

COUNCIL MEETING - 20 APRIL 2004

RECOMMENDATIONS TO COUNCIL COUNCILLOR WILLIAMS - LEADER OF THE EXECUTIVE

(a) Corporate Review and Restructure

At its meeting on 10 March 2004 the Executive agreed proposals which seek to address the issues within the Council's structure and its ability to ensure focus on the delivery of the Council's priorities.

One element of the proposals requires the agreement of Council.

The Council are RECOMMENDED that the early retirement of the Head of Performance on the terms set out in detail in the report submitted to the Executive be agreed.

(NOTE: The report circulated with the Executive papers was "exempt". It will therefore be necessary to move the "Exclusion Resolutions" if members wish to discuss the detailed terms of this proposal. Further copies of the report can be obtained from Greg Dyke, Member Services Manager).

(b) Financial Strategy

The Executive have also considered a Financial Strategy designed to allow the Council to produce a clear and sustainable medium term financial plan. The Strategy (A COPY OF WHICH IS ATTACHED TO THIS REPORT FOR THE INFORMATION OF MEMBERS) has been agreed with the exception of one aspect, which requires the approval of the Council.

In resolving some of the financial issues facing the Council it might be necessary to use some of the General Fund Reserve to fund "invest to save" type initiatives. This might mean, for a temporary period, that the level of General Fund Reserves will dip below the £1m floor.

This principle is accepted by the Council's Head of Resources provided that: -

- The "invest to save" type initiatives allow the original sum to be paid back to the Reserve over a 3-year period.
- The General Fund Reserve should not fall below £750,000 during this transition period.

Currently, all supplementary estimates require Full Council approval. This may not be a practical way forward for "invest to save" initiatives. It is proposed that, subject to the principles set out above, that the Executive be delegated the authority from Council to approve such supplementary estimates during this review period. This will allow more frequent reports to be presented to Members during the review and will facilitate the swift approval of savings proposals.

It is therefore RECOMMENDED that the Council delegate responsibility for approving Supplementary Estimates during this review period to the Executive.

Councillor J R Williams

FOR INFORMATION

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 7 APRIL 2004

REPORT OF THE HEAD OF RESOURCES

This Matter is the responsibility of Executive Councillor Williams (Leader of the Council)

FINANCIAL STRATEGY

EXECUTIVE SUMMARY

The majority of local authorities are struggling to match their spending plans to resources available. This is a national issue and not unique to Taunton Deane Borough Council.

Based on current financial forecasts, this Council is facing a funding gap of around £700k per annum (before considering development items). This clearly is unsustainable and the Council must have a strategy for resolving the underlying budget gap.

This report sets out a Financial Strategy that will allow the Council to break out of the annual cycle of budget savings rounds to produce a clear and sustainable financial plan over the medium term. This will be achieved through a series of Service Reviews (fundamental appraisals of what each service is currently doing). Some difficult choices will need to be made and existing methods and practices fully challenged.

All Members will be involved in the process over the coming months.

1. Background

- 1.1 The current medium term financial planning process has been in place for a number of years now, and is an essential part of the budget setting process. The Councils Medium Term Financial Plan (mtfp) provides a financial forecast of the cost of providing the Council's General Fund services, and the resources that are likely to be available, over the medium term period – thereby giving early warning of predicted "budget gaps".
- 1.2 The financial position of the Council has been difficult over the last few years, with each budget round bringing further service cuts, fee increases and rounds of efficiency savings. The Corporate Planning process has helped focus and redirect resources to priorities, but with increasing pressures and expectations on this Council to deliver more with less, there is a need to step back and look to the medium term financial position of the Council and work out how this can be achieved.

- 1.3 The financial model has recently been updated to reflect “inescapable” budget issues (eg pay award). Managers will be asked to provide detail of unavoidable service issues over the next few weeks to allow the model to be further refined. The fully updated model, together with details of the assumptions used, will be presented to Members in early summer of 2004.
- 1.4 Meantime, based on the limited information available, it is clear that the underlying budget problem continues – as the summary table below shows.

	2005/06 £'000	2006/07 £'000	2007/08 £'000
TDBC Forecast Budget Position	12,292	13,218	14,168
Forecast Govt Grant *	6,598	6,697	6,797
Forecast Council Tax **	4,988	5,272	5,573
Forecast Resources Available	11,586	11,969	12,370
Predicted Budget Gap	706	1,249	1,798

* Assuming a 1.5% increase in central government funding per annum.

** Assuming a council tax increase of 4.55% per annum.

The model (even with limited information) clearly shows a funding gap in future years of around £700k per annum. This is the position prior to considering any development items and clearly must be resolved.

2. The Issue

- 2.1 The Council now needs to adopt a Financial Strategy that, together with a robust medium term financial planning process, will help the Council break out of the current annual cycle of savings exercises, and help produce a clear, robust, sustainable and affordable medium term financial plan.
- 2.2 The Financial Strategy will be a key link between the Corporate Strategy, which sets the aims and ambitions of the Council, and the mtfp, which sets out the cost of what the council is currently providing. It should also link in other corporate plans such as the Capital Strategy and Asset Management Plan, and longer term, develop to include HRA services too.
- 2.3 The remainder of this document is focussed on setting out the proposed Financial Strategy of Taunton Deane Borough Council. There are some very difficult issues for this Council to tackle, some of which will take many months (even years) to progress. What is clear though is that to continue providing the current level of services is not an option.
- 2.4 Each service of the Council will be subject to scrutiny – and it is important that ALL Councillors are involved in this process and in shaping the future financial position of the Council. The key message is that this Council is currently spending beyond its means and must reduce its net budget to match the resources available.

3. The Way Forward - Service Reviews

- 3.1 As a Council, Taunton Deane has choices to make over the levels of service provided to the community. The Corporate Strategy has developed to show quite clearly what the priority areas are and resources have been redirected to ensure they are delivered.
- 3.2 However, recognising that “continuing as things are now” is not a viable option, more work is needed to review the fundamentals. Currently, right across the Council, service managers are striving to achieve top quartile performance status for all their services. The basic assumption that this Council can actually afford to deliver this ambitious target must now be challenged.
- 3.3 To move forward on this challenge, Members must be provided with a basket of key information on each of the core service areas (including support services). This should include information on the types of activities carried out (and whether they are discretionary activities or not), the trend re costs and performance indicators, and some information that shows how this Councils performance and service provision compares with other authorities.
- 3.4 This information will give Members a good feel for the standard of service currently being provided at Taunton Deane (in simple terms this could be described as Gold, Silver, or Bronze). The current service standard then must be reviewed – with changes to service levels being assessed re their impact on corporate priorities, customers, partners, and of course costs.
- 3.5 Members will, following the core themes and principles set out below, be asked to review the information provided, and consider whether the service should continue to be provided, and at what level.

4. Review Principles

- 4.1 As mentioned above, the Council will be faced with some difficult choices. In order to meet the objective of having a sustainable financial plan, the reviews outlined above will need to be challenging and investigate areas that traditionally have not been subject to such an appraisal.
- 4.2 The remainder of this strategy outlines some of the key themes and principles that will be followed in achieving this objective.

5. Efficiency Savings

- 5.1 Each service should be reviewed to test whether it is possible to provide the current level of service at less cost, or an improved level of service at the current cost.
- 5.2 As part of this theme, it is proposed that the following issues will be considered over the coming months:-
- Better use of IT. (Promotion of E-Government to encourage access to services.)
 - Vacancy Management.

- More Use of Multi-Skilling.
- Increasing Productivity.
- Improving Procurement.
- More Use of Strategic Partnerships.
- Introduction Of Quality Systems (getting things right 1st time)
- Ensure We Maximise External Funding.
- Promotion of “Invest to Save” initiatives.

5.3 It may be prudent to build an annual target for efficiency savings into the mtfp, which could be cascaded down to each Directorate Plan, and individual Team Plan. This will be reviewed at the end of the service review process.

6. Alternative Service Delivery

6.1 In very simple terms, this means reviewing what Taunton Deane currently does and challenging the existing method of delivering that service. There are a wide range of options to consider - ranging from staying as they are, to creating a partnership arrangement with another local authority, to the service being entirely provided by a private company.

6.2 To challenge “why things are done they way they are” is often difficult and uncomfortable for everyone involved. However - it is important that this is progressed as it is simply ensuring that we continue to deliver best value to the community on the services we provide to them.

7. Financing of Activities

7.1 Taunton Deane does currently follow best practice by considering and approving its revenue and capital budgets together. However there are some issues that must be considered if the Council is to ensure it has sufficient resources in place to deliver its key priority – The Vision for Taunton.

7.2 The delivery plan for The Vision is being prepared but it will be some time before it is clear on the level of resources required from each partner in the project. It is likely though that the resources required will be capital resources rather than revenue resources.

7.3 It is proposed that, as a principle, over the coming years, new resources (eg underspends) are directed towards the Councils Unallocated Capital Reserve rather than the General Fund Reserve. If agreed, all future financial recommendations in reports will take this into account.

7.4 In addition, there are some other issues that will need to be reviewed over the coming months. There are some strategic choices to be made – particularly in relation to the funding of certain activities (whether they are funded from revenue or capital, or how certain government grants are used). Strategic decisions need to be taken on :-

Implementing Electronic Grant (IEG) funding (clarity needed on use of funds)
 Lease v. Buy Decisions (challenge existing practices)
 IT Development (update on IT Strategy needed)

Borrowing (new freedoms re Prudential Regime – potential use re “invest to save” type initiatives)
Use of Planning Gain (clarity needed)
Use of External Funding (Is the Council missing opportunities?)

8. Asset Disposals

- 8.1 As mentioned above, The Vision project is likely to require significant capital resources. Currently, the amount of capital finance available to this Council is fairly limited. One way of boosting this would be to dispose of surplus assets.
- 8.2 A full review of current land holdings / asset holdings is currently being undertaken. Once complete this should be matched to the aspirations set out in the Corporate Strategy. The Asset Management Plan must be reviewed at a strategic level to ensure all asset holdings are continuing to provide “adequate” return to the Council.

9. Income Generation

- 9.1 Each year fees and charges are reviewed as part of the budget setting process. The Council now needs to take a longer-term view of where it wishes to be with fees and charges and to have a clear view on the application of subsidies.
- 9.2 The work currently being done on the pricing policy review will facilitate this debate. Managers should also be encouraged to explore and exploit new business opportunities available to them. Diversification of services should not be ruled out.
- 9.3 In addition, the Council should consider areas of service provision that do not currently charge their users. The Local Government Act 2003 has given local authorities the opportunity to now charge for discretionary services. Taunton Deane must carry out a review of discretionary services and make strategic decisions regarding the way forward on each. Again, this is a difficult issue for the Council, but must be explored as a way of resolving the underlying budget problem.
- 9.4 External funding should be maximised. This is a simple statement, but is quite difficult to achieve. How does the Council currently ensure it is taking advantage of all grant-funding regimes? Is Taunton Deane missing opportunities? Could the Council develop the use of sponsorship funding to areas of its activities other than roundabouts? All of these issues will be explored over the coming months.

10. Grants & Subsidies

- 10.1 Government Grants and Subsidies are received in many different forms (Revenue Support Grant / Planning Delivery Grant / Homelessness / Benefit Subsidy).
- 10.2 Over the coming months each major central government grant will be reviewed to ensure that this Council is maximising its share of central government funding.

11. Use of Reserves

- 11.1 Traditionally, this Council has created earmarked reserves for many purposes – from the set-aside of funds for major projects, to the earmarking of funds for specific training courses. The list has been reviewed as part of the recent budget setting process and has resulted in a significant reduction in the number of earmarked reserves. The Head of Resources will keep this list under review and regularly return unused funds to the General Fund Reserve.
- 11.2 Unearmarked reserves (better known as the General Fund Reserve) have traditionally been kept above the floor of £1m. For the Council to break out of the annual savings cycle it may be necessary to revisit this floor to allow reserves to be used to promote “invest to save” initiatives.
- 11.3 It is still the view of the Head of Resources that, in normal circumstances, the level of General Fund Reserve for this authority should be no lower than £1m. This is based on an assessment of the risks facing the Council. Issues such as a small fluctuation in the Housing Benefit Subsidy budget can have a major impact on the budget position of the Council, and the unearmarked reserves are there to protect against such eventualities.
- 11.4 In resolving some of the financial issues facing the Council it may be necessary to use some of the General Fund Reserve to fund “invest to save” type initiatives. This may mean, for a temporary period, that the level of General Fund Reserves will dip below the £1m floor.
- 11.5 This principle is accepted by the Council’s Head of Resources provided that:-
- The “invest to save” type initiatives allow the original sum to be paid back to the Reserve over a 3-year period.
 - The General Fund Reserve should not fall below £750,000 during this transition period.
- 11.6 Currently, all supplementary estimates require Full Council approval. This may not be a practical way forward for “invest to save” initiatives. It is proposed that, subject to the principles set out in 11.5 above, that the Executive be delegated the authority from Full Council to approve such supplementary estimates during this review period. This will allow more frequent reports to be presented to Members during the review and will facilitate the swift approval of savings proposals.

12.0 Conclusion

- 12.1 This Strategy sets out the way forward to allow the Council to break out of the existing annual cycle of budget cuts. The task ahead is not easy and the process will require the support and involvement of all Councillors.
- 12.2 This document sets out the strategy for achieving a sustainable financial plan. If significant progress is to be made in time to influence the 2005/06 budget setting regime then the process of Service Reviews must begin shortly. The

detail of how this process will actually work, and the timetable it will follow is currently being developed by the Head of Resources and the Head of Policy and Performance and will be communicated to all Members as soon as possible.

13.0 Impact on Corporate Priorities

13.1 This Financial Strategy will provide a robust mechanism for ensuring the limited resources available to this authority are directed towards the priority areas as identified in the Corporate Strategy.

14.0 Recommendation

14.1 The Executive is recommended to:-

- (a) agree the Financial Strategy as submitted;
- (b) recommend Council that responsibility for approving Supplementary Estimates during this review be delegated to the Executive.

Background Papers

General Fund Revenue Estimates 2004/05 – Executive Feb 2004

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**LEADER OF THE COUNCIL
REPORT TO FULL COUNCIL – 20 APRIL 2004**

Since the last Full Council Meeting we have had some notable success and without stealing my colleague's thunder would like to add my congratulations for the hard work put in by a lot of staff in respect of the following.

Firstly the Planning Delivery Grant, up from circa £75,000 last year to a massive £533,000 for 2004/05. This huge increase is because the ODPM has rated our performance highly and recognised the efforts made to improve. This is particularly significant as one of the first Government letters of complaint I had to deal with last May was from the ODPM advising that we were on a special register of Council's being monitored, because of our failure to meet specified targets within planning. A big thank you to all involved.

Secondly the Local Plan process, this has successfully passed through the Scrutiny and Executive phases and is before us tonight for final ratification before proceeding to full public consultation.

This has been a most difficult process for staff and Members alike being typical of the old adage "one man's meat is another man's poison". Wellington wanted the housing development in order to secure a bypass road away from the town centre, Norton Fitzwarren does not want the housing but wants the bypass road to give much needed relief to the existing village, so Monkton Heathfield has housing allocated it did not want! Despite the best efforts of our staff we have been driven to this conclusion because of the final recommendations of the Inspector who conducted the Local Plan Inquiry.

It is regrettable that Wellington feel so aggrieved by our decision to follow the Inspectors recommendations but very compelling reasons were given by the Inspector and we could not gain any support from the Government Office SW to challenge the directions given. I believe we would have been foolhardy, at the least, to have disregarded this and attempted to include Longforth Farm. Our Local Plan would have been seriously delayed for the whole of the Deane and this authority would likely have been subjected to time consuming and costly legal challenge from other interested parties.

It is interesting to note, this pragmatic view was shared by the cross party Scrutiny Panel that recently considered the amendments put forward and there were ten votes for and only one against. In my view it is time Wellington moved on and put their present misplaced energies into the impending Local Development Framework plan rather than advocating the high risk strategy they presently wish us to embark upon.

In respect of Norton Fitzwarren and Monkton Heathfield, we must now work with these communities to ensure that maximum benefit is gained for the existing communities that inevitably will experience substantial change with the amount of development as planned. Norton Fitzwarren will require particular attention because with the present loss of the Ford Farm development from the local plan it removes our ability to ensure completion of the relief road and the flood prevention scheme as planned. We will have to try alternative options for the flood relief work to ensure the properties at risk are relieved of the appalling stress and worry every time we have above average rainfall. With Monkton Heathfield we will work with the community to ensure as far as possible we achieve the community facilities required and most importantly the construction of the relief road in a timely manner.

Our staff have worked tirelessly in trying to resolve the different points to meet the aspirations of all, regrettably not all are satisfied, but they deserve our appreciation and sincere thanks for their effort to date. I would remind you, a timely Local Plan process is a key factor in achieving the extra funding for planning as mentioned above.

I now provide an update on some of the major ongoing projects:-

Taunton Regeneration (Vision for Taunton)

Work proceeds apace on this exciting and challenging project. It creates a huge amount of interest both locally and nationally as Taunton is, rightfully in my mind, at last being recognised as a key regional centre for the West Country.

The Urban Design Framework is now in place but we await the completion and publication of the infrastructure and feasibility studies in order that a timetable of the likely order of development can be prepared. Key to this will be the final decision regarding the inner relief road, "to be or not to be". There has been considerable effort on the part of the Highway Authority to persuade people that the inner relief road must be built. I am prepared to listen to alternative routes/method of construction provided there is a sensible solution to the traffic problems that will occur when discharging into Bridge Street. To date I have not seen any proposed solution therefore I am unable to support it as presently planned.

Key to any development of this scale is how we deal with the movement of people and the ability to have easy access with good public transport and adequate town centre parking for shoppers. Take the town centre redevelopment centred on High Street/Old Market, the present plans propose an increase in retail shopping of 300,000 square feet, enormous by any measure. Without satisfactory car park provision its appeal to business and shoppers alike, would be severely limited.

When will it happen, a question asked by many, I would anticipate the first development to take place in the Firepool and County Cricket ground areas, this of course will be triggered by the relocation of the Livestock Market hopefully within 18 months, but the Abbey Manor development of the Old Railway Yard at Firepool is anticipated to commence within twelve months. As regards other areas such as Tangier, Castle Green and the Town Centre redevelopment, these will have to be submitted for full public consultation before incorporation in our Local Plan

TDBC Landholdings

When dealing with the question of our ownership of land in and around the town centre it is apparent we do not have an easily accessible comprehensive list available. This is not to say it is not documented but we are not using available technology to provide us with the ready access that will be required to assist and facilitate the Vision process.

We are the largest single owner of land in the town centre area therefore will have a great input into the regeneration process of Taunton. It is very important that we properly document this huge landholding so that we have ready access to full and accurate information when considering its disposal or alternative use. This is particularly important in respect of any covenants that may apply to ensure these are properly dealt with when considering its future use. We are taking steps to ensure our land ownership is transferred to GIS electronic plotting and recording facility as a matter of urgency.

SWARMMS

The various studies of the alternative A358 and A303 routes have now been completed and based on both economic and environmental grounds the A358 route is a clear leader in terms of where investment should be made. This will provide the major route into Devon and Cornwall that they seek but also provide a much improved access to the national motorway network, to large areas of the South-West to the North and South of Taunton.

This will be a huge economic boost to the region, bringing much needed improvements to J25 of the M5 and an essential bypass for Henlade. This will be considered next by the SW Regional Assembly and we must endeavour to send a clear message to the Minister of State who will make the final decision. Failure to do so will more than likely result in the West Country as a whole losing out on this level of investment because the Minister will most likely redirect funds to the North where it will be deemed their plans are more carefully articulated.

Financial Restructuring

The detail of this is before us tonight but I feel it worth highlighting the importance

of this strategy in that as an organisation we have been spending beyond our means for some time now. This has to be addressed and we need to take a long hard look at what we do, do we need to do it, can we do it better and where can we improve our income earning capacity other than Council Tax. This means a long hard look at the services we provide and an acceptance by Members and Officers that change is essential. Doing nothing is no longer an option.

Leisure Trust

From when the decision was made to carry out a complete re-assessment of the services we provide and charges made, officers have been preparing a schedule of possibilities from the easy to the unthinkable! This exercise is now nearing completion and I wish to express my appreciation to officers for all the hard work that has been put into preparing this and providing a comprehensive assessment of the options available to us and likely cost benefits.

This blueprint of ideas has only recently been completed and now it is time for all Members to participate through the Review and Scrutiny process and contribute their views as to how we take our leisure services forward in a cost effective manner. This with a view to making the service financially viable and effect the transfer to a Leisure Trust that will bring further savings and allow the necessary investment in our capital assets associated with leisure.

Wellington

I am pleased to report that included in our budget is a substantial amount for the much needed improvement works required to upgrade the North Street toilets. This will be for my colleague Mark Edwards to deal with the detail but it clearly demonstrates this administration's commitment to Taunton Deane as a whole. At Cornhill improved lighting has been achieved and repositioning of signs to facilitate optimum use of CCTV should be done shortly. The actual redevelopment of Cornhill is still very much under discussion and we are pressing for this to be progressed but the rate of progress is determined by the commercial developers, not ourselves.

An update on the Tone Mill regeneration is contained in the report of Cliff Bishop and suffice to say I am delighted to see that progress continues towards preserving this unique heritage site of national importance.

Employment Land

I was extremely disappointed to read in the local press recently of two businesses that needed to relocate because of the proposed construction of the Silk Mills Bridge. Both cited the lack of available suitable employment land as the reason that one was closing altogether and the other relocating outside of the Deane. This I regard as a sad indictment of our ability to assist local business to

relocate when forced to do so and also highlights the lack of availability of land that is already included in our Local Plan for employment use because, for whatever reason, it is not being brought forward. We will be focussing on the reasons behind this problem and discussing possible solutions with Government Office SW. I am of the opinion it must be addressed in the short term if we are to change the message to business that Taunton Deane is not the place to try, because it does not have adequate employment land.

Councillor John Williams
Leader of the Council