

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.)

Executive – 30 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), Brendan Cleere (Strategic Director),
Maggie Hammond (Strategic Finance Officer) and Richard Bryant
(Democratic Services Manager)

Also present: Councillors Bishop, Cavill, Mrs Copley, Mrs Court-Stenning,
Critchard, Denington, Farbahi, Mrs Floyd, Gaines, Hall, Ms Herbert,
Miss James, Mrs Lees, Meikle, Morrell, Paul, P Smith, Mrs Stock-
Williams, Stuart-Thorn, Thorne, Mrs Waymouth and Williams.

(The meeting commenced at 6.15 pm.)

41. Minutes

The minutes of the meetings of the Executive held on 1 April 2009, copies of which had been circulated, were taken as read and were signed.

42. 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 Prior-Sankey also declared a personal interest as a Member of the Somerset Strategic Housing Partnership. 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.

43. Core Council Review – Alternative Approach

Reference Minute No. 19/2009, considered report previously circulated, concerning a proposed alternative approach to completing the Core Council Review.

The original aim of the Core Council Review was to introduce a new structure and ways of working that would enable the Core Council to:-

- Be fit for purpose, deliver the Council's vision, widened roles and ways of working; and
- Deliver substantial efficiency savings for 2009/2010 and beyond.

Proposals for new ways of working and a new structure for the Core Council were approved by Full Council on 17 February 2009. The Core Council staffing structure was based on four themes:-

- Theme 1 – Strategy and Corporate;
- Theme 2 – Growth and Development;
- Theme 3 – DLO Business; and
- Theme 4 – Operations and Regulation.

The detailed structure for Theme 1 became operational on 1 April 2009.

The remaining Themes were due to come forward at different times during 2009/2010, in accordance with the agreed phasing timetable. However, having implemented Theme 1 and reflected on the Council's decision to attach particular importance to Theme 3, the Corporate Management Team (CMT) had developed an alternative approach to completing the Core Council Review.

It was proposed that Themes 2 and 4 should be brought together onto the same implementation timetable. This would involve the early recruitment of two permanent manager posts for the Growth and Development Theme and one permanent manager post for the Operations and Regulation Theme.

The level of responsibility on the Theme Manager posts would be significantly higher than existing Core Council Managers and remuneration would therefore be the same as set for the Theme Manager posts in the Strategy and Corporate Theme.

Initially, these Theme Managers would work with the relevant Strategic Director and bring forward detailed structural proposals for Themes 2 and 4, for consultation and consideration. All other structural arrangements for these Themes would remain.

Internal applications would be sought in the first instance for the Theme Manager posts and if necessary, temporary back-filling arrangements would be made to cover vacancies arising from internal promotion to these posts. External recruitment would follow if any posts remained unfilled.

It was also proposed that the existing temporary post of Project Taunton Delivery Manager was made permanent. The post had been wholly funded from external sources, but if this ceased, the Council would need to consider funding this post as part of its staff establishment.

CMT had considered the Council's resolution to give Theme 3 priority and detailed their proposals. These included discussions with UNISON and Members and commissioning independent and external specialist advice to develop options.

CMT believed that a robust and independent approach was required to fully explore the options for this Theme, applying best value principles of challenge, comparisons, consultation and competition.

A final review of the working structure, including CMT would be undertaken in 2010, six months after the four Themes were fully operational.

The current political managements would be reviewed when detailed proposals for the new Core Council structure had been agreed. This would coincide with the new Municipal Year in 2010.

Theme 1 would generate savings of £342,000 per annum. The one-off costs of implementation were £750,000, which fell within the sum of £1,000,000 from General Fund Reserves. Noted that the balance of £250,000 would be returned to reserves, leaving a General Fund Reserve position of £1,550,000.

The proposed alternative approach had a number of financial implications. For Themes 2 and 4, there would be a one-off additional cost in the range of £27,030 to £161,330, incurred as a result of having three new Theme Managers in post for a period of up to 9 months. The one-off costs would depend on whether the new Theme Managers were recruited internally or externally.

The alternative approach to Themes 2 and 4 had a number of significant benefits, including:-

- The early creation of additional capacity, in the form of new Theme Managers to develop detailed proposals and help the Council through a period of major structural and cultural change;
- The early establishment of a 'peer group' of Theme Managers to help embed the new ways of working that were critical to the success of the new Core Council;
- Retention of key staff and levels of service in Themes 2, 3 and 4 during the proposal and implementation phase;
- A simpler, more coherent and 'joined up' approach to consultation, achieved by bringing the timetable for Themes 2 and 4 together. This would save time and energy for all staff, unions and Members involved in the process;
- The ability to make connections between Themes as they were working over the same timetable; and
- Implementation of all three remaining themes within the 2009/2010 financial year.

A supplementary estimate of £148,000 from General Fund Reserves would be required to fund one-off costs. Similarly, a sum of £13,400 would be required from the Housing Revenue Account Reserve.

The main cost for the DLO Theme would arise from commissioning independent external advice. A sum of £80,000 would be required to be earmarked from DLO reserves to fund this part of the Core Council Review.

Savings from Themes 2, 3 and 4 would not be known until proposals were published later in the year. It was hoped that any savings identified could be used to replenish reserves and fund posts in the new theme structures.

If the alternative approach was not supported, the original approach would stand. The original approach had the benefit of reduced one-off costs, but had some potential risks, which included:-

- Lack of capacity to complete the Core Council Review to timetable and/or maintain 'business as usual'; and
- Loss of key staff who might seek opportunities elsewhere while the review was rolled out.

Consultation with UNISON, staff and Members had taken place in previous stages of the Core Council Review. UNISON and staff representatives had been asked to give feedback on the consultation that had taken place with suggested improvements for later stages of the Review.

The latest views of UNISON on the alternative proposals were circulated for consideration.

Formal consultation would take place with staff and Members when detailed proposals for the remaining Themes for the Core Council had been published. This would be in addition to informal consultation through staff briefings, workshops and attendance at team meetings.

Resolved that:-

- (1) the proposed amended approach to completing the Core Council Review, be endorsed, including:-
 - (a) the making permanent the post of Project Taunton Delivery Manager;
 - (b) a supplementary estimate of £148,000 from General Fund Reserves to cover the costs involved;
 - (c) £13,400 being taken from the Housing Revenue Account Reserve also towards the overall costs; and
 - (d) the sum of £80,000 being earmarked from the DLO Reserves to fund the commissioning of independent external advice; and
- (2) Full Council be recommended to approve the alternative approach to

completing the Core Council Review.

(Councillor Horsley left the meeting at 6.40 p.m.)

(The meeting ended at 6.57 p.m.)