

Executive – 14 January 2015

- Present:** Councillor Williams (Chairman)
Councillors Mrs Adkins, Cavill, Mrs Herbert, Hunt and Mrs Stock-Williams
- Officers:** Shirlene Adam (Director – Operations), Ian Timms (Assistant Director – Business Development), James Barrah (Director – Housing and Communities), Simon Lewis (Assistant Director – Housing and Community), Lucy Clothier (Accountant), Phil Webb (Property Services Manager), Bruce Lang (Assistant Chief Executive), Donna Nolan (Corporate Manager for Governance, Assets and Public Spaces, Mendip District Council) and Richard Bryant (Democratic Services Manager and Corporate Support Lead)
- Also present:** Councillors Coles and A Wedderkopp
Mr Kit Chapman (Arts Taunton), Mr Richard Holt and Mr Andrew Knutt (both of the Creative Innovation Centre Community Interest Company) and Mr Philip White (Hestercombe Gardens Trust)

(The meeting commenced at 6.15 pm.)

1. Apologies

Councillors Edwards and Mrs Warmington.

2. Minutes

The minutes of the meeting of the Executive held on 3 December 2014, copies of which had been circulated, were taken as read and were signed.

3. Declarations of Interest

Councillor Mrs Herbert declared a personal interest as an employee of the Department of Work and Pensions. Councillor Hunt declared a personal interest as a Member of Somerset County Council.

4. Support and funding for the Arts and Creative Industries

Considered report previously circulated, concerning requests for financial assistance from three organisations within the Arts and Creative Industry sector.

The three applications were being considered together as they enabled a wider perspective on the key role that the Arts and Creative Industries played in supporting the economy of Taunton Deane.

Arts Taunton

Arts Taunton was the umbrella organisation that sought to draw together Cultural and Arts organisations in Taunton Deane creating a vibrant, coordinated programme of activity. There were four key actions the group intended to take which had financial implications:-

- (1) An independent feasibility study to evaluate whether the aspiration expressed by a number of organisations within the consortium for a 1000-1500 seat flexible entertainment venue was viable in Taunton. The estimated costs based on similar studies was in the region of £40,000. Arts Council England (ACE) had been approached for possible funding. ACE had advised that a strong Business Case would be needed to support any application for funds. Further work was therefore required on this concept before any application was submitted.
- (2) An audit of all performing spaces in Taunton, their capacity and infrastructure. This work was being done by Richard Huish College in conjunction with other members of the organisation. The cost of this work was £750 and was being funded through individual partner's contributions.
- (3) The Taunton Cultural Consortium had been rebranded to take on the new name Arts Taunton. The new brand had a strapline of "Driving prosperity through culture". However the re-branding involved costs particularly around publicity materials which included a new website. These costs were estimated to be a maximum of £10,000 which the Council had been asked to consider funding.
- (4) The final proposal of note was to make available a public space with good footfall for a regularly changing "pop-up" art display. This would create interest in the town and create a place for the display of work a range of local artists and sculptors. Suitable locations and potential budgets would be researched which could be used to deliver this proposal.

Hestercombe Gardens Trust

The trust had applied for a grant of £10,000 for each of the next two financial years 2015/2016 and 2016/2017. This would enable continued delivery of the Contemporary Arts Gallery at Hestercombe House.

This funding would enable access to an ACE grant which for the two year project was worth £96,000. The total project cost was being finalised but was likely to be in the order of £180,000. The allocation of this funding therefore would create leverage for access to significant match funding. The Trust also outlined the significant footfall generated by the Gallery during this year and the number of additional volunteers that had been recruited to deliver the work. This represented significant economic benefit to the area.

Creative Innovation Centre Community Interest Company (CICCIC)

The CICCIC was a non-profit organisation that encouraged the participation and development of businesses and the creative industries; for practitioners, groups, individuals, businesses, start-ups and the local community. Through knowledge

exchange, music, art, heritage and performance CICCIC's events and workshops focused on the diversity and growth of enterprise, community and culture.

The organisation was seeking £20,000 funding per annum (2014/2015, 2015/2016 and 2016/2017) a total revenue budget commitment of £60,000 in order to sustain the CICCIC's financial viability and investment in business growth.

During the discussion of this application Members raised a number of issues on the content of the Business Plan submitted by CICCIC and requested clarification of the points raised.

The three applications had been considered by the Corporate Scrutiny Committee on 11 December 2014 and details of its recommendations to the Executive were submitted.

Resolved that:-

(a) Full Council be recommended to approve:-

- (i) A Supplementary Estimate of £10,000 for 2014/2015 from General Fund Reserves to enable a grant to be made to support Arts Taunton; and
- (ii) A Supplementary Estimate of £20,000 from General Fund Reserves to enable a grant be made to the Hestercombe Gardens Trust. The funds would be held in an earmarked reserve with £10,000 available in both the 2015/2016 and 2016/2017 financial years; and

(b) A decision on the application for funding from the Creative Innovation Centre Community Interest Company be deferred until the next meeting pending the receipt of further information in connection with the submitted Business Plan.

5. Review of Housing Revenue Account Business Plan 2012-2042

Considered report previously circulated, which detailed the latest review of the Housing Revenue Account (HRA) Business Plan 2012-2042.

Since the last review process (Minute No. 10/2014 refers), a number of significant changes and issues had arisen that impacted on the Business Plan, which had resulted in a further review being undertaken.

Business Plan – Income

Inflation Assumptions - From 2015/2016 dwelling rent income was to have been uplifted annually by the Consumer Price Index (CPI) + 1% (revised from the Retail Price Index (RPI) + ½%) in accordance with national rent guidance.

CPI for September 2014 was 1.2%. This was the lowest inflationary uplift in 5 years, and significantly lower than the expectation in the Business Plan of 2%. Although good news for tenants, this had created a pressure in the 2015/2016

budget of £176,000 due to reduced income expectations. This reduction in income over the remaining 26 years of the Business Plan equated to £10,500,000.

Business Plan – Expenditure

Apprentice Scheme - The Housing Service had long held an ambition to provide work placements for individuals from within our communities to allow them to gain vital skills and experience that would enhance their life opportunities and employment potential.

Subject to Member approval it was hoped an Apprentice Scheme would start in September 2015.

It was also hoped it would be possible, having regard to employment law, that the scheme could be ring fenced to benefit tenants and their families. A financial provision of £24,000 per annum was to be included in the Business Plan to support the costs of the project.

Welfare Reform - A range of measures had been taken to mitigate the impact of Welfare Reform. Key to this work has been the provision of a temporary Welfare Reform Project Officer post. With Universal Credit due to be deployed imminently it was proposed to extend the provision of this post by a further two years to provide the necessary capacity at a cost of £33,000 per year.

Capital Investment - A significant element of expenditure in the Business Plan related to investment in improvements to Council-owned homes. Addressing the known backlog of works combined with a high level of cyclical replacement due in the earlier years of the plan had created a higher level of expenditure in the earlier years which would reduce significantly in around seven years' time.

A review of the profile of spend required in the next few years had been undertaken and although the spend over 30 years remained the same, the investment needed in the medium term was approximately £3,300,000 more than was currently provided in the Business Plan.

It was therefore necessary to make some adjustments to some non-essential expenditure lines to ensure the necessary cash flow was in place to support the major works capital programme. These were outlined below:-

Extensions - The Business Plan currently contained a budget of £160,000 per year for undertaking individual extension projects. Experience had shown that delivering such projects took considerable staff time and that this would be more effectively deployed at new build development projects. It was therefore proposed to discontinue this budgetary provision from 2015/2016 onwards.

Environmental Improvements - At the start of the Business Plan a provision of £150,000 per year had been made to support environmental improvements that had previously been unaffordable. Based on feedback from residents, two key areas of projects had come forward - additional car parking and provision for mobility scooter storage.

A range of projects had already been completed and others were under consideration. However, to ensure essential major works were funded, it was proposed that the profile of this expenditure should be decreased to £50,000 for the next seven years.

Sustainable Energy Fund - Provision of £220,000 per year had been made to support initiatives to improve the thermal performance of our properties and to assist residents with the cost of heating homes. Initially this budget was established to support the provision of Air Source Heat Pumps but this was now fully integrated into the Capital Programme. Similarly projects were underway for significant investment in Solar PV and some external wall insulation provision.

Again, in order to ensure essential major works were funded in the future, it was proposed that the profile of this expenditure be decreased to £100,000 for the next seven years.

Noted that, in summary, the total capital investment in the Business Plan had not changed. What was proposed, was an adjustment of the profile of specific expenditure lines to ensure the early years major works capital expenditure expectations were affordable.

Development Programme and Borrowing Headroom

The Council's new build programme was now well established with work on further schemes progressing. New build projects were planned to be revenue cost neutral to the HRA Business Plan in that the new rental income would offset the interest costs of funding schemes by borrowing over a 30 year period.

However in order to ensure borrowing costs did not exceed income, affordable housing would always require subsidy which was created from capital receipts additional Right to Buy receipts and contributions from the Social Housing Development fund. £1,000,000 per year was set aside in the Business Plan for the provision of new Council housing.

Where borrowing was required the HRA was currently subject to a borrowing cap which could not be exceeded. However, current borrowing was still significantly lower than the cap so the Council still had "borrowing headroom" of in the region of £13,500,000.

Voluntary code for a self-financed Housing Revenue Account

The introduction of HRA self-financing had given local authorities the freedom to develop and deliver a more positive, less constrained, vision for Council housing. In order to support local authorities in assessing and developing, a voluntary code of practice had been developed by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Housing. This had formally been adopted last year and a self-assessment against these principles had recently been undertaken.

Generally the self-assessment outcomes were positive in that the Council had good controls in place to manage the significant risks associated with the self-financed

HRA. However, a number of areas where further work and review were required had been identified, details of which were reported.

Overall the 30 year Business Plan continued to forecast a healthy financial position over the long term. The current spending plans would create a small budget pressure in the medium term, which would need to be managed in order to produce an affordable budget forecast for the HRA Medium Term Financial Plan.

Resolved that the proposed changes to the Housing Revenue Account Business Plan be approved.

6. **Proposed Business Case for a Shared Legal Service**

Considered report previously circulated, which set out the latest position in respect of the preparation of a draft Business Case for establishing a shared Legal Service between Mendip District Council (MDC), Taunton Deane Borough Council (TDBC) and West Somerset Council (WSC).

The three Councils had been working together to examine the feasibility of sharing legal services. This work had flowed from the Somerset Shared Services Task and Finish Group which directed that such a project should be potentially undertaken across all Somerset authorities.

Following the completion of an outline business case in April 2014, Somerset County Council, Sedgemoor District Council and South Somerset Council had decided not to pursue the matter at this time. However, MDC, TDBC and WSC had agreed to pursue their ambition to forge a constructive partnership to deliver legal services collectively.

A Joint Officer Project Board had been established to develop the Business Case. Its vision was to create a dedicated service to support public and third sector clients with specialist and cost effective advice.

The key objectives of the project would be to:-

- Deliver a significant budget saving for TDBC and WSC;
- Create a flexible resilience model, with a critical mass of expertise;
- Provide enhanced efficiency and effectiveness; and
- Establish an arrangement that would operate for a minimum initial five year period with a review at the end of year four.

The outcome from this work was the production of a draft Business Case for a shared Legal Service based on the model of MDC to be the host authority and aiming for an implementation date of 1 April 2015. A copy of the Business Case was provided to Members of the Executive for information.

The lead authority model option was seen to be the most appropriate as it would enable the three Councils to set up a shared service relatively swiftly with the minimum of risk. It was likely to be seen as a first step towards a fully integrated service that could be potentially expanded with further partners at a later date. By

adopting this model at this stage it would also not preclude revisiting other options at some time in the future, such as, for example, the South West Audit Partnership approach.

It was proposed that MDC should be the host authority for the following reasons:-

- they had the management capacity to absorb the work required;
- they had significant experience of managing such joint arrangements, for example, managing the WSC Legal Contract and also undertaking legal work for Somerset County Council;
- their financial requirements were more flexible which would enable MDC to bear some upfront management costs whilst ensuring that TDBC and WSC could benefit from immediate savings; and
- they were very committed and keen to undertake this role.

The host authority model involved current TDBC staff being transferred under the Transfer of Undertakings and Protection of Employees (TUPE) Regulations to MDC. There had been consultation with all affected staff throughout the process. It was anticipated that all existing staff would have the option of a job in the new shared service.

Reported that the Business Case had demonstrated that for TDBC the annual cost of providing the Legal Service would be reduced by £25,230 to £225,207, representing a 10% saving. Correspondingly, the annual cost to WSC would be reduced by £20,113 to £113,977 which represented a 15% saving.

MDC had agreed to defray initial savings on the basis that in the Business Case it was anticipated that there would be some growth in terms of generating additional income and the distribution formula for this would be set to ensure that MDC received a 15% saving from this income as the first priority. Additional growth beyond this would then be distributed between the three partners based on a formula linked to their respective inputs into the partnership.

Reported that the high level financial Business Case had been signed off by the Section 151 Officers of the three Councils.

Members were also informed of the likely positive impacts the implementation of the Business Case would have along with the proposed timetable going forward.

Noted that consultations had been undertaken with UNISON and the affected staff at the three Councils. The comments received from the Taunton Deane UNISON Branch and the Management responses thereto were attached to the report as appendices.

Copies of further documents, including reports produced by the Association for Public Excellence (APSE) and the Chartered Institute of Public Finance and Accountancy (CIPFA), had been circulated for the information of Members.

The Business Case had been considered by the Scrutiny Committees and Cabinets of both WSC and MDC, all of whom were fully supportive of the proposal. Full

details of the considerations that had taken place were detailed in the report.

TDBC's Corporate Scrutiny Committee had considered the proposal at its meeting on 20 November 2014 where, after a lengthy debate, the decision was taken to defer consideration until such time as the report from APSE had been received.

A further meeting of the Corporate Scrutiny Committee had been held on 13 January 2015 when, again after a long discussion, Members agreed to support the introduction of a Shared Legal Service subject to a six month 'break clause' being included in the Inter Authority Agreement between the Councils which could be invoked by TDBC after the first three years of operation of a shared service.

Reported that MDC had indicated that it was amenable to this amendment subject to certain 'receipted costs' incurred by that authority being able to be recouped. Such costs would be agreed at the time of any termination of the agreement.

The Executive accepted this recommended change to the Inter Authority Agreement from the Corporate Scrutiny Committee.

Resolved that:-

- (1) Full Council be recommended to approve the draft Business Case for a Shared Legal Service to be implemented with effect from 1 April 2015 as set out in the report, subject to the Inter Authority Agreement relating to the partnership containing the provision for Taunton Deane Borough Council to have the right to determine the Agreement upon serving six months' notice on 30 March 2018; and
- (2) Cognisant of the comments from Mendip District Council in response to the inclusion of the six month break clause referred to in resolution (1) above, it be noted that the Inter Authority Agreement would include the provision that, should Taunton Deane Borough Council implement this break clause, there will be a requirement for Taunton Deane to pay to Mendip District Council their apportionment of receipted costs related to the Legal Shared Services start-up costs. Such figure to be agreed by the respective Council's Chief Executives and Section 151 Officers.

7. **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 8.20 p.m.)