in this location was described in the Council's Town Centre Action Plan adopted in 2008. This was further reinforced by the Taunton Rethink adopted in late 2014 which confirmed the importance of this site as a central point in the town centre growth plans.

The evolution of the Coal Orchard had focused on providing a quality regenerative site which would align well with emerging plans to upgrade The Brewhouse providing a venue which could serve the need of the Garden Town.

Work on the project had progressed through late 2015 and the first six months of 2016. This foundation had enabled the Council (acting as landowner) to approve the submission of an outline planning application at its meeting in October 2016. A further report had subsequently been requested to fully examine the financial aspects of the development.

Through the course of the work to develop the planning application a number of delivery options had been considered with two being discounted at an early stage. These were essentially to do nothing or to dispose of the site for a capital receipt and the reasons for discounting these options were reported in detail.

In considering the outline planning submission, the Executive had instructed that further work be carried out to examine the business case to enable detailed due

diligence to be applied to the remaining options. This report examined the key routes to delivery of the site.

There were in essence two main development options:-

- A **Joint Venture (JV)** with a partner to deliver the site; and
- **Local Authority (LA) Direct Contracting.**

The detailed examination of the Business Case for each option was intended to enable the Council to select its preferred choice for delivery of the development.

Whichever delivery route was taken it was recommended that the Council should seek to generate an appropriate surplus within a reasonable time to complement this delivery principle.

In order to understand how these options would work it was important that what the Council was seeking to achieve on the site was widely understood. The development proposal was composed essentially of six build components which were:-

- Residential – 36 units;
- Restaurant – Food and Beverage;
- Offices/Workspace;
- Retail;
- Car Park; and
- High Quality Public Realm.

The JV option was a delivery mechanism which was well understood by the Council in terms of a tried and tested route to market. In essence the Council would go to market with the scheme once outline planning permission had been secured to seek a development partner. A partnership would then be entered into with the Council retaining oversight and control through a project sponsor role. Therefore the significant costs around employment of specialists and build risks would be carried by the JV partner. The contractual arrangements, as a minimum, would need to drive delivery timescales and lay out clear requirements around final design quality.

With LA Direct Contracting the Council would appoint a project management team with necessary expertise to deliver its plans. The Council's procurement team was reviewing this approach to ensure that due legal process was applied to the appointment of the resource.

In this approach the Council would carry all of the build risks but in return would own the asset on completion of the project. This would enable full value to be realised from all elements of the development. The recommended approach would be to realise the value of the residential element soon after completion by sale of this element. The housing market was currently strong with no visible effect from Brexit so value was expected to remain in this component of the scheme. This minimised the risk around taking this option.

Reported that two variants of the LA Direct Contracting option had been evaluated

to illustrate possible options, although there were a myriad of variant options available to Council.

It was noted that whichever development route was chosen the Council did need to factor the broader aspirations for the site into its decision. This would determine what value it wished to secure through the development. Clearly the principles for development of the Coal Orchard area had at their core a desire to achieve a good design and build quality. The intention was to place outstanding public realm at the centre of this approach to create a strong sense of place. This in turn supported the broader concept of cultural aspirations in this area enabling these to become a reality.

To combine a quality environment with a clear lettings approach would create a positive environment within the Coal Orchard. It was also noted that whilst this development stood up well as a proposition in its own right it was one half of the Coal Orchard site. The development had been designed and planned on this basis which would enable further growth of The Brewhouse Theatre to create an improved cultural offer across the site.

The plan to redevelop The Brewhouse was being progressed strongly in parallel with the area the subject of this report. The approach to enhancing the public realm would also significantly provide a strong link through the site, north to south from the redeveloped Railway Station to the town centre.

There were several junctures at which the Council would need to evaluate spend so the expenditure required would be committed in stages. This would be managed through the existing Programme Board arrangements. The stages were:-

- Appointment of a project management and design team to undertake a reserved matters application;
- Tendering a design to a Contractor;
- Appointing a preferred Contractor to undertake the build; and
- Post completion – operating/marketing the development.

To enable the confidential Appendix B to the report to be discussed, it was **resolved** that the press and public be excluded from the meeting as it included exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and that the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

During the discussion of this matter, Members made the following comments:-

- (1) It was felt by some Members that this project needed to be looked at in the broader view and that the planning application had been prematurely put forward. The Council needed to be more careful before a definite route was taken.
- (2) Members raised queries around affordable housing with regard to this development.
- (3) Car parking income tended to fluctuate and it was therefore premature to say

the Council would lose all the income it currently collected.

- (4) It was recognised that the option with the best return had the highest risks.
- (5) It was queried as to why no evidence was presented with the report into any potential interested tenants that would raise rental income. This could be a concern as demand might fall rather than rise as expected in the future.
- (6) The Council was always going to have to do something with this area after St James's Swimming Pool closed and that having a strategy and a plan was better than not having one.
- (7) This was felt to be about place making and would add to the offer of Taunton as a whole and as a stopping off point, and importantly, it linked in with the Council's Growth Agenda.

Resolved that Full Council be recommended that:-

- (a) The development of Coal Orchard, Taunton be delivered "in principle" by Taunton Deane Borough Council through a Direct Contracting approach. Final sign off to be subject to consultation with the Leader of the Council and the Portfolio Holder; and
- (b) A Supplementary Budget within the Capital Programme for the preferred option be approved in line with total investment costs summarised in the Confidential Appendix B, to be funded by capital borrowing.

22. **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 7.15 p.m.)

Taunton Deane Borough Council

Executive – 3 August 2017

Quarter 4 2016/2017 Performance Report

This matter is the responsibility of Councillor Richard Parrish

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

1 Purpose of the Report

- 1.1 This report provides Members with key performance management data up to the end of quarter 4 **2016/2017**, to assist in monitoring the Council's performance.

2 Recommendations

- 2.1 It is recommended that the Executive review the Council's performance and highlight any areas of particular concern.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The key risk is that the Council fails to manage its performance and use the subsequent information to inform decisions and produce improved services for customers.	Likely (4)	Major (4)	High (16)
The mitigation for this will be the continued strong leadership from Lead Members and JMT to ensure that performance management remains a priority.	Unlikely (2)	Major (4)	Medium (8)




4 Background and Full details of the Report

- 4.1 Regularly monitoring our performance is a key element of the Council's Performance Management Framework.
- 4.2 There are **35** individual measures which are reported within the Corporate Scorecard.
- 4.3 The TDBC Corporate Scorecard at Appendix A contains details of the Quarter 4 2016/17 position against the Council's key priorities, finance and corporate health indicators. It should be stressed that this information is at **31 March 2017**.




4.4 Each action/measure is given a coloured status to provide the reader with a quick visual way of identifying whether it is on track or whether there might be some issues with performance or delivery or an action.

4.5 The key used is provided below:-

KEY:

	Performance Indicators target achieved.		Performance indicators did not achieve target. Close to target. Not significant issue.		Performance indicators did not achieve target. Significant variance.
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4.6 The table below provides an overview of the reported indicators within the Corporate Scorecard.

GREEN 	AMBER 	RED 	NOT DUE	NOT AVAILABLE	TOTAL
24 (16)	3 (6)	5 (3)	0 (8)	3 (2)	35

(Figs in brackets relate to Q3)

Please refer to Appendix A for full details of each of the reported measures.

Two of these measures were reported red for Q3 also. These were:

- 1) Ref HC4.2 **Completion of Urgent Repairs – response times**
- 2) Ref 6.2.4 **Customer Complaints – response times**

4.7 Further detail is provided below concerning the **5** red measures:

Ref HC4.2 Completion of Urgent Repairs – within 24 hours
<p>The target is to complete 98% of emergency repairs within 24 hours.</p> <p>For Q4 performance was 82.01%. This is an improvement on Q3 (80.1%),</p> <p>Whilst below the target, performance is expected to improve further once a number of operational changes in working practices continue to have an impact.</p> <p>The figure for Q1 for 2017/18 = 95.7%</p>

Ref 6.2.4 Customer Complaints – response times

The target is to respond to **90%** of complaints within 20 working days

For Q4 performance was **65.45%**. This is down on Q3 (76.54%).

Whilst below the target, measures have been put in place (such as a regular complaints chaser) which hopefully will improve our response times.

Ref KPI 5 Average processing times of new HB and CTS claims

The target is **20** days or lower.

The performance for Q4 was **22.73** days.

For 2017/18 this target has been increased to **24** days as this is a more realistic figure and will be for HB Claims only. The processing times of CTS claims is now out of the council's control due to the full roll out of Universal Credit.

**Ref: HC4.12 Number of households making a homeless application
(lower is better and reflects improved prevention)**

The target is **195** or fewer per year.

Total applications for the year = **226**

Total acceptances for the year = **118 (52%)**

Ref: TH4 Wage Levels in Taunton Deane compared to national average

The target is to equal national average

Taunton Deane Gross weekly income = £506.50. UK Gross weekly income = £541
TD is 6.8% lower than UK average.

5.1 This report includes highlights of progress against delivery of the corporate priorities.

6 Finance / Resource Implications

6.1 The scorecard references some financial performance measures, a separate more detailed financial performance report for the quarter is listed as a separate item on this agenda.

7 Legal Implications

7.1 There are no legal implications associated with this report.

8 Environmental Impact Implications

8.1 There are no direct environmental impact implications associated with this report although the scorecard includes measures relating to fly-tipping and parks and open spaces.

9 Safeguarding and/or Community Safety Implications

9.1 There are no safeguarding and /or community safety implications associated with this report.

10 Equality and Diversity Implications

10.1 There are no equality and diversity implications associated with this report.

11 Social Value Implications

11.1 There are no Social Value implications associated with this report.

12 Partnership Implications

12.1 A number of corporate aims and objectives reported within the corporate scorecard are delivered in partnership with other organisations, in particular through shared services arrangements with West Somerset District Council.

13 Health and Wellbeing Implications

13.1 There are no direct health and wellbeing implications associated with this report although the corporate scorecard includes measures relating to disabled facilities grants which enable residents to live independently, for example.

14 Asset Management Implications

14.1 There are no direct asset management implications associated with this report.

15 Consultation Implications

15.1 The performance scorecard has been reviewed by JMT at the performance review day held on **19 May 2017**. This performance report will be published on the Council's website for public scrutiny and information.

Democratic Path:

- **Corporate Scrutiny - Yes**
- **Executive – Yes**
- **Full Council – No Reporting**

Frequency: 6 Monthly

List of Appendices (delete if not applicable)

Appendix A	TDBC Corporate Scorecard for Q4
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Contact Officers

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Appendix A

Reference	Council	Corporate Measure?	Description	Measure	Q4 (RAG)	Comments
HC4.16	TDBC	Yes	Facilitate the delivery of the affordable housing development pipeline to achieve 200 new affordable homes in 2016/17 with at least 10% being new build council housing.	Target = 200 affordable housing units, 20 being new build council housing (Affordable includes social rent, affordable rent, shared ownership, shared equity, discounted open market and any other units which go through the HCA information system.)	GREEN	Q1 - 29 completions recorded with a further 26 awaiting details for Q1 completion. Q2 - 95 affordable homes completed so far in 2016/17. Q3 - 172 affordable homes completed so far Q4 - Total affordable housing completions 284 This is a record level of affordable housing completions of which 14% were new build council homes
HC4.12	TDBC	Yes	Number of Households making a homeless application (lower is better and reflects improved prevention) and percent accepted where we have a duty. KP1 45	Target = 195 or fewer per year	RED	Q1 - Homeless applications = 69 Homeless acceptances = 34 (50%) Q2 - Homeless applications = 32 Homeless Acceptances = 15 (46%) As at month 5 Q3 - Homeless Applications = 48 Homeless Acceptances = 22 (45%) Q4 - Homeless applications = 69 Homeless Acceptances = 39 (56%) total applications for the year = 218 total acceptances for the year = 110 (50%)
HC4.19	TDBC	Yes	Total net increase in the number of homes within the district	Target (TDBC Core Strategy) 17,000 by 2028 (Borough) (5 year target 2011-16 = 700 p.a = 3500)	GREEN	Net increase in homes for 2016/17 is 943.

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HC3.1	TDBC	Yes	Decent Homes - To comply with Government Standards - To improve energy efficiency of housing stock Percentage of dwellings with a valid gas safety certificate	Target = 100%	AMBER	Q1 - 99.90% Q2 - (As at month 5) 99.97% 1 property non-compliant. Tenant in a nursing home, Estates Officer having no response from NOK. Will gain access to property 4.10.16 @ 2.00 Q3 - 99.93 3 properties Two on next gas hit - one Homeless Hostel and waiting for access via Letting Department (meter disked) Q4 - 99.95% 2 properties Both not added to contract after new build - confirmed appointments 21.4.17 and 28.4.17
TH2	TDBC	Yes	Skill level within the workforce (NVQ Level 2,3 & 4)	TD target - Levels 3 & 4 better than national average	GREEN	Taunton Deane level 3 = 62.6% UK = 55.8% Taunton Deane level 4 = 44% UK = 37.1%
TH3	TDBC	Yes	New jobs - links to employment rate	TDBC target = 12,000 by 2028 = 63,000 economically active.	GREEN	56,800 economically active in employment (Sep 16)
TH4	TDBC	Yes	Wage Levels	TD target - Increase to equal national average	RED	Taunton Deane Gross Weekly Income = £506.5 UK= £541 TD 6.8% lower than UK ave.
TH5	TDBC	Yes	Business Survival rate (5 year survival %)	TD target - 5 year survival = min 50% (ie Better than national average)	GREEN	Taunton Deane 5 year survival = 42.5% UK = 41.4%
TH6	TDBC	Yes	Employment land New Office space and new industrial land – 100% requirements as per Core Strategy	Increase to meet Core Strategy targets by 2028 • Total 49,500 sq.m. new office space • Total 36.5ha new industrial land	GREEN	Figures monitored annually Report Q4
TH7	TDBC	Yes	Vibrant town centre	• Low shop vacancy rate (compared to national average) • High / increasing footfall	GREEN	Taunton town centre vacancy rate = 5.6% UK = 9.5%

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TH9	TDBC	Yes	Number of NDR hereditaments and Rateable Value	New Measure	GREEN	<p>Q1 Total Rateable Value = £103,174,443 Total Hereditaments = 4191</p> <p>Q2 Total Rateable Value = £103,161,518 Total Hereditaments = 4201</p> <p>Q3 Total Rateable Value = £103,416,545 Total Hereditaments = 4271</p> <p>Q4 Total Rateable Value = £103,428,427 Total Hereditaments = 4383</p>
TH1	TDBC	Yes	Births of new enterprises Business 'birth' rates as a % of business stock	target - Increase (> Somerset average) (& business 'births' to exceed deaths')	GREEN	485 births in Taunton Deane in 2015 10.7% of business stock (4520 businesses) Somerset average = 10%
3.3	TDBC	Yes	Fly Tipping - % of reported incidents responded to within target time (5 days)	80% of reported incidents responded to within 5 days of report.	GREEN	<p>Q1 = 156 incidents 140 responded to within 5 days = 89.74%</p> <p>Q2 = 161 incidents Q3 = 254 incidents 238 responded to within 5 days = 92.25%</p> <p>Q4 = 161 incidents 147 responded to within 5 days = 91.30%</p>
KPI 103a	TDBC	Yes	Street Cleansing - % service requests actioned within 5 working days	85%	GREEN	<p>Q1 = 144 requests Q2 = 92 requests Q3 = 36 requests 32 responded to within 5 days = 88.89%</p> <p>Q4 = 121 requests 103 responded to within 5 days = 85.12%</p>
1.1.5	TDBC	Yes	% major planning applications determined within 13 weeks (or within agreed extension of time)	Target 60%	GREEN	<p>Q1 = 100% 10 applications determined, 5 of which were within 13 weeks and 5 within an agreed extension of time.</p> <p>Q2 = 100% 8 applications determined, 2 of which were within 13 weeks and 6 within an agreed extension of time.</p> <p>Q3 = 91.7% 12 applications determined, 6 of which were within 13 weeks and 5 within an agreed extension of time.</p> <p>Q4 = 88.9% 9 applications determined, 5 of which were within 13 weeks and 3 within an agreed extension of time.</p> <p>Year = 97.4%</p>

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2.1.3	TDBC	Yes	Licensing	Target - 95% licensing applications processed within 14 days	GREEN	Q3 = 99%
6.1	TDBC	Yes	Staff Sickness	Average of 8 days or lower per FTE	GREEN	Q1 - 2.09 days per FTE/ predicted 8.4 days per FTE per annum Q2 - 3.45 days per FTE/ predicted 6.9 days per FTE per annum Q3 - 5.02 days per FTE/ predicted 6.7 days per FTE per annum Q4 - 6.57 days per FTE = 6.57 per annum
6.2.4	TDBC	Yes	Customer Complaints	90% of complaints responded to with 20 working days	RED	Q1 = 66.18% 68 Complaints received in Q1. 45 responded to within time and closed. Q2 (July/Aug only) = 54.72% 53 Complaints received in Q2 29 responded to within time and closed Q3 (4 months) = 76.54% 81 complaints received in Q3 62 responded to within time and closed. Q4 = 65.45% 57 complaints received in Q4 36 responded to within time and closed. 2 complaints still within 20 days.
KPI 90B	TDBC	Yes	% of minor planning application determind within 8 weeks or agreed extension of time	65%	GREEN	Q1 = 84.5% 71 applications determined, 46 of which were within 8 weeks and 14 within an agreed extension of time. Q2 = 87.5% 64 applications determined, 25 of which were within 8 weeks and 31 within an agreed extension of time. Q3 = 73.4% 64 applications determined, 29 of which were within 8 weeks and 18 within an agreed extension of time. Q4 = 79.1% 67 applications determined, 23 of which were within 8 weeks and 30 within an agreed extension of time. Year = 81.2%

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KPI 90C	TDBC	Yes	% of other planning applications determind within 8 weeks or an agreed extension of time.	80%	GREEN	<p>Q1 = 91.6% 178 applications determined, 147 of which were within 8 weeks and 16 within an agreed extension of time.</p> <p>Q2 = 92.0% 163 applications determined, 126 of which were within 8 weeks and 24 within an agreed extension of time.</p> <p>Q3 = 88.4% 155 applications determined, 113 of which were within 8 weeks and 24 within an agreed extension of time.</p> <p>Q4 = 82.4% 148 applications determined, 92 of which were within 8 weeks and 30 within an agreed extension of time.</p> <p>Year = 88.8%</p>
KPI 5	TDBC	Yes	Average processing times or new HB and CTS claims	20 days or lower	RED	<p>End of Q1 = 23.59 days End of August = 22.04 days End of Q3 = 21.69 days Result for 2016/17 = 22.73 days</p>
KPI 6	TDBC	Yes	Average processing times for changes in circumstances for HB and CTS (lower is better)	10 days or lower	GREEN	<p>End of Q1 = 7.98 days End of August = 7.69 days End of Q3 = 7.1 days Result for 2016/17 = 6.27 days</p>
KBI 132	TDBC	Yes	% of undisputed invoices for comercial goods and services paid withing 30days of receipt	90% or more	AMBER	<p>Q1 = 97.05% Q2 = 95.27% Q3 = 95.41% Q4 = 83.73%</p>
KPI 56a	TDBC	Yes	Environmental Heath % of requests completed within stated service standard (60 days)	75% or higher	GREEN	<p>Quarter 1: 95% of requests were completed within stated service standard (330 out of 346).</p> <p>Quarter 2: 94% of requests were completed within stated service standard (366 out of 390) (July and August only)</p> <p>Quarter 3: 92% of requests were completed within stated service standard (505 out of 549) (September to December inclusive)</p> <p>Quarter 4: 92% of requests were completed within stated service standard (303 out of 330).</p>

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HC4.6	TDBC	Yes	Average overall waiting time for high priority DFGs (once recommendation made by OT) - KPI 52a (The priority is determined by the Occupational Therapist and the assessment is determined on the combined risk and functional independence score. The score puts them into High, Medium or Low. Low = 0 - 8 points, Medium = 9 - 14, High = 15+ points)	Measure only - no target	Not available	<p>Q1 - 46 weeks Wet room installation on waiting list for 2 months then delayed due to staff shortages at Aster whilst implementing new HIA contract, 22 weeks for HRA properties and 70 weeks for non-HRA which made the average 46 weeks</p> <p>Q2 - As at month 5 - 29 weeks for HRA and 49 weeks for non-HRA. Overall average 39 weeks. This will continue to improve as the old cases filter out of the system. Note Council performance related to only one high priority case where delays in getting permissions and quotes from the DLO and the adaptation was fairly complex requiring access changes to the property and wet room. Fixed price contracts are now in place and will speed up performance.</p> <p>Q3- Average 38 weeks for non-HRA and 12 weeks for HRA. 9 of the 10 cases were from the backlog in 2015. The final case was completed in 8 weeks.</p> <p>Q4 - Average 33 weeks (34 weeks HRA and 32 weeks non HRA). Picture continues to improve for non HRA and 2 difficult cases affected the average for Council properties which otherwise would have been 22 weeks.</p>
TH10	TDBC	Yes	Abandoned Call Rate to main switchboard number - as a % of total calls	Below 5%	GREEN	<p>Apr = 1.07% May = 3.37% Jun = 2.94%</p> <p>Average for Q1 = 2.46%</p> <p>July = 2.48% Aug = 2.85%</p> <p>Average for Q2 = 2.67%</p> <p>Sep = 1.59% Oct = 2.27% Nov = 4.65% Dec = 2.01%</p> <p>Average for Q3 = 2.63%</p> <p>Jan = 3.21% Feb = 2.04% Mar = 2.97%</p> <p>Average for Q4 = 2.74%</p>
TH11	TDBC	Yes	Number of Complaints investigated by the Ombudsman requiring a remedy (excludes minor injustices)	0	AMBER	<p>No complaints requiring a remedy for Q1 and Q2.</p> <p>1 complaint concerning a RTB application requiring a remedy and financial redress for Q3.</p> <p>1 complaint concerning a bin being emptied in error by the council's contractor requiring a remedy and financial redress for Q4.</p>
TH14	TDBC	Yes	Timeliness of draft minutes of committee meetings being provided to committee chair.	100% within 7 days of meeting.	No Longer Required	<p>Q1 = 13 out of 15 minutes completed on time = 86.66%</p> <p>Q2 = 7 out of 10 minutes completed on time = 70%</p> <p>Q3 = 14 out of 24 minutes completed on time = 58%. The departure of one of the Democratic Services Officers during October resulted in additional pressures on the team leading to a further reduction in performance within the stipulated time.</p>

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						Q4 = No longer required. Measure Dropped
HC1.1	TDBC	Yes	<p>Budgets – Income To maximise income opportunities and collection</p> <p>Income collected as a % of rent owed excluding arrears b/f Figures over 100% indicate that arrears have been cleared or balances are in credit.</p>	Target = 98.3%	GREEN	<p>Q1 - 100.57%</p> <p>Q2 - (As at month 5) 100.34% As at end Week 22</p> <p>Q3 - 99.46%</p> <p>Q4-99.67%</p>
HC2.8	TDBC	Yes	<p>Customer Satisfaction To deliver customer-focussed services, achieving high levels of customer satisfaction</p> <p>Percentage of tenants satisfied with the most recent repair.</p>	Target = 98%	GREEN	<p>Not able to report for Q1 as a system failure means surveys were not produced.</p> <p>Q2 - (As at month 5) 98% satisfied</p> <p>Another systems failure has meant that surveys were not produced during Q3. We have now sought a more resilient way of producing these surveys to mitigate the systems issues to ensure the surveys are produced for Q4.</p> <p>Q4 - 96.4% (this is for Q4 alone not cumulative due to lack of data in previous quarters.)</p> <p>Q1 - 95.29%</p>
HC4.2	TDBC	Yes	<p>Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants</p> <p>Completion of repairs within priority target times: Urgent (Emergency) - within 24 hours</p>	Target =98%	RED	<p>There are further actions to be taken in accuracy of data entry. For example some P1 jobs were attended as callouts but completion dates have not been correctly updated. This also happens when interfaces between Academy and OC fail at a weekend so it is not possible to accurately record completion dates.&nbsp;The reality is that more P1 job are completed that data suggests.</p> <p>Q2 - 80.25% As at month 5</p> <p>We are still not in a position to collect accurate data. Changes to O/C and the introduction of tablets will give us more data going forward however data collection for the remainder of the year will not accurately reflect the service.</p> <p>Q3 - 80.1%</p> <p>As with Q2 the introduction of tablets will give us more data going forward however data collection for the remainder of the year will not</p>

Appendix A

						accurately reflect the service. Q4 - 82.01% We have identified several issues with the collation of this data most revolve around operative error and administrative errors. Improvements have been made regarding the collection of this data and have more confidence in the data. Although we are exceeding target we expect significant improvements for the next
HC4.3	TDBC	Yes	Housing Stock To manage the housing stock and maintenance service to meet the needs of the tenants Completion of repairs within priority target times: Non Urgent (up to 28 days)	Target =85% Show breakdown of Building Services and external contractors.	GREEN	Q1 - 89.05% Q2 - 86.11% As at month 5 We are still not in a position to collect accurate data. Changes to O/C and the introduction of tablets will give us more data going forward however data collection for the remainder of the year will not accurately reflect the service Q3 - 90.1% As per Q2, data collection for the remainder of the year will not accurately reflect the service. Q4 - 87.87% Improvements have been made regarding the collection of this data and have more confidence in the data. Although we are exceeding target we expect significant improvements for the next financial year. A more comprehensive scorecard has been developed and will be presented to both scrutiny and TSMB.
5.4	TDBC	Yes	Council Tax Collection	Target = 97.8% to be collected by 31st March	GREEN	End of Q1 = 34.74% End of Aug 16 = 53.12% End of Q3 = 89.98% Result for 2016/17 = 98.03%
5.4.1	TDBC	Yes	Business Rate Collection	Target = 98.5% to be collected by 31st March	GREEN	End of Q1 = 31.18% End of Aug 16 = 50.80% End of Q3 = 84.41% Result for 2016/17 = 99.28%

Appendix A

6.2.5	TDBC	Yes	Freedom of Information Requests	<p>Measure: - Number of FOI enquiries received.</p> <p>Target 75% answered witin 20 working days.</p>	<p>GREEN Q1 = 81.46% 151 requests received in Q1. 123 requests responded to within 20 days. Q2 = 84.95% 113 requests received in Q2 96 requests responded to within 20 days. Q3 = 75.14% 177 requests received in Q3 (4 months) 133 requests responded to within 20 days. Q4 = 78.28% 175 requests received in Q4 137 requests responded to within 20 days 46 Round Robins received but not counted or responded to.</p>
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Taunton Deane Borough Council

Executive – 3 August 2017

Financial Monitoring – Outturn 2016/2017

This matter is the responsibility of Executive Councillor Richard Parrish

Report Author: Jo Nacey, Financial Services Manager (Deputy Section 151 Officer)

1 Executive Summary

- 1.1 This report contains information related to the Council's financial performance for the 2016/17 financial year. The outturn figures included are provisional subject to external audit review; the findings of which are to be reported to Corporate Governance Committee in September this year.
- 1.2 Monitoring the budget is an important part of the Council's performance management framework.
- 1.3 The revenue outturn position for the financial year 2016/17 is as follows:
 - The General Fund (GF) Revenue Outturn position for 2016/17 is a net underspend of £101k (0.7% of Net Budget).
 - The HRA is a 'Self-Financing' account for the Council's Housing Landlord function, which is budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2016/17 is a net underspend of £882k (3.3% of gross income).
- 1.4 The capital outturn position for 2016/17 is as follows:-
 - The General Fund profiled Capital Programme at the end of 2016/17 was £25.832m. The actual expenditure on the Capital Programme during 2016/17 was £10.256m, with £15.527m being carried forward to support delivery of approved schemes in 2017/18. This leaves a net underspend of £49k (0.1%) against the overall programme.
 - The HRA approved Capital Programme at the end of 2016/17 was £20.129m. This relates to schemes which will be completed over the next five years. The actual expenditure on the Capital Programme during 2016/17 was £10.762m, as summarised in Table 15 below, with £9.399m for planned investment to implement approved schemes in future years. A net overspend of £32k (1%) is reported against the overall programme.
- 1.5 The General Fund reserves balance as at 31 March 2017 stands at £2.186m. The

balance remains above the minimum reserves expectation within the Council's Budget Strategy (£1.600m).

- 1.6 The Housing Revenue Account (HRA) Reserve balance as at 31 March 2017 stands at £3.224m, which is above the minimum level (£1.800m) set within the Council's Budget Strategy and HRA Business Plan.
- 1.7 The total General Fund Earmarked Reserves balance as at 31 March 2017 is £17.344m, and for HRA Earmarked Reserves the balance is £6.847m, representing funds that have been set aside for specific purposes to be spent in 2017/18 or later years. This has grown largely in respect of funds committed to support growth and infrastructure development, future capital programme spending, the business rates funding volatility, creating a new council and funding set aside to support service restructuring and transformation projects. The majority of this is planned to be spent over the next two years, although experience shows this may be over a longer period.

2 Recommendations

- 2.1 The Executive reviews the Council's financial performance and end of year position for the General Fund and the Housing Revenue Account, including pre-approved carry forwards and transfers to earmarked reserves.
- 2.2 The Executive is recommended to:-
 - (a) Note the reported General Fund Revenue Budget underspend of £101k in 2016/17 and the General Reserves Balance of £2.186m as at 31 March 2017.
 - (b) Recommend Full Council to approve the General Fund Revenue Budget Carry Forwards totalling £302,000 (as set out in table 3 of the report).
 - (c) Recommend Full Council to approve a General Fund Capital Programme Budget Carry Forward totalling £15,527,000 (as set out in Appendix D).
 - (d) Recommend Full Council to approve a Housing Revenue Account Capital Programme Budget Carry Forward totalling £9,399,000 (as set out in Appendix G).
 - (e) Recommend Full Council to approve £590,000 Supplementary Budget allocations in 2017/2018 for the Housing Revenue Account, utilising 2016/2017 underspends, for the following areas:
 - (i) £250,000 to provide additional technical development capacity to the in-house team for development appraisal work on complex sites.
 - (ii) £25,000 to replace the Halcon One Team Co-ordinator post until 31 March 2018.
 - (iii) £55,000 for additional officer capacity to address anti-social behaviour for a period of 18 months due to additional pressures on the team.

- (iv) £70,000 to fast-track replacement of Piper lifelines in Sheltered Housing where these are reaching the end of their operational life.
- (v) £40,000 to both revamp and upgrade Ladymead Road shops for remarketing as commercial premises or to make a change of use and convert to a One Team community hub.
- (vi) £150,000 to pilot a Fabric First approach to appraise options to address thermal performance and water ingress issues in some property types.

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
That the Authority overspends against the approved budget	2	4	8
<i>Regular budget monitoring reports are produced and managers actively manage the budgets under their responsibility</i>	1	4	4

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (14)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				
Likelihood of risk occurring		Indicator				Description (chance of occurrence)	
1. Very Unlikely		May occur in exceptional circumstances				< 10%	
2. Slight		Is unlikely to, but could occur at some time				10 – 25%	
3. Feasible		Fairly likely to occur at same time				25 – 50%	

4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 This report informs Members of the Council's financial outturn (a comparison of net spending against the budget for the year) for revenue and capital budgets in 2016/17 for the Council's General Fund (GF), Housing Revenue Account (HRA) and trading services.
- 4.2 The regular monitoring of financial information is a key element in the Council's Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the Council's the Medium Term Financial Plan.
- 4.3 The outturn figures contained in this report are provisional at this stage. The financial outturn has been taken into account when preparing the Council's Statement of Accounts, which was approved by the Assistant Director Strategic Finance (S151 Officer) on 31 May, and is then subject to review by the Council's External Auditor. Should the External Auditor identify any changes to the Accounts these will be reported to Corporate Governance Committee in September this year.
- 4.4 The outturn position reported for the General Fund contains some estimated figures for government subsidies on housing benefit and the total of business rates retention funding. These are based on unaudited claims, and it is possible that final figures post-audit could change. Should the final figures differ significantly from those used in this report an updated will be provided as part of 2017/18 budget monitoring reports.

5 2016/17 Financial Performance

- 5.1 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels. The budget monitoring process involves a regular review of all budgets. Budget Holders, with support and advice from their accountants, review the position and update their forecasts based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that assumptions and estimates will differ from the eventual outcome, and a number of risks and uncertainties have been highlighted in previous quarterly reports.
- 5.2 Forecasting for demand-led services has continued to be a challenge especially in the current economic climate.
- 5.3 The Council has continued to operate within the framework of its Budget Strategy and the overall financial standing at the end of the financial year is sound. The Reserve

balances for both the General Fund and the HRA are above their respective recommended minimums. An annual review of all Earmarked Reserves will continue with the aim of returning any surplus reserve balances to the General Fund Reserve. The Council continues to face challenges around profiling capital spend, and we will seek to improve accuracy of forecasting between financial years.

General Fund Revenue Account – 2016/17 Outturn

- 5.4 The Council has reported an overall net underspend of £101k (0.7% of Net Budget). Table 1 below provides a high-level summary of the outturn position:

Table 1: GF Outturn Summary

General Fund Outturn 2016/17	Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Net Expenditure on Services	12,812	14,143	1,331	9%
Other Operating Costs and Income	368	181	(187)	-1%
Earmarked Reserve Transfers	3,583	3,583	0	0%
Unearmarked Reserve Transfers	(25)	(25)	0	0%
Capital Financing and Debt Repayment	744	744	0	0%
Technical Accounting Adjustments	(3,086)	(4,331)	(1,245)	-9%
Net Budget	14,396	14,295	(101)	-0.7%
Funding – Grants, Business Rates and Council Tax	(14,396)	(14,396)	0	0%
Net Variance	0	(101)	(101)	

- 5.5 A Summary Statement of the General Fund Revenue Outturn by Portfolio is provided in **Appendix A**, and an explanation of the budget variances reported each quarter and at the year-end is provided in **Appendix B**.

Summary of Main Changes from Q2 to Outturn

- 5.6 The Forecast Outturn as at Quarter 2 (September 2016) was a £271k underspend. The main differences between the reported variances at Quarter 2 and the year-end Outturn are summarised in Table 2 below.

Table 2: Main Differences between Q2 and Outturn Variances

	Q2	Change	Q4
	£000	£000	£000
Rent Allowances and Rebates	(221)	221	0
TDBC Assets	30	33	63
Crematorium	25	(80)	(55)
Car Parking	(34)	50	16
Revenues and Benefits	(75)	(21)	(96)
Deane Helpline	(15)	(38)	(53)
Council Tax Collection	(32)	(43)	(75)
Insurance	56	(33)	23
Waste Recycling	(46)	46	0
Homelessness	50	(50)	0

Community Open Spaces and Parks	11	0	11
Leisure Procurement	0	150	150
Interest Costs and Income	(20)	(114)	(134)
Other Variances	0	49	49
TOTAL – over / (under) spend	(271)	170	(101)

- 5.7 The main changes since the Quarter 2 report are explained as follows:
- 5.8 **Rent Allowances:** The Council included a contingency budget of £205k for anticipated housing benefit costs as rental costs for supported accommodation were being reviewed under 'Pathway for Adults' (P4A). This matter appears to have been resolved through provision of P4A support through social housing – with TDBC and Knightstone Housing – meaning full HB costs can be recovered through Subsidy. This situation may be reviewed again in 2018 therefore the contingency will be retained within the Council's MTFP but it is assumed this will not be needed in this year or next. There is also a small surplus projected of £16k under standard HB Subsidy arrangements.
- 5.9 **Assets:** The net overspend relates to voids for rented properties at Blackdown Business Park. This has increased to £63k from £30k as reported at Q2.
- 5.10 **Cemeteries and Crematorium:** An increased number of cremations has increased the income received by £55k at the end of Q4, as a demand led service, predicting income can be difficult.
- 5.11 **Car Parking:** The increased income forecast in the budget setting has not fully materialised, leading to an overspend of £50k.
- 5.12 **Revenues and Benefits:** Additional funding has been provided by Government for various welfare reforms, meaning service costs that had planned to be funded from earmarked reserves can now be funded from in-year surplus income plus additional Housing Benefit administration grant totalling £96k.
- 5.13 **Deane Helpline:** Q2 reported underspend of £15k in respect of staff savings and the additional income. This has increased by £38k in Q4 and reduces the overall cost of the service to the Council.
- 5.14 **Council Tax Collection:** This is in respect of recoverable court fees which are above budget estimates due to the increased volume of cases taken through the court as part of the Council's tax collection activity.
- 5.15 **Community Open Spaces and Parks:** This overspend is mainly as a result of additional temporary staffing of £11k. This resource, approved by Councillor Herbert, was needed to handle complaints of the parks service, an area which had previously not been addressed adequately.

- 5.16 **Insurance:** Premiums have increased more than anticipated as a result of increased claims. The General Fund share of this overspend is £23k.
- 5.17 **Leisure Procurement:** The overspend relates to the Leisure Procurement Project as no budget was allocated. A carry forward was required to cover this cost in 17/18.
- 5.18 **Interest Costs and Income:** Additional investment income received due to slippage within the capital programme leading to higher investment balances being held by the Authority, and through improved returns through use a new investment options.

Carry Forwards to 2017/18

- 5.19 In arriving at the net underspend of £0.101m for 2016/17, there are some recommended budget carry forwards where Member approval is sought. These are summarised and explained below:

Table 3: Carry Forwards for Approvals

		£
Transformation	Contribution towards staff cost to cover 1 day per week Transformation work.	3,000
Firepool	Transfer the balance remaining on the cost centre for Firepool to the new year 2017/18 to cover future costs.	62,340
Economic Development	In the budget setting meeting for 16/17 Full Council made a commitment to provide a sum of £40,000 to fund feasibility work to support the business case for Wellington Station. This sum was placed in the economic development revenue budgets. The study has not been completed. The monies therefore need to be carried forward to 17/18 to enable TDBC to deliver on FC commitment to provide an element of this funding.	40,000
HR	Funds required to resource ongoing and future training	34,000
Community Leisure	Leisure procurement project	150,000
Marketing	To cover the final costs of producing the new Taunton Visitors Guide.	2,500
Public Conveniences	Carry forward required to fulfil outstanding pre-transfer works costs and the one off payments to town and parish councils for the agreed transfer of public toilets.	10,000
Total		301,840

- 5.20 These funds have been transferred to earmarked reserves at the end of the financial year pending confirmation of budget carry forward approval.

6 Business Rates Retention

- 6.1 The Business Rates Retention (BRR) funding system is proving to be both challenging and volatile, with the Council facing significant risks particularly in respect of appeals against rateable values by rate payers. The required accounting arrangements also result in some 'timing differences' which can skew the funding position across financial years.

General Fund Retained Business Rates Funding

- 6.2 The council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area. The amounts credited to the General Fund Revenue Budget in 2016/17 are based on business rates yield and BRR figures from different sources – a combination of the 2016/17 NNDR1 (Original Budget Estimate) and the 2016/17 NNDR3 (End of Year position):

Business Rates Funding Timing Differences

In Year Funding based on NNDR1 Original Budget Estimates (fixed amount for the year based on budget):

- | |
|---|
| <ul style="list-style-type: none">• 40% Standard Share of BR Income• Tariff to Government• Share of Previous Year's Collection Fund Surplus/Deficit |
|---|

In Year Funding based on NNDR3 actual amounts due for the year (variable amount for the year based on actuals):

- | |
|---|
| <ul style="list-style-type: none">• Section 31 Grant (Government-funded Reliefs/ Discounts)• Levy Payment to Government• Safety Net Receipt from Government |
|---|

- 6.3 At the end of the financial year there will be a Surplus or Deficit on the Business Rates Collection Fund, and this sum will be distributed in future years based on Standard Shares – so 40% for Taunton Deane Borough Council.
- 6.4 The following table summarises the net position in respect of retained business rates funding for the Council in 2016/17 based on required accounting entries.

Table 4: Business Rates Funding Outturn 2016/17

	Original Budget	Actual
	£000	£000
40% Share of Business Rates Income	(16,331)	(16,331)
Tariff to Government (fixed amount)	13,843	13,843
Section 31 Grant funding for enhanced Small Business Rates Relief/Flooding Relief/Retail Reliefs	(530)	(714)
Renewable Energy Rates – 100% retained by TDBC	(197)	(231)
50% Levy Payment to Government	256	474
Pooling Dividend and other adjustment	0	(7)
Sub Total	(2,959)	(2,966)
Previous Year's Collection Fund Deficit	192	192
Total Retained Business Rates Funding 2016/17	(2,767)	(2,774)

- 6.5 Taking into account the inherent risks and uncertainties within the retention system, together with accounting timing differences referred above, a prudent balance is maintained in the Business Rates Smoothing Account Reserve. The balance on this reserve as at March 2017 is £1.937m providing funding to offset Collection Fund deficit carried forward to 2018/19 of £198k plus resilience to further funding volatility in future years.

7 General Fund Reserves

General Reserves

- 7.1 The following table summarises the movement on the General Reserves Balance during the year.

Table 6: General Reserve Balance

	£k
Balance Brought Forward 1 April 2016	2,114
<i>Supplementary Estimates</i>	
Transfer £200k to Creating a new Council	(200)
<i>Returns</i>	
Transfer P4A to General Reserve	171
Budgeted Balance 31 March 2017	2,085
Provisional Outturn 2016/17	101
Projected Balance Carried Forward 31 March 2017	2,186
Recommended Minimum Balance	1,600
Projected Balance above recommended minimum	586

- 7.2 The balance as at 31 March 2017 (subject to audit) is £2.186m. This is £586k above the recommended balance of £1.600m.
- 7.3 In view of the Council's future financial position the advice is maintain reserves above

the recommended minimum, to provide some resilience for unknown costs and to provide some flexibility to support measures to address ongoing financial sustainability.

General Fund Earmarked Reserves

- 7.4 The Council can also set aside funds for specific purposes to be used in future years. **Appendix C** provides a summary of the earmarked reserves and their movement during the year.
- 7.5 The proposed balance carried forward to support General Fund spending in future years is £17.344m. This balance has increased by £434k during the year, mainly due to setting aside approved funds committed to supporting the Transformation Project, sums received for Garden Town Status, to protect the authority from fluctuations in the new Business Rates Retention Scheme, New Homes Bonus set aside for growth and infrastructure investment and the Accommodation Project for Deane House. The majority of this is planned to be spent over the next two years, although experience shows this may be over a longer period.
- 7.6 Transfers to reserves at the end of the financial year have been reviewed and approved by the S151 Officer.

Deane DLO Trading Account

- 7.7 The DLO has two distinct areas operating: Building Maintenance and Grounds Maintenance (including the Nursery). The Building Maintenance section of the DLO will be operated through Housing Property Services from 2017/18. The following table provides a summary of the financial performance.

Table 7: DLO Trading Account Outturn Summary

	2016/17		
	Income £'000	Spend £'000	Net £'000
(Surplus)/Deficit for the year:			
Grounds Maintenance	(3,120)	3,084	(36)
Building Maintenance	(5,303)	5,251	(52)
Nursery	(121)	152	31
Operating (Surplus) / Deficit Before Recharges	(8,544)	8,487	(57)
Contribution to General Fund			101
Trading (Surplus)/Deficit After Adjustments and Contributions			44
Deficit transferred from Trading Account Reserve			(44)

- 7.8 The year-end financial statements report that the DLO made an overall deficit of £44k after contributing £101k to the General Fund. This deficit has been transferred from the DLO Trading Account Reserves (see table below) decreasing the reserve balance. The DLO reserve made a £200k contribution to Transformation, the reserve

at 31 March is £121k.

Table 8: DLO Trading Account Reserve Position

	£000
Reserve balance brought forward 1 April	(365)
Revenue Contribution to Transformation	200
Retained Trading (Surplus) / Deficit for the year	44
Reserve balance carried forward 31 March	(121)

Note: figures in brackets = surplus funds held

Deane Helpline Trading Account

- 7.9 The Deane Helpline has reported a net deficit of £0.064m for the year, which is an underspend of £0.053m against the final budget and represents the net cost of the service to the General Fund. The summary of the trading account is as follows:

Table 9: Deane Helpline Trading Account Position

Deane Helpline Trading Account	£000
Total Income	(1,030)
Operating Costs	1,001
Gross Profit	(29)
Recharges and Capital Charges (excluding IFRS accounting adjustments)	93
Net Deficit for the Year	64
Budget for the Year	117
Underspend against Budget	(53)

8 Land Charges, Licencing and Taxi Licencing

- 8.1 Under regulations the Council needs to report how its Licencing and Land Charges services perform in the financial year. These services set fees and charges based on estimated reasonable costs, and aim to break even each year. However, due to fluctuations in demand and costs the services may report an under or over-recovery in any one year and the Council therefore transfers any surplus/deficit to a self-financing reserve. During the next round of fees and charges setting adjustments will be made with the view achieving a break-even position on a three year rolling basis.

Table 10: Licencing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Under/(over)- recovery £	Balance Carried Forward £
Land Charges	(56,160)	0	(56,160)
Licencing	49,050	(50,000)	(950)
Taxi-Licencing	(19,640)	(16,970)	(36,610)

9 Taunton Unparished Area Fund (Special Expenses)

- 9.1 The Council sets an annual budget for the Unparished Area of Taunton, which is funded through a “Special Expenses” Council Tax charge to households in the area plus funding provided towards the impact of Council Tax Support on the Unparished area tax base. The following table summarises the income and expenditure for the Fund in 2016/17.

Table 11: Unparished Area Fund Income and Expenditure

	£	£
Fund balance brought forward 1 April		(55,620)
Special Expenses Precept and CTRS Grant for 2016/17		(47,370)
<i>Expenditure funded in the year:</i>		
Grant to Galmington Allotments Association	1,015	
St Mary Magdalene Church Bell Fund	3,000	
Taunton YMCA	1,280	
Grant YMCA	1,929	
POP Youth CIC	5,000	
Holway Local Action team	3,567	
Go Create Taunton CIC	3,000	
Galmington Allotment Association	1,950	
Blackbrook Community Primary School	3,000	
Wilton & Sherford Community Association	450	
The Polish Association	1,600	
Dog bins and emptying in Sherford Rd and Upper Holway Rd	2,090	
COACH external classroom	5,500	
North Taunton Partnership	1,365	
On Your Bike	2,717	
Taunton Trailblazers	2,446	
Wilton Scout Group	1,410	
Lisieux Way Methodist Church	1,038	
POP Youth CIC French Weir Youth Project	4,979	
Grant St Mary Magdalene	5,000	
Grant Taunton East Development Trust	7,450	
Total Expenditure		59,786
Fund Balance in hand carried forward 31 March		(43,204)

Note: minus (-) balance = funds in hand

- 9.2 The Fund is generally used to support minor works, worthwhile community activities and individual projects. Bids for funding are considered by the Unparished Area Panel, and allocations to third parties have been published in the Weekly Bulletin through the year.

10 General Fund Capital Programme

- 10.1 The total approved General Fund Capital Programme was £25.832m. The Council is supporting this investment through the use of Capital Grants and Contributions, Revenue Funding and Borrowing. A net underspend of £49k (0.2%) is being reported

against the overall approved budget for the Programme.

- 10.2 The actual expenditure on the General Fund Capital Programme during 2016/17 was £10.256m. The major areas of capital spend during the year included the following: £1.567m for the loan to Somerset Waste Partnership, £1.160m in respect of Regeneration Schemes, £1.219m in respect of Housing Enabling and Housing Standards, £0.248m in respect of DLO vehicles and plant acquisition, £1.931m for the Blackbrook Swimming Pool, £2.455m for the Depot Relocation, £417k for new IT systems and equipment and £614k for Play Equipment etc.
- 10.3 Of the £15.527m due to be spent in future years, major areas include the following schemes: £690k relates to the JMASS IT Project, £375k on Creech Castle improvements, £790k in respect of the employment site in Taunton, £1.414m Grants to Registered Social Landlords (RSLs), £481k for Firepool Access, £653k for Disabled Facilities Grants (DFGs), £500k for Town Centre Regeneration, £1.124m for Major Transport Schemes, £995k for Transformation and £5.874m for Deane House refurbishment.
- 10.4 It is recommended that £15.527m of the 2016/17 capital budget, representing slippage on approved schemes or where budget profiles across financial years need to be updated, is carried forward for schemes that will be delivered or completed in 2017/18. A summary of the General Fund Capital Programme budget and outturn for the year, including an analysis of the recommended carry forwards, is included in **Appendix D**.

11 Housing Revenue Account (HRA)

- 11.1 The HRA is a 'Self-Financing' account for the Council's Housing Landlord function, which is budgeted to break-even (net of approved transfers to/from HRA Reserves). The HRA Revenue Outturn for 2016/17 is a net surplus of £882k (3.3% of gross income).

Table 12: HRA Outturn Summary

	Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Gross Income	(26,769)	(27,117)	(348)	(1%)
Service Expenditure	14,233	14,046	(187)	0%
Other Operating Costs and Income	3,931	3,622	(309)	(1%)
Earmarked Reserve Transfers	(333)	(333)	0	0%
Capital Financing and Debt Repayment	8,715	8,677	(38)	0%
Technical Accounting Adjustments	223	223	0	0%
Net Variance	0	(882)	(882)	3%

- 11.2 The HRA Revenue Outturn for 2016/17 is provided in more detail in **Appendix E** to this report.
- 11.3 The Forecast Outturn as at Quarter 2 was an under-recovery of £0.129m. The main

differences between the reported variances at Quarter 2 and the year-end Outturn are summarised in Table 13 below.

Table 13: Main Differences between Q2 and Outturn Variances

	Q2 £000	Change £000	Q4 £000
Dwelling Rents and Service Charges	(280)	(68)	(348)
Housing Management	(59)	(46)	(105)
Repairs and Maintenance	212	(386)	(174)
Other Expenditure	38	55	93
Depreciation and Revenue Contribution to Capital Programme	0	(38)	(38)
Interest Payable	0	(259)	(259)
Interest Receivable	(40)	(11)	(51)
Total	(129)	(753)	(882)

- 11.4 The major under and over spends forecast for year are summarised as follows:
- 11.5 **Dwelling Rents and Service Charges:** Void rate is lower than budgeted leading to additional income of £68k. Income from service charges is £106k higher than budget.
- 11.6 **Leasehold Income:** Income from leaseholders is higher than budgeted by £135k to reflect the increased cost of maintenance on shared blocks.
- 11.7 **Housing Management:** There is underspend in IT costs of £44k as new IT systems were not implemented. RTB income of £39k was received which can now be included in the business plan. There was in year saving in Tenant Empowerment staffing of £22k.
- 11.8 **Repairs and Maintenance-Responsive and Voids:** There was underspend in responsive heating work of £19k and underspend on repairs to voids of £155k
- 11.9 **Other Expenditure:** Additional expenditure on grounds maintenance and contribution towards the e5 financial system.
- 11.10 **Interest Payable:** Due to healthy reserves, external borrowing has not yet been needed for the new development schemes, such as Creechbarrow Road. This has therefore reduced the interest payable in 2016/17.
- 11.11 **Interest Receivable:** Healthy reserves and an increasing interest rate has led to higher income from investments during 2016/17.

Housing Revenue Account Unearmarked Reserves

- 11.12 The HRA reserves at the start of the year were £2.675m and the Council approved allocations totalling £333k throughout 2016/17 reducing the budgeted balance to £2.342m. The surplus of £882k in 2016/17 increases the balance to £3.224m. This is

above the minimum recommended reserve level of £1.800m by £1.424m.

Table 14: HRA Reserve Balance

	£k
Balance Brought Forward 1 April 2016	2,675
<i>Supplementary Estimates</i>	
Initiatives approved utilising 2015/16 underspend – July Full Council	(333)
Budgeted Balance March 2017	2,342
Outturn 2016/17	882
Balance Carried Forward 31 March 2017	3,224
Recommended Minimum Balance	1,800
Balance above recommended minimum	1,424

- 11.13 If recommendation 2.2e (i. to vi.) is approved as part of this outturn report, this will be funded from the above reserves balance in 2016/17 thus reducing it to £2.634m. This would leave HRA general reserves at £834k above the recommended minimum balance.

HRA Earmarked Reserves

- 11.14 The Council can also set aside HRA funds for specific purposes to be used in future years. **Appendix F** provides a summary of the HRA earmarked reserves and the movements during the year. The balance at 31 March 2017 committed to support spending in future years is £6.847m.
- 11.15 The HRA earmarked reserves balance includes the Social Housing Development fund at £1.290m.
- 11.16 Also included within these reserves is £1.969m for the Electrical Testing contract and £1.147m for the Pre-Planned Maintenance Contract.
- 11.17 A total of £434k is in the earmarked reserve to cover the future loss of income due to non-payment of rent and charges. The Business Plan has allowed for a three year period of increased provision for non-payment of rent and to cover the initial period of Welfare Reform. However, a key component of Welfare Reform, Universal Credit, is being rolled out on a much slower timetable.

12 Recommendations for use of the 2016/17 HRA Underspend

- 12.1 The 2016/17 underspend has allowed the HRA Reserves to remain at a level comfortably above the recommended minimum balance.
- 12.2 It is therefore recommended that funds are allocated from the 2016/17 underspend in respect of the following, as set out in Recommendations 2.2e:

		£k
--	--	----

		£k
Technical Development Support	To fund supplemental technical development support capacity to help the in house team on complex sites.	250
Halcon One Team Co-ordinator	The Halcon One Team Co-ordinator has needed to move to other Police operational activities and this has left a significant gap in our ability to undertake effective One Team working in Halcon. The Police are reviewing this as part of their current restructure however the funding is needed now to replace the Co-ordinator post until 31/3/2018.	25
Anti-Social Behaviour post	Funding to provide additional capacity of 1 FTE for 18 months on anti-social behaviour. The current anti-social behaviour team is under significant and unsustainable pressure with a marked increase in drug and alcohol issues on our housing estates and associated anti-social behaviour. An increase in 'County Lines' activity which has included people 'cuckooing' in our properties has also contributed to our need for some additional capacity.	55
Piper Replacement	The current hardwired Piper lifelines in our sheltered housing is becoming obsolete and needs replacement. Although there is a replacement programme to do this, we require an immediate injection of funding to address some urgent schemes where there is a risk of the lifelines failing.	70
Ladymead Road	Ladymead Road commercial units have proactively been vacated due to lessees having financial difficulties. The funding is required, as an investigation is underway to consider; either revamp and upgrade the units for remarketing as commercial premises, or to make a change of use and convert to a community hub for Housing & Communities to work out from similarly as the One Team	40
Fabric First	There are a number of properties that have significant failure in thermal performance and water ingress, mainly from failing cavity insulation. It is therefore proposed that £150K of the underspend is used to address a selection of options as a pilot. There will be a need for a greater budget for Fabric First measures, which we will find from savings and reallocation of elemental capital works budgets going forward.	150
	Total	590

13 HRA Capital Programme

- 13.1 The HRA approved Capital Programme at the end of 2016/17 was £20.129m. This relates to schemes which will be completed over the next five years. The Council is

supporting this investment through the use of Capital Receipts, Revenue Funding and Borrowing. The profiled budget on the Capital Programme during 2016/17 was £10.762m, as summarised in Table 15 below, with the re-profiled amount of £9.367m (£9.399m less £32k overspend) being carried forward.

- 13.2 The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development and acquisition of new stock.
- 13.3 **Appendix G** provides a breakdown of the HRA Capital Programme Outturn by scheme, and also sets out the proposed Carry Forward.

Table 15: HRA Capital Programme 2016/17 Outturn Summary

	£'000	%
Approved Capital Programme Budget	20,129	47%
Profiled in later years	0	
2016/17 Capital Budget	20,129	
Re-profiled forecast of spending Carried Forward to 2017/18	(9,399)	
Residual budget for 2016/17	10,730	
2016/17 actual capital expenditure	10,762	
Overspend	32	

- 13.4 The capital programme can be split into two distinct areas:

Major Works and Improvements:

- 13.5 From a budget of £12.708m, a total of £9.272m was spent in 2016/17. This includes £1.552m on bathrooms, £4.234m on heating improvements, £667k on air source heat pumps, £386k on adaptations to improve accessibility and £1.894m on other programmed works on dwellings. A total of £539k was spent on related items such as asbestos removal and environmental improvements.

Development:

- 13.6 A total of £1.490m has been spent on new housing throughout 2016/17. The Creechbarrow Road and Weavers Arms developments include carry forwards of £3.994m with the schemes due to complete in 2017/18.
- 13.7 The bulk of the Social Housing Development Programme (£1.939m) has been carried forward to 2017/18.

14 Links to Corporate Aims / Priorities

- 14.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

15 Finance / Resource Implications

- 15.1 Contained within the body of the report.

16 Legal Implications

16.1 There are no legal implications associated with this report.

17 Environmental Impact Implications

17.1 None for the purpose of this report.

18 Safeguarding and/or Community Safety Implications

18.1 None for the purpose of this report.

19 Equality and Diversity Implications

19.1 None for the purpose of this report.

20 Social Value Implications

20.1 None for the purpose of this report.

21 Partnership Implications

21.1 A wide range of council services are provided through partnership arrangements e.g. GLL (formerly Tone Leisure) for leisure services and Somerset Waste Partnership for Waste and Recycling services. The cost of these services is reflected in the Council's financial outturn position for the year.

22 Health and Wellbeing Implications

22.1 None for the purpose of this report

23 Asset Management Implications

23.1 None for the purpose of this report.

24 Consultation Implications

24.1 None for the purpose of this report.

25 Scrutiny Comments / Recommendation(s)

25.1 The Council's outturn position was reported to Corporate Scrutiny on 20th July and the recommendations therein were supported.

Democratic Path:

- **Scrutiny – 20 July 2017**
- **Executive – 3 Aug 2017**
- **Full Council – 3 October 2017**

Reporting Frequency: Annually

List of Appendices (delete if not applicable)

Appendix A	General Fund Revenue Account Outturn Summary
Appendix B	General Fund Revenue Account Outturn Variances
Appendix C	General Fund Earmarked Reserves Summary
Appendix D	General Fund Capital Programme Outturn Summary
Appendix E	Housing Revenue Account Outturn Summary
Appendix F	Housing Revenue Account Earmarked Reserves Summary
Appendix G	Housing Revenue Account Capital Programme Outturn Summary

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APPENDIX A

GENERAL FUND REVENUE ACCOUNT SUMMARY 2016/17

	Final Budget £000s	Actual Expenditure £000s	Variance £000s
Service Portfolios			
Community Leadership	501	503	2
Corporate Resources	1,532	1,390	(142)
Economic Development, Asset Management, Arts & Tourism	1,032	1,099	67
Environmental Services	4,609	4,572	(37)
General Services	1,278	2,528	1,250
Housing Services	2,676	2,686	10
Planning, Transportation & Communications	(2,145)	(2,138)	7
Sports, Parks & Leisure	3,329	3,503	174
West Somerset(Administration)	0	0	0
Net Cost of Services	12,812	14,143	1,331
Other Operating Costs and Income			
Deane Helpline Trading Account	117	64	(53)
DLO Trading Account	(101)	(101)	0
Interest and Investment Income	(364)	(498)	(134)
Parish Precepts & Special Expenses	716	716	0
Capital Financing from GF Revenue (RCCO)	564	564	0
Repayment of Capital Borrowing (MRP)	180	180	0
Transfers to Capital Adjustment Account	(3,086)	(3,086)	0
Transfers To/(From) Earmarked Reserves	3,583	3,583	0
Transfers To/(From) General Reserves	(25)	(25)	0
Transfers To/(From) Pension Reserve	0	(1,245)	(1,245)
Total Other Operating Costs and Income	1,584	152	(1,432)
NET EXPENDITURE BEFORE GRANTS AND TAXATION	14,396	(14,295)	(101)
Formula Grant and Council Tax Income	(10,513)	(10,513)	0
New Homes Bonus Grant	(3,883)	(3,883)	0
TOTAL FUNDING	(14,396)	(14,396)	0
TOTAL (UNDER)/OVERSPEND FOR THE YEAR	0	(101)	(101)

APPENDIX B

GENERAL FUND REVENUE ACCOUNT FORECAST VARIANCES

	Port- folio	Cost Centre Description	Q2 £k	Q4 £k	Total £k		Management Action
1	ECD	TDBC Assets	30	33	63	A number of vacant properties in Blackdown Business Park has led to a projected shortfall in rental income of £63k. Work is underway to let these properties where possible.	Budget holder will review empty properties with the aim of letting the properties
2	COR	Council Tax collection	(32)	(43)	(75)	This projected underspend of £75k is in respect of additional court fees recovered through enforcement of our debt recovery processes. There is increased volume of cases taken through the court as part of the Council's tax collection activity.	Budget holder will monitor court fees
3	COR	Rent Allowances	(221)	221	0	The Council included a contingency budget of £205k for anticipated housing benefit costs as rental costs for supported accommodation were being reviewed under 'Pathway for Adults' (P4A). This matter appears to have been resolved through provision of P4A support through social housing – with TDBC and Knightstone Housing – meaning full HB costs can be recovered through Subsidy. This situation may be reviewed again in 2018 therefore the contingency will be retained within the Council's MTFP but it is assumed this will not be needed in this year or next. There is also a small surplus projected of £16k under standard HB Subsidy arrangements.	Budget holder to review budgets

	Port- folio	Cost Centre Description	Q2 £k	Q4 £k	Total £k		Management Action
4	COR	Revenues and Benefits	(75)	(21)	(96)	Additional funding has been provided by Government for various welfare reforms, meaning service costs that had planned to be funded from earmarked reserves can now be funded from in-year surplus income plus additional Housing Benefit administration grant totalling £96k.	Budget holder to review budgets
5	COR	Insurance	56	(33)	23	Premiums have increased more than anticipated by £80k as a result of increased claims. The General Fund share of this projected overspend is £23k.	
5	PTC	Car Parking	(34)	50	16	This is due to a loss of income as the increased income forecast in the budget setting has not fully materialised.	Budget holder will review income budgets as part of budget process
6		Deane Helpline	(15)	(38)	(53)	There is a projected over-recovery against the net trading account budget due to an increase in income and savings due to the change in staffing rota. The changes to the staff rota were introduced in 2016/17.	Budget holder will review costs
8	ENV	Crematorium	25	(80)	(55)	An increase in gas costs and DLO increased prices has led to a pressure of £25k. Management will seek to control costs where possible to mitigate the cost pressure, but this may not be covered in full. The increase in income is due to an unexpected increased volume in this demand led service	Budget holder will continually monitor income and expenditure
9	ENV	Waste Recycling	(46)	46	0	The service projected additional income from green waste £46k with demand for the service exceeding budget expectations. As this is a demand-led service the position can fluctuate.	Budget holder will monitor expenditure

	Port- folio	Cost Centre Description	Q2 £k	Q4 £k	Total £k		Management Action
10	HSG	Homelessness	50	(50)	0	This projected one-off overspend of £50k relates to legal costs of removing a person from a site and trying to provide suitable alternative accommodation. There is no base budget to cover the costs of this particular case. The service underspent to cover this overspend.	Budget holder will monitor expenditure
11	SPL	Community Open Spaces & Parks	11	0	11	This overspend is mainly as a result of additional temporary staffing of £11k. This resource, previously approved, was needed to handle complaints of the parks service, an area which had previously not been addressed adequately.	Budget holder to monitor expenditure
12	SPL	Leisure Procurement	0	150	150	The overspend relates to the Leisure Procurement project as no budget was allocated in 2016/17. A carry forward was required to cover the cost in 2017/18	Budget Holder to monitor expenditure
13	COR	Interest Receivable	(20)	(114)	(134)	Additional investment income has been received due to the interest charge on the loan given to Somerset Waste Partnership £20k and a high level of reserves.	Budget holder to monitor income
14		Other Variances		49	49	Total of all other overspends/underspends.	
		GRAND TOTAL	(271)	170	(101)		

Key: Portfolios

COM	Community Leadership	HSG	Housing Services (Non-HRA)
COR	Corporate Resources	PTC	Planning and Transportation/Communications
ECD	Economic Development, Asset Management, Arts & Tourism	SPL	Sports, Parks & Leisure
ENV	Environmental Services	OTH	Other Central Costs and Income
GEN	General Services		

GENERAL FUND EARMARKED RESERVES

APPENDIX C

Earmarked Reserve Heading	Balance at 1 April 2016 £000	Transfers In 2016/17 £000	Transfers Out 2016/17 £000	Balance at 31 March 2017 £000
DLO Vehicle Replacement	25	0	(25)	0
Capital Financing Reserve - General Fund Projects	3,089	225	(2,525)	789
Climate Change	53	0	0	53
Asset Management - Tone Leisure	223	33	(59)	197
Brewhouse Refurbishment	61	24	(29)	56
CCTV	7	10	(7)	10
Bursary Account General Provisions	4	0	(4)	0
CEO Initiatives	78	25	0	103
Corporate Training	127	0	(60)	67
2017/18 Savings Contingency	0	164	0	164
DLO Trading Account	365	0	(244)	121
DLO Vehicle Replacement	316	0	0	316
Agile Working	0	70	0	70
Elections	0	22	0	22
Member Technology	0	70	0	70
FE Colthurst Trust Bequest Accounts	1	0	0	1
General Fund General Carry Forwards	699	302	(572)	429
Healthy Workplace	6	0	0	6
Housing Enabling	185	8	0	193
Self-Insurance Fund	485	0	0	485
Local Plan Enquiry General Provisions (LDF)	136	22	(61)	97
Planning Delivery Grant (Revenue)	102	0	(25)	77
Strategic Director SA	84	0	0	84
Travel Plan	93	137	(81)	149
Vivary Park Trading Account	0	27	0	27
Asset Management - General Services Non-HRA	289	0	0	289
Housing Loans to Private Sector Mortgagees	10	0	0	10
BRR Smoothing Reserve	2,008	120	(191)	1,937
Youth Homelessness Fund	4	0	0	4
Corporate Services Clienting	93	40	(70)	63
Eco Towns Projects Funding	304	0	(66)	238
Voluntary and Community Grants	0	3	0	3
Growth and Regeneration (NHB)	4,162	3,491	(3,422)	4,231
CLG Preventing Repossessions Fund	25	0	0	25
Housing Benefit Grant	1	0	0	1
Strategy	1	0	0	1
Growth & Regeneration Service	88	1	(89)	0

GENERAL FUND EARMARKED RESERVES

APPENDIX C

Earmarked Reserve Heading	Balance at 1 April 2016 £000	Transfers In 2016/17 £000	Transfers Out 2016/17 £000	Balance at 31 March 2017 £000
Costs				
Health and Safety	0	7	0	7
Food Inspections	73	0	(75)	(2)
Youth Fund Youth Project	2	0	0	2
Homelessness Grant	164	0	0	164
Waste Earmarked Reserve	50	84	0	134
Debt Recovery	61	0	(20)	41
Legal Civica Hosting Costs	12	0	0	12
Neighbourhood Planning Grant	64	60	(2)	122
Revenues and Benefits	0	30	0	30
Designated Public Spaces Order	5	0	0	5
JM & SS Project	226	70	(271)	25
Asset Strategy	104	70	(141)	33
Land Charges Self Financing	56	0	0	56
Individual Registration	42	18	(35)	25
Customer Access & Accommodation Project	121	1,643	(95)	1,669
Monkton Heathfield Planning	689	0	(132)	557
Licensing Self Financing	(49)	50	0	1
Parking	0	95	0	95
Specialised Planning Legal	160	0	(88)	72
Taxi Licensing	20	21	(4)	37
ICT Strategy	50	0	0	50
Resources Service Costs	368	138	(318)	188
SWOne Succession Planning/SAP Replacement	1,253	13	(447)	819
TDBC Transparency	0	8	0	8
Economic Development & Growth Initiatives	315	0	0	315
Transformation	0	2,004	(25)	1,979
Garden Town Grant	0	512	0	512
Total	16,910	9,617	(9,183)	17,344

Appendix D

TAUNTON DEANE BOROUGH COUNCIL - CAPITAL PROGRAMME 2016/17

Project	EXPENDITURE				
	Total Programme Budget	Actual Spend (Outturn)	Projected Spend Carried Forward 2017/18	Forecast Total Spend	Scheme Budget Variance (Underspend)/Overspend 16/17
	£	£	£	£	£
General Fund					
* 800000 PC Refresh Project	77,600	21,161	56,439	77,600	
* 800001 Members IT Equipment	12,600		12,600	12,600	
* 800002 DLO Vehicles	244,000	84,471	159,529	244,000	
* 800003 DLO Plant	25,800	12,847	12,953	25,800	
* 800004 PT Longrun Meadow Bridge C	133,300	127,286	6,014	133,300	
* 800009 Waste Containers	93,000	93,000		93,000	
* 800010 Paul Street Car Park	675,700	134,727	540,973	675,700	
* 800012 Grants to Halls & Sportsfields	58,300	15,787	42,513	58,300	
* 800013 Play Equipment Grants to Parishes	29,100	7,098	22,002	29,100	
* 800014 Replace Play Equipment	70,400	68,738	1,662	70,400	
* 800016 Energy Efficiency	29,900				(29,900)
* 800017 Landlord Accreditation Scheme	5,000				(5,000)
* 800018 Wessex Home Improvement Loans	5,000				(5,000)
* 800019 DFGs Private Sector	1,108,900	455,801	653,099	1,108,900	
* 800020 Grants to RSLs	2,146,400	731,754	1,414,646	2,146,400	
* 800040 IT Infrastructure	19,300	14,551	4,749	19,300	
* 800042 DLO System	61,100	35,705	25,395	61,100	
* 800045 PT Castle Green	172,300	500	171,800	172,300	
* 800056 Greenway Rec Play Eqpt	7,365	7,365		7,365	

TAUNTON DEANE BOROUGH COUNCIL - CAPITAL PROGRAMME 2016/17

Project	EXPENDITURE				
	Total Programme Budget	Actual Spend (Outturn)	Projected Spend Carried Forward 2017/18	Forecast Total Spend	Scheme Budget Variance (Underspend)/Overspend 16/17
	£	£	£	£	£
* 800058 Swimming Pool PV Cells	5,600				(5,600)
* 800059 Vivary Park Play	24,219	24,219		24,219	
* 800061 Play Area Taunton Green	3,350	3,350		3,350	
* 800063 Wellington Recreation	32,055	32,055		32,055	
* 800068 French Weir Park	2,031	2,031		2,031	
* 800075 Gypsy Site	50,000	16,732	33,268	50,000	
* 800076 Station Road Pool	27,700		27,700	27,700	
* 800101 GF Community Alarms	31,370	30,959		30,959	(411)
* 800102 Blackbrook Pool	2,083,800	1,931,152	152,648	2,083,800	
* 800103 Brewhouse	5,000		5,000	5,000	
* 800105 Creech Castle Improv	375,000		375,000	375,000	
* 800106 Taunton Employment Site Development	794,400	4,625	789,775	794,400	
* 800111 Joint Mgt & Shared Services	694,800	4,967	689,833	694,800	
* 800112 Crematorium Chapel Roof	20,000		20,000	20,000	
* 800113 Firepool Land Assembly	1,433,400	951,990	481,410	1,433,400	
* 800122 Farriers Green	1,643	1,643		1,643	
* 800125 Stoney Furlong	859	859		859	
* 800128 Hudson Way	16,204	16,204		16,204	
* 800129 Churchinford	24,355	24,355		24,355	
* 800132 Hamilton Park	46,963	46,963		46,963	
* 800137 CSM Recreation Ground	16,974	16,974		16,974	
* 800138 Spec Exp play grants	16,800		16,800	16,800	
* 800146 Bishops Lydeard	94,911	94,911		94,911	

TAUNTON DEANE BOROUGH COUNCIL - CAPITAL PROGRAMME 2016/17

Project	EXPENDITURE				
	Total Programme Budget	Actual Spend (Outturn)	Projected Spend Carried Forward 2017/18	Forecast Total Spend	Scheme Budget Variance (Underspend)/Overspend 16/17
	£	£	£	£	£
* 800147 Depot Relocation	2,807,700	2,454,877	352,823	2,807,700	
* 800150 Creech St Michael	1,240	1,240		1,240	
* 800151 S106 Wellington Basins	2,386	2,386		2,386	
* 800152 Cems & Crems Vehicles	14,730	13,403		13,403	(1,327)
* 800155 Heavitree Way S106	7,464	7,464		7,464	
* 800157 Broadband SEP	380,000		380,000	380,000	
* 800158 Victoria Park	37,252	37,252		37,252	
* 800160 Youth Project Capital	281,500	261,473	20,027	281,500	
* 800167 Ride on Mowers	60,000	58,250		58,250	(1,750)
* 800168 Cremator Brick Work	20,000		20,000	20,000	
* 800169 Cemetery IT System	50,000		50,000	50,000	
* 800170 Town Centre Regeneration	500,000		500,000	500,000	
* 800171 SAP Replacement System	131,835	131,835		131,835	
* 800172 Wellington Bowling Club	19,216	19,216		19,216	
* 800173 Wellington Community	18,441	18,441		18,441	
* 800174 Wellington Petanque	16,170	16,170		16,170	
* 800175 Galmington Allotments	1,552	1,552		1,552	
* 800176 Humphreys Road	7,140	7,140		7,140	
* 800178 Corfe	21,625	21,625		21,625	
* 800179 The Shoulders	11,235	11,235		11,235	
* 800180 Dobree Park	41,690	41,690		41,690	
* 800182 Gordon Hawkins Playi	8,160	8,160		8,160	
* 800183 Galmington Park	5,025	5,025		5,025	

TAUNTON DEANE BOROUGH COUNCIL - CAPITAL PROGRAMME 2016/17

Project	EXPENDITURE				
	Total Programme Budget	Actual Spend (Outturn)	Projected Spend Carried Forward 2017/18	Forecast Total Spend	Scheme Budget Variance (Underspend)/Overspend 16/17
	£	£	£	£	£
* 800184 Priorswood Park	5,025	5,025		5,025	
* 800185 West Bagborough Cric	10,179	10,179		10,179	
* 800186 Creech St Michael Vi	2,362	2,362		2,362	
* 800187 Brittons Ash Communi	8,173	8,173		8,173	
* 800189 Childrens Wood	2,500	2,500		2,500	
* 800190 Turners Allotments	1,237	1,237		1,237	
* 800191 SCC Waste Vehicle Loan	1,567,216	1,567,216		1,567,216	
* 800192 E5 System Implementation	232,165	209,091	23,074	232,165	
* 800193 COACH Grant (S106 funded)	5,500	5,500		5,500	
* 800194 Taunton Rugby Club	40,765	40,765		40,765	
* 800196 St James Pool Demolition	249,300	26,584	222,716	249,300	
* 800197 Flooding Alleviation	250,000		250,000	250,000	
* 800198 Major Transport Schemes	1,200,000	76,000	1,124,000	1,200,000	
* 800199 Transformation	995,000		995,000	995,000	
* 800201 Deane House Accommodation	5,873,600		5,873,600	5,873,600	
* 800203 CIL Grants	118,155	118,155		118,155	
* 800204 COACH Loan	50,000	50,000		50,000	
GF TOTAL	25,832,037	10,256,001	15,527,048	25,783,049	(48,988)

APPENDIX E

HOUSING REVENUE ACCOUNT OUTTURN SUMMARY

	Budget £'000	Actual £'000	Variance £'000
Income			
Dwelling Rents	(24,614)	(24,682)	(68)
Non Dwelling Rents	(610)	(590)	20
Charges for Services/Facilities (Service Charges, Rechargeable Repairs, Leaseholder Charges)	(995)	(1,242)	(247)
Contributions Towards Expenditure	(549)	(602)	(53)
Total Income	(26,768)	(27,116)	(348)
Expenditure			
Repairs and Maintenance	6,122	5,948	(174)
Housing Management	6,299	6,194	(105)
Capital Charges – Depreciation and Impairment	6,725	6,725	0
Other Expenditure	1,812	1,905	93
Provision for Bad Debt	223	223	0
Total Expenditure	21,181	20,995	(186)
Other Costs & Income			
Interest Payable	3,011	2,752	(259)
Interest and Investment Income	(81)	(132)	(51)
Revenue Contribution to Capital	983	945	(38)
Provision for Repayment of Debt	1,007	1,007	0
Social Housing Development Fund	1,000	1,000	0
Transfers To/(From) Earmarked & Other Reserves	(333)	(333)	0
Total Other Costs & Income	5,587	5,239	(348)
NET (SUPLUS)/DEFICIT FOR THE YEAR	0	(882)	(882)

HRA EARMARKED RESERVES

APPENDIX F

Earmarked Reserve Heading	Balance at 1 April 2016 £000	Transfers In 2016/17 £000	Transfers Out 2016/17 £000	Balance at 31 March 2017 £000
Capital Financing Reserve (HRA)	79	0	0	79
Halcon Regeneration Scheme	24	0	0	24
Leasehold Schemes HRA Advanced Payments	10	0	0	10
HRA Carry forwards	2,080	457	(1,739)	798
Tenants Forum	4	0	0	4
Social Housing Development Fund	290	1,000		1,290
Customer Access & Accommodation	36	0	(11)	25
Community Development Fund	206		0	206
One Teams	258	0	0	258
Pre Void and Tenant	138		(45)	93
Lettings Contingency	97	0	(23)	74
Employment and Skills	138	0	0	138
Electrical Testing	607	1,362	0	1,969
Pre-planned Maintenance	674	473	0	1,147
Insurance Works Smoothing	0	173	0	173
Contingency for Bad Debt	0	434	0	434
Agile Working	0	10	0	10
Members Technology	0	10	0	10
SAP Replacement	105	0	0	105
Total	4,746	3,899	(1,818)	6,847

APPENDIX G

HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME OUTTURN

Scheme	Total Programme Budget 2016-17 £	Actual Spend (Outturn) 2016-17 £	Projected Spend Carried Forward 2017/18 £	Scheme Budget Variance (Underspend)/Overspend 2016-17 £
Major Works				
Kitchens	120,000	228,802		108,802
Bathrooms	1,450,000	1,552,072		102,072
Roofing	100,000	1,208		(98,792)
Windows	50,000	14,717		(35,283)
Heating Improvements	2,604,000	4,234,322		1,630,322
Doors	450,000	503,693		53,693
Fire Safety Works in Communal Areas	225,000	122,843		(102,157)
Fascias and Soffits	750,000	722,299		(27,701)
Air Source Heat Pumps	680,000	667,555		(12,445)
Door Entry Systems	300,000	274,330		(25,670)
Other External Insulations	10,000	25,550		15,550
HRA Major Repairs and Improvement I	4,004,000	-	2,395,000	(1,609,000)
Total Major Works	#####	8,347,391	2,395,000	(609)
Improvements				
Aids and Adaptations	120,000	108,899	11,101	-
DFGs	315,000	277,218	37,782	-
Garages	30,000	-	30,000	-
Meeting Halls	71,000	28,846	42,154	-
Unadopted Areas	21,000	26,479		5,479
Asbestos Works	331,000	345,023		14,023
Tenants Improvements	5,000	-		(5,000)
Sustainable Energy Fund	224,000	-	224,000	-
Environmental Improvements	291,000	115,814	175,186	-
Extensions	158,000	905	157,095	-
Community Alarms	5,000	5,021		21
IT Development	394,000	-	394,000	-
PV Systems	-	16,260		16,260
Total Improvements	1,965,000	924,465	1,071,318	30,783
Social Housing Development Programme				
Creechbarrow Road	2,099,000	778,450	1,321,000	450
Phase 1: Vale View, West Bag	-	422		422
Phase 1: Bacon Drive	-	3,336		3,336
Phase 1: Normandy Drive	-	(1,939)		(1,939)
Buybacks	-	108		108
Social Housing Development Program	1,950,000	11,068	1,939,000	68
Weavers Arms	3,372,000	698,696	2,673,000	(304)
Total Social Housing Development F	7,421,000	1,490,141	5,933,000	2,141
Total HRA	#####	#####	9,399,318	32,315

Taunton Deane Borough Council

Executive – 3 August 2017

Draft Medium Term Financial Plan 2018/2019

This matter is the responsibility of Councillor Williams, Leader of the Council

Report Author: Paul Fitzgerald, Assistant Director Strategic Finance and S151 Officer

1 Executive Summary / Purpose of the Report

- 1.1 The purpose of this report is to present Councillors with the initial draft of the Council's Medium Term Financial Strategy (MTFS), which is the Council's approach for balancing the budget over the medium term including the approach to managing costs and optimising the funding that will be available to support spending on services. The Strategy overarches the Medium Term Financial Plan (MTFP), which is a summary of the financial costs and income in monetary terms.
- 1.2 The MTFP forecasts have been reviewed and at this stage there are no material changes to the forecasts that were reported to Council in February 2017 when the budget for 2017/18 was approved.
- 1.3 The Budget Gap – the difference between projected costs and projected funding – in 2018/19 is currently £388,000, rising to an estimated £1,118,000 by 2022/23. This gap reflects decisions already taken by the Council such as anticipated savings from transformation of service delivery, and is based on a range of assumptions.
- 1.4 The MTFS includes a summary of the approach in respect of:
 - Business rates funding
 - New homes bonus
 - Council tax and council tax support
 - Service spending and income
 - Reserves and balances
 - Capital
 - Treasury
- 1.5 There are a number of risks and uncertainties recognised in the Strategy. The financial forecasts are considered to be reasonable and robust at this stage but it is right to recognise that the position can change in future, particularly with a significant update in the allocation of business rates funding expected in 2019/20

or 2020/21. At this stage we cannot predict what the results of this change will be.

- 1.6 The General Reserves balance is currently £2,186,000, which stands at £586,000 above the recommended minimum balance of £1,600,000. This provides some financial resilience to unplanned costs, but falling below the minimum would require urgent action to return the balance to an acceptable level.

2 Recommendations

- 2.1 The Committee supports the draft Medium Term Financial Strategy (MTFS) and commits to the proposed approach within the Strategy to address the challenge of closing the gap between costs and income in order to produce a sustainable financial position for the foreseeable future.

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to agree and deliver a sustainable Medium Term Financial Plan for the next five years.	Possible 3	Moderate 3	Medium 9
<i>The Council is progressing a Transformation business case which aims to deliver significant budget savings, and other savings plans will need to be developed through the annual budget process.</i>	Unlikely 2	Minor 2	Low 4

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or	50 – 75%

	occurs occasionally	
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

3.1 A number of risks are detailed within the main MTFS document.

4 Medium Term Financial Strategy

4.1 The financial challenge for Taunton Deane Borough Council (TDBC) is ongoing as the Government continues to reduce central grant funding for local authorities. The Council's financial forecasts indicate significant financial savings will be needed to maintain balanced budgets and a sound, sustainable financial footing for the future and underpin the planned investment in the top priority of growth and infrastructure.

4.2 The Medium Term Financial Strategy (MTFS) – attached to this report – is the Council's approach for balancing the budget over the medium term including the approach to managing costs and optimising the funding that will be available to support spending on services. The Strategy overarches the Medium Term Financial Plan (MTFP), which is a summary of the financial costs and income in monetary terms.

4.3 The Council has implemented several measures over recent years to meet the financial challenges to date. This includes the significant step of joining together shared management and staff structures with West Somerset Council to achieve cost efficiencies and improve the resilience of services.

4.4 The next phase of this partnership is to implement a transformation programme that aims to put the customer at the heart of what we do, and at the same time provide further financial savings to ensure our costs remain in step with our income. The business case for this programme was approved by both Taunton Deane and West Somerset in the summer of 2016, and the anticipated savings are reflected in the forecasts within the Medium Term Financial Plan.

4.5 The forecasts have been reviewed with no material changes since February, and reflect what is "known", and provides "best estimates" on areas of uncertainty. The MTFP will continue to be updated as new information emerges and further updates shared with Members at key points in the budget process.

4.6 The draft Strategy is included with this covering report and covers the planned approach in terms of:-

- Business rates funding
- New homes bonus
- Council tax and council tax support
- Service spending and income
- Reserves and balances
- Capital

- Treasury

- 4.7 The document is in a new style this year, with the Strategy covering the above, supported with a summary Medium Term Financial Plan (MTFP) that includes the forecasts of net spending on services and the estimated funding available to support these costs. Further detail is provided as an Annex to the MTFS to provide further information on assumptions and method applied to the estimates.
- 4.8 The Council has taken a variety of actions and decisions to produce a balanced budget over recent years in the face of reducing funding from central Government. This trend of reducing funding will continue and this is reflected in our MTFP estimates which projects a Budget Gap – the difference between projected costs and projected funding – of **£388,000 in 2018/19**, rising to an estimated **£1,118,000 by 2022/23**. This includes the anticipated savings that can be achieved through transforming how we deliver services. It does not include a notional share of the additional forecast £551,000 savings that could be delivered on top of transformation through the proposed creation of a new Council covering Taunton Deane and West Somerset areas.
- 4.9 The General Reserves balance is currently £2,186,000, which stands at £586,000 above the recommended minimum balance of £1,600,000. This provides some financial resilience to unplanned costs, but falling below the minimum would require urgent action to return the balance to an acceptable level.

5 Links to Corporate Aims / Priorities

- 5.1 It is important that Councillors recognise the financial position, challenges and risks faced by the Council and fully engage in the corporate and financial planning processes in order to determine an affordable and sustainable set of corporate aims and priorities. This should lead to the Council approving a sustainable final Budget and MTFP in February 2018.

6 Finance / Resource Implications

- 6.1 The Council's financial position is summarised above and explained in detail within the financial strategy and supporting information.
- 6.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term, both to support the key decisions faced in July when Full Council considers the Transformation business case, and subsequently through the annual budget process.
- 6.3 This report provides a summary of the financial projections for the revenue budget estimates and the Council's revenue reserves.
- 6.4 The MTFS aims to secure a sustainable approach to budget setting recognising the strategic priorities of transformation and growth. The approach for 2018/19

will follow in line with the MTFS and also seek to ensure the approach is as efficient as possible in order to protect management and staff resources to implement transformation and maintain service delivery.

7 Legal Implications

7.1 The Council is required by law to set a balanced budget and failure to do so would result in serious financial and service implications and lead to Government intervention.

8 Environmental Impact Implications

8.1 None for the purposes of this report.

9 Safeguarding and/or Community Safety Implications

9.1 None for the purposes of this report.

10 Equality and Diversity Implications

10.1 None for the purposes of this report. The specific proposals that develop through the budgeting and service planning processes will require equalities impact assessments to be completed and, where relevant, action plans to understand impacts and mitigations for the protected characteristic groups.

11 Social Value Implications

11.1 None for the purposes of this report.

12 Partnership Implications

12.1 None for the purposes of this report. The Council budget incorporates costs and income related to the various partnership arrangements, and any changes in relevant forecasts and proposals will be reported for consideration as these emerge.

13 Health and Wellbeing Implications

13.1 None for the purposes of this report. Any relevant information and decisions with regard to health and wellbeing will be reported as these emerge through the financial planning process.

14 Asset Management Implications

14.1 None directly for the purposes of this report. The financial implications associated with asset management will be reflected within the Council's corporate and financial planning arrangements.

15 Consultation Implications

15.1 None for the purposes of this report.

16 Scrutiny Comments / Recommendation(s)

16.1 Corporate Scrutiny supported the approach at its meeting on 20 July 2017.

Democratic Path:

- **Corporate Scrutiny Committee – Yes (20 July 2017)**
- **Executive – Yes (3 August 2017)**
- **Full Council – No**

Reporting Frequency: **Annually** (with further reports through the budget process)

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Taunton Deane Borough Council

Medium Term Financial Strategy and Plan 2018/19 to 2022/23 and Annual Budget 2018/19

1 Purpose of the Medium Term Financial Strategy (MTFS)

1.1 This strategy has been developed for partners, councillors, staff and most importantly residents to consider the financial context in which the Council will be operating. It will cover:

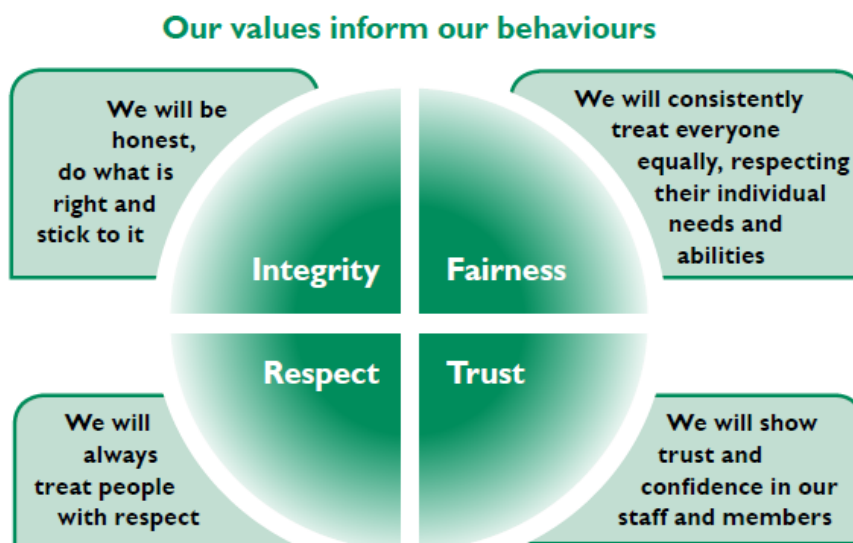
- Our aims and aspirations for the period of the plan
- How our resources will support the delivery of our priorities as detailed in the Council's Corporate Strategy
- Consideration of financial issues and pressures facing the Council during the period of the plan
- Review the national position and the impact of Central Government funding
- Consider the local issues and how these impact financially
- Consider local opportunities to maximise resources
- Consider risks and uncertainties in financial planning
- Provide parameters and guidance for the annual budget process

2 Corporate Strategy and Priorities

The Council exists to serve and represent the interests of its citizens and communities and to ensure the provision of the best possible services for its residents.

2.1 Following consultation with Members and stakeholders during 2015 a new Corporate Strategy 2016 to 2020 was adopted by the Council in February 2016. The Strategy outlines our strategic direction for the next four years, setting out our vision, priorities, values and principles. It will guide our planning and allocation of resources as we establish detailed corporate and operational plans each year.

2.2 At the heart of the Strategy is a set of core values and principles that express the beliefs of the Council and will underpin the actions we take over the next four years:



2.3 The Strategy is centred around four Key Themes

Theme 1	People Taunton Deane is growing and has an increasingly older population. These changes require greater housing and employment provision as well as services which support the needs of an older population.
Theme 2	Business and Enterprise An increasing local working-age population and the desire to keep our town centres vibrant means that sustaining our local economy must be central to the Council's priorities and planning.
Theme 3	Our Place We want to keep Taunton Deane a place to be proud of and one which is well-maintained, welcoming to residents, visitors and businesses and is easy to get around.
Theme 4	An Efficient and Modern Council Like all Councils, we continue to be challenged by significant budget cuts and pressure on services. We need to continue to collaborate with a range of organisations to deliver and enable outcomes that are important to our communities and find new ways of working that ensure we continue to get the best possible value out of the funds available to us.

2.4 The priorities within the Strategy will inform where resources are directed.

3 **Financial Strategy**

- 3.1 The MTFs provides the Council's plan for balancing the budget over the medium term including the approach to managing costs and optimising / forecasting the funding that will be available to support spending on services. The MTFP contains the financial forecasts that underpins the strategy.
- 3.2 The Council's financial strategy recognises that, like all local authorities, the challenge is to drive through even greater efficiency in our delivery of services to the community. The Council has responded well to reductions in central Government funding since 2011, and maintains a sound financial footing on which to build for the future. Government funding for local authorities will continue to reduce during the current Parliament, and there are a number changes in the funding regime planned. This will bring some uncertainty as well as opportunity for which we need to prepare.
- 3.3 The Council has been through significant change in the past 2-3 years, in particular through the implementation of the Joint Management and Shared Services ("JMASS") partnership with West Somerset Council. This partnership has enabled both Councils to make efficiencies in its running costs, with Taunton Deane General Fund saving around £1.5m per year.
- 3.4 The MTFs considers financial issues that the Council will face during the five year period covered within this document. The ultimate aim of this plan is to provide short and medium term guidance for officers and Members, highlighting the budgetary issues which need to be addressed in order to deliver a sustainable financial position over the next five years.
- 3.5 The budget process starts in June/July and culminates in the Council setting its annual budget and council tax requirement in February – allowing time for the bills to be sent out ready for collection from 1 April. A summary of the budget timetable is set out below.

June / July	Previous financial year outturn report issued Initial MTFS and MTFP estimates provided for information
August to October	Update detailed budget estimates Develop budget options and proposals Update MTFP Develop capital budget requirements
November	Updated MTFP and Budget Gap to Scrutiny Fees and Charges to Scrutiny Budget Options to Scrutiny
December	Fees and Charges set by Executive and Council
January	Draft Revenue Budget to Scrutiny Draft Capital Budget to Scrutiny Draft Treasury and Investment Strategy to Scrutiny
February	Executive propose Council Tax and Housing Rent Council approve Council Tax and Housing Rent

Four Year Funding Settlement, Efficiency Strategy and Flexible Use of Capital Receipts

- 3.6 In October 2016 the Council accepted the Government's offer of a four year funding settlement for the period 2016/17 to 2019/20. Whilst the inherent reduction in funding is not a "good deal" this approach gives greater certainty for financial planning and provides greater confidence over measures needed to balance the budget over the medium term, and reduces risk that funding would be less than the amounts included in the offer.
- 3.7 The funding streams within scope of the settlement are the Revenue Support Grant (RSG), Transitional Grant and Rural Services Delivery Grant (RSDG). In addition, tariffs and top-ups in 2017-18, 2018-19 and 2019-20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention (although this may now be delayed following the General Election in 2017). As set out later in this document, the settlement will see general grant funding reduce from £1.916m in 2015/16 to –£0.106m in 2019/20 (with a "negative RSG" adjustment to Business Rates Tariff in 2019/20 of £0.127m partly offset by small residual RSDG funding).
- 3.8 The Council produced an Efficiency Strategy – a pre-requisite for accepting the offer – and will keep this under review. The Council plans to achieve efficiency savings largely through transformation of services.
- 3.9 The Efficiency Strategy also includes plans for the flexible use of capital receipts to fund revenue costs of projects designed to deliver ongoing revenue savings. The Council aims to generate £1.574m in General Fund capital receipts income that will contribute to the overall funding of transformation during the period 2016/17 to 2018/19, of which £1.13m is planned to cover revenue costs using the new flexibility.
- [Link to Efficiency Plan](#)
- 3.10 Further detail on the Funding Settlement including general grant funding is included in Annex 1, section 1.

Strategy for Business Rates (also known as Non Domestic Rates)

- 3.11 Through the Funding Settlement the Government has set a funding "baseline". Under the current Business Rates Retention (BRR) system, the Council will retain a proportion of

business rates that exceed this baseline. The most prudent approach to budgeting for BRR is to set retained income at the safety net level as this is the guaranteed minimum level of income for any authority. However this could understate income and require more budget savings from services than may ultimately be required. The strategy is therefore to budget based on a reasonable forecast of BRR income each year taking into account appropriate assumptions and risks. The main risks are revaluation, economic growth, and appeals.

- 3.12 The current forecasts reflect initial estimates for the impact of the 2017 Revaluation. Whilst this national process is expected to 'fiscally neutral' overall, this will not be the case for individual authorities and the government aims to minimise the impact on individual authority funding through adjustments to the Tariff. The MTFP reflects our best estimates at this stage of the ongoing tariff adjustments, which will be confirmed in the 2018/19 Settlement.
- 3.13 To help protect against funding volatility the Council sets aside a specific Business Rates Smoothing earmarked reserve, to provide a contingency for estimation differences and accounting timing differences for element of the BRR system.
- 3.14 The Council was part of the Somerset Business Rates Pool until March 2017, at which point the pool discontinued due to one of member authorities participating in a pilot of 100% Retention. Pooling has provided a dividend in its two years of operation through a reduction in levy costs. The MTFP is forecast on the basis of the council operating outside of any pooling arrangements. Further information regarding the Business Rates Pool is included in Annex 1, section 2.

100% Business Rates Retention

- 3.15 In the Autumn Statement 2015 the Government confirmed its intention to allow local authorities to keep 100% of business rates income by 2020. The system of tariffs and top ups is expected to remain in order to prevent significant redistribution of baseline funding between authorities. In addition it is anticipated that local authorities will take on additional responsibilities through this change (e.g. housing benefit and council tax support administration, homelessness prevention and so on). As well as additional responsibility, this direction in funding will see a further transfer of risk to local authorities. The options are still in development, with high level consultation undertaken in 2016 and further detailed technical consultation anticipated during 2017. We have previously anticipated 100% BRR being implemented in 2019/20 however the timing is no longer certain following the General Election in 2017. The Local Government Finance Bill is not expected to continue through Parliament for the immediate future.
- 3.16 The MTFP is forecast on the assumption that the move to 100% will have a neutral effect on our Net Budget. In practice this will not be known with certainty until the system is fully implemented and the transferred responsibilities are confirmed.

Strategy for New Homes Bonus

- 3.17 New Homes Bonus (NHB) grant was introduced in 2011/12 with annual grant funding for district councils provided based on a sum equivalent to 80% of the national average annual council tax for every new home once occupied. This sum was payable for six years with an additional bonus of £280 (80% of £350) for every affordable home occupied. The grant aims to incentivise the delivery of housing growth, and is not ring-fenced.

- 3.18 The funding method changed in 2017/18, with the number of years 'rewarded' reducing from six to four by 2018/19. In addition no grant is now received on the first 0.4% of growth in housing, measured as 'Band D equivalents'. This is as a result of funding being redirected to social care within the local government sector.
- 3.19 Taunton Deane's strategy for use of NHB funding is to allocate £392,000 of NHB grant each year to fund service costs within the annual budget, with the remaining majority of the funds set aside to support investment in growth, infrastructure and other projects that meet the priorities of the Council. Significantly, in December 2015 the Council agreed in principle to allocate the majority of New Homes Bonus to support planned £16m investment in growth and infrastructure schemes over a five year period from 2016/17 – as set out later in this document.
- 3.20 The total grant received in 2017/18 is £4.03m. Within the MTFP the total grant is projected within the range of £3.3m to £3.7m per year from 2018/19 onwards.
- 3.21 Further detail regarding New Homes Bonus is included in Annex 1, section 3.

Strategy for Council Tax

- 3.22 The setting of Council Tax is determined each year at Full Council. In 2016/17 and 2017/18 the Council has utilised the option given to shire districts of increasing Band D council tax by £5. Currently the Medium Term Financial Plan reflects a financial planning assumption that Council Tax charges will increase by 1.99% each year from 2018/19. Information provided with the four year funding settlement indicates that, as a shire district, TDBC will have the option to increase the Band D by £5 each year in 2018/19 and 2019/20 if Members are minded. This will be confirmed each year by the Secretary of State, usually alongside the Finance Settlement. Increasing Council Tax by £5 instead of 1.99% would increase funding by approximately £86k compared to current MTFP estimates.
- 3.23 The basic annual tax rate set by TDBC for 2017/18 is £147.88. Total Council Tax income for TDBC services in 2017/18 is £6.04m, with a further £45k raised in 'special expenses' for spending specifically in the unparished area of Taunton.
- 3.24 The Council has also decided to use additional precepting permissions to raise funds through Council Tax on behalf of the Somerset Rivers Authority since 2016/17. In 2017/18 the amount collected by TDBC equates to a £1.74 Band D charge, and has raised £71k in additional Council Tax which is passported to the SRA. This helps to fund investment in the 20 Year Flood Action Plan that was developed following the severe flooding experienced in Somerset in early 2014. The intention is for the Government to establish primary legislation to allow the SRA to raise funds via a council tax precept in its own right.
- 3.25 The Executive will recommend future council tax rates in February each year.
- 3.26 Further details regarding Council Tax, special expenses and Somerset Rivers Authority are included in Annex 1, sections 4, 5 and 6 respectively.

Council Tax Support

- 3.27 Since 2013 local authorities have operated local Council Tax Support schemes, replacing the previous Council Tax Benefit system that was determined and funded by central Government.

- 3.28 TDBC reviews the scheme each year, and currently the policy requires working age claimants to pay at least 20% of the council tax liability with relevant household income is assessed to determine the total amount of CTS discount given. Pension age claimants are protected and continue to be entitled to up to 100% discount in line with the previous CT Benefit system.
- 3.29 The current estimated costs of the scheme is £5,605,370 for 2017/18, with TDBC liable for approximately 9.6% of this cost. The Council will consult on the 2018/19 CTS Scheme during the summer of 2017.
- 3.30 Further detail regarding Council Tax Support is included in Annex 1, Section 7.

Strategy for Service Spending and Income

- 3.31 Service spending “base budgets” are normally taken from the previous year, and then adjusted to remove one-off items and add unavoidable inflation costs on pay, contracts and utilities. Assistant Directors then assist the Executive to propose budget prioritisation options to increase investment in services or apply savings in order to maintain costs at an affordable level. Prioritisation of options seeks to avoid disruption and reduction in highest priority front line services and prioritise efficiency savings.
- 3.32 A key driver for service cost efficiency now is the delivery of the transformation programme, which will add greater efficiency to the way we deliver services.
- 3.33 The Council reviews its fees and charges each year. The strategy applied to fees and charges is to seek to fully recover costs of services. The Council will also consider introducing new charges for discretionary services in line with corporate priorities, where this will also enable valued services to be delivered. In certain service areas such as licensing there are specific regulations which are followed that mean we aim to ‘break even’ on recoverable costs over a rolling period of 2-3 years, and any accrued surpluses or deficits are used to adjust fees and charges in subsequent years.
- 3.34 Proposed fees and charges are usually presented to Council for approval in December or January to set the rates to apply in the subsequent financial year. Clearly, it is important that decisions do not only consider inflationary increases but also assess supply and demand for the service and the fees charged within the competitive market. It is also important that officers and councillors fully consider all options in order to maximise income
- 3.35 The council is also exploring further opportunities to generate income through commercial investment and other income generation initiatives. This will follow the principle of social enterprise as agreed in the Corporate Strategy, so that income and profit generated will be reinvested in important local services.

Strategy for Reserves and Balances

- 3.36 The Council maintains both General (unearmarked) Reserves and Earmarked Reserves.
- 3.37 General Reserves are retained to provide contingency funds to mitigate financial risks and accumulated revenue surpluses that may be used to support one-off spending.
- 3.38 Earmarked Reserves are revenue funds that have been set aside for specific purposes to be spent in future years.
- 3.39 A regular review of financial risks is undertaken by the S151 Officer to assess the

minimum adequate level of reserves, and the budget strategy and approach to ongoing financial management seeks to ensure General Reserves are maintained at or above the assessed minimum. As at February 2017 the adequate minimum General Reserves balance is £1.6m, or £1.35m if being replenished via invest to save initiatives.

- 3.40 The Council aims to balance the budget each year without the need to use reserves, and will prioritise allocating any significant surplus balance to fund one-off costs rather than support day to day running costs of the Council's services. Having some flexibility in the reserves balance is important in view of the transformation programme, as this will require up-front investment, as well as to mitigate unplanned/unforeseen costs arising during the year.
- 3.41 The General Fund Reserves balance as at 1 April 2017 is **£2.186m** which is £586k above the recommended minimum balance.
- 3.42 General Fund Earmarked Reserves totals £17.344m as at 1 April 2017.
- 3.43 Further detail regarding Reserves is included in Annex 1, Section 8.

Capital Strategy

- 3.44 The current strategy for capital investment takes a low risk approach to general schemes. Funding is prioritised against available resources, and the Council has considered strategic use of affordable capital borrowing with a supporting business case.
- 3.45 As general capital resources are limited, a short term approach to annual capital bids from services, which are prioritised on the following criteria:
- 1) Business Continuity (corporate/organisational/health and safety)
 - 2) Statutory Service Investment (to get statutory minimum/contractual/continuity)
 - 3) Transformation
 - 4) Invest to Save
 - 5) Other
- 3.46 The Council has also prioritised investing the bulk of New Homes Bonus grant funding to support investment in key strategic priorities of growth and infrastructure. This is explained further later in this document.
- 3.47 It is proposed to review the Capital Strategy during 2017 to support the Corporate Strategy and the Council's plans for transformation. The Asset Management Strategy is also under review and will inform possible changes to the MTFP when completed.

Treasury Strategy

- 3.48 The Council annually reviews its Treasury Management Strategy, Annual Investment Strategy and approach to servicing capital debt ("Minimum Revenue Provision"). The detailed strategies are reported separately to the MTFs and MTFP, but are clearly inter-linked with our approach to financial planning and effective use of resources.
- 3.49 The strategies reflect the ongoing challenging and uncertain economic times. The current economic outlook has several key treasury management implications:
- Investment returns are likely to remain relatively low during 2017/18 and in the near term

- Borrowing interest rates are currently attractive but are likely to remain low for some time
- The timing of any borrowing will need to be monitored carefully; there will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

3.50 This Strategy looks to reduce exposure to risk and volatility at this time of significant economic uncertainty by

- Considering security, liquidity and yield, in that order
- Considering alternative assessments of credit strength
- Spreading investments over a range of approved counterparties
- Only investing for longer periods to gain higher rates of return where there are acceptable levels of counterparty risk.

4 Medium Term Financial Plan Summary

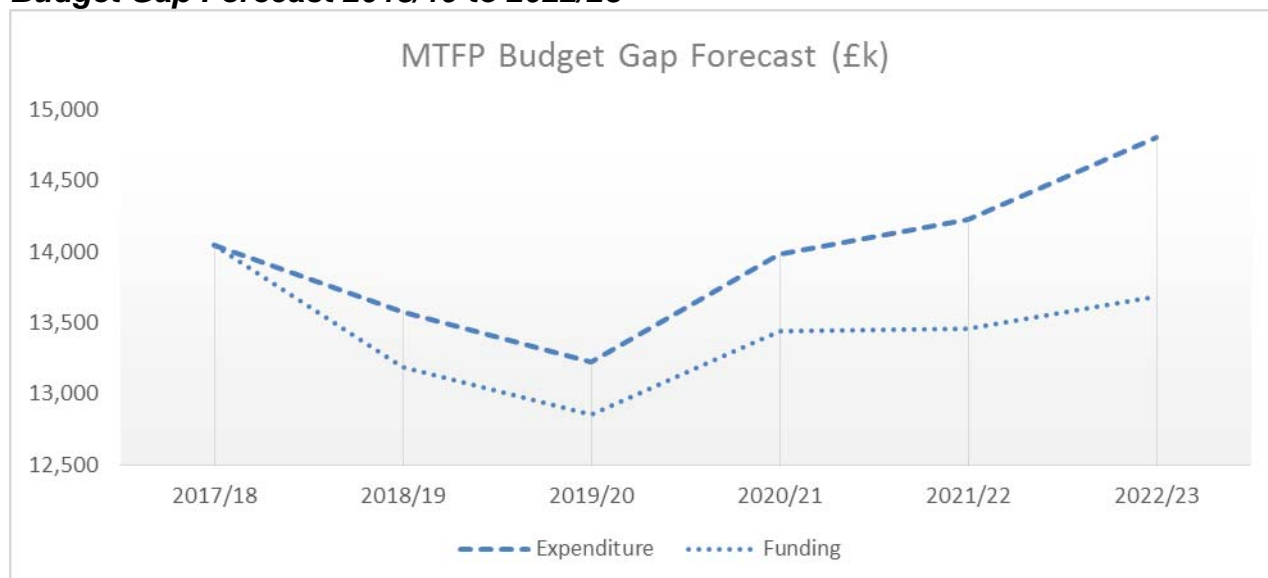
4.1 The following table and chart sets out a summary of the council's latest forecasts of costs and funding. There are no material changes to the position presented to Council in February 2017. A notional share of the anticipated additional savings deliverable by creating a new Council covering Taunton Deane and West Somerset areas (totalling more than £0.5m per year to the new Council) is not included. The table provides a summary of the MTFP showing forecast costs, funding and the resulting Budget Gap. The chart shows pictorially the familiar trend of recent years in terms of the financial challenge faced by this council – no different to most councils across the Country – with costs rising and funding declining to give a significant “budget gap”.

MTFP Summary 2018/19 to 2022/23

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Services Costs	11,786,444	9,815,874	9,626,814	10,027,695	10,501,781	11,096,356
Net Financing Costs	255,685	576,680	574,790	572,900	571,010	569,120
SRA Contribution	71,067	0	0	0	0	0
Special Expenses	44,901	44,901	44,901	44,901	44,901	44,901
CTRS Grants	15,000	0	0	0	0	0
Earmarked Reserves – Growth (NHB)	3,642,752	3,087,363	2,924,490	3,279,861	3,055,236	3,041,344
Earmarked Reserves – Other	-1,774,510	52,717	52,720	52,719	52,724	52,716
General Reserves	0	0	0	0	0	0
Net Expenditure	14,041,339	13,577,535	13,223,715	13,978,076	14,225,652	14,804,437
Retained Business Rates	-3,038,286	-3,100,622	-3,012,141	-3,050,613	-3,089,465	-3,128,743
Business Rates prior year surplus/deficit	38,425	0	0	0	0	0
Revenue Support Grant	-644,801	-279,788	0	0	0	0
Rural Services Delivery Grant	-22,271	-17,132	-22,271	-22,271	-22,271	-22,271
Transitional Grant	-16,864	0	0	0	0	0
New Homes Bonus	-4,034,730	-3,479,340	-3,316,470	-3,671,840	-3,447,220	-3,433,320
Council Tax–TDBC	-6,039,887	-6,267,772	-6,456,373	-6,650,655	-6,850,746	-7,056,778
Council Tax–SRA	-71,067	0	0	0	0	0
Council Tax–Special Expenses	-44,901	-44,901	-44,901	-44,901	-44,901	-44,901
Council Tax prior year surplus/deficit	-166,957	0	0	0	0	0

	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
Net Funding	14,041,339	13,189,555	12,852,156	13,440,280	13,454,603	13,686,013
Budget Gap	0	387,980	371,559	537,796	771,049	1,118,424
Budget Gap Increase	0	387,980	-16,421	166,237	233,253	347,375

Budget Gap Forecast 2018/19 to 2022/23



- 4.2 This MTFP Summary shows that our projected Budget Gap is £0.388m in 2018/19 and rises to an estimated £1.118m by 2022/23. The future gap of £1.118m is equivalent to 8% of the projected budget requirement in 2022/23. The Council has a legal requirement to set a balanced budget and needs to ensure that its overall costs are affordable i.e. they can be funded through income and planned use of reserves. Members therefore need to take the necessary decisions and actions to manage net spending within affordable limits.

Key Assumptions within the MTFP

- 4.3 The MTFP is based on reasonable estimates of costs and income over the period of the plan. These include:

Service Costs and Income Assumptions

- Staff pay awards are estimated at 2% annually – note Government has indicated its intention to limit civil service pay to 1% annually throughout the current Parliament.
- Inflation increases incorporated for main contractual arrangements: Somerset Waste Partnership, CCTV monitoring (by Sedgemoor DC), plus utilities and insurances.
- Demographic growth reflected in demand for street cleaning services. No funding is provided in core assumptions for demand growth in other services.
- Employers pension contributions based on 15.4% of pay, based on the latest 2016 actuarial valuation.
- Pension Fund deficit recovery lump sum costs rising from £1.898m in 2017/18 to £2.2m in 2022/23, based on the latest 2016 actuarial valuation (note, these costs are apportioned between the General Fund, HRA and Trading Accounts pro-rata to pension contribution costs).

- Transformation savings delivered within the General Fund rising to £1.493m per year by 2021/22 (plus a further £0.7m savings within the Housing Revenue Account budget).

Funding Assumptions

- Business Rates Retention (BRR) will be set in line with rating income forecasts, projected to grow in line with inflation.
- Neutral impact on funding / costs through the implementation of 100% BRR, projected to be implemented by 2019/20 (subject to confirmation by new Government post-2017 General Election).
- General Government Grant – Revenue Support Grant, Rural Services Delivery Grant, and Transitional Grant – remains in line with the four year settlement agreed with Government in 2016.
- NHB Grant above £392k each year earmarked for growth and infrastructure investment.
- Council tax is forecast based on an assumed 1.99% increase per year. Government has indicated all shire districts will have the option to increase Band D tax by £5 per year in 2018/19 and 2019/20 (subject to annual announcement by the Secretary of State).

5 Approach to Closing the Budget Gap

- 5.1 It is important that the Council adopts a robust and sustainable strategy to ensure the underlying financial position is preserved and investment in priority services remains affordable. As the Council has jointly applied the Secretary of State to create a new Council covering Taunton Deane and West Somerset areas it is proposed to consider the budget approach in this context, focussing on the 2018/19 Budget on the assumption that longer term decisions will need to be made by the new council and any interim 'skeleton' governance arrangements.
- 5.2 The recommended overarching approach to closing the gap in the short term will be considered and reported to Members in the near future.
- 5.3 It is worth reminding Members of the current agreed approaches which, it is anticipated, will underpin the overall budget strategy for 2018/19:
- Investing in growth and infrastructure – local government funding is becoming more and more reliant on local funding raised through business rates and council tax, with the main government grant through New Homes Bonus incentivising housing growth. Investing in growth, regeneration, housing and infrastructure will help to grow the funding available for local service delivery.
 - Transforming services – with ongoing savings of £1.49m already factored into the General Fund MTFP forecasts (plus and a further £0.74m savings within the Housing Revenue Account).
 - New Council – both Taunton Deane and West Somerset councils have also submitted a proposal to replace the two with a new single council covering both areas, which would jointly provide further savings estimated at £0.55m. This is not reflected within the MTFP forecasts currently.
 - Accommodation – the council is investing in modernising and reconfiguring its office accommodation, both to provide fit for purpose space for staff, Members and visitors, and also to secure additional income through letting to other public and/or private sector tenants.

- Fees and charges – will be reviewed and updated to ensure full cost recovery wherever possible, and consider premium pricing for a premium service. Additional fees may be introduced for discretionary services.
- Income generation – within the Transformation Business Case the Council recognises that generating additional income through commercial activities / investments can provide essential funding needed for local service delivery.
- Treasury management – it is proposed to explore opportunities to increase interest earned on investments, whilst maintaining a prudent treasury strategy.
- Savings Options – The council will also consider options for further savings within services in line with Members’ priorities, to be considered through the budget setting process.
- Base budget review – Undertake a robust review of the base budget estimates and assumptions, particularly focussing on areas where larger variances have been reported in 2016/17.

5.4 Proposals and realistic options for the 2018/19 Budget will be presented for Members for consideration as part of the budget process, with the budget due to be approved in February 2018.

DLO

5.5 The Council’s DLO operates parks and open spaces maintenance and a plant nursery. The DLO aims to charge at cost for ‘internal’ work, and price competitively with a view to making a profit on external work. The overall surplus target for the DLO Trading Account is £101,000 which is provided as a contribution to the General Fund both towards corporate costs not included in the Trading Account and a general ‘return on investment’.

Deane Helpline

5.6 The Council runs an emergency response service for both private customers and council housing tenants, with both individual and corporate contracts in place. It operates in a competitive market. The income budget is based on a prudent projection of sales due for the year and makes an allowance for collection risks. Costs are susceptible to increase in order to maintain services through unplanned staffing absences, although the operation is tightly managed to keep costs to a minimum.

Deane Helpline Trading Account Summary

	2017/18 Budget £k
Income	1,077
Direct operating costs	-1,065
Gross profit / contribution	12
Recharges and capital charges	-134
Net Budget Deficit	-122

6 Investing in Growth

6.1 Since 2013, the Council has achieved significant success with partners in taking forward its growth priority. Examples of success include:-

- Joint agreement (with Somerset County Council) of a Growth Prospectus for Taunton, establishing a clear vision for Taunton’s economic success and a list of key growth projects to accelerate delivery.
- Funding awards for major transport schemes, including Taunton Rail Station

enhancement (£4,600,000), Junction 25 improvement (£12,000,000) and dual-lining of A358 between A303 and J25 (c.£275,000,000).

- Roll-out of Superfast Broadband to at least 90 per cent of properties through phase 1 of the Connecting Devon and Somerset programme in a £52m contract by end 2016.
- Development of an alternative and commercially viable proposal for the Firepool site, consistent with the Taunton Rethink, which will bring forward an exciting mixed use scheme.
- Approval of a Delivery Strategy for the redevelopment of the Coal Orchard site, and appointment of consultants to progress the next phase.
- Transformation of the landmark Market House Building, providing a new home for the Taunton Visitor Centre as well as a new high quality restaurant.
- £1.2m funding for Wiveliscombe Enterprise Centre.
- Shared commitment of key partners to delivery of a major new strategic employment site adjacent to Junction 25, providing up to 4000 jobs and stimulating growth in higher value business.
- Government funding for a dedicated delivery team for the Monkton Heathfield Urban Extension, providing 4,500 new homes.
- Achieving Garden Town status in 2017, and initially attracting £350,000 in grant funding from Government to help deliver the ambitions for Taunton.

6.2 In December 2015 Full Council supported investment in principle of £16.6m from projected NHB receipts towards a number of growth spend categories reflecting the priorities established in the Taunton Growth Prospectus and aligned with the relevant plans and priorities of key partners, such as Somerset County Council, Environment Agency, Local Enterprise Partnership and the business community. Having such funds allocated will enable the Council to respond quickly to commercial and funding opportunities to support growth, which in turn will facilitate the realisation of Taunton's economic vision and key economic benefits (as defined in the approved Taunton Growth Prospectus), such as: new homes, new enterprises, new and better jobs, increased employment land – new office space and industrial land, and a vibrant town centre. The planned investment includes £16m for growth and infrastructure capital schemes and £0.6m for revenue costs.

6.3 The profile of planned investment is kept under review and in February 2017 the Council confirmed an updated plan. The Council has maintained its ambitious level of investment and updated the projected funding available from New Homes Bonus.

Growth and Infrastructure Investment

	2016/17 Budget £k	2017/18 Proposed £k	2018/19 Indicative £k	2019/20 Indicative £k	2020/21 Indicative £k	Totals £k
<i>Capital schemes:</i>						
Taunton Strategic Flood Alleviation				1,000	2,000	3,000
Major transport schemes	400	1,000	1,000	800	300	3,500
Town Centre regeneration	200	1,300	1,700	300		3,500
Employment site enabling and innovation to promote Growth		500	1,500	1,500	500	4,000
Urban Extensions		500	500	500	500	2,000
<i>Revenue costs:</i>						
Marketing Promotion and Inward Investment	100	100	100	100	100	500
Preparation of LDO's	50	50				100
Total Investment	750	3,450	4,800	4,200	3,400	16,600

Funding Growth and Infrastructure Investment

	2016/17 Budget £k	2017/18 Proposed £k	2018/19 Indicative £k	2019/20 Indicative £k	2020/21 Indicative £k	Totals £k
<i>Funding Available:</i>						
Projected NHB Income	3,883	4,035	3,479	3,316	3,672	18,385
NHB Balance brought forward	4,162					4,162
Car Parking Revenue		150	150			300
Repayment to NHB pot						
Less: NHB Allocated to Revenue Budget	-392	-392	-392	-392	-392	-1,960
NHB Funding Available	7,653	3,793	3,237	2,924	3,280	20,887
<i>Funding Required:</i>						
Brought forward approved growth commitments	4,683					4,683
£16.6m Growth Programme	750	3,450	4,800	4,200	3,400	16,600
Funding Required	5,433	3,450	4,800	4,200	3,400	21,283
Cumulative Funding Surplus / Shortfall(-)	2,220	2,563	1,000	-276	-396	-396

- 6.4 The table shows that based on the current forecast there is an estimated shortfall of £396k in projected NHB needed to support the programme. If this remains the case the Council will need to explore other funding options.
- 6.5 In addition to funding the growth programme, the Council has agreed to underwrite capital receipts needed for transformation from New Homes Bonus. This may mean the availability of NHB is less than shown above, increasing the likelihood that other funding options will be required for growth and infrastructure. This will be kept under review throughout the financial planning period.

7 Financing and Investment Costs and Income

Revenue Costs of Capital

- 7.1 The Council's capital investment is funded from a variety of sources which can have a direct or indirect impact on the revenue budget. The main 'capital financing costs' relate to repayments of borrowing and interest plus direct revenue contributions ("RCCO") to fund capital spending.
- 7.2 Repayment of capital borrowing is known as Minimum Revenue Provision (MRP). During 2015/16 the Council reviewed its MRP Policy and significantly reduced the annual costs by calculating the charge based on an equal instalment method using weighted average asset life. This means that for TDBC the annual revenue budget requirement for repayment of capital borrowing through MRP has been extended to 45.6 years – therefore approximately 2.2% of debt is repaid annually rather than historic 4%. The annual budget for MRP within the MTFP is currently £180,060.
- 7.3 The Council's General Fund capital debt is currently planned to be financed entirely through 'internal borrowing' for the foreseeable future therefore there is no forecast budget requirement for interest costs for the duration of the current MTFP.
- 7.4 The Council also plans to fund a number of recurring annual capital budgets through direct Revenue Contributions to Capital ("RCCO"). The current MTFP includes an annual RCCO budget requirement of £401,500 from 2017/18.

Interest Income

- 7.5 The Council has been holding significant cash surpluses – which tend to range between £30m and £50m in recent years. Since the economic downturn in 2008 and subsequent recession interest rates on investments have remained low. The Bank of England Base Rate remained at 0.5% since March 2009 and reduced further to 0.25% in August 2016. It is currently projected to remain at this level during 2017/18. With advice from Arlingclose – our treasury advisors – we continue to review opportunities to improve investment returns whilst minimising risk to capital and liquidity. The investment income budget will be reviewed during the summer, but initial estimates within the MTFP assume the income will increase in 2017/18 to £406,500 per year.

8 Risks, Uncertainties and Sensitivity Analysis

- 8.1 A number of risks and uncertainties have been identified within this MTFP document. The financial projections include known information and a range of assumptions in order to prepare reasonable estimates.
- 8.2 The following table provides some examples of sensitivity and risk around key financial headings and assumptions (increased income / savings shown as negative figures).

Sensitivity Analysis

	2018/19 Budget £k	Factor	Indicative Range	Impact £k
Funding:				
New Homes Bonus	-3,479	Housing growth is below 0.4% for the 2018/19 grant settlement.		+714

	2018/19 Budget £k	Factor	Indicative Range	Impact £k
New Homes Bonus	-3,479	Estimation error in 2018/19 annual growth allocation	+/- 20%	+/- 142
Council Tax Base	-6,268	Tax base estimation error	0.5% - 1.5%	+/- 31-94
Council Tax Rate	-6,268	Members decision on increase differs to MTFP assumption	0% - 3.38%	-122 if 0%, +86 if 3.38%
Business Rates	-3,101	Volatility in estimates e.g. impact of growth/decline, appeals, refunds, reliefs, collection rates	+/- 10%	+/- 310
Business Rates	-3,101	Indicative total of reduction in BRR income before Safety Net is triggered		545
Services:				
Planning Fee Income	-722	Demand fluctuation	+/- 10%	+/- 72
Parking Income	-4,764	Usage / demand fluctuation	+/- 5%	+/- 238
Garden waste income	-604	Usage / demand fluctuation	+/- 5%	+/- 30
Financing:				
Interest Income	-381	Estimation error, e.g. interest rates change	+/- 5%	+/- 19

8.3 Other significant risks and uncertainties currently faced in our financial planning include:

- Current and future business rates appeals outcomes
- Finalising Business Rates Tariff adjustments for the 2017 business rates revaluation
- Future impact and risks under the move to 100% Business Rates Retention
- Further changes to New Homes Bonus funding regime
- Achieving necessary level of savings through transformation
- Delivery of other savings targets
- Asset management and compliance costs
- Timing and values of capital receipts
- Significant contracts / funding agreements due to be replaced e.g. waste partnership (2020), leisure services (2019)
- Future changes in Government policy

9 **Capital Funding and Reserves**

Capital Receipts

9.1 The Council currently has fully committed its general capital receipts reserves to fund approved capital schemes up to and including the 2017/18 capital programme.

9.2 Additional capital receipts income of £1.574m is required during the period 2016/17 to 2018/19, in line with the funding plan for the Transformation programme.

Capital Earmarked Reserve

- 9.3 The Council currently has a sum of £789k held in earmarked reserves towards funding of approved schemes within the Capital Programme.

Revenue Contributions to Capital (“RCCO”)

- 9.4 The Council’s funding strategy includes the principle that recurring annual operational capital budgets are funded from revenue budget contributions. The annual RCCO budget requirement for 2017/18 and subsequent years is currently estimated at £401,500, providing funding for

- IT hardware annual replacement programme
- New and replacement waste and recycling containers (provided via the Waste Partnership)
- Leisure capital grants and play equipment replacement
- DLO vehicles, plant and equipment replacement programme

- 9.5 Currently the MTFP forecasts this annual budget requirement will remain static for the period to 2021/22.

External Grants and Contributions

- 9.6 The Council plans to finance some of its capital investment requirement from external grants and contributions. This will include:

- S106 planning obligations income from developers
- Community Infrastructure Levy
- Better Care Fund grant from Somerset County Council for Disabled Facilities Grants

- 9.7 Central Government grant funding is limited due to the squeeze on public spending, however the Council has worked with local authority partners to secured major infrastructure investment funding as explained earlier in this document.

Community Infrastructure Levy (CIL)

- 9.8 CIL is a tariff in the form of a standard charge on certain types of development, which in Taunton Deane is set by the Borough Council to help the funding of infrastructure. The principle behind CIL is that most development has some impact on infrastructure and the developer should contribute to the cost of providing or improving it. CIL applies to new floor space and charges are based on the size, type and location of the new development.

- 9.9 The following table provides a summary of the CIL income and its use up to 31 March 2017, in accordance with the Community Infrastructure Regulations 2010 (as amended). These regulations state that 5% of the CIL collected over the period of years one to three may be applied to administrative expenses. 15% of each CIL payment is passed on to the Parish in which it was collected. This Parish payment is capped at £100 per existing council tax dwelling within the Parish. If a Parish has a Neighbourhood Plan in place this payment increases to 25% of each CIL payment and is uncapped. The Neighbourhood Development Plan must have been adopted before the planning consent was granted.

CIL as at 31 March 2017

	£k	£k
Total CIL Receipts April 2014 to March 2017		1,400
Allocated to:		
Administration	-45	

Town and Parish Councils	-100	
Held by TDBC for Unparished Area	-45	
Total deductions from CIL receipts		-190
Balance held for Strategic infrastructure investment fund		1,210

- 9.10 The table shows that TDBC currently holds £1.21m to fund strategic infrastructure in the Borough. In addition, £45k is held in respect of infrastructure investment in the unparished area, and the Unparished Area Fund Panel is consulted on the prioritisation of these funds. The strategic infrastructure pot will be considered through the development of the Capital Programme, and will be in line with the “TDBC Regulation 123 List” which is reported on the Council’s website.

<https://www.tauntondeane.gov.uk/media/1116/regulation-123-list.pdf>

Borrowing

- 9.11 The Council prioritises use of surplus capital reserves and revenue resources where available, including NHB, to fund the General Fund capital programme. Borrowing has generally been low in recent years, and has been limited to funding of the new swimming pool in Taunton and funding of loans to third parties where the cost of borrowing is offset by the loan repayments and interest received. Loan finance will also be required within the current capital programme for office accommodation improvements. The current policy is to borrow internally and avoid external borrowing if possible, as this is the cheaper option whilst interest rates on investments are low compared to the interest rates for borrowing. However new borrowing will be considered for material capital projects where the business need can be established.
- 9.12 The current and projected borrowing balances are summarised below:

Capital Financing Requirement

	2017/18 £k	2018/19 £k	2019/20 £k
Capital Borrowing (CFR) Opening Balance	7,283	16,172	15,272
Estimated New Borrowing	9,374	0	0
Income from repayment of loans to third parties	(250)	(500)	(500)
Minimum Revenue Provision	(235)	(400)	(400)
Capital Borrowing (CFR) Closing Balance	16,172	15,272	14,372

10 Capital Investment and Financing

- 10.1 The Council approved a Capital Programme for 2017/18 totalling £10.275m for General Schemes. This is in addition to £3.45m included in 2017/18 as part of the five year growth investment programme of £16m (as shown in section 6 above). The General schemes are funded through a combination of revenue contributions, earmarked reserves and capital contributions received.
- 10.2 The plans for 2018/19 and beyond will be developed through the development of the transformation Business Case and annual budget process.

11 Robustness of the Budget and Adequacy of Reserves

- 11.1 The Local Government Act 2003 requires a report on the adequacy of the Council’s financial reserves and for the S151 Officer to report on the robustness of the budget plans.

11.2 This assurance will be reported on as part of the final budget proposals presented to Members in February 2018.

12 Going Concern

12.1 Following several years of significant funding reductions, the requirement to undertake an annual 'going concern' assessment is more important than ever, to provide assurance that the Council can continue operations for the foreseeable future. This assessment is considered by the external auditor as part of the annual audit of accounts and value for money conclusion, which is reported to the Corporate Governance Committee each year (July to September). The latest assessment concludes that the Council continues to operate as a going concern.

Annex 1 – Funding Additional Information

1 Settlement Funding Assessment (SFA) Baseline

- 1.1 Following the Local Government Finance Review in 2011 a new system of funding was introduced in April 2013. This provided a ‘Start-Up Funding Assessment’, based on the previous needs-based formula grant, and set a new Baseline position comprising Revenue Support Grant (RSG) and Business Rates Baseline. Local authorities were encouraged to drive future funding through local economic and housing growth which has the potential to increase funding through Business Rates Retention, New Homes Bonus and Council Tax. Alongside the potential growth in these areas, Government has significantly reduced RSG and will continue to do so with RSG expected to disappear completely by 2020. For some authorities, where the Government calculates funding should be reduced by more than the amount currently provided in RSG, a further reduction to funding will be applied in the form of an adjustment to the business rate tariff. Indicative settlement figures suggest this will apply to TDBC in 2019/20.
- 1.2 The table below shows the change in SFA since the inception of this funding regime in 2013. It shows that the Baseline has reduced by some £2.2m – 37% between 2013/14 and 2016/17. It is projected to reduce further using the Government’s indicative figures included within the Provisional/Final Settlement for 2016/17.

Settlement Funding Baseline

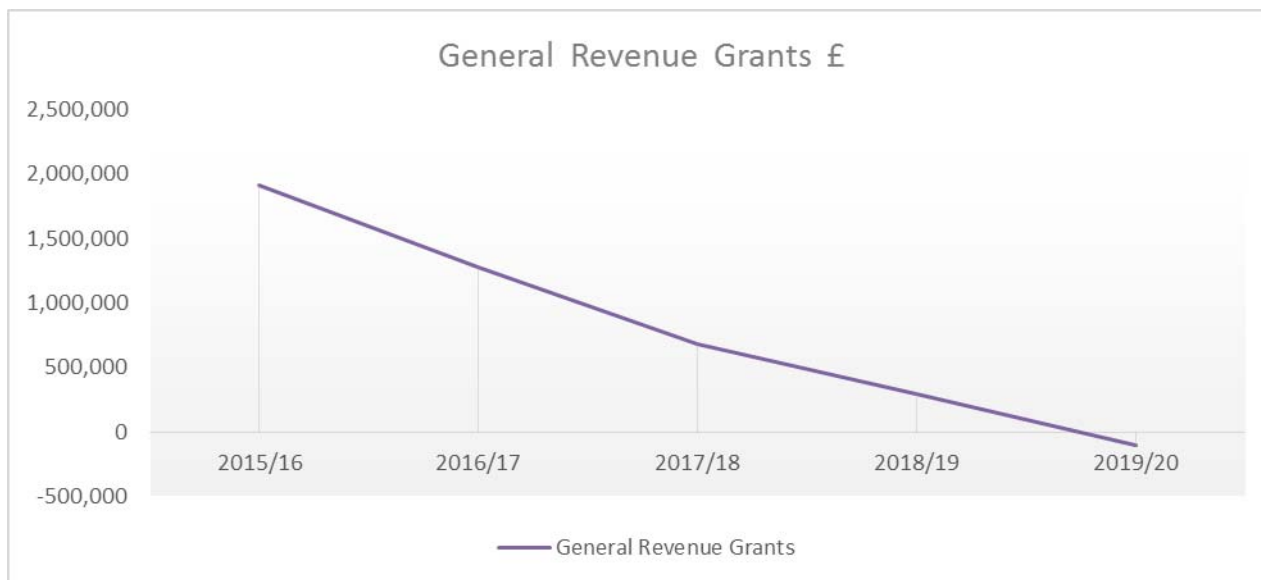
	2013/14 Actual £k	2014/15 Actual £k	2015/16 Actual £k	2016/17 Budget £k	2017/18 Indicative £k	2018/19 Indicative £k	2019/20 Indicative £k
RSG	3,556	2,766	1,973	1,235	645	280	0
BR Tariff Adjust (= ‘negative RSG’)	0	0	0	0	0	0	-128
BR Baseline	2,366	2,412	2,458	2,478	2,527	2,602	2,685
Total SFA	5,922	5,178	4,431	3,713	3,172	2,882	2,557
Cumulative reductions compared to 2013/14				-2,209 -37%			-3,365 -57%

General Government Grant

- 1.3 Included within the four year funding settlement offered by government, commencing in 2016/17, are three general revenue grants.
- 1.4 The funding included in our MTFP, based on the four year confirmed allocations, are summarised in the table and graph below. This shows that grant has diminished over the period, and it is expected the small residual balance of rural services grant together with the “negative RSG” will be rolled into 100% Business Rates Retention when that is introduced.

General Revenue Grants

	2015/16 Actual £	2016/17 Budget £	2017/18 Indicative £	2018/19 Indicative £	2019/20 Indicative £
Revenue Support Grant	1,916,420	1,235,137	644,801	279,788	-127,940
Transitional Grant	0	16,930	16,864	0	0
Rural Services Delivery Grant	0	27,582	22,271	17,132	22,271
Total General Grant Funding	1,916,420	1,279,649	683,936	296,920	-105,669



- 1.5 The approach to funding for local authorities changed in April 2013 with a move away from needs-based formula grant to a system that incentivises growth. This included the introduction of Business Rates Retention (BRR). The BRR scheme is based on 50% of business rates collected in the local area being retained by the Local Authorities (40% District, 9% County, 1% Fire).

2 Business Rates Retention

- 2.1 The approach to funding for local authorities changed in April 2013 with a move away from needs-based formula grant to a system that incentivises growth. This included the introduction of Business Rates Retention (BRR). The BRR scheme is based on 50% of business rates collected in the local area being retained by the Local Authorities (40% District, 9% County, 1% Fire).
- 2.2 Each Local Authority was set a baseline by the Government prior to the scheme being implemented in April. This was based on the level of funding under the previous formula scheme. The rules of the new scheme would see TDBC keep 40% of business rates collected. However, because this is a large amount of income far in excess of previous levels of funding reflected in the new Baseline, TDBC is classed as a “tariff authority”. This means a fixed amount is paid over to the Government, bringing the amount down to the baseline figure. Any income collected over and above the baseline figure has a levy of 50% which is paid to Government with the other 50% retained by TDBC. To reduce the levy rate paid to Government, local authorities have an option to establish a Business Rates Pool with other Local Authorities – which we have done in Somerset – see below.
- 2.3 The BRR system is quite complex, and is susceptible to volatility and fluctuation based on inflation, rate of growth, appeals and refunds, bad debt, and changes in Government policy. Since the inception of the scheme the biggest area of risk, uncertainty and

volatility relates to appeals and refunds. The Council mitigates this risk through a combination of:

- prudent forecasting through analysis of past trends, and future risks and opportunities
- budgeting for a provision for funding reductions in respect of appeals and refunds
- maintaining an earmarked “BRR Smoothing” reserve to guard against large reductions in funding for services and also address accounting timing differences.

2.4 The initial BRR estimates for 2018/19 assume net funding growth is in line with inflation, with net growth in rating income being offset by appeals and other reductions. These assumptions will be reviewed during the budget process in the autumn and reflected in budget estimates around October/November.

BRR Funding Estimates

	2017/18 Budget £	2018/19 Estimate £
40% Standard Share of Business Rates Yield	14,818	15,103
Rates yield from renewable energy schemes	152	155
S31 Grant Income – Reliefs and RPI cap	675	693
Less: Tariff payable to Government	-12,262	-12,498
Less: Levy Payment to Government	-345	-352
Net Retained Business Rates Funding	3,038	3,101

Managing risks including appeals and refunds

2.5 As referred above, business rates retained funding can be volatile. The Council monitors changes in rateable values which are reported by the Valuation Office Agency (VOA) on a weekly basis. The risk of reductions due to appeals and other decreases in rateable value is significant, and where a reduction is backdated this can lead to large cash refunds as well as reducing future revenues. The 2017/18 BRR Budget included a total provision of up to £2.275m for possible refunds against the 2017 Rateable Values, and the Council has also set aside an overall provision of up to £2.336m in respect of prior years’ appeals(Taunton Deane share - £934k). As at 31 March 2017 there were 289 unresolved appeals registered with the VOA comprising a total Gross Rateable Value of £28.4m.

2.6 Where BRR funding is over-estimated this creates a budget pressure, as it will lead to a deficit in the Business Rates Collection Fund. TDBC will need to cover 40% of the deficit from the General Fund (with the rest being a cost to Government, the County Council and Fire Authority). We therefore set aside funds in a “BRR Smoothing Reserve” to cover possible deficits and therefore mitigate sharp reductions in General Reserves or annual budgets. Our financial strategy aims to maintain the Smoothing Reserve balance at around 2 times the funding risk between the BRR Budget and the Safety Net – therefore approximately £1m in 2017/18. The current projected balance is £1.606m in 2018/19. This recognises uncertainty and contingent risks to business rates funding and provides a ‘healthy’ level of resilience to funding volatility. This balance will be regularly reviewed to ensure funding risks are kept to a minimum and the reserve balance is neither too high nor too low.

Business Rates Smoothing Reserve Estimates

	2017/18 £	2018/19 £	2019/20 £
Balance brought forward	1,937,146	1,605,590	1,605,590
Original budget transfers	-133,908	0	0
In year allocations	0	0	0
Funding previous year deficit	-197,648	0	0
Balance carried forward	1,605,590	1,605,590	1,605,590

Somerset Business Rates Pool

- 2.7 Taunton Deane is one of seven authorities that voluntarily formed the Somerset Business Rates Pool with effect from April 2015. The Pool has the potential to reduce the levy payable to Government in respect of business rates growth that is above the baseline – which would result in a ‘dividend’ being shared amongst the members of the Pool (TDBC, Somerset County Council, Bath and North East Somerset Council, North Somerset Council, and Mendip, Sedgemoor and South Somerset districts).
- 2.8 Within a pool all Tariffs and all Top-Ups are combined, and a single – lower – levy rate is applied – this is the primary advantage of pooling. Similarly, safety net eligibility is also calculated at aggregate pool level – this results in increased risk for pool members as combined income would fall to a greater extent before the safety net kicks in. The gain the pool makes, due to a reduced levy payment to Government, is distributed based on the methodology agreed by the pool members. Any losses are also distributed on this basis.
- 2.9 The pooling dividends gained through this arrangement are summarised below:
- | | |
|---------|-------|
| 2015/16 | £193k |
| 2016/17 | £218k |
| Total | £411k |
- 2.10 This funding is held in an earmarked reserve and is available for investment in initiatives that will benefit the local economy.
- 2.11 As one of the pool authorities is piloting 100% retention in 2017/18 the pool has dissolved with effect from 31 March 2017, and the Council will revert to operating as an individual authority under business rates retention. Further opportunities to Pool may be explored in future and it is anticipated updated pooling arrangements will be issued under 100% Business Rates Retention.

3 New Homes Bonus

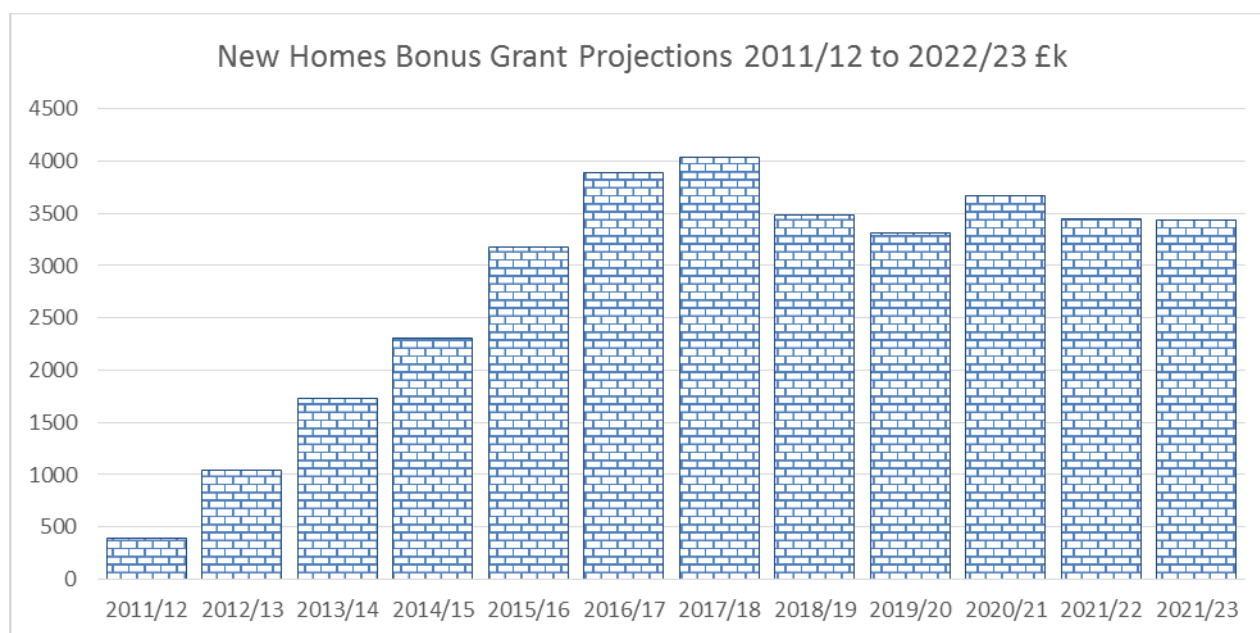
- 3.1 The New Homes Bonus (NHB) Grant is a grant from the Government which ‘rewards’ housing growth. The NHB Grant is not ring-fenced, which means the Council is free to decide how to use it based on local priorities.
- 3.2 The calculation of the grant has changed from 2017/18 onwards, as the government has redirected funding available under NHB to the Better Care Fund in support of social care funding pressures. The scheme was originally designed such that each year of housing growth attracted funding for 6 years, therefore in 2016/17 we received 6 years’ worth of grant. As part of the Finance Settlement for 2017/18 the Government confirmed this would reduce to 5 years’ worth in 2017/and then 4 years’ worth from 2018/19. In addition, no grant would be paid on the first 0.4% of Band D equivalent growth each year from

2017/18 onwards.

- 3.3 The overall level of projected funding has therefore fallen below the £4m “peak” in 2016/17, but remains above £3m until the last year of the current MTFP.
- 3.4 The table below summarises the grant calculations and estimates from 2016/17 onwards, and the following graph also includes the total grant received since the NHB grant was introduced in 2011/12.

New Homes Bonus Projection

Allocations in respect of:	Actuals		Estimates				
	16/17	17/18	18/19	19/20	20/21	21/22	22/23
	£k	£k	£k	£k	£k	£k	
2011/12	392						
2012/13	648						
2013/14	687	687					
2014/15	576	576					
2015/16	876	876	876				
2016/17	704	699	699	699			
2017/18		1,197	1,191	1,191	1,191		
2018/19			714	714	714	714	
2019/20				713	713	713	713
2020/21					1,054	1,054	1,054
2021/22						966	966
2022/23							700
Total	3,883	4,035	3,479	3,316	3,672	3,447	3,433



- 3.5 It is anticipated the provisional grant allocation for 2018/19 will be confirmed in November 2017.

4 Council Tax Base and Rate

- 4.1 The Council Tax Base on which the Council generates its local tax revenue is the sum residential properties expressed as Band D equivalents. It reflects adjustments for reductions including Single Person Discount and Local Council Tax Support as well as

assumptions around net growth and collection rates. The Tax Base is increasing each year by between approximately 1% and 2%. The actual tax base rise for 2017/18 will be calculated in December 2017 once the CTB1 form has been completed.

- 4.2 The Council and the major preceptors have committed additional resources in 2016/17 and 2017/18 to drive improved collection and compliance in order to maintain and increase council tax income. The Tax Base forecasts within the MTFP take a prudent approach over medium term and also reflect this additional investment, with an estimated growth of 1.75% in 2017/18 and 2018/19, then reverting to 1% per annum thereafter.
- 4.3 The Council Tax Base for 2017/18 of 40,843.2 Band D Equivalents has been approved under delegated powers by the Section 151 Officer.
- 4.4 The Council has kept tax changes low in recent years:

Council Tax Increases

	Actual Increase	Cap / Referendum Threshold		Actual Increase	Cap / Referendum Threshold
2011/12	0%	3.5%	2015/16	0%	1.99%
2012/13	0%	3.5%	2016/17	3.62%*	3.62%*
2013/14	0%	3.7%	2017/18	3.5%*	3.5% = £5 on Band D
2014/15	1.99%	1.99%	2018/19	TBC**	TBC

**excludes Somerset Rivers Authority precept (see below)*

***the MTFP assumption, solely for financial modelling purposes, is based on a 1.99% increase each year*

- 4.5 Tax increases have been kept low in recent years reflecting austerity and the intention to reduce pressure on household bills during the recession. This was incentivised through the availability of funding from Government through a Council Tax Freeze (CTF) Grant each year between 2011/12 and 2015/16. The Council attracted CTF Grant in each year except for 2014/15 where tax was increased to provide additional funding in response to severe flooding in the winter 2013/14.
- 4.6 The Government's Comprehensive Spending Review (CSR) in 2015 signalled a change in Government approach, with many authorities given increased flexibility to raise Council Tax in the face of further funding cuts. This Council has opted to increase Council by £5 on a Band D in 2016/17 and 2017/18 remaining below the Secretary of State's 'excessiveness' threshold.
- 4.7 The basic Band D tax rate for 2017/18 is £147.88 per year (£2.84 per week). The MTFP assumes a Council Tax increase of 1.99% each year from 2018/19 onwards. Information provided with the four year funding settlement indicates that, as a shire district, TDBC will have the option to increase the Band D by £5 each year in 2018/19 and 2019/20 if Members are minded. This will be confirmed each year by the Secretary of State.
- 4.8 The following table summarises the projected Council Tax Base and income budget estimates within the Plan (excluding SRA precept).

Council Tax Base and Income Projections

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Council Tax Base					
Increase %	1.75%	1.00%	1.00%	1.00%	1.00%
Increase in Band D Equivalents	714.8	415.6	419.7	423.9	428.2
Tax Base	41,558.0	41,973.6	42,393.3	42,817.2	43,245.4
Council Tax Rate					
Increase % (MTFP assumption)	1.99%	1.99%	1.99%	1.99%	1.99%
Increase £	2.94	3.00	3.06	3.12	3.18
Band D Rate £	150.82	153.82	156.88	160.00	163.18
Council Tax Income					
Increase due to Tax Base £	105,705	62,681	64,558	66,501	68,512
Increase due to Tax Rate £	122,180	125,920	129,724	133,590	137,520
Total Council Tax Precept £	6,267,772	6,456,373	6,650,655	6,850,746	7,056,778

- 4.9 Based on the 2017/18 starting point, a 1% increase in the tax rate equates to approximately £57,000 in additional income for the Council and would add £1.43 on the basic Band D tax rate. The following 'ready reckoner' shows the impact of an example range of tax changes.

Table 13 – Council Tax Increase Scenarios for 2018/19
Assumes Tax Base of 41,558.0 per Indicative MTFP Estimate

Council Tax Increase	Band D Tax Per Year £	Band D Increase Per Year £	Basic Council Tax Income £	Additional Income £
0.00%	147.88	0.00	6,145,591	0
1.00%	149.36	1.48	6,207,100	61,506
1.99% (MTFP assumption)	150.82	2.94	6,267,770	122,181
3.00%	152.32	4.44	6,330,108	184,517
3.38%	152.88	5.00	6,353,381	207,790

- 4.10 As the table indicates, the assumed 1.99% increase in the MTFP increases income for services by £122,181.
- 4.11 As an example, if Members have the option and are minded to implement a £5 increase on a Band D this would represent a 3.38% increase on the basic tax element and raise a further estimated £85,609 compared to a 1.99% increase.

5 **Special Expenses – Taunton Unparished Area Fund**

- 5.1 Taunton does not have its own Town Council, and TDBC therefore raises additional Council Tax specifically for the Unparished Area of Taunton in the form of a Special Expenses precept. This enables the Council to deliver local priorities for the town that would ordinarily be the responsibility of a town council. The table below summarises the Tax Base, Special Expenses and Budget for the unparished area, with an indicative position for 2018/19 based on current MTFP assumptions.

Taunton Unparished Area Fund

	2017/18 Budget	2018/19 Estimate
Tax Base - Band D Equivalents	14,966.86	14,996.86
Tax Rate increase (subject to Council decisions each February)	0%	0%
Unparished Area Band D Special Expenses Charge	£3.00	£3.00
<i>Notional Special Expenses Average Band D Charge*</i>	<i>£1.10</i>	<i>£1.08</i>
Council Tax Special Expenses Income	£44,901	£44,901
Council Tax Support Grant from TDBC General Fund	£2,010	£0
Total Unparished Area Fund Budget	£46,911	£44,901

5.2 At the Full Council meeting on 15 December 2015 Members agreed to reduce the council tax support grant funding provided to towns and parishes on a straight-line basis over three years. 2017/18 is the final year that this grant will be paid and thus reduces to nil in 2018/19.

5.3 The Unparished Area Fund Budget is administered by its own Grants Panel, and allocations are published in the Weekly Bulletin. The fund balance as at 1 April 2017 is £171,173.

6 **Somerset Rivers Authority Precept**

6.1 The Somerset Rivers Authority (SRA) was created following the severe flooding that hit the area in the winter of 2013/14. It has developed a 20 Year Flood Action Plan which will target long term investment to develop improved flood prevention and resilience when flooding is unavoidable. In 2015/16 through a combination of Government funding and contributions from local authorities in Somerset, the SRA had a budget of £2.7m to progress the Action Plan. In future the SRA will be able to set its own Precept to raise Council Tax income to help deliver the Plan.

6.2 In 2016/17 the County Council and the five district Councils in Somerset had the opportunity to raise additional council tax funding, based on 1.25% of the 2015/16 Council Tax rate, to raise funding the Somerset Rivers Authority pending its establishment as a precepting body. For TDBC this equates to £1.74 a year on a Band D.

6.3 In 2017/18 the Council Tax raised and passed on to the SRA is £71,067.

6.4 The overall opportunity across Somerset aims to raise £2.7m in funding for the SRA in 2017/18. The SRA Board met on 8 February 2017 to consider and approve its 2017/18 budget – see <http://www.somersetiversauthority.org.uk/about-us/board-meetings-and-papers/> – where the £2.7m has been prioritised to progress the five key workstreams within Somerset's 20 Year Flood Action Plan. These are:

- dredging and river management
- land management (including natural flood management)
- urban water management
- resilient infrastructure
- building local resilience

6.5 More can be read about the approach the SRA has taken to developing its programme of works for 2017/18 at

7 Localised Council Tax Support

- 7.1 In April 2013 the Government ended the centrally-funded Council Tax Benefit scheme, and required local billing authorities to set up their own local policies for Council Tax support in its place. Only 90% of the Government funding for Council Tax Benefit was shared out to local authorities, leaving a shortfall meaning Councils would need to reduce the costs of Council Tax support through the local policy or subsidise this through reductions in other areas. All precepting authorities were consulted and it was agreed that the new scheme would be cost neutral at its inception. A scheme was introduced which required working age claimants who previously had full Council Tax Benefit to pay up to 20%, despite no change in their circumstances. Pension age claimants are protected from the changes.
- 7.2 The Government detailed the funding for the local Council Tax support scheme for 2013/14, however this was for the first year only. From then on the funding is included within the Settlement Funding Assessment (SFA) for each authority through the RSG and Business Rate Retention baseline. It is clear that with RSG reducing to nil by 2019/20 the cost of the scheme will essentially be fully funding from local Council Tax and Business Rates income in future.
- 7.3 It is important that the figures are monitored as the grant is fixed. If the scheme costs more than estimated the authorities will need to pick up the additional costs. Once a scheme is approved it cannot be changed until the next financial year.
- 7.4 The Council plans to review the scheme each year, and with the ongoing reductions in funding the Council needs to consider whether the current level of Support remains affordable. Possible revisions to the Policy will be considered early in the financial year and then put out to consultation during the summer.
- 7.5 The current estimated costs of the scheme – which is incorporated as a reduction to the net Council Tax Base – is £5,605,370 for 2017/18. The costs are shared through the Collection Fund, giving an estimated cost to the precepting authorities as shown below. The costs of CTS have fallen each year since the local scheme was introduced. However the MTFP forecast prudently assumes the demand / eligibility will remain at similar levels each year.

Council Tax Support

Precepting Body	Estimated Costs 2017/18 £	%
Somerset County Council	4,050,538	72.3
Police and Crime Commissioner	654,725	11.7
Devon and Somerset Fire and Rescue Authority	293,746	5.2
Taunton Deane Borough Council	538,804	9.6
Town and Parish Councils, and unparished area	67,558	1.2
Total Estimated CTS Costs 2016/17	5,605,370	

8 Reserves

8.1 The Council's General Fund Reserves balance as at 1 April 2017 is £2.186m. This is £586k above the recommended minimum balance.

8.2 In addition to general balances, the Council holds funds in a range of General Fund Earmarked Reserves. These are held for a range of purposes including:

- Grants received in advance of spending
- Revenue budgets set aside where spending is planned in future years
- Contingencies for specified financial risks (such as business rates volatility)

8.3 The following table summarises the main earmarked reserves held as at 31 March 2017.

Reserve	Balance March 2017 £'000
<i>Reserves above £100,000:</i>	
Capital Financing Reserve	789
Asset Management – Leisure	197
CEO Initiatives	103
Underwrite Savings within MTFP	164
DLO Trading Account	121
DLO Vehicle Replacement	316
General Fund Carry Forwards	429
Housing Enabling	193
Self Insurance Fund	485
Travel Plan	149
Asset Management General	289
Business Rates Smoothing	1,937
Eco Towns Projects Funding	238
Growth and Regeneration (New Homes Bonus)	4,231
Homelessness Grant	164
Waste services	134
Neighbourhood Planning Grant	122
Customer Access & Accommodation Project	1,668
Monkton Heathfield Planning	557
Resources Service Costs	189
Support Services Succession Planning	499
SAP Replacement	320
Economic Development (Business Rates Pool Dividend)	315
Transformation	1,979
Garden Town	512
Balance of other reserves each below £100,000	1,244
Total Earmarked Reserves	17,344

Executive Forward Plan

03/08/2017, Report:TDBC Financial Performance 2016/2017 - Outturn Report

03/08/2017, Report:Medium Term Financial Strategy 2018/ 2019

03/08/2017, Report:Q4 - Performance Report

Reporting Officers:Richard Doyle

03/08/2017, Report:Investment in The Collar Factory, Taunton.

Reporting Officers:David Evans

Contains exempt information requiring private consideration: Yes

Exempt reason:The report is likely to contain confidential information.

07/09/2017, Report:Proposed acquisition of land at Lisieux Way Business Park, Taunton

Reporting Officers:Tom Gillham

Contains exempt information requiring private consideration: Yes

Exempt reason:The report is likely to contain confidential information relating to financial and business affairs.

07/09/2017, Report:Cemetery and Crematorium - Supplementary Budget

Reporting Officers:Chris Hall

07/09/2017, Report:Business Rates - "Revaluation Relief"

Reporting Officers:Dean Emery

07/09/2017, Report:Proposed Repairs Notice - Premises in Wellington

Reporting Officers:Tim Burton

Contains exempt information requiring private consideration: Yes

Exempt reason:The item is likely to include confidential information relating to financial and/or business affairs.

09/11/2017, Report:Review of the Council Tax Support Scheme for 2018/19

Reporting Officers:Heather Tiso

29/11/2017, Report:Fees and Charges 2018/2019

29/11/2017, Report:Earmarked Reserves Review

29/11/2017, Report:2018/2019 Draft Budget Estimates Update

29/11/2017, Report:Somerset Waste Partnership Business Plan

Reporting Officers:Chris Hall

29/11/2017, Report:TDBC General Fund Asset Strategy

11/01/2018, Report:Crematorium Waiting Room Extension

Reporting Officers:Chris Hall

08/02/2018, Report:General Fund Revenue Budget 2018/ 2019

08/02/2018, Report:Housing Revenue Account Budget 2018/2019

08/02/2018, Report:Treasury Management Strategy 2018/

19/03/2018, Report:Transitioning to a New Council

Reporting Officers:Penny James,Shirlene Adam

05/07/2018, Report:Quarter 4 Performance Monitoring Report

Reporting Officers:Richard Doyle

05/07/2018, Report:Finance Outturn Report

Reporting Officers:Paul Carter

06/09/2018, Report:Taunton Transport Strategy

Reporting Officers:Dan Webb

06/09/2018, Report:Electric Vehicle Charging Points

Reporting Officers:Chris Hall

28/11/2018, Report:North Taunton Woolaway Project Proposal

Reporting Officers:Jo Humble

Executive – 3 August 2017

Present: Councillor Williams (Chairman)
Councillors Edwards, Mrs Herbert and Parrish

Officers: Richard Doyle (Corporate Strategy and Performance Officer), Paul Carter (Assistant Director – Corporate Services), David Evans (Economic Development Manager) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Aldridge, Coles and Hunt.

(The meeting commenced at 6.15 pm.)

23. Apology

Councillor Mrs Warmington.

24. Minutes

The minutes of the meeting of the Executive held on 6 July 2017, copies of which had been circulated, were taken as read and were signed.

25. Declaration of Interests

Councillor Mrs Herbert declared a personal interest as a trustee of the 'On Your Bike' Charity.

26. Quarter 4 2016/2017 Performance Report

Considered report previously circulated, which detailed the performance of the Council for the final quarter of 2016/2017.

Regularly monitoring performance was a key element of the Council's Performance Management Framework. There were 35 individual measures which were reported within the Corporate Scorecard.

The Taunton Deane Corporate Scorecard contained details of the Quarter 4 2016/2017 position against the Council's key priorities, finance and corporate health indicators. It was stressed that this information was the situation at 31 March 2017.

Each action/measure had been given a coloured status to provide the reader with a quick visual way of identifying whether particular measures were on track or whether there might be some issues with performance or delivery or an action.

The table below provided an overview of the reported indicators within the Corporate Scorecard:-

GREEN 😊	AMBER 😐	RED 😞	NOT DUE	NOT AVAILABLE	TOTAL
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24 (16)	3 (6)	5 (3)	0 (8)	3 (2)	35
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(The figures in brackets related to Quarter 3)

Submitted a comprehensive summary of each of the 35 performance measures. The five indicators on the scorecard allocated 'red' status were:-

- Completion of urgent repairs – within 24 hours;
- Customer Complaints – Response times;
- Average processing times of new Housing Benefit and Council Tax Support claims;
- Number of households making a homeless application; and
- Wage levels in Taunton Deane compared to the national average.

Reported on the actions that would be taken in an attempt to meet the performance targets that had been set for these five indicators.

Resolved that the report be noted.

27. **Financial Monitoring – Outturn 2016/2017**

Considered report previously circulated, relating to the Council's financial performance for the 2016/2017 financial year. The outturn figures had been included within the Statement of Accounts which had been approved by the Council's External Auditors.

Monitoring the budget was an important part of the Council's performance management framework. Crucially it enabled remedial action to be taken in response to significant budget variances, some of which might be unavoidable. It also provided the opportunity to assess any consequent impact on reserves and the Council's Medium Term Financial Plan.

The revenue outturn position for the financial year 2016/2017 was as follows:-

- The General Fund (GF) Revenue Outturn position for 2016/2017 was a net underspend of £101,000 (0.7%). The underspend had decreased since the end of quarter 2 due to significant variances in Rent Allowances and Rebates; Cemeteries and Crematorium; Council Tax Collection; Leisure Procurement; and Interest Costs and Income.
- The Housing Revenue Account (HRA) was a 'Self-Financing' account for the Council's Housing Landlord function, which was budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2016/2017 was a net underspend of £882,000 (3.3% of gross income).

Reported that the year-end financial statements reported that Deane DLO had made an overall deficit of £44,000 after contributing £101,000 to the GF. This deficit had been transferred from the DLO Trading Account Reserves which, together with a

£200,000 contribution to Transformation, had decreased the reserve balance to £121,000.

The Deane Helpline had reported a net deficit of £64,000 for the year, which was an underspend of £53,000 against the final budget and represented the net cost of the service to the GF.

Under regulations the Council had to report how its Licencing and Land Charges services performed in the financial year. This was set out in the table below. These services set fees and charges based on estimated reasonable costs, and aimed to break even each year. When this did not occur, the Council could transfer any surplus/deficit to a self-financing reserve. During the next round of fees and charges setting, adjustments would be made with the view to achieving a break-even position on a three year rolling basis.

Licensing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Under/(over)-recovery in 2015/2016 £	Balance Carried Forward £
Land Charges	(56,160)	(31,480)	(56,160)
Licencing	49,050	50,000	(950)
Taxi-Licencing	(19,640)	(16,970)	(36,610)

With regard to the budget for the Unparished Area of Taunton, reported that although £59,786 had been allocated to a variety of schemes during the 2016/2017 financial year, £43,204 was available for allocation during the current year.

The capital outturn position for 2016/2017 was as follows:-

- The General Fund profiled Capital Programme at the end of 2016/2017 was £25,832,000. The actual expenditure on the Capital Programme during 2016/2017 was £10,256,000, with £15,527,000 being carried forward to support delivery of approved schemes in 2017/2018. This would leave a net underspend of £49,000 (0.1%) against the overall programme.
- The HRA approved Capital Programme at the end of 2016/2017 was £20,129,000. This related to schemes which would be completed over the next five years. The actual expenditure on the Capital Programme during 2016/2017 was £11,762,000, with £9,399,000 for planned investment to implement approved schemes in future years. A net overspend of £32,000 (1%) was reported against the overall programme.

Further reported that the GF Reserves balance as at 31 March 2017 stood at £2,186,000. The balance remained above the minimum reserves expectation within the Council's Budget Strategy (£1,600,000).

The HRA Reserves balance as at 31 March 2017 stood at £3,224,000, which was above the minimum level (£1,800,000) set within the Council's Budget Strategy and the HRA Business Plan.

The total General Fund Earmarked Reserves balance as at 31 March 2017 was £17,344,000, and for HRA Earmarked Reserves the balance was £6,847,000, representing funds that had been set aside for specific purposes to be spent in 2017/2018 or later years. This had grown largely in respect of funds committed to support growth and infrastructure development, future capital programme spending, the Business Rates funding volatility, creating a new Council and funding set aside to support service restructuring and transformation projects. The majority of this was planned to be spent over the next two years, although experience had shown this might be over a longer period.

Noted that the Outturn Report had also been considered by the Corporate Scrutiny Committee on 20 July 2017 and the recommendations contained within the report were supported.

Resolved that:-

- (1) The Council's financial performance and end of year position for the General Fund and the Housing Revenue Account, including pre-approved carry forwards and transfers to earmarked reserves be noted; and
- (2) Full Council be recommended to:-
 - (a) Note the reported General Fund Revenue Budget underspend of £101,000 in 2016/2017 and the General Reserves Balance of £2,186,000 as at 31 March 2017;
 - (b) Approve the General Fund Revenue Budget Carry Forwards totalling £302,000;
 - (c) Approve a General Fund Capital Programme Budget Carry Forward totalling £15,527,000;
 - (d) Approve a Housing Revenue Account Capital Programme Budget Carry Forward totalling £9,399,000;
 - (e) Approve £590,000 of Supplementary Budget allocations in 2017/2018 for the Housing Revenue Account, utilising 2016/2017 underspends, for the following areas:-
 - (i) £250,000 to provide additional technical development capacity to the in-house team for development appraisal work on complex sites;
 - (ii) £25,000 to replace the Halcon One Team Co-ordinator post until 31 March 2018;
 - (iii) £55,000 for additional officer capacity to address anti-social behaviour for a period of 18 months due to additional pressures on the team;
 - (iv) £70,000 to fast-track replacement of Piper lifelines in Sheltered Housing where these were reaching the end of their operational life;

- (v) £40,000 to both revamp and upgrade Ladymead Road, Taunton shops for remarketing as commercial premises or to make a change of use and convert to a One Team Community Hub; and
- (vi) £150,000 to pilot a Fabric First approach to appraise options to address thermal performance and water ingress issues in some property types.

28. **Draft Medium Term Financial Strategy 2018/2019**

Considered report previously circulated, concerning the initial draft of the Council's Medium Term Financial Strategy (MTFS), a copy of which had been provided to the Members of the Executive.

The financial challenge for Taunton Deane Borough Council would continue as the Government reduced central grant funding for local authorities. The Council's financial forecasts indicated significant financial savings would be needed to maintain balanced budgets and a sound, sustainable financial footing for the future and underpin the planned investment in the top priority of growth and infrastructure.

The draft Strategy was the Council's approach for balancing the budget over the medium term including the approach to managing costs and optimising the funding that would be available to support spending on services. The Strategy would overarch the Medium Term Financial Plan (MTFP), which was a summary of the financial costs and income in monetary terms.

The MTFP forecasts had been reviewed and at this stage there were no material changes to the forecasts that were reported to Full Council in February 2017 when the Budget for 2017/2018 was approved.

The Budget Gap – the difference between projected costs and projected funding – in 2018/2019 was currently £388,000, rising to an estimated £1,118,000 by 2022/2023. This gap reflected decisions already taken by the Council such as anticipated savings from the transformation of service delivery and was based on a range of assumptions.

The MTFS included a summary of the approach in respect of:-

- Business Rates funding;
- New Homes Bonus;
- Council Tax and Council Tax Support;
- Service spending and income;
- Reserves and balances;
- Capital; and
- Treasury.

There were a number of risks and uncertainties recognised in the Strategy. The financial forecasts were considered to be reasonable and robust at this stage but it was right to recognise that the position could change in future, particularly with a significant update in the allocation of Business Rates funding expected in 2019/2020 or 2020/2021.

At this stage it was not possible to predict what the results of this change would be.

The General Reserves balance was currently £2,186,000, which stood at £586,000 above the recommended minimum balance of £1,600,000. This provided some financial resilience to unplanned costs, but falling below the minimum would require urgent action to return the balance to an acceptable level.

Reported that the MTFS had also been considered by the Corporate Scrutiny Committee on 20 July 2017 when the recommended approach was supported.

Resolved that:-

- (1) The draft Medium Term Financial Strategy be supported; and
- (2) The proposed approach within the Strategy to address the challenge of closing the gap between costs and income in order to produce a sustainable financial position for the foreseeable future be also supported.

29. **Executive Forward Plan**

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

Resolved that the Forward Plan be noted.

30. **Exclusion of the Press and Public**

Resolved that the press and public be excluded from the meeting for the following item as it included exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and that the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

31. **Proposed secured loan to The Collar Factory Limited in relation to the redevelopment of The Collar Factory, Taunton**

Considered report previously circulated, concerning the proposed redevelopment of the former Collar Factory off St Augustine Street, Taunton.

The owner of premises was seeking funding from a number of sources, including a loan from the Council, to enable its redevelopment and the creation of shared work and office space.

The project was described as a next generation workspace complex providing innovation and enterprise space to start-up and emerging businesses alongside learning and training facilities aimed at re-skilling and up-skilling existing workers.

Actively managing the space would ensure a diversified range of small companies with the aim of developing a business cluster that supported valuable opportunities for collaborative working, the creation of an internal market and encouraged a high numbers of start-ups.

The report set out the loan requested together with details of the overall funding package, the security that would be available against the proposed loan, the assessment of risk and an analysis of the demand in the area for the services proposed at the former Collar Factory.

The Executive was requested to support in principle a financial investment in this scheme through provision of loan finance on commercial terms subject to receipt of the applicant's proposed Business Plan, and, completion of due diligence checks, agreeing appropriate security, and other financial checks. The interest rate would be commercially based and linked to the likely exposure to risk.

Reported that as with any investment the provision of a loan would not be risk free, however subject to the Council obtaining sufficient security for the full amount advanced and accrued interest, the balance of risks against the gains in this case were considered to be acceptable.

There were financial benefits for the Council, particularly through increased investment income. This would be augmented by the leverage with other organisations that the loan would create.

The Council's investment would also enable significant benefits to the business environment within Taunton Deane to be achieved which were set out in the report.

The proposed loan was considered by the Corporate Scrutiny Committee at its meeting on 20 July 2017. Members supported the recommendation to the Executive subject to further due diligence being carried out on the applicant's Business Plan.

Resolved that Full Council be recommended to:-

- (1) Approve the principle of a loan as detailed in the report at a commercial rate to The Collar Factory Limited. This loan would be secured against properties in the ownership of the applicant as required, to provide sufficient security for the amount advanced and accrued interest;
- (2) Approve in principle a Supplementary Budget in the Council's 2017/2018 Capital Programme in respect of the loan which was to be treated as capital expenditure; and
- (3) Delegate authority to the Executive Councillor for Economic Development, Asset Management, Arts, Culture and Tourism to agree the terms for the offer of a loan to the applicant, and to enter a Legal Charge drafted in consultation with the Director of Growth and Development, Assistant Director - Business Development and the Section 151 Officer. This offer must provide for adequate security against defined properties, give clarity on the draw-down of funding, loan repayments, the interest rate and other key terms.

(The meeting ended at 7.22 p.m.)