

Executive - 28 May 2003

Present: Councillor Williams (Chairman)
Councillors Bishop, Mrs Bradley, Mrs Bryant, N Cavill, Edwards, Garner, Hall and Mrs Lewin-Harris

Officers: Mr S Fletcher (Chief Executive), Mr J J Thornberry (Director of Corporate Resources), Mr A Hartridge (Director of Development), Mrs P James (Director of Community Services), Ms S Adam (Head of Finance), Mrs N Heal (Public Relations Officer) and Mr G P Dyke (Member Services Manager)

Also Present: Councillors Henley, House, Mrs Jones, Lisgo, Miss Peppard, Trollope, Wedderkopp and Weston

(The meeting started at 6.00 pm.)

11. Minutes

The minutes of the meeting of the Executive held on 15 April 2003 were taken as read and were signed.

12. Public Question Time

(a) Mr Barry Nowlam drew attention to the increased cost of the Wellsprings Centre and asked what was the procedure for surcharging those Councillors who had been in favour of providing it.

Mr Nowlam was informed that surcharging no longer existed in law as a concept of control. There were now other ways of making complaints about Councillors, details of which could be provided.

(b) Councillor Henley, as a member of the public, asked what were the future plans for football pitch provision in Wellington.

Councillor Mrs Bradley replied that work on pitches had been delayed because of the weather. The playing fields strategy was one of many currently being investigated. Mrs P James, Director of Community Services, confirmed that the sports pitches strategy would be submitted to the next meeting of the Executive. She undertook to provide Councillor Henley with a written reply to his question.

13. Galmington Playing Field

Submitted report previously circulated regarding the financial consequences of the Charity Commission enquiry into the Council's management of the Galmington Playing Field.

The Council had been accounting for and treating the Galmington Playing Field as part of the Council's general asset base. A local benefactor had conveyed the field to

the Council in 1931 for use by the local community. This subsequently became registered as a Charitable Trust. The Charity Commission had undertaken an inquiry into the Council's administration of the Trust.

The Council was the owner of the playing field and also the trustee of the charity. The Trust was subject to different accounting rules from the other playing fields owned by the Council. The Trust was subject to the rules laid down by the Charity Commission and other relevant charity legislation. As such the Council must account for the income and expenditure relating to the playing field separately from the other council property.

At present the Galmington Playing Field cost more to maintain than the income received from its use. This cost had currently been met from the Parks and Playing Fields budget within the General Fund. These transactions now had to be removed from the General Fund.

The Council, as trustee, was obliged to make financial provisions for the Trust to ensure that it was able to continue operations in future years. Therefore the Council had two options: (a) to raise income levels to cover the running costs; (b) to continue to meet the annual deficit through an annual contribution from the General Fund budget.

An increase in pitch fees of some 300% would be necessary to meet the current deficit. Therefore option (b) was the only realistic option to meet the annual deficit.

The only asset the Trust should have was the playing field itself. As trustee, the Council was required to protect any capital that the Trust had and could not sell or dispose of any of the capital of the Trust without the prior consent of the Charity Commission. However in 1987 a portion of the field was sold to the adjoining hospital without reference to the Commission. The amount received was £4,900 and it had not been possible to confirm the precise treatment of this income.

The Charity Commission required the Council to re-establish this capital receipt as an additional asset of the Trust. This meant that the capital received, together with compounded annual interest since 1987/88, would be maintained as an interest bearing "Permanent Endowment" of the Trust. In total this now amounted to £16,150. The annual interest generated from this investment would now be used to reduce the annual deficit of the playing field. This interest would ordinarily be credited to the General Fund, therefore the amount of interest that the Fund received would reduce by an estimated £560 per annum.

In order to create this Endowment, it was necessary to take this amount from the General Fund Reserve and as such approval by Council was required.

RESOLVED that the report be noted and Council be recommended to agree the transfer of £16,150 from the General Fund Reserve for the creation of the Permanent Endowment Fund of the Galmington Playing Field Trust.

14. Final Accounts

Submitted details of all relevant contract final accounts which were now reported on an annual basis. The accounts with those on which there was relevant information available had been audited up to the end of the preceding financial year and had not previously been reported to Members.

RESOLVED that the report be noted.

15. The Prudential Code

Reported that Part 1 of the Local Government Bill 2002 concentrated on the capital finance regime. The existing system of credit approvals and supplementary credit approvals was to be abolished at the end of the current financial year 2003/04 and replaced by a new system referred to as the Prudential Regime for financial years 2004/05 onwards.

The basic principle of the Prudential Regime was that local authorities would be free to invest as long as their capital spending plans were affordable, prudent and sustainable.

The new system would be regulated by the Prudential Code which sets out indicators that local authorities must use and the factors they must take into account to demonstrate that they had fulfilled the objectives outlined above. The Code would apply to both the General Fund and the HRA.

CIPFA had now published the draft Prudential Code for consultation.

Submitted details of the objectives and principles of the Code, together with its potential implications for the Council. The Head of Finance had responded to this technical consultation on behalf of the Council. The main issues drawn out in the response included:-

- Finalisation of the Code as soon as possible to allow Authorities proper time to consider its implications for the 2004/05 budget setting round.
- The issue of “monitoring the Prudential indicators”. Whilst it was right that the full Council (the budget setting body), set the initial indicators, it was felt more appropriate for the monitoring of those indicators to be done by the body responsible for budget monitoring (ie not full Council).
- A request to the Government to explain how they intended to provide revenue support for borrowing under the new regime (the draft Code was silent on this issue). The Office of the Deputy Prime Minister had stated that the Single Capital Pot would continue but had not yet offered any indication on how it would work. It was hoped that a further consultation document would be published on this area in the next few months.

- A request to the Government to consider an early announcement on the floors and ceilings to be applied to the 2004/05 Local Government Finance Settlement.
- A request to the Government to consider moving towards a three year funding plan for local government. This would allow Authorities to plan ahead with a greater certainty and make the now published three year financial plans more robust.

A further report would be submitted to the Executive when the finalised Code was published.

RESOLVED that the introduction of the Prudential Regime for capital and its implications for Taunton Deane Borough Council be noted.

16. Wellsprings Funding

Submitted report which outlined the funding position on the Wellsprings Project now the Sport England decision was known.

The report to full Council on 22 April 2003 set out the anticipated costs of completion together with the expected funding positions on Wellsprings as follows:-

COSTS TO COMPLETE THE PROJECT

	Advance Contract - Already Funded	Main Contract - Funding Required	TOTAL
	£	£	£
Contract Costs ('GMS)	148,453	1,648,347	1,796,800
Symonds Fees	111,825	76,528	188,353
Clerk of Works	-	18,900	18,900
Equipment to be Purchased	-	22,000	22,000
Irrecoverable VAT	13,665	92,703	106,368
	273,943	1,858,478	2,132,421

FUNDING SOURCES FOR MAIN CONTRACT

	£
Sport England Lottery (remainder of original bid)	238,327
Sport England Lottery(February 2003 Bid)	550,000
Somerset County Council	200,000
TDBC Contribution	*870,151
Total Funding Package for Main Contract	1,858,478

* It was recommended that extra funding of £100k be set aside to cover further legal fees.

The report went on to set out how Taunton Deane share of the funding package (£870,171 plus £100,000) would be met.

Sport England had recently rejected the Council's bid for extra funding. Therefore in order to complete the project, Taunton Deane Borough Council must find the £550,000 from its own resources. As agreed at Council on 22 April 2003, this funding decision was delegated to the Chief Executive together with the Head of Finance and the Leaders of the political parties.

The Chief Executive, Head of Finance and the Leaders of the political parties met on 2 May 2003 and agreed the following funding plan to complete the project.

Funding Sources	£
Amount of currently unallocated capital resources	315,000
Further Draw Down on Self Insurance Fund	235,000
Total	550,000

The £315,000 of unallocated capital resources shown above was made up of the amount uncommitted at budget setting time plus the additional capital receipt over that which was budgeted for the sale of Creech Paper Mills. This meant that there were no unallocated capital resources available and that any further additions to the capital programme would have to be funded from revenue or through the sale of assets.

The Self Insurance Fund was primarily used to minimise insurance premiums while still providing sufficient insurance cover. The use of the fund to the extent shown above will mean that the amount available to cover such risks would fall to around £800,000. It would seem prudent to rebuild this provision back to current levels over the coming years.

RESOLVED that the funding decision taken on 2 May 2003 be noted and endorsed.

(The meeting ended at 6.30pm)