

Executive – 1 April 2009

Present: Councillor Henley (Chairman)
Councillors Brooks, Coles, Horsley, R Lees, Mullins, Prior-Sankey,
Mrs Smith and A Wedderkopp

Officers: Penny James (Chief Executive), Joy Wishlade (Strategic Director),
Tonya Meers (Legal and Democratic Services Manager), Paul Carter
(Financial Services Manager), Maggie Hammond (Strategic Finance
Officer) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Critchard, Farbahi and Morrell.

(The meeting commenced at 6.15 pm.)

36. Minutes

The minutes of the meetings of the Executive held on 26 February 2009 and 4 March 2009, copies of which had been circulated, were taken as read and were signed.

37. Declarations of Interest

The Chairman declared a personal interest as a Member of Somerset County Council. Councillors Brooks and Prior-Sankey declared personal interests as Members of Somerset County Council and as Members of the Somerset Waste Board. Councillor Mullins also declared a personal interest as a Member of the Somerset Waste Board. Councillor Coles declared a personal interest as a Director of Southwest One. Councillor Mrs Smith declared a personal interest as an employee of Somerset County Council.

38. Capital Strategy 2009-2012

Considered report previously circulated, concerning the Capital Strategy 2009/2012, a draft of which had been circulated to Members of the Executive.

Although there was no statutory requirement for the Council to prepare a Capital Strategy, in terms of setting the direction for the use of the Council's capital resources, it was seen as a 'must have' document.

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

- The Vision;
- The identification of the Council's needs and needs gap;
- The management and monitoring of the Capital Programme;
- The Capital Programme and the level of resources available;

- The approach to procurement and partnership working; and
- Linkages to other Corporate Plans.

The draft Strategy for 2009-2012 had been updated from last year's version by incorporating new developments being undertaken by the Council and refreshing the financial data included within the document.

The Strategy and Performance Panel had considered the draft document at its meeting on 10 March 2009 and a number of comments made had been incorporated into the draft document. A further alteration to paragraph 8.4 of the Strategy to remove the reference to a "local housing company" was agreed.

Resolved that:-

- (1) the amended draft Capital Strategy for 2009-2012 be noted; and
- (2) Full Council be recommended to approve the Capital Strategy 2009-2012.

39. **Treasury Management and Investment Strategy for 2009/2010**

Considered report previously circulated, which detailed the Treasury Management and Investment Strategies for the 2009/2010 financial year.

It was noted that Council debt was currently £17,000,000 and outstanding investments stood at £14,500,000. Short-term interest rates were currently at 0.5% and looked to remain at this level throughout 2009/2010.

Long term rates were more stable at 4 – 4.5% (50 years) for this financial year. Noted that with the World and United Kingdom economies continuing to decline – the United Kingdom was officially in recession – interest rates were at historic all time low levels. Inflation also continued to fall.

In addition, borrowing and debt restructuring, if undertaken, would need to take advantage of lower rates and match the Council's debt to capital needs.

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services required local authorities to set the Treasury Management Strategy Statement for borrowing each financial year.

Taunton Deane regarded the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities would be measured. Treasury management risks had been identified in the Council's approved Treasury Management Practices.

Reported that the main risks to the Council's treasury activities were:-

- Liquidity Risk (Inadequate cash resources);
- Market or Interest Rate Risk (Fluctuations in interest rate levels and thereby in the value of investments);
- Inflation Risks (Exposure to inflation); and
- Credit and Counterparty Risk (Security of Investments).

This Treasury Management Strategy also took into account the outlook for interest rates, the Council's current treasury position and its approved Prudential Indicators. Details of the Performance Indicators relevant to the Strategy were submitted.

The report also set out the Council's Investment Strategy which covered the following:-

- The Treasury Position;
- Outlook for Interest Rates;
- Borrowing Requirement and Strategy;
- Debt Restructuring; and
- The Investment Policy and Strategy.

Further reported that the Treasury Management and Investment Strategies, had assumed the largely neutral impact of Project Taunton. However, projects of this scale could have both a positive or negative impact on the timing of capital expenditure and thus cash flow.

As the project stages were developed and approved, any impact on the Treasury function would be assessed and strategies might have to be altered as a result.

Resolved that the Treasury Management Strategies, outlined in the report, be approved.

40. **Conversion of Taunton Market Site to a Surface Car Park**

Considered report previously circulated, concerning a proposal to temporarily convert the former Market Site off Canal Road/Priory Bridge Road, Taunton, which was now vacant, into a surface pay and display car park.

Works to level the surface, mark out parking bays and to provide a suitable number of pay and display ticket machines would be required, as would measures to ensure the whole site was as secure as possible pending the start of the Project Taunton redevelopment works.

Reported that the costs involved would be funded from the monies generated by the sale of equipment following vacation of the site by the Taunton Market Auctioneers. This had produced a net income of £22,800 which was currently uncommitted.

The Executive was also requested to formally reclassify the site as a car park with effect from 1 April 2009. This was required for the purposes of treatment

within the Council's accounts.

Resolved that Full Council be recommended to:-

- (1) approve a supplementary estimate to the capital programme of £22,800 for the conversion of the former Taunton Market Site to a surface car park (funded from within existing resources);
- (2) authorise Executive Councillor Coles to oversee the full spending plan in conjunction with the Parking Manager and Strategic Director; and
- (3) formally reclassify the land as a car park with effect from 1 April 2009.

(Councillor Prior-Sankey declared a further personal interest during the discussion of this item as the Somerset County Council's Transport Portfolio Holder.)

(The meeting ended at 6.56 p.m.)