

Executive – 16 March 2011

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

Officers: Penny James (Chief Executive), Shirlene Adam (Strategic Director), Joy Wishlade (Strategic Director), Maggie Hammond (Strategic Finance Officer), Dan Webb (Client and Performance Lead), Paul Fitzgerald (Financial Services Manager), Adrian Priest (Asset Holdings Manager, Southwest One), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager).

Also present: Councillors Gaines, Morrell, Stuart-Thorn and A Wedderkopp

(The meeting commenced at 6.15 pm.)

28. Apologies

Councillors Cavill and Edwards.

29. Minutes

The minutes of the meetings of the Executive held on 2 February 2011 and 10 February 2011, copies of which had been circulated, were taken as read and were signed.

30. Declaration of Interests

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

31. Treasury Management Strategy Statement and Investment Strategy

Considered report previously circulated, which detailed the Treasury Management and Investment Strategies for the 2011/2012 financial year.

It was noted that Council debt was currently £14,500,000 and outstanding investments stood at £16,200,000. Short-term interest rates were currently at 0.5%. However, the rates were forecast to rise to 0.75% in the third quarter of the year and to 1% in the fourth quarter of 2011.

Long term rates were more stable at 4.5% - 4.75% (50 years) for this financial year. Noted that interest rates remained at historic all time low levels.

Reported that the purpose of the Treasury Management Strategy Statement and investment Strategy (TMSS) was to approve:-

- The Treasury Management Strategy for 2011/2012 (Borrowing and Debt Rescheduling);
- The Prudential Indicators;

- The Minimum Revenue Provision Statement; and
- Use of Specified and Non-Specified Investments.

A full copy of the TMSS, which had been prepared by the Council's Investment Consultants Arlingclose, was submitted for the information of Members.

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code required local authorities to determine their TMSS and Prudential Indicators on an annual basis.

Taunton Deane was responsible for its treasury decisions and activity. No treasury activity was without risk. The successful identification, monitoring and control of risk were integral elements to treasury management activities and included Credit and Counterparty Risk (Security of Investments), Liquidity Risk (Inadequate cash resources), Market or Interest Rate Risk (Fluctuations in interest rate levels and thereby in the value of investments), Refinancing Risk (Impact of debt maturing in future years) and Legal and Regulatory risks.

This TMSS also took into account the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position, the Prudential Indicators and the outlook for interest rates.

Further reported that since the last TMSS had been agreed, the Department for Communities and Local Government had undertaken consultation on the reform to the Council Housing Subsidy System.

This consultation proposed to remove the subsidy system by offering a one-off reallocation of debt. Details of the new system had been introduced in the Localism Bill to enable the new system to start in 2012, subject to the enabling legislation being passed during 2011.

This would require the Council to fund the amount owed (£87,200,000) in the medium term through internal resources and/or external borrowing. The Council had the option of borrowing from the Public Works Loan Board or the market. Noted that the type of loans taken would be decided following discussions with the Council's Housing Department and Arlingclose.

This likely future borrowing had been included in the Capital Financing Requirement and other projections within the report.

Among a number of other issues, reports to the Executive on treasury management activity/performance would be made every six months against the strategy approved for the year.

The Council would also produce an outturn report on its treasury activity no later than 30 September after the financial year end and the Executive would be responsible for the scrutiny of treasury management activity and practices.

Updates on reviewing and addressing training needs and the Council's current Investment Consultants were also submitted.

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

32. **Financial and Performance Monitoring – Quarter 3 2010/2011**

Considered report previously circulated, which provided an update on the financial position and performance of the Council to the end of Quarter 3 of the 2010/2011 financial year (as at 30 December 2010).

The monitoring of the Corporate Strategy, service delivery, performance indicators and budgets was an important part of the overall performance management framework.

Reported that a high level summary of key successes and/or improvements in Quarter 3 included:-

- Seven of the nine Corporate Aim objectives were on target;
- Council Tax and National Non-Domestic Rates debit collection rates were on course for the 2010/2011 target and the Quarter 3 results were an improvement on the same period last year;
- 99.7% of calls to the Customer Contact Centre were resolved at the first point of contact;
- Speed of processing Benefit claims (new and changed circumstances) were on course for the 2010/2011 target and an improvement on the same period last year;
- Five of the six key Council Projects were reported as being on course (Local Development Framework/Core Strategy; Housing Inspection Project; Core Council Review; Project Taunton; and the Halcon Project);
- Sundry Debts – the level of overdue debt owed to the Council had fallen significantly between Quarter 2 and Quarter 3;
- Landlord Services – the latest satisfaction survey showed 99% satisfaction with repairs; and
- Environmental Health Licensing Inspections had increased from 71% in Quarter 2 to 94% in Quarter 3.

Areas either off course or where objectives were not being met included the Housing Revenue Account (HRA) which was forecast for a £593,000 overspend for the year, HRA Capital which was forecast for a £343,000 overspend for the year, procurement benefits which were behind the original forecast and Equality Action Plans and Equality Impact Assessments which were not yet embedded into the Council's procedures.

Further reported that Full Council had approved the 2011/2012 General Fund Budget at its meeting on 22 February 2011. The Budget included savings plans that had resulted in the redundancy of three staff, with the expectation that any associated redundancy costs would be met from General Reserves.

A recommendation was therefore included in the report to ensure the requisite approval was in place for a Supplementary Budget allocation in 2010/2011. This did

not alter any budget decisions, but ensured that budget approval regulations were adhered to.

The financial information provided also included a variance in spending between capital and revenue maintenance within the HRA.

Given the amounts involved it was proposed to transfer £400,000 from the Revenue Maintenance Budget to the 'revenue contributions to capital' (RCCO) budget within the HRA. A recommendation was therefore also included in the report to ensure the requisite approval was in place for a Supplementary Budget allocation in the 2010/2011 HRA Capital Programme, to reflect the increased capital maintenance spend (to maintain the Decent Homes Standard).

Resolved that:-

(1) the report be noted; and

(2) Full Council be recommended to approve:-

- (i) a supplementary budget in the 2010/2011 General Fund Revenue Budget of £28,000 for redundancy costs, to be funded from General Reserves;
- (ii) a budget transfer ("virement") of £400,000 from Housing Revenue Account Maintenance to Housing Revenue Account Revenue Contributions to Capital; and
- (iii) a supplementary budget of £400,000 in the 2010/2011 Housing Revenue Account Capital Programme for Decent Homes Maintenance, to be funded by Revenue Contributions from the Housing Revenue Account budget.

33. Project Taunton and Growth Point Funding 2011/2012

Project Taunton had originally been funded by contributions from three partners - Somerset County Council, Taunton Deane and the South West Regional Development Agency.

Since 2007, although further money had been received from the South West Regional Development Agency for capital costs of property and land purchases, the Homes and Community Agency for a further property purchase and from Taunton Deane towards the capital investment in Somerset Square, the bulk of funding had come from the Growth Points Fund of Central Government.

The Project Team had been very successful at bidding to this fund and considerable amounts of revenue and capital funding had been received. However this funding stream was now at an end.

Reported that budgets and spending plans had been agreed year on year with the Advisory Board and via the formal political mechanisms of the Council. The revenue funding had been spent on project costs including salaries. The capital funding had been spent on delivery of projects. The final payment of Growth Points funding has now been received and its recommended allocation was as follow:-

Revenue funding: There was £327,900 left in the revenue budget. This was just sufficient to support the Project Taunton Delivery Team for a further year and left a slim contingency of £33,700. It was possible that staff time spent on delivering specific capital projects could be allocated to capital, although this was still under consideration.

Capital funding: As mentioned previously, capital funding had come from a number of sources over the past few years, principally though from the Department for Communities and Local Government with the Growth Points programme. The total of what had been spent, plus what had been committed on current projects totalled £7,092,000 leaving a balance of unallocated funding of £516,459.

This was over and above any projects that had already been agreed. £230,000 of this amount has been allocated to additional projects including Coal Orchard, High Street, Network/Bus Station Masterplanning and town signage. These were projects which had not had funding allocated to them but which were, in the Delivery Team's view, those which would ensure that the town centre had all the physical links in place to make it "work".

This left an estimated balance of £286,459 that remained unallocated and this money would be rolled forward into the next financial year. It was considered important that a healthy contingency was retained for unforeseen items of expenditure.

Further reported that in April 2007 the Executive had agreed that when the land at Coal Orchard was sold to Somerset County Cricket Club, the amount remaining from the capital receipt once Somerset Square was completed, should be transferred to Project Taunton for the delivery of other schemes. This amount had subsequently been identified as £100,000.

However, it had since come to light that this money had not been allocated to Project Taunton but had simply been returned to Taunton Deane's Capital Programme.

The totals included in the report assumed that this £100,000 had been re-allocated to Project Taunton. In practice this sum could come from either a capital receipt or from another source such as the Housing and Planning Delivery Grant. The latter method was the one recommended by the Financial Services Manager.

Resolved that:-

- (a) The revenue and capital spending plans for the use of Growth Point funding in 2011/2012 be agreed; and
- (b) It also be agreed that £100,000 be added to the Project Taunton Capital Programme Expenditure Budget for 2010/2011 and the associated funding for this be transferred to a Project Taunton Capital Reserve from the Housing and Planning Delivery Grant.

34. **Executive Forward Plan**

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

Resolved that the Forward Plan be noted.

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

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

36. **Potential for the Disposal of an Asset, Taunton**

Considered report previously circulated, detailing a proposal to dispose of a capital asset in Taunton which was jointly owned by the Council and another local authority. The land in Taunton Deane's ownership was currently leased to a third party.

In accordance with the current Taunton Town Area Action Plan, uses of the site that were considered appropriate included residential, retail, office space and leisure. The Council's advisors, King Sturge, had also indicated that sheltered housing, affordable housing or student accommodation might also be acceptable on the land concerned.

Reported that the concerns raised by Members, when this matter had been considered at the Corporate Scrutiny Committee meeting on 27 January 2011, had been addressed and were detailed in the report.

Resolved that:-

- (1) The disposal of Taunton Deane's interest in the site identified on the plan submitted with the report, jointly with the other local authority and the leaseholders, be approved; and
- (2) King Sturge be appointed as agents to market the site as a development opportunity inviting informal tenders, subject to contract and planning from interested parties, with the legal work being carried out by a solicitor jointly appointed by Taunton Deane, the other local authority and the leaseholders with the costs shared as set out in the report.

(The meeting ended at 7.51 pm.)