

Taunton Deane Borough Council

Council Meeting - 21 February 2012

Part I

To deal with written questions to, and receive recommendations to the Council from, the Executive.

(i) Councillor Edwards

Planning Obligations Interim Policy

At its meeting in January 2012, the Executive considered a report concerning the proposed Planning Obligations Interim Policy which was intended to operate until the Community Infrastructure Levy (CIL) was adopted later in the year.

The Taunton Deane Core Strategy, Infrastructure Delivery Plan (IDP) and Sustainability Appraisal were submitted to the Secretary of State on 14 November 2011.

The IDP provides details of the infrastructure that local service providers and the Council have identified as key to supporting growth in Taunton Deane. Although the CIL will provide the mechanism to collect developer contributions towards the provision of infrastructure identified in the future, until the CIL is adopted the Planning Obligations Interim Policy will provide a framework for developer contributions.

The IDP has identified that the level of infrastructure required to support development is unlikely to be funded fully from developer contributions. With this in mind, the policy has identified the following actions which will need to be taken in order that the growth outline in the Core Strategy is accompanied by sufficient infrastructure:-

- The Council should not take an overly optimistic view about public funding;
- An appropriate balance should be struck in identifying the maximum level of developer's contributions that could be achieved without making development unviable;
- Opportunities should be maximised to secure funding from other sources (such as the New Homes Bonus);
- Clear priorities should be determined for the use of funding that might become available; and
- Mechanisms such as deferred payments and sharing in value uplift should be explored.

Securing contributions from developers will be key to the delivery of infrastructure and services. The IDP viability assessment indicates that with a £15,000 per dwelling contribution package, 25% affordable housing will be possible.

Consultation on the CIL draft charging schedule is anticipated for Spring 2012, with submission in the Summer, Examination in the Autumn and adoption during Winter 2012/13. The CIL will apply to most new buildings and charges will be based on the size and type of development.

The Planning Obligations Interim Policy has been prepared to fill the gap until the CIL is adopted. As such, it will help developers understand the scope of the planning obligations for residential development which the Council will be seeking.

This Interim Policy relates to the first phase of infrastructure requirements (from 2011 – 2016) identified in the IDP. Where the level of contribution adversely affects development viability, the Council will consider a reduced level of contribution, subject to an open book viability appraisal, so as not to affect the overall pace of development.

The Interim Policy has advantages over the usual Section 106 Agreement negotiations because it will speed up the process of getting planning permission and will create a level playing field where all developments are making infrastructure contributions on the same basis.

Developers will still have the choice, if they do not wish to follow the Interim Policy, to enter into a Section 106 Agreement as at present.

It is **recommended** that the Planning Obligations Interim Policy be adopted.

(ii) Councillor Mrs Stock- Williams

(a) Theme 5 of the Core Council Review – Legal and Democratic Services

The Executive has recently considered proposals to create a new Corporate Support Unit for the Council which will be required to deliver:-

- a service that is resilient, flexible and responsive;
- different ways of working to ensure that stakeholders' needs are met and within resource capacity;
- a service that meets the need of the key stakeholders, namely, the Leader of the Council, the Mayoralty, the Chief Executive, Directors, Theme 1 Managers and Councillors as a whole; and
- a minimum of £50,000 savings per annum.

The proposed new structure is as shown in Appendix 1 to these recommendations.

To ensure the success of the new unit, officers will be nominated to certain areas in order to provide some consistency and responsibility. However all officers within the structure will be required to understand the different work-streams that the unit needs to support and will, in the future, have the opportunity to experience these. The new unit will also enable support to be given to areas that were not previously supported, due to the restrictions of the current structure.

The Executive recognised that a number of officers have been put at risk of redundancy due to the proposed new structure whilst others have been slotted into new posts.

It is **recommended** that:-

- (1) the proposed structure of the new Corporate Support Unit be approved; and
- (2) a Supplementary Budget allocation of up to £72,000 in 2011/2012, funded from reserves, relating to likely redundancy costs be also approved.

(b) Localism Act 2011 – Pay Policy Statements

At its last meeting, the Executive considered a report concerning the requirement under Section 38(1) of the Localism Act 2011 for all Local Authorities to prepare a Pay Policy Statement for 2012/2013 and for each subsequent year thereafter.

The Statement has to include policies on which remuneration of its Chief Officers and its lowest paid employees (and the relationship between them) are based.

The Statement is also required to:-

- Set out arrangements for the remuneration of Chief Officers on appointment;
- Set out arrangements for payments on termination of employment for Chief Officers even if covered by other approved policies;
- Set out arrangements for the re-employment of Chief Officers; and
- Be published on the Council's website.

The draft of Taunton Deane's first Pay Policy Statement is attached to this recommendation as an Appendix . This has been prepared to meet the minimum requirements of the Localism Act but it is not the final document as the formal guidance on the preparation of such Statements is still awaited from the Department for Communities and Local Government (DCLG).

The DCLG has indicated that the production of a provisional Pay Policy Statement will be acceptable as it can be treated as a "living document" – one that can be amended in the future, once the guidance is to hand.

In the circumstances, it is **recommended** that the attached draft Pay Policy Statement for 2012/2013 be approved.

Taunton Deane Borough Council

Appendix

Pay Policy Statement – 2012/13

The Pay Policy Statement for Taunton Deane Borough Council will apply to the following posts which collectively will be referred to as 'chief officers' for the purpose of this statement and for this statement only:

- Chief Executive Officer (Head of Paid Service)
- Strategic Director posts including the role of Section 151 Officer
- Theme Managers including the role of Monitoring Officer
- A person for whom the head of the authority's paid service is directly responsible.
- A deputy chief officer who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the statutory or non-statutory chief officers.

Note: A person whose duties are solely secretarial or clerical or are otherwise in the nature of support services shall not be regarded as a non-statutory chief officer or a deputy chief officer.

1) The Level and Remuneration for each Chief Officer

Details of the level and remuneration for the identified chief officer posts is set out in Appendix 1.

Salary information is also published on the Council's website to comply with the Accounts and Audit (Amendment) Regulations 2011 and the Code of Practice on Data Transparency 2011. It should be noted that there are different reporting dates and standards for this information.

2) Remuneration of Chief Officers on Appointment

- a) Chief Executive, Strategic Directors, Theme Managers, Regeneration Manager and Commercial Manager Posts

The Leader of the Council will, after taking independent pay advice from South West Councils or similar, recommend the remuneration package on appointment to the above posts to Full Council prior to advertisement of the vacancy. The remuneration package will therefore be subject to the approval of Full Council.

b) All other chief officer posts

The salary for all other posts covered by this Pay Policy Statement will be set within the job evaluation scheme operated by the Council. All other elements of remuneration will follow either the National Joint Committee for Local Government Services' (NJC) National Agreement on Pay and Conditions or local policy approved by the Council.

3) Increases and additions to remuneration for each chief officer

a) Chief Executive and Strategic Director Posts

The Leader of the Council may recommend to Full Council within the remuneration package prior to appointment how salary progression and any annual pay reviews will be administered or calculated. Any further changes to the remuneration package will be subject to Full Council approval.

Any annual pay award for the Chief Executive will follow the JNC for Chief Executives national pay award.

Any annual pay award for Strategic Director posts will follow the JNC for Chief Officers national pay award.

b) Theme Managers, Regeneration Manager and Commercial Manager

The Leader of the Council may recommend to Full Council within the remuneration package prior to appointment how salary progression and any annual pay reviews will be administered or calculated. Any further changes to the remuneration package will be subject to Full Council approval.

Any annual pay award for these posts will follow the NJC for Local Authority Services national pay award.

c) All other Chief Officer posts

The salary for all other posts covered by this Pay Policy Statement will be set within the Single Status Salary Scheme previously approved by Full Council. Any annual pay award increases will follow the NJC settlement. Any other increases or additions outside the approved Single Status Salary scheme and not specifically allowed for in this Statement will be subject to approval by Full Council.

4) Use of Performance Related Pay for Chief Officers

No performance related pay scheme is currently operated for chief officers. Should any performance related pay schemes for chief officers be implemented they will be subject to approval in advance by Full Council.

5) Use of Bonuses for Chief Officers

Bonuses are not currently paid to chief officers. Bonuses to chief officers will only be paid if approved in advance by Full Council.

6) Use of Honoraria

The policy on the use of Honoraria is set out in the Council's Tartan Book (TDBC local terms and conditions of employment) and may be applied to any post.

7) Use of Market Supplements

Currently no market supplements are paid to chief officers. Approval must be obtained from Full Council before an award of a market supplement payment can be made to any chief officer post other than those covered by the approved Job Evaluation Scheme.

8) Payment of chief officers on their ceasing to hold office under or be employed by the authority

Any termination payments to chief officers on ceasing office will comply with the Redundancy and Severance Pay Policy current at that time which will have been approved by Full Council. No additional termination payments will be made without the approval of the Executive, this will include any Compromise Agreement settlements, which may be subject to a confidentiality clause. The current Taunton Deane Compensation Policy is attached in Appendix 2.

9) Remuneration of chief officers who return to Local Authority employment

Where the chief officer:

a) was a previously employed chief officer who left with a severance payment and applies to comeback as a chief officer.

Executive approval would be required to authorise re-employment within the authority of a previously employed chief officer who had left with a severance payment and is seeking re-employment within the severance payment payback period.

b) was previously employed by the same authority and has comeback as a chief officer under a contract for services.

The Executive will be required to approve any award of a 'contract for services' to a chief officer who has previously been employed by the authority.

c) are in receipt of a Local Government Pension Scheme Pension

If an employee receiving a pension from the Local Government Pension scheme becomes re-employed then their pension could be affected. If their pension plus the earnings from their new job is higher than the final pay their pension was calculated on, then their pension will be affected. For every pound that their earnings plus pension exceed previous pay, then their pension will reduce by a pound. This abatement will last for as long as the person exceeds their limit (so either when the new job ends or they reduce their hours so their earnings drop down below the acceptable level).

An abatement is not applied where the member's pension is less than £3000 per annum.

10) Employer Pension Discretions

All posts are eligible to be in the Local Government Pension Scheme and employers contributions for 2012/13 are 17.3%. The employer pension discretions will be subject of approval by Full Council. The Pensions Discretions adopted by the authority are attached in Appendix D.

11) Publication of and access to information relating to remuneration of chief officers

The remuneration of employees earning over a salary of £58200 per annum (the minimum level required by the Code of Practice on Data Transparency 2011) will be published on the Taunton Deane Borough Council website.

12) Lowest paid staff

The Council's lowest paid staff are defined as those on the lowest job evaluated grade within the authorities pay structure. Other than posts identified as chief officers within this Statement and recognised apprentices all posts within the Council have been subject to Job Evaluation to assess the value of job content and then, subject to that value, have been placed in the agreed Taunton Deane Borough Council pay scales (TDBC Grades A to L).

At present there are no posts evaluated within Grade A and therefore under the agreed pay structure the minimum starting salary for any staff member covered by the scheme will be the first incremental point of Grade B which is a full time equivalent salary of £12787.

Nationally the lowest pay point is National Spinal Column Point 4 (£12145).

13) Relationship between lowest pay and chief officer pay

The principle of using 'pay multiples' to track and review salary relationships has been, through the Review of Fair Pay in the Public Sector 2011 and the CLG's guidance on transparency, recommended as a way forward for local authorities.

The current multiplier between the lowest paid employee and highest paid chief officer is 8.66:1.

The current multiplier between the mean FTE salary and highest paid chief officer is 4.5:1.

Should either the multiplier between the annual salary paid to a full time employee on the lowest spine point and the annual salary paid to the highest paid chief officer be greater than 1:10 or the multiplier between the mean FTE salary and highest paid chief officer be greater than 1:5 then this will be reported by the Leader of the Council to Full Council for consideration.

14) Payments for Elections

Additional payments are made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and will vary on the responsibility undertaken. Chief Officers to whom these payments are made are identified above.

15) Notes

- i) All salary references are for full time equivalent salaries and pay multipliers are all calculated using FTE salaries without additional payments being included.
- ii) The statement excludes any posts seconded into Southwest One.

The Level and Remuneration for each Chief Officer

Post	Statutory Role	Terms and Conditions and JE Status	Salary	Salary Progression	Bonus or Performance related pay	Other Benefits	Pension Enhancement in Year
Chief Executive	Head of Paid Service	JNC Chief Executives – Out of JE	£90,708 - £100,786	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription Election Payments – Returning Officer Payments relating to LGPS Employer Contributions	No
Strategic Director	Section 151 Officer	JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Honorarium Payment for S151 Role Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer	No

						Contributions	
Strategic Director		JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Cash Alternative to Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Strategic Director		JNC Chief Officers – Out of JE	£64,251 - £71,391	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Legal and Democratic Manager	Monitoring Officer	NJC Local Authority Services – Out of JE	Below £58,200	Spot Salary	No	Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Strategy Manager		NJC Local Authority	Below £58,200	Annual Increment subject to	No	Payment of Professional	No

		Services – Out of JE		satisfactory performance.		Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	
Performance and Client Manager		NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Growth and Development Manager		NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription CMT Duty Roster Payments relating to LGPS Employer Contributions	No
Community Services Manager		NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription CMT Duty Roster Payments	No

						relating to LGPS Employer Contributions	
Regeneration Manager		NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Commercial Manager		NJC Local Authority Services – Out of JE	Below £58,200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Economic Development Manager		NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
DLO Lead		NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Essential Car User Payments relating to LGPS	No

						Employer Contributions	
Corporate Support Lead – Theme 1		NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Lease Car Payment of Professional Subscription Election Payments Payments relating to LGPS Employer Contributions	No
Electoral Services Manager		NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Election Payments – Deputy Returning Officer Payments relating to LGPS Employer Contributions	No
Legal Services Manager		NJC Local Authority Services - In JE	Below £58200	Annual Increment subject to satisfactory performance.	No	Payment of Professional Subscription Payments relating to LGPS Employer Contributions	No
Parish Liaison Officer		NJC Local Authority	Below £58200	Annual Increment subject to	No	Election Payments	No

		Services - In JE		satisfactory performance.		Payments relating to LGPS Employer Contributions	
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1. The following policy on Compensation Payments applies to redundancies and early retirements on the grounds of efficiency of the service, which take effect after 31st March 2007.
2. The calculation of redundancy payments is on the basis of actual salary.
3. The Council exercises discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, to make compensatory payments to employees being made redundant based on a multiplier of three times the number of weeks an employee would be entitled to under the statutory redundancy formula, inclusive of any statutory redundancy payment, up to a maximum of 90 weeks' pay.
4. **Council requires that the full cost of any redundancies is recovered within a period not exceeding five years or by the normal retirement age, whichever is sooner.**
5. **Employees who are eligible to be paid a compensation payment on being made redundant, and who are members of the Local Government Pension Scheme, are given the option of converting their compensation payment (excluding the statutory redundancy payment) into augmented pensionable service. Augmentation is not an option where the compensation payment (excluding the statutory redundancy payment) purchases more pensionable service than the maximum allowable at age 65.**
6. No compensation payments are made to employees who are allowed to retire early on the grounds of interests of efficiency of the service, following a voluntary request from the employee.

7. Where early retirements in the interests of efficiency of the service are management instigated, the Council awards a lump sum compensation payment, which is based on the enhanced compensatory element (excluding the statutory redundancy payment) awarded on redundancy.
(For example: 2 x Stat Red = Interests of efficiency)
8. **Employees who are eligible to be paid a compensation payment on early retirement in the interests of efficiency of the service and who are members of the Local Government Pension Scheme, are given the option of converting their compensation payment into augmented pensionable service. Augmentation is not an option where the compensation payment purchases more pensionable service than the maximum allowable at age 65.**

(iii) Councillor Williams

(a) General Fund Revenue Estimates 2012/2013

(These recommendations need to be read in conjunction with the UPDATED report submitted to the Executive on 9 February 2012 which includes all the details of the proposed General Fund Budget to reflect the proposed Council Tax Freeze.)

The Executive has considered its final 2012/2013 budget proposals which has been prepared in the face of unprecedented financial challenges and uncertainty. It contains details on:-

- (i) the General Fund Revenue Budget proposals for 2011/2012, including the proposed Council Tax increase and the Prudential Indicators;
- (ii) draft figures on the predicted financial position of the Council for the following four years.

The Corporate Scrutiny Committee has also considered the draft budget proposals at its meeting on 26 January 2012. The Committee made a number of comments on some of the proposed savings and new initiatives and requested the Executive to take these views into account. However, there were no formal recommendations from the Committee to change the draft Budget.

The Council Tax calculation and formal tax setting resolution is to be considered separately. The proposed budget for Taunton Deane contains a proposed Council Tax Freeze for 2012/2013 which will mean that the Band D Council Tax will remain at £135.19. The Band D taxpayer will, therefore, receive all the services provided by the Council in 2012/2013 at a cost of £2.59 per week.

It is a requirement for the Council to prepare not only budgets for the following financial year but to also provide indicative figures into future years. The Medium Term Financial Plan (MTFP) provides an indication of the expected budget gap going forward into 2013/2014 and beyond and a summary of this position is reflected in the following table:-

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Net Expenditure	11,342	12,561	14,145	15,042	15,728
<i>Financed By:</i>					
External Government Support	5,310	4,779	4,301	4,301	4,301
Council Tax Freeze Grant	277	137	137	0	0
Council Tax	5,755	5,740	5,913	6,091	6,275
Predicted Budget Gap	0	1,905	3,794	4,650	5,152

These figures include the following assumptions relating to funding:-

- Government Grant would be reduced by the following rates: 2012/2013 by 11.2%; 2013/2014 by 10%; and 2014/2015 by 10%. No change has been assumed for 2015/2016 onwards;
- The Council Tax Freeze Grant relating to 2011/2012 would be receivable for four years; and
- Council Tax would increase by 2.5% each year from 2013/2014.

The Proposed Budget for 2012/2013 will maintain reserves well above the acceptable minimum reserves position of £1,250,000 or £1,000,000 if funds were allocated to 'invest to save' initiatives, but the MTFP indicates that the Council will face significant financial pressures in the medium term as shown in the following table:-

General Reserves Forecast

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Estimated Balance B/F	2,793	2,833	928	(2,866)	(7,516)
Transfers – Previous Years commitments	40	0	0	0	0
Predicted Budget Gap	0	(1,905)	(3,794)	(4,650)	(5,152)
Estimated Balance C/F	2,833	928	(2,866)	(7,516)	(12,668)

The estimated expenses chargeable to the non-parished area of Taunton in 2012/2013 amounts to £47,380, which represents a 0% increase in the special expenses per Band D equivalent of £2.92 per property per year in the Unparished Area.

As part of the Prudential Code for Capital Finance there is a requirement for Full Council to approve the indicators as set out in the report to the Executive. These were important as they detail the expected borrowing requirement for both the General Fund and the Housing Revenue Account. They also set the operational boundaries for both the borrowing and investment levels and interest rate exposures for the Council.

Before the start of each financial year, the Council is required to determine the basis on which it will make provision from revenue for the repayment of borrowing undertaken for the purpose of financing capital expenditure. This annual provision, known as Minimum Revenue Provision (MRP), is designed to ensure that authorities make prudent provision to cover the ongoing costs of their borrowing.

The proposed Policy for 2012/2013 is for the calculation of MRP to be fundamentally the same as the current year.

The Council's Section 151 Officer has a duty to comment, as part of the budget setting process on the robustness of the budget and the adequacy of reserves. In

her response, Shirlene Adam has stated that she believes the Council's reserves to be adequate and the budget estimates used in preparing the 2012/2013 budget to be as robust as possible.

Equalities Impact Assessments have again been undertaken on proposed budget savings items and other key changes within the proposed budget. Members are recommended to take account of these assessments as part of the budget decision process.

It is therefore **recommended** that the budget for General Fund services for 2012/2013 as outlined in the report to the Executive be agreed and that:-

- (a) the transfer of any under/overspend in the 2011/2012 General Fund Revenue Account Outturn to/from the General Fund Reserves be approved;
- (b) the Draft General Fund Revenue Budget 2012/2013, including a Basic Council Tax Requirement budget of £5,572,040 and Special Expenses of £47,380 be approved;
- (c) the Minimum Revenue Provision (MRP) Policy with MRP calculated as follows, be approved:-
 - for supported borrowing, 4% on outstanding debt; and
 - for unsupported borrowing, the debt associated with the asset divided by the estimated useful life of the asset; and
 - for capital grants and contributions to third parties, 4% (or 1/25th) per year on a straight line basis;
- (d) the Prudential Indicators for 2012/2013 as set out in the appendix to these minutes be agreed;
- (e) the projected General Fund Reserve balance of £2,800,000 in 2012/2013, which was above the recommended minimum balance within the S151 Officer's Statement of Robustness, be noted; and
- (f) the forecast budget position within the Medium Term Financial Plan, as amended to reflect the proposed Council Tax Freeze in 2012/2013, be noted.

Appendix

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
	outturn	estimate	estimate	estimate	estimate
Capital Expenditure					
General Fund	£4,884	£8,660	£1,847	£1,807	£2,014
HRA	£6,653	£4,300	£5,500	£7,316	£7,316
TOTAL	£11,537	£12,960	£7,347	£9,123	£9,330
Ratio of financing costs to net revenue stream					
General Fund	0.74%	0.67%	0.86%	0.89%	1.79%
HRA	2.85%	3.33%	17.05%	17.01%	16.60%
Net borrowing projection					
brought forward 1 April	£7,786	£3,670	£4,990	£4,990	£6,392
Carried forward 31 March	£3,670	£4,990	£4,990	£6,392	£8,001
in year borrowing requirement	-£4,116	£1,320	£0	£1,402	£1,609
Capital Financing Requirement as at 31 March					
General Fund	£8,240	£9,369	£9,181	£10,372	£11,741
HRA	£14,451	£14,451	£100,151	£100,151	£100,151
TOTAL	£22,691	£23,820	£109,332	£110,523	£111,892
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D)	-1.36	5.47	-0.05	-0.05	0.19
Authorised limit for external debt -					
TOTAL	£40,000,000	£139,200,000	£139,200,000	£139,200,000	£141,200,000
Operational boundary for external debt -					
TOTAL	£30,000,000	£103,020,000	£103,020,000	£104,422,000	£106,031,000
Upper limit for fixed interest rate exposure					
Upper Limit for Fixed Interest Rate Exposure on Debt	100%	100%	100%	100%	100%
Upper Limit for Fixed Interest Rate Exposure on Investments	-100%	-100%	-100%	-100%	-100%
Upper limit for variable rate exposure					
Upper Limit for Variable Interest Rate Exposure on Debt	30%	30%	30%	30%	30%
Upper Limit for Variable Interest Rate Exposure on Investments	-50%	-50%	-50%	-50%	-50%
Maturity Structure of Fixed Rate Borrowing (Upper and lower limits)					
under 12 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
12 months and within 24 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
24 months and within 5 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
5 years and within 10 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
10 years and above	20% to 100%	20% to 100%	20% to 100%	20% to 100%	20% to 100%
Upper limit for total principal sums invested for over 364 days					

(per maturity date)	£2m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%	£3.5m or 20%
Gross and Net Debt					
Outstanding Borrowing (at nominal value)	15,973,000	96,993,000	96,993,000	98,395,000	100,004,000
Other Long-term Liabilities (at nominal value)	45,417,000	45,417,000	45,417,000	45,417,000	45,417,000
Gross Debt	61,390,000	142,410,000	142,410,000	143,812,000	145,421,000
Less: Investments	12,300,000	6,000,000	6,000,000	6,000,000	6,000,000
Net Debt	49,090,000	136,410,000	136,410,000	137,812,000	139,421,000

Credit Risk

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals
- Corporate developments, news, articles, markets sentiment and momentum
- Subjective overlay

(b) Capital Programme Budget Estimates 2012/2013

(These recommendations need to be read in conjunction with the UPDATED report submitted to the Executive on 9 February 2012 which includes all the details of the proposed Capital Programme to reflect the proposed Council Tax Freeze.)

The Executive has also considered the proposed General Fund (GF) and Housing Revenue Account (HRA) Capital Programmes for the period 2012/2013 to 2016/2017.

Full Council approved a Capital Programme for 2011/2012 General Fund schemes totalling £1,421,000 in February 2011. Slippage from the previous year and supplementary budget approvals during the year, including adding details of the Project Taunton schemes, has increased the Capital Programme to £8,660,000.

The Draft General Fund Capital Programme for 2012/2013 totals £1,793,940.

One-off additional revenue funding of £164,250 has been included in the proposed budget to support emerging capital priorities. These include remodelling The Deane House and potential works at Orchard Car Park, Taunton. Final spending on this will only be agreed when more information is available.

The funding position for General Fund capital priorities continues to rely on local resources, with ongoing reductions in external funding from the Government.

The Council approved the Housing Revenue Account Capital Programme for 2011/2012 totalling £4,299,000, in February 2011. There are no changes to the approved budget so far this year.

The proposed Draft HRA Capital Programme 2012/2013 totals £5,500,000. This did not include slippage from the current financial year, although currently no slippage has been forecast. Any slippage on the current year programme will be recommended for a Budget Carry Forward.

Work has been done to prepare for the move to HRA Self Financing and the 30 Year Business Plan includes capital investment requirements over the long term - £7,320,000 per year from 2013/2014 to 2016/2017.

The Corporate Scrutiny Committee has considered the draft programme and made no formal suggestions for any changes to the programme. The Tenants Services Management Board has also considered the draft Housing Capital Programme.

Equality Impact Assessments have been undertaken on the proposed cuts to the Housing Services Capital Budget. Members are asked to take these assessments into account in confirming the recommended budget proposals for 2012/2013.

It is therefore **recommended** that:-

- (a) the General Fund Capital Programme 2012/2013 Budget of £1,793,940, including a Revenue Contribution from the 2012/2013 Annual Budget of £164,250 toward a Provision for Capital Priorities be approved; and
- (b) the Housing Revenue Account Capital Programme budgets for 2012/2013 of £5,500,000 be also approved.

(c) Council Tax Setting 2012/2013

The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a Council Tax requirement for the year, not its Budget Requirement, as previously.

The Town and Parish Council Precepts for 2012/2013 total £529,689. The increase in the average Band D Council Tax for Town and Parish Councils is 3.33% and results in an average Band D Council Tax figure of £12.85 for 2012/2013.

Avon and Somerset Police Authority met on 8 February 2012 and set their precept at £6,925,542.70, adjusted by a Collection Fund contribution of £209,624. This results in a Band D Council Tax of £168.03.

At this stage, the precept figures for the Somerset County Council and the Devon and Somerset Fire Authority are shown as provisional amounts, assuming a 0% increase, pending their respective approval processes. This element of the total Council Tax determination be advised to Members at the meeting of Full Council on 21 February 2012.

The estimated balance on the Council Tax Collection Fund is forecast on 15 January each year. Any surplus or deficit is shared between the County Council, the Police Authority, the Fire Authority and Taunton Deane, in shares relative to our precept levels.

The estimated balance on the Council Tax Collection Fund is a surplus of £1,764,952. Taunton Deane's share of this amounts to £184,199, and this had been reflected in the General Fund Revenue Estimates.

It is **recommended** that:-

(a) The following formal Council Tax Resolution for 2012/2013 be approved:-

- (1) That it be noted that on 7 December 2011 the Council calculated the Council Tax Base for 2012/2013:-
 - (i) for the whole Council area as 41,216.39 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and,
 - (ii) for dwellings in those parts of its area to which a Parish precept related as in the attached Appendix B;
- (2) That the Council Tax requirement for the Council's own purposes for 2012/2013 (excluding Parish precepts) be calculated as £5,572,040;
- (3) That the following amounts be calculated for the year 2012/2013 in accordance with Sections 31 to 36 of the Act:-

- (i) £84,575,640 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils. (*Gross Expenditure including amount required for working balance*)
- (ii) £78,473,910 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. (*Gross Income including reserves to be used to meet Gross Expenditure*)
- (iii) £6,101,730 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act). (*Total Demand on Collection Fund.*)
- (iv) £148.04 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts). (*Council Tax at Band D for Borough Including Parish Precepts and Special Expenses*)
- (v) £529,690 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix B). (*Parish Precepts and Special Expenses*).
- (vi) £135.19 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. (*Council Tax at Band D for Borough Excluding Parish Precepts and Special Expenses*);

(4) To note that Somerset County Council and Devon and Somerset Fire Authority have not yet issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table in Appendix A;

(5) To note that Avon and Somerset Police Authority had issued their precept to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table in Appendix B.

(6) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate provisional amounts shown in the table in Appendix A as the amounts of Council Tax for 2012/2013 for each part of its area and for each categories of dwellings;

(7) Determine that the Council's basic amount of Council Tax for 2012/2013 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992; and

(b) Note that if the above formal Council Tax Resolution was approved the total Band D Council Tax would be as follows:-

	2011/12 £	2012/13 £	Increase %
Taunton Deane Borough Council	135.19	135.19	0.00%
Somerset County Council*	1,027.30	1,027.30	0.00%
Avon & Somerset Police Authority	168.03	168.03	0.00%
Devon & Somerset Fire Authority*	71.77	71.77	0.00%
Sub-Total*	1,402.29	1,402.29	0.00%
Town & Parish Council (average)	12.46	12.85	3.13%
Total *	1,414.75	1,415.14	0.03%

(* provisional figures for 2012/13)

This report was produced after the Executive Meeting on 9 February 2012 to reflect the final decisions taken at the meeting. The figures have been updated to reflect the final budget proposals of the Executive.

Appendix

A

Valuation Bands

Council Tax Schedule 2012/13	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Taunton Deane Borough Council	90.13	105.15	120.17	135.19	165.23	195.27	225.32	270.38
Somerset County Council *	684.87	799.01	913.16	1,027.30	1,255.59	1,483.88	1,712.17	2,054.60
Avon & Somerset Police Authority	112.02	130.69	149.36	168.03	205.37	242.71	280.05	336.06
Devon & Somerset Fire & Rescue Authority *	47.85	55.82	63.80	71.77	87.72	103.67	119.62	143.54
Parish / Town only (a)	8.57	9.99	11.42	12.85	15.71	18.56	21.42	25.70
Parish / Town & District (b)	98.69	115.14	131.59	148.04	180.94	213.84	246.73	296.08
Total (c)	943.43	1,100.66	1,257.90	283.23	1,729.62	2,044.09	2,358.57	2,830.28
<u>Parish:</u>								
Ash Priors	934.87	1,090.67	1,246.49	1,402.29	1,713.91	2,025.53	2,337.16	2,804.58
Ashbrittle	947.40	1,105.29	1,263.20	1,421.09	1,736.89	2,052.69	2,368.49	2,842.18
Bathealton	938.60	1,095.03	1,251.47	1,407.89	1,720.75	2,033.62	2,346.49	2,815.78
Bishops Hull	948.02	1,106.02	1,264.03	1,422.02	1,738.02	2,054.03	2,370.04	2,844.04
Bishops Lydeard/Cothelstone	949.85	1,108.15	1,266.46	1,424.76	1,741.37	2,057.99	2,374.61	2,849.52
Bradford on Tone	947.34	1,105.22	1,263.12	1,421.00	1,736.78	2,052.56	2,368.34	2,842.00
Burrowbridge	948.46	1,106.53	1,264.61	1,422.68	1,738.83	2,054.98	2,371.14	2,845.36

	946.62	1,104.38	1,262.16	1,419.92	1,735.46	2,051.00		2,839.84
North Curry	949.70	1,107.98	1,266.27	1,424.54	1,741.10	2,057.67	2,374.24	2,849.08
Norton Fitzwarren	952.80	1,111.58	1,270.39	1,429.18	1,746.78	2,064.37	2,381.98	2,858.36
Nynehead	952.13	1,110.81	1,269.50	1,428.18	1,745.55	2,062.93	2,380.31	2,856.36
Oake	944.87	1,102.34	1,259.82	1,417.29	1,732.24	2,047.20	2,362.16	2,834.58
Otterford	934.87	1,090.67	1,246.49	1,402.29	1,713.91	2,025.53	2,337.16	2,804.58
Pitminster	948.51	1,106.58	1,264.68	1,422.75	1,738.92	2,055.08	2,371.26	2,845.50
Ruishton/Thornfalcon	947.67	1,105.60	1,263.56	1,421.49	1,737.38	2,053.26	2,369.16	2,842.98
Sampfurd Arundel	958.90	1,118.71	1,278.53	1,438.34	1,757.97	2,077.60	2,397.24	2,876.68
Staplegrove	944.41	1,101.80	1,259.21	1,416.60	1,731.40	2,046.20	2,361.01	2,833.20
Stawley	947.29	1,105.16	1,263.05	1,420.92	1,736.68	2,052.44	2,368.21	2,841.84
Stoke St Gregory	947.00	1,104.83	1,262.67	1,420.49	1,736.15	2,051.82	2,367.49	2,840.98
Stoke St Mary	944.38	1,101.77	1,259.17	1,416.56	1,731.35	2,046.14	2,360.94	2,833.12
Taunton	936.82	1,092.94	1,249.09	1,405.21	1,717.48	2,029.75	2,342.03	2,810.42
Trull	943.91	1,101.22	1,258.54	1,415.85	1,730.48	2,045.12	2,359.76	2,831.70
Wellington	949.27	1,107.47	1,265.69	1,423.89	1,740.31	2,056.73	2,373.16	2,847.78
Wellington Without	946.26	1,103.95	1,261.67	1,419.37	1,734.79	2,050.20	2,365.63	2,838.74

West Bagborough	944.69	1,102.13	1,259.58	1,417.02	1,731.91	2,046.81	2,361.71	2,834.04
West Buckland	946.76	1,104.55	1,262.35	1,420.13	1,735.71	2,051.30	2,366.89	2,840.26
West Hatch	945.73	1,103.34	1,260.97	1,418.58	1,733.82	2,049.06	2,364.31	2,837.16
West Monkton	950.44	1,108.84	1,267.25	1,425.65	1,742.46	2,059.27	2,376.09	2,851.30
Wiveliscombe	948.75	1,106.86	1,265.00	1,423.11	1,739.36	2,055.60	2,371.86	2,846.22

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Appendix

B

TOWN AND PARISH COUNCIL PRECEPTS

Parish/Town Council	2011/12			2012/13			Council Tax Increase
	Tax Base	Precept Levied	Council Tax Band D	Tax Base	Precept Levied	Council Tax Band D	
		£	(£)		£	(£)	
Ash Priors	78.84	-	-	84.83	-	-	0.00%
Ashbrittle	97.37	1,800	18.49	95.72	1,800	18.80	1.72%
Bathealton	88.08	500	5.68	89.28	500	5.60	-1.34%
Bishops Hull	1,075.48	22,000	20.46	1,114.92	22,000	19.73	-3.54%
Bishops Lydeard/Cothelstone	1,116.85	25,185	22.55	1,120.81	25,185	22.47	-0.35%
Bradford on Tone	290.50	5,500	18.93	293.94	5,500	18.71	-1.17%
Burrowbridge	205.44	4,000	19.47	205.99	4,200	20.39	4.72%
Cheddon Fitzpaine	639.63	7,000	10.94	643.53	10,203	15.85	44.87%
Chipstable	128.01	1,850	14.45	133.31	1,950	14.63	1.22%
Churchstanton	335.61	7,250	21.60	337.87	7,299	21.60	0.00%

Combe Florey	121.40	2,000	16.48	122.05	2,250	18.44	11.90%
Comeytrowe	2,092.08	25,000	11.95	2,111.95	25,000	11.84	-0.94%
Corfe	132.48	2,500	18.87	133.48	2,500	18.73	-0.75%
Cotford St Luke	800.55	15,000	18.74	821.67	16,000	19.47	3.92%
Creech St Michael	946.10	23,135	24.45	999.23	28,275	28.30	15.72%
Durston	59.57	600	10.07	59.10	600	10.15	0.79%
Fitzhead	123.27	2,995	24.30	122.29	2,995	24.49	0.81%
Halse	141.39	1,750	12.38	142.58	1,800	12.62	2.00%
Hatch Beauchamp	260.51	4,500	17.27	268.82	4,500	16.74	-3.09%
Kingston St Mary	452.76	6,000	13.25	463.52	6,000	12.94	-2.32%
Langford Budville	236.73	4,000	16.90	238.94	5,000	20.93	23.84%
Lydeard St Lawrence/Tolland	204.07	3,500	17.15	208.84	3,582	17.15	0.00%
Milverton	598.41	11,500	19.22	624.11	12,650	20.27	5.47%
Neroche	251.93	4,000	15.88	255.27	4,500	17.63	11.03%
North Curry	748.27	16,500	22.05	741.43	16,500	22.25	0.92%
Norton Fitzwarren	820.30	25,130	30.64	931.94	25,060	26.89	-12.22%

Nynehead	157.34	4,000	25.42	164.15	4,250	25.89	1.84%
Oake	333.62	4,750	14.24	333.34	5,000	15.00	5.35%
Otterford	170.04	-	-	174.06	-	-	0.00%
Pitminster	458.91	9,279	20.22	464.42	9,500	20.46	1.17%
Ruishton/Thornfalcon	614.50	12,000	19.53	624.94	12,000	19.20	-1.67%
Sampfard Arundel	132.51	4,600	34.72	127.60	4,600	36.05	3.84%
Staplegrove	713.43	10,000	14.02	748.42	10,710	14.31	2.09%
Stawley	130.08	2,400	18.45	128.82	2,400	18.63	0.98%
Stoke St Gregory	389.61	6,500	16.68	384.63	7,000	18.20	9.09%
Stoke St Mary	204.23	3,008	14.73	210.86	3,008	14.27	-3.15%
Taunton	16,033.53	46,820	2.92	16,226.62	47,380	2.92	-0.01%
Trull	1,029.79	14,000	13.59	1,032.39	14,000	13.56	-0.25%
Wellington	4,683.53	92,734	19.80	4,852.37	104,798	21.60	9.08%
Wellington Without	302.74	5,050	16.68	304.54	5,200	17.08	2.36%
West Bagborough	168.06	2,000	11.90	169.77	2,500	14.73	23.74%
West Buckland	444.62	8,000	17.99	448.31	8,000	17.84	-0.82%

West Hatch	141.96	2,330	16.41	143.00	2,330	16.29	-0.73%
West Monkton	1,116.84	31,599	28.29	1,184.22	27,664	23.36	-17.43%
Wiveliscombe	1,119.67	21,000	18.76	1,128.51	23,500	20.82	11.03%
TOTAL / AVERAGE	40,390.60	503,265	12.46	41,216.39	529,689	12.85	3.33%

(iv) Councillor Mrs Adkins

(a) Housing Services and Community Development – Restructure Proposals

The Executive has considered proposals to change the staffing structure of Housing Services in preparation for issues likely to arise from the Housing Revenue Account (HRA) self-financing and the associated new 30 year Business Plan. Changes to the current Community Development Team have also been considered.

Over the past few years, the Council's Housing Service has embarked on a modernisation programme to make it more outward looking, performance focussed and working to place tenants at the heart of scrutiny and decision making.

Although steady progress has been made, including the setting up and operation of the Tenants Services Management Board and the recruitment of officers with a specific focus on Anti-Social Behaviour, there is still more to be done.

Preparations for self-financing are going well with a robust project team and plan in place. Stage 1 of this process had been achieved with the completion of a new 30 year Business Plan.

The move to HRA self-financing in April 2012, will involve the Council taking on £85,198,000 of national housing debt, based on the final settlement figures.

Whilst modelling suggests self-financing will be a good deal for Taunton Deane, it places a significant responsibility on the HRA to ensure that governance, performance management and financial management arrangements are as good as they could be.

In addition, projections for the repairs and maintenance work required on our housing stock indicate the need for a significant lift in capital expenditure and changes to housing policy and potential legislation, particularly around tenure reform, will place new and different requirements on the service in future years.

Taking these three requirements into account it is proposed to alter Housing Services to position the structure in a way that supports the new Business Plan and the future investment needs of the service.

Specifically the restructuring proposals sought to achieve the following:-

- A clearer focus in the service on managing the resources available by the creation of an Income Team;
- Preparation for the need to deliver an increased capital work programme in the housing stock;
- Capacity to more effectively manage the stock condition database;
- Making permanent the successful pilot of changes to improve voids performance;
- Enhancing the HRA's support for Community Development activities and integrating this work in the service; and

- Positioning the service to respond effectively to the proposed new regulatory framework for social housing.

The full-year cost to the HRA of the new structure is likely to be £1,935,000, 11.9% of the total HRA cost of £16,242,000. The increase will be modelled into the 30-year HRA Business Plan.

The proposed re-structure would have a number of implications for existing staff, including one possible redundancy.

The proposals have also been considered by the Community Scrutiny Committee and the Tenants Services Management Board who were both supportive of the re-structure.

It is **recommended** that:-

- (1) the proposed restructuring of Housing Services and the Community Development Team, be approved; and
- (2) a Supplementary Budget allocation of up to £22,000 in 2011/2012, funded from Housing Revenue Account reserves, related to likely redundancy costs, be also approved.

(b) Housing Revenue Account Estimates 2012/2013

(These recommendations need to be read in conjunction with the UPDATED report submitted to the Executive on 9 February 2012 which includes all the details of the proposed Housing Revenue Account Budget.)

The Executive has given consideration to the proposed Housing Revenue Account (HRA) estimates for the 2012/2013 Financial Year which shows a working balance of £1,312,070. It also includes details of the proposed increase in Average Weekly Rent for the year where a 7.45% increase has been recommended.

The 2011/2012 budget had been set using that year's data from the Government's Draft Subsidy Determination and in the expectation that HRA self financing would be introduced under the Localism Act.

With the move to a 'self-financing' model from 2012/2013 now happening, the Council's annual payment of 'negative subsidy' will end on 28 March 2012.

The final Settlement figures from the Department of Communities and Local Government (DCLG) have set the Council's debt at £85,198,000 which will be repaid in 18 years (by 2029/2030).

The proposed HRA Budget for the next financial year is therefore based on assumptions and estimates on expenditure requirements and income projections. These assumptions have been reflected in the final Business Plan for the HRA.

The negative subsidy system required Local Authorities to raise their 'average weekly rent' to meet the 'target' or 'formula' rent by the convergence date of 2015/2016, with a 'guideline rent' being the amount the DCLG assumes should be charged, but to avoid unaffordable increases in any one year must not exceed the 'limit rent'.

This Central Government rent policy has remained unchanged despite the move to self-financing and abolition of the subsidy system.

With the Retail Price Index for 2011 at 5.60%, increasing the actual average weekly rent paid by tenants by the amount set under the subsidy determination will make the rent paid higher than the guideline rent.

It is therefore proposed that the average weekly rent for dwellings for 2012/2013 should be set at the guideline rent of £73.68. This was an increase of 7.45% or £5.11 per week.

The Dwelling Rents form the major element of income for the HRA. Each ½% rent increase is equivalent to approximately £105,000. If the average rent is set lower than the current proposal, the loss of income will have to be met by reducing expenditure.

The budget for non-dwelling rents and charges for services and facilities is based on a 5.6% increase.

The Corporate Scrutiny Committee considered the 2011/2012 draft budget at its meeting on 26 January 2012 where no formal recommendations to change the HRA budget were made.

The Tenants Services Management Board has also considered the report.

An Equality Impact Assessment has been undertaken on the proposed rent increase. Members are asked to take this assessment into account in confirming the recommended budget proposals for 2011/2012.

It is therefore **recommended** that:-

- (1) The Average Weekly Rent increase of 7.45% be approved; and
- (2) The Housing Revenue Account budget for 2012/2013 be agreed.