

Executive – 1 December 2010

Present: Councillor Williams (Chairman)
Councillors Cavill, Mrs Court-Stenning, Edwards, Hall, Hayward,
Mrs Herbert and Mrs Lewin-Harris

Officers: Penny James (Chief Executive), Shirlene Adam (Strategic Director), Brendan Cleere (Strategic Director), Lizzie Watkin (Management and Financial Accounts Operations Manager), Maggie Hammond (Strategic Finance Officer), Paul Fitzgerald (Financial Services Manager), James Barra (Community Services Manager), Tim Burton (Growth and Development Manager), Brian Gibbs (DLO Theme Manager), Chris Hall (Highways and Cleansing Manager/DLO Transformation), David Evans (Economic Development Specialist), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager).

Also present: Councillors Gaines, Henley, Morrell, Stuart-Thorn, A Wedderkopp and Mrs Wilson

(The meeting commenced at 6.15 pm.)

112. Minutes

The minutes of the meeting of the Executive held on 10 November 2010, copies of which had been circulated, were taken as read and were signed.

113. Public Question Time

(a) Mr Roger House referred to agenda item No.7 and asked whether this report should have included an additional paragraph covering planned changes to that spending Taunton Deane would carry out acting "like a parish council" in Taunton's Unparished Area?

At this time of year Town and Parish Councils across Somerset would be considering and then publishing their spending intentions for community halls, playing fields, allotments and parish administration ahead of the local elections next year - this information being given in addition to the Annual Council report and Tax Setting booklet.

Can those in the Unparished Area have an equal annual report of planned spending balanced by tax raising via the local precept or district administered funds with implications of any caps on spending explained? This would not only be helpful to local residents but also to the Ward Councillors who should be aware of the spending strategy in the Unparished Area.

In response, the Chairman (Councillor Williams) thanked Mr House for his questions. He promised that a full written reply would be prepared and sent to Mr House in due course.

(b) The Democratic Services Manager, Richard Bryant, read out the following question from a member of staff who, through illness, had not been able to attend the meeting:-

“In relation to the Savings Plan Reference T1-22 contained in the confidential pink papers, I would like to ask if Members are aware that although it is recommended that the post be re-designated, the current post holder will not be automatically slotted in to the post, due to the lower grade? If this “saving” is approved the post holder will be made redundant.”

The Chairman stated that this question would be taken into account when the confidential report was discussed by the Executive.

114. Declaration of Interests

Councillor Mrs Court-Stenning declared a personal interest as an employee of Somerset County Council.

115. Treasury Management Update 2010/2011 and Minimum Reserve Position for 2011/2012

Submitted report previously circulated, on the Treasury activity of the Council in the first six months of the current financial year which focussed primarily on debt and investments.

The Council's Debt, as at 30 September 2010, stood at £15,000,000. £6,000,000 would be repaid to the Public Works Loans Board (PWLB) on maturity (£6,000,000 temporary borrowing). The options as to the cost of borrowing were currently being reviewed in conjunction with the Council's Treasury Advisors due to the Comprehensive Spending Review and the impact of the increased rates on PWLB variable rate loans.

It was noted that the Bank of England had continued to maintain the low base rate of 0.5% during the first half of the financial year. This had been to aid stability to the economy and aid growth following the period of recession the world economy had experienced. It was anticipated that this rate would remain at this low level for the remainder of 2010/2011.

Reported that current outstanding investments amounted to £20,800,000, details of which were submitted. The average rate of interest achieved had been in the range of 1.85% - 1.22% which equated to approximately £96,000 in interest income.

Further reported that before the start of each financial year, the Council was required to determine the basis on which it would 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), was designed to ensure that authorities made prudent provision to cover the ongoing costs of their borrowing.

In 2008, the Government became less prescriptive offering Councils a number of options for calculating MRP.

For the financial year 2010/2011, the Council determined to calculate MRP as follows:-

- for supported borrowing, 4% on outstanding debt; and
- for unsupported borrowing, the debt associated with asset divided by the estimated useful life of the asset.

It was proposed that this should be retained for 2011/2012.

Resolved that:-

- (1) The Treasury Management position for the first six months of 2010/2011 be noted; and
- (2) Full Council be recommended to agree to the basis of calculating the Minimum Revenue Provision in 2010/2011 being retained for 2011/2012.

116. **Fees and Charges 2011/2012**

Considered report previously circulated, which set out the proposed fees and charges for 2011/2012 for the following services:-

- Cemeteries and Crematorium – It was proposed to increase the main cremation fee by £20 to £570 and make minor increases for other charges within the service. It was estimated that this would generate additional income of £44,000;
- Waste Services – For garden waste bins, the fee would not be increased, but the cost of 10 garden waste sacks would be increased from £20 to £25;
- Land Charges – It was proposed to keep Land Charges fees the same as the current year. This was in line with Government expectations that the service should break even;
- Housing and Deane Helpline – It was proposed to increase all charges by 4.6% which was likely to generate additional income of £59,000 for the Housing Revenue Account;
- Licensing – Many licensing fees were set nationally and much of the income derived resulted from these fees. However, where there was local flexibility to set an appropriate amount, the proposed increases sought to ensure that Taunton Deane's costs in administering and enforcing such licenses were adequately met from the income received. Noted though that great care had to be taken to set an appropriate rate as many of the licensing fees and charges were deliberately balanced. If rates went up too much, this could easily suppress the market and lead to an overall reduction in income. It could also encourage more illegal and therefore unregulated trading resulting in greater risk to public safety. The maximum realistic revenue increase was estimated to be in the region of £3,850;

- Planning – It was proposed to increase pre-application advice and charges which would generate additional income estimated at £10,000;
- Car Parking Charges – The proposed charges relating to the Car Park Service would be subject to consideration by the Traffic Regulation Orders Panel in January 2011;
- Environmental Health – most of the Environmental Health Charges were set by statute, so increases under local arrangements were not possible. A review had taken place and it had been decided not to increase these charges for 2011/2012.

The proposed fees and charges had been considered by the Corporate Scrutiny Committee on 18 November 2010 at its comments in relation to Waste Services and Crematorium Fees for children were submitted.

Resolved that Full Council be recommended to approve the proposed fees and charges, for 2011/2012.

117. **Medium Term Financial Plan Update and 2011/2012 Savings Delivery Plans**

Considered report previously circulated, which provided the latest Medium Term Financial Plan (MTFP) position and details of the proposed Savings Delivery Plans.

(a) MTFP Update and the General Fund Budget Gap

Initial assessment of the MTFP, as reported to Corporate Scrutiny on 21 October 2010, had shown an estimated Budget Gap of £1,151,000 in 2011/2012, potentially rising to an estimated £5,400,000 by 2015/2016.

In arriving at these estimates, the following assumptions had been included:-

- Inflation across various cost types;
- General Government grant reductions (estimated 40% (37% real terms) over four years pre-Comprehensive Spending Review (CSR) announcements);
- Impact of existing budget pressures and savings;
- Implications of transfer of Concessionary Travel responsibility to the County Council;
- Impact of VAT increase to 20% from January 2011; and
- Initial estimates of reduced Waste Services costs due to Sort It+ rollout in other Districts

In accordance with the Budget Strategy, Managers had been asked to focus on identifying 10% savings in 2011/2012, and to develop a longer term strategy for addressing the financial pressures expected to be faced over the subsequent four years.

Alongside the above, work would be continued over the next few weeks on detailed budget estimates work. This would include significant analysis of the CSR when the Provisional Settlement was announced in early December 2010.

(b) Comprehensive Spending Review

Reported that the Government had delivered its headline announcements regarding the CSR during October 2010. This set out real terms reductions of 28% across local authority budgets over the next four years.

The current MTFP assumptions were based on a 10% reduction each year for the next four years or 40% in total (approx 37% in 'real terms').

Noted that although the figures nationally were 28% over four years, district authorities had tended to fair less favourably than County and Unitary authorities in past grant settlements, and indications from the Government were that funding reductions would be weighted towards the earlier years.

Rather than speculatively change the MTFP assumption at this stage, it was considered appropriate to await the detailed information expected with the Provisional Settlement announcement in early December 2010.

Further reported that the Government was releasing some financing information on a piecemeal basis. For example:-

- Consultation on New Home Bonus, a prospective general grant income to local authorities linked to housing development, issued 12 November 2010; and
- Consultation on potential changes to Planning Fees regime, issued 15 November 2010.

These proposals and their potential financial implications would be reviewed to inform the Council's consultation response.

At this stage the key message was that there was still a significant amount of uncertainty surrounding the overall funding from the Government in the form of general formula funding and other Government grants.

(c) Savings Targets and Delivery Plans

As part of the 2011/2012 Budget Strategy, Theme Managers had been issued with Savings Targets totalling £1,134,000.

Submitted a range of savings options for consideration which included a combination of service reductions, efficiency savings and other savings. Details of the draft General Fund savings options were reported and these were discussed.

During the consideration of this item, the Executive **resolved** that the press and public be excluded from the meeting for the following items because of the likelihood that exempt information would otherwise be disclosed relating to Clause 1 of Schedule 12A to the Local Government Act, 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public. This was necessary to enable the information in the confidential appendices to be discussed.

Continuing the approach from previous years, each saving had been considered for

its “acceptability” in terms of both operational difficulty and public perception.

If all of these saving options were approved they would deliver savings of £1,169,000. Of this amount, Public Category items 1 and 2 would deliver £1,047,000. This position was reflected in the following table:-

	Potential Savings £k	Budget Gap £k
Budget Gap at 21 October		1,151
Public Category 1 Items	593	558
Public Category 2 Items	454	104
Public Category 3 Items	122	(18)
Total Savings Identified	<u>1,169</u>	
Revised Budget Gap (assuming all savings are taken, not including fees & charges)		<u>(18)</u>

The Corporate Scrutiny Committee had had the opportunity to consider the savings options at its meeting on 18 November 2010. The comments made by Members of the Committee were reported in detail.

Resolved that:-

- (a) the update provided for the Medium Term Financial Plan and the Budget Gap be noted; and
- (b) subject to the Plans potentially having to be revisited when the detail of the Comprehensive Spending Review and Provisional Local Government Finance Settlement was received, the Public Acceptability Items rated as 1 and 2 in the Savings Delivery Plans be approved.

118. Deane Direct Labour Organisation Internal Transformation – Interim Improvement Proposals

Reference Minute No.24/2010, considered report previously circulated, concerning the interim proposals for the internal transformation of the Deane Direct Labour Organisation (DLO) services.

In February 2010, Full Council had agreed to a ‘twin-track’ approach to the transformation of services provided by the DLO. This involved embarking on a procurement process towards full outsourcing of DLO services and the development of an internal transformation option.

Following the publication of the Comprehensive Spending Review, Full Council had agreed at its meeting on 5 October 2010 to an alternative timetable for the DLO Project. This would involve rescheduling work towards outsourcing of DLO services, pending completion of a four year budget strategy and a revised specification for

DLO services. Procurement activity towards outsourcing was now scheduled to begin in summer 2011, with potential solutions presented to Members anticipated in Spring 2012.

It had also been agreed that the internal transformation option should be brought forward for Members' consideration and that the interim plan should be based on the current levels of service and would therefore be subject to further review in line with any future changes to the DLO service specification.

The interim Improvement Plan had recently been published for consultation. It was a 'living document' that would evolve over time as new ideas and initiatives were introduced. The plan was built around a set of clear improvement priorities which were set out below:-

- (1) A lean, efficient and resilient service, able to respond flexibly to the changing demands of the Council and external clients;
- (2) A thriving business, focused on commercial success;
- (3) Excellence in performance management (financial and service);
- (4) Excellent customer service and quality; and
- (5) A committed and empowered workforce.

Both the priorities and the associated action plan would be geared towards the achievement of the following outcomes:-

- Reduced running costs for the DLO (total and by service);
- Additional income from external sources (profit);
- Raised levels of customer satisfaction with DLO services;
- Reduced CO2 emissions;
- Greater levels of staff attendance; and
- Increased numbers of properties maintained per FTE.

The following list captured the 'direction of travel' that was proposed to facilitate service transformation and improvement:-

- (a) Instead of the current six separate DLO functions, services would be brought together in order to streamline and simplify internal accountancy arrangements, improve transparency of DLO costs, reduce internal administration and bureaucracy and free up time to concentrate on delivering front-line services to customers;
- (b) Two areas of Building Services and Open Spaces would be created. Building Services would comprise functions involved with housing repairs and maintenance and Open Spaces would comprise Parks, Nursery, Transport, Cleansing and Highways functions;
- (c) Bringing together support and administration staff who were currently located in different DLO functions into a single Business Support Team;
- (d) Closer working with all client functions to ensure a smarter and more efficient

work flow from initial service request through to completion of works and record holding;

- (e) Greater emphasis on area based and multi- disciplinary working, where staff would be equipped and empowered to deal with a wider variety of service requirements, improving the customers' experience as well as operational efficiency;
- (f) Introduction of mobile phones and vehicle tracking technology to improve communications between management and workforce, enable better planning and scheduling of works and reduce the need for journeys to and from Priory Depot. Smarter and more efficient use of the vehicle fleet to result in lower mileage, costs and CO2 emissions;
- (g) The introduction of more rigorous project management of all works, where co-ordination between different trades was improved to yield greater efficiency and better outcomes;
- (h) To continue fostering a working environment where staff at all levels were encouraged to question and challenge existing working practices and suggest ways of generating efficiencies and taking advantage of potential commercial opportunities.
- (i) To strengthen processes for customer engagement and feedback, ensuring that all views received informed further service development and improvement.
- (j) To encourage a culture of learning and continuous improvement, informed by best practice from other organisations in the public and private sector.

An interim management structure had been put in place and would remain pending the outcome of a favoured option for DLO services. A proposal to separate the Housing Property Services client and contract functions had recently been agreed. Client responsibilities and staff would move to Theme 4 (Community Services), and contract functions and staff would remain in Theme 3 (DLO).

Further interim changes to the current management arrangements at the DLO had just been announced following approval of the Housing client proposal described above. These further changes, details of which had been circulated to all Members, would ensure that DLO services were fully represented at senior management level within the authority.

Reported that the Improvement Plan and associated priorities, outcomes and new ways of working had been discussed with UNISON, staff, the Tenant Services Management Board and the DLO Project Members' Steering Group.

The financial benefits of the Interim Improvement Plan were shown in the following table:-

Efficiency Measures	2010/11 (£ pt yr)	2011/12 (£)	2012/13 (£)	2013/14 (£)	2014/15 (£)	Total all years (£)

Staff changes	56,285	114,359	114,359	114,359	114,359	513,721
Technology (incl. vehicle tracking & software support)	- 2,550	43,210	49,558	49,558	49,558	191,884
DLO Surplus (as projected in MTFP)	73,000	73,000	73,000	73,000	73,000	365,000
Total	126,735	230,569	236,917	236,917	236,917	1,068,055

The projected efficiencies were likely to increase as further improvements were identified through the internal transformation process. Savings attributed to 'staff changes' included savings proposed in the Savings Delivery Plans which had been discussed earlier in the meeting.

Following discussions with Southwest One, a potential procurement saving of £712,000 over a five year period had been identified. A procurement category plan would be developed to outline how savings could be realised.

The DLO Project Members' Steering Group would monitor the Internal Transformation Plan and track indicative financial benefits.

Procurement activity towards outsourcing was scheduled to start in the Summer 2011, with a potential solution ready for Members in the Spring 2012. Members would be presented with a 'comparison report' showing the key features, benefits and risks of the internal transformation and outsourcing proposals. The comparison report would provide evidence to assist Members in making a decision on whether outsourcing or internal transformation should be followed as the preferred model for DLO services.

Further reported that the interim improvement proposals for the DLO internal transformation had been considered by the Corporate Scrutiny Committee on 22 November 2010. A full resume of the comments made by this Committee were submitted although it was noted that Members had unanimously agreed to support the interim improvement proposals.

Resolved that:-

- (1) The interim improvement proposals for the internal transformation of Deane DLO be supported; and
- (2) Full Council be recommended to approve the proposals.

119. **Review of inward investment activities delivered by the Into Somerset partnership, and request for future funding**

Considered report previously circulated, concerning the review of inward investment activities delivered by the Into Somerset Partnership which had recently been undertaken.

The Into Somerset project had commenced in March 2008 with funding from the Somerset Strategic Partnership, Business Link Somerset and the six Local Authorities in Somerset. This had been delivered through a Service Level Agreement with the Somerset Chamber of Commerce and Industry and with the benefit of seconded IBM marketing expertise. Taunton Deane had contributed £20,000 per annum over the past three years to the operating costs of Into Somerset.

The current funding arrangements and business plan were due to end in March 2011 and a forward strategy had been discussed with the other partners. The Economic Development Strategy was an important strand of the Council's Core Strategy to deliver an employment led growth agenda.

To assist in decision making about the future strategy an independent evaluation of Into Somerset was commissioned in Spring 2010. The evaluation had found that Into Somerset had been very successful in a short period of time. It had made a good contribution to improving the image of the County, to developing strong marketing materials and campaigns and to offer an excellent service with capable knowledgeable staff. It had performed less well in terms of quantifiable direct new investment, although it acknowledged that this should be given longer to build momentum.

Reported that the local authorities had invested a total of £612,500 in the delivery of Into Somerset in the period March 2008 to March 2011. The targets set for achievement by the end of March 2011 were 120 enquiries dealt with per annum and a total inward investment over the period of 25 businesses or entrepreneurs creating or protecting 500 jobs.

According to Into Somerset by the end of September 2010 there had been 20 businesses assisted with the creation of 76 jobs and the safeguarding of 65 jobs. An additional 411 jobs were currently in the pipeline in four companies. Furthermore, an additional 60 businesses had to date been supported through the enquiry process.

However, in Taunton Deane, only one job had been created and three safeguarded during the period of operation. Into Somerset felt that this was due primarily to a shortage of employment land in Taunton, outside of the town centre, that could accommodate large inward investors.

Having considered the independent consultant's conclusions, Into Somerset's return on investment to date and taking account of the severe budget pressures faced by the public sector, the Board of Into Somerset was now seeking contributions from local authority partners to enable the continuation of the programme for a further period.

A draft budget had been estimated to continue the current level of delivery but based on a reducing level of local authority contribution between 2011 and 2014.

The proposal was to use the local authority and Performance Reward Grant (PRG) funding to support the core delivery of Into Somerset over the next three years and the private sector would be expected to support the marketing budget either in cash or in kind at an increased level than at the moment.

The proposed contributions from the local authorities were:-

	2011/12	2012/13	2013/14
Somerset County Council	£40,000	£35,000	£30,000
Mendip District Council	£12,500	£10,000	£7,500
Sedgemoor District Council	£12,500	£10,000	£7,500
South Somerset District Council	£15,000	£12,500	£10,000
Taunton Deane Borough Council	£12,500	£10,000	£7,500
West Somerset Council	£3,000	£2,500	£2,000

A contribution from the Somerset Local Area Agreement PRG of £140,000 had already been secured for the forthcoming three years.

Inward investment played an important role in developing the local economy and Taunton Deane had a lot to offer potential investors. However, the role of the public sector in attracting inward investment had changed in recent years, mainly through the growth of the internet. Local Authorities could add value by overcoming the perceived barriers to investment and ensuring that an adequate supply of the necessary resources to attract businesses existed.

The options for the Council to deliver its inward investment programme were reported as follows:

- To withdraw from inward investment activities and rely on the market to attract investment;
- To withdraw from the Into Somerset Partnership and deliver inward investment activities alongside Project Taunton using the budget previously earmarked for Into Somerset for its own marketing activities;
- To continue to commit to the Into Somerset partnership; or
- To sign up to Into Somerset but on an annual basis, which would enable the Council to take better account of the changing budgetary position and the role and priorities of the new Local Enterprise Partnership.

If it was agreed to continue to support Into Somerset, action would be taken to ensure Taunton Deane obtained sufficient profile amongst its Somerset rivals in attracting investors and that better arrangements were put in place to performance manage the contract, including ensuring that regular updates were provided.

This item had previously been considered by the Corporate Scrutiny Committee on 21 October 2010. Whilst recognising the importance of delivering inward investment

support, Members felt unable to support an extension of the contract with Into Somerset due to the poor return delivered by the partnership over the past three years.

Although these views were taken into account, the Executive was of the view that it would not be appropriate to withdraw from the Partnership at the moment and that support for a further year should be provided.

Resolved that:-

- (1) the Into Somerset Partnership be supported for a further one year period; and
- (2) an update on the Partnership's activities be submitted to the Executive in September 2011.

120. **New Executive Arrangements**

Considered report previously circulated, concerning the proposed new Executive arrangements for the Council.

The previous Government, through the Local Government and Public Involvement in Health Act 2007, required every Local Authority to reconsider its existing Executive arrangements and adopt one of only two specific Executive models, either:-

- Mayor and Cabinet, or
- Leader and Cabinet (the 'Strong Leader' model).

At its meeting on 5 October 2010, Full Council had indicated that it would prefer to implement the Strong Leader and Cabinet model as the model that should be implemented following the next Local Government Elections on the 5 May 2011.

In addition, the consultation process as set out in the table below had also been approved:-

Date	Action
5 October 2010	Approval for procedure and consultation process
4 week consultation period	18 October – 19 November 2010
1 December 2010	Report to Executive with results of consultation process and recommendations on the two options
14 December 2010	Full Council resolution to adopt new arrangements
5 May 2011	Borough Council elections
9 May 2011	New executive arrangements to take effect.

Reported that the consultation had taken place which had resulted in just one letter being received which supported the Strong Leader model.

Resolved that Full Council be recommended to:-

- (1) adopt the Strong Leader and Cabinet Model; and
- (2) approve the necessary amendments to the Council's Constitution.

121. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

122. **Exclusion of the Press and Public**

Resolved that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12A to the Local Government Act, 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

123. **Olympic Event**

Considered report previously circulated, concerning a proposed Olympic Event.

The details of the event were reported to the Executive together with the potential opportunities, not least the significant economic benefits, which could arise.

Resolved that:-

- (1) The proposal set out in Option 2 in connection with the Olympic Event be approved; and
- (2) The proposed cost of the event be underwritten with funding from the Local Authority Business Growth Incentive reserves.

(The meeting ended at 8.24 pm.)