

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 5 MARCH 2008

REPORT OF THE FINANCIAL SERVICES MANAGER

This Matter Is The Responsibility of Executive Cllr Henley (Leader of the Council)

Q3 BUDGET MONITORING ISSUES

Executive Summary

The Q3 budget monitoring exercise has highlighted the need for supplementary estimates from reserves for the following overspends:

- Job evaluation appeals £140k
- O2 Mast planning compensation £40k

The Executive are requested to seek approval from Full Council for supplementary estimates to fund these items.

1 Introduction

- 1.1 The Q3 budget monitoring exercise was reported to the Strategy & Performance panel on 4 March. This highlighted two areas of unavoidable cost, which the authority does not have approval for. This report highlights these issues and requests supplementary estimates from reserves to fund these items. Supplementary estimates require final approval from Full Council. Each item is detailed below.

2 Job Evaluation Appeals

- 2.1 The Council has almost completed the appeals process arising from the recent job evaluation exercise. It is expected that some of the appeals will be successful and therefore this will increase the overall salary cost of the council. Members may recall that in the 2008/09 budget setting exercise the Executive agreed to set aside £200k for this purpose.
- 2.2 Any member of staff whose grade increases under the new job evaluation scheme is entitled to have this backdated to 1 April 2007. Therefore the financial effect of appeals will be felt in 2007/08 as well as 2008/09 onwards. No monies have been set aside for increases in salary costs arising from the appeals process.
- 2.3 The final results of the appeals process is not yet known – however based on the experience of other similar sized councils who have already undergone this exercise we estimate that the cost of successful appeals will be in the region of £140k. This will be split between the General Fund (£110k) and the Housing Revenue Account (HRA) (£30k). The Executive is requested to seek Full Council approval for supplementary estimates for these amounts.

3 O2 Mast Planning Appeal

- 3.1 In 2005 O2 obtained deemed consent for the erection of a telecommunication mast at Shoreditch Road Taunton, following the failure of O2 to receive the refusal notification within the required period. This was as a consequence of a failure to follow established administrative procedures. Attempts to negotiate with O2 to re-locate the mast to an alternative site were unsuccessful and a mast was erected. It was however not the mast for which deemed consent had been granted and the Council therefore resolved to take enforcement action.
- 3.2 This led to a Public Inquiry in September 2007 as a consequence of which a Planning Inspector found the mast as erected unacceptable and upheld the Enforcement Notice requiring its removal. He however confirmed that there was a valid deemed permission, which could be implemented. O2 have again been invited to consider re-locating the mast with assistance from the Council, but have refused to consider this.
- 3.3 At its meeting on the 27 February the Planning Committee were advised of the position but further recommended not to take steps to revoke the deemed permission because of the potential financial liabilities such action would incur. Any compensation would need to be based on the future business losses of O2 arising from the revocation of the permission.
- 3.4 However, even the erection of the deemed mast is likely to have a detrimental impact on the immediately adjacent residential property and the Council is likely to face compensation claims which will probably be based on diminution in value of the property in question, from both that property and possibly from other residential properties in the neighbourhood. The sum of £40k sought as likely compensation reflects the valuation by the Assets Holdings Manager.
- 3.5 The Executive is requested to seek Full Council approval for a supplementary estimate of £40k to fund the compensation payment.

4 Overall impact on reserves

- 4.1 If the Executive is minded to request Full Council approval of these supplementary estimates the impact on reserves would be as follows:

	General Fund Reserve £000	Housing Revenue Account £000
Forecast balance at 31 March 2008 per Budget Setting reports	844	3,143
Job Evaluation	(110)	(30)

appeal costs		
O2 Mast Compensation costs	(40)	-
Revised forecast balance at 31 March 2008	694	3,113

- 4.2 Clearly the above supplementary estimates bring the Councils General Fund Reserve position down to a very low level. This is outside the recommended limits of the reserve as set out in the Financial Strategy of the authority. In order to correct this position, the Chief Finance Officer has commissioned a full and thorough review of **all earmarked reserves** of the authority with a view to returning as many as possible to the General Fund Reserve. A full report on this will be presented to the next meeting of the Executive.

5 Recommendations

- 5.1 The Executive is requested to seek Full Council approval for supplementary estimates from the General Fund and HRA reserves as outlined in paragraph 4.1 above.

Background Papers:

Strategy & Performance Panel 4 March 2008 – Q3 Performance Report 2007/08

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