Executive – 11 July 2012

Present: Councillor Williams (Chairman)
Councillors Cavill, Hayward, Mrs Herbert, Mrs Stock-Williams and Mrs Warmington

Officers: Penny James (Chief Executive), Shirlene Adam (Strategic Director), Brendan Cleere (Strategic Director), Heather Tiso (Head of Revenues and Benefits), Paul Harding (Corporate and Client Services Lead), Vikki Hearn (Strategy Officer), James Barrah (Housing and Health Manager), Paul Rayson (Cemeteries and Crematorium Manager / Registrar), Richard Morris (Southwest One Property Services), Paul Fitzgerald (Financial Services Manager), Ian Franklin (Regeneration Delivery Manager), Tonya Meers (Legal and Democratic Services Manager) and Richard Bryant (Democratic Services Manager and Corporate Support Lead).

Also present: Councillors Ms Lisgo, Tooze and A Wedderkopp

(The meeting commenced at 6.15 pm.)

48. **Apologies**

Councillors Mrs Adkins and Edwards.

49. **Minutes**

The minutes of the meeting of the Executive held on 20 June 2012, copies of which had been circulated, were taken as read and were signed.

50. **Non-Domestic Rates – Discretionary Rate Relief**

Considered report previously circulated, concerning new powers for Billing Authorities to award Discretionary Rate Relief.

Section 69 of the Localism Act had amended the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer for any reason, not just those that could currently be granted Discretionary Rate Relief.

Billing Authorities, such as Taunton Deane, were responsible for fully funding any discounts granted under these new powers. Therefore it was anticipated that such reductions would only be awarded in exceptional circumstances.

A local authority could only grant relief if it was reasonable to do so having regard to the interests of Council Tax payers in its area.

Currently there were some 3,730 business premises within Taunton Deane and it was possible that many applications could be received. It was not practical to have Members to consider each individual application and a formal policy to deal with applications was therefore proposed.

The main proposals contained in the procedure were as follows:-

- All requests for relief had to be made in writing;
- If the ratepayer did not provide the required evidence, the Council would reserve the right to either treat the application as withdrawn or to consider the application in the absence of the missing evidence;
- The Council might in any circumstances verify any information or evidence provided by the ratepayer by contacting third parties, other organisations and the ratepayer;
- The authority to decline applications for relief under these provisions would be delegated to the Section 151 Officer;
- If the Section 151 Officer declined an application any appeal would need to be made to the Executive Portfolio Holder; and
- Where the Section 151 Officer decided there was sufficient merit in awarding relief under these provisions, a recommendation would be made to the Executive to decline or award relief. Where it supported the recommendation, the Executive would also need to the make the necessary budget arrangements to meet the commitment.

This system of delegation would ensure that proper and consistent consideration was given to all applications and that the financial implications were considered. This was consistent with our approach to dealing with Hardship Relief applications for Business Rates as well as for the corresponding discretionary powers relating to Council Tax.

Resolved that:-

(1) the above policy for considering applications for relief under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) be approved; and
(2) Full Council be recommended to support this decision.

51. **Somerset West Private Sector Housing Partnership – Proposal for a New Local Lettings Agency**

Considered report previously circulated, concerning a proposal to develop a Somerset West Local Lettings Agency (SWLLA) across the three Council partners Sedgemoor District Council, Taunton Deane Borough Council and West Somerset Council.

The Somerset West Private Sector Housing Partnership was a Partnership between the above named Councils to deliver Private Sector Housing Services. The Partnership Manager is the Private Sector Housing Manager for the three Councils, based at Bridgwater.

The use of the private rented stock across the three districts had been an aid to preventing homelessness and was a realistic solution for many types of households. Examples of incentives to private sector landlords already in place included the Deposit Bonds, Landlord Accreditation and Wessex Reinvestment Trust loans to bring empty properties back into use.

The continued use of the private rented sector was facing a new challenge from the proposed EDF Hinkley C Nuclear Power Station. It was estimated that at the peak construction, around 3,700 of the 5,600 EDF work forces would require accommodation locally.

A mapping exercise undertaken by the Partnership had identified approximately 25,000 private rented properties across the three Council's. 6,428 were in the Taunton Deane area which had seen a growth of approximately 20% in the last two years.

On Homefinder Somerset there were 9,371 applicants awaiting housing across the three Council's, 3,685 (39%) of whom were in the Taunton Deane area. Social housing provides accommodation for 24% of people waiting for accommodation.

At the current rate of social build and taking into account the number of social housing re-lets available, the Partnership had estimated that Taunton Deane would take 5.5 years to clear the waiting list as at May 2012.

The mapping exercise had revealed that single person households represented the biggest percentage (40%) of those waiting for accommodation. The impact of this was already being felt by the Housing Options Team, who were increasingly reporting a lack of supply of accommodation for our most vulnerable clients.

The private rented sector provided an ideal solution for accommodating single people as it was difficult to supply a large percentage of single persons accommodation in the social sector due to the cost of the projects.

It was predicted that the proposed Hinkley C development would have a significant impact on the number of bed spaces available in the private rented sector. The nuclear project is a major long-term project spanning eight years and although this would bring benefits to the community it would occur at a time when the Local Authority would be considering other barriers to the use of the private rented sector including prescriptive welfare reforms involving reduction and restrictions of local housing allowances, the new Localism Act 2011 and Tenure Reforms, a reduction in mortgage lending and a lack of local affordable housing.

To overcome these barriers the Council would have to proactively respond to the anticipated loss of private rented properties by ensuring there was a comprehensive package available to private landlords and prospective tenants, particularly to incentivise landlords to take on the more vulnerable tenants. This would be essential in order to maximise availability and ensure supply was maintained for local residents over the coming years.

A SWLLA would bring the relevant departments together across the three councils to offer a consistent service to landlords, especially those willing to take some of our more vulnerable households. Existing staff would continue to work within their teams and existing budgets would be utilised to improve and refine the services supplied.

The project would aim to secure 2200 bed spaces within the private rented sector by March 2013. This would go some way to offset the impact of demand from the EDF workers and assist with homelessness prevention across the three local authority areas. The benefits of an agency were detailed in the report.

The expected outcomes for the SWLLA included:-

- Early intervention to offer a range of incentives and support for landlords that would build upon the trust between the housing departments and the private rented sector;
- The availability of enhanced Housing Options to private rented sector landlords could be tailored to meet landlords requirements;
- Experienced housing staff working across the districts could offer on-going professional support which was marketed under one umbrella of services irrespective of the district that properties were in;
- The SWLLA could act as a signposting service, working with service providers to deliver a housing management service which complimented the range of services on offer to private sector landlords;
- The agreed range of incentives and services on offer under the umbrella of the scheme would provide links with area regeneration, Anti-Social Behaviour, community cohesion and social exclusion;
- A partnership SWLLA would lower the risk for landlords to accept tenants in receipt of Local Housing Allowance via safe-guards and would capitalise on fast track housing benefit systems already in place; and
- Operational structure – The SWLLA would be able to pull together resources from three local authority areas and respond collectively to national and local demands through monitoring of the scheme and success in rehousing.

An underlying principle of the SWLLA would be that the range of benefits offered to landlords would be consistent across the three local authority areas and would be affordable, with no additional net cost to the Local Authority.

The proposal put forward by the Somerset West Private Sector Housing Partnership was intended to tackle what was likely to become a critical issue for the three Council's over the next five years. The principles of the SWLLA were to:-

(a) Increase the supply of affordable private rented properties including the use of empty properties across the district;

(b) Sustain existing and new tenancies particularly for those who were vulnerable;

(c) Encourage and support good management by landlords in the private sector through a package of measures designed to incentivise;

(d) Encourage choice of properties from the available stock;

(e) Consistency across the three partner Councils, removing barriers and complexity so it was easier for tenants and landlords to engage; and

(f) Prioritise resources between the Councils to where the demand was.

During the discussion of this item, Councillor Hayward pointed out that the Equalities Impact Assessment had not been included with the agenda papers. This would be circulated to Members.

Resolved that the proposal to develop a Local Lettings Agency across the three Council partners be approved, subject to approval by the other two partner authorities and also subject to clarification of detailed governance and performance reporting (including financial) arrangements, for agreement by the Leader and Chief Executive .

52. **New Cremators and Mercury Filtration Project – Taunton Deane Crematorium**

Considered report previously circulated, which provided an update on the project to install three new cremators at the Taunton Deane Crematorium along with Mercury filtration equipment.

Emissions from crematoria had been regulated under Part 1 of the Environmental Protection Act 1990 since 1991. However, these controls had not addressed emissions of mercury and the Government had subsequently introduced legislation to deal with this issue.

As a result, Taunton Deane decided to invest in full abatement technology and take the opportunity to install three new cremators.

Following a procurement exercise, a tender was accepted from Facultatieve Technologies (FT) for the supply and installation of the new cremators and mercury filtration equipment. The tender price was £1,020,937.

Reported that the supply and installation of the equipment by FT formed only one part of the project. What was also required was securing the professional services to oversee the project, and appointing a second contractor to undertake the ancillary building works to the structure of the crematory building to facilitate the installation, as FT were not a building contractor.

In the autumn of 2010, Southwest One (SW1) Property Services was appointed to manage the project and an early assessment showed that the alterations required to the Crematorium building would be reasonably straight forward but at an additional estimated cost of £300,000 including fees.

Consequently a capital budget of £1,320,000 for the whole project was agreed.

Further reported that the project was well behind schedule for the following reasons:-

Contract – There was a delay in agreeing a contract for the supply of the equipment due to negotiations concerning penalty clauses. FT were reluctant to release full technical details required for design until the contract was signed.

Provision of technical information – As the market leader, FT had received many orders as crematoria sought to replace equipment before the statutory deadline for mercury abatement. This had put the company under considerable pressure which, in turn, had meant that they had been slow to provide information regarding technical specifications and works scheduling. This had considerably delayed the design processes of SW1.

Unforeseen works – With additional works added through the design stage, the build was now much more technically complex than originally envisaged. Details of a number of changes/issues were submitted which not only impacted on the time required to undertake detailed design, but also had to be reconciled with the work phasing, to ensure the works could proceed in a practical fashion. These changes/issues included roof replacement due to the extensive number of new service penetrations, the increase in the width of the crematory doors to accommodate the installation of the larger machinery and the replacement of existing flue liners due to extensive corrosion.

Evaluation of tenders received for the building project had been completed and the contract for the works was in the process of being awarded. With tenders now received a final project budget could now be agreed.

Due to the additional works required to facilitate the installation of the new equipment, and the additional time required from SW1 professional services on the project, the current assessment of the costs of the project is that it is £73,000 above the approved budget. A request was therefore made for an addition to the project budget that would cover this gap and add an additional £40,000 as a contingency.

The following table summarises costs and commitments.

	£k
Updated Commitments	
Supply and installation of equipment	1,021
Ancillary Works and Professional fees	372
Contingency	40
Total Commitments	1,433
Total Scheme Budget	1,320
Budget Supplement Required	**113**

It was evident that the current budget approval was not sufficient, therefore for the scheme to continue Full Council would need to approve a recommended budget increase of £113,000.

Reported that the Cremator Replacement and Mercury Abatement Project had been considered by the Community Scrutiny Committee at its meeting on 3 July 2012. Members had been particularly critical of the delays and the increased costs and had recommended the Executive to request the South West Audit Partnership to conduct an independent audit of the management of the project. They had also requested that any report commissioned should be referred back to scrutiny for consideration.

The Section 151 Officer, Shirlene Adam, reported that should the Executive agree this recommendation, discussions would have to take place with the Audit Partnership with a view to adjusting its currently agreed work programme.

Resolved that:-

(1) Full Council be recommended to approve a supplementary budget of £113,000 to be added to the Capital Programme 2012/2013 for the Cremator Replacement and Mercury Abatement Project, funded from revenue resources by a transfer from General Fund Reserves; and

(2) It be agreed that South West Audit be commissioned to undertake an audit of the procedures undertaken in connection with the project.

53. **Financial Outturn 2011/2012**

Considered report previously circulated, on the outturn position of the Council on revenue and capital expenditure for the General Fund, Housing Revenue Account and trading services for 2011/2012.

A key feature of well-regarded Councils was their ability to manage performance effectively. Effective financial management therefore formed an important part of the Council's overall performance management framework

The outturn position reported for the Housing Revenue Account (HRA) and General Fund (GF) contained some estimated figures for Government subsidies on Housing and Council Tax Benefit. These were based on unaudited claims, and it was possible that final figures post-audit could change. Should the final figures differ significantly from those used in this report a further report would be presented to Members giving the updated position on subsidy and the implications for the Council's reserves.

The outturn figures contained in this report were provisional at this stage. The financial outturn would be taken into account when preparing the Council's Statement of Accounts, which was due to be approved by the Section 151 Officer on 29 June 2012, and was then subject to review by the External Auditor. Should the External Auditor identify any changes to the Accounts these would be reported to the Corporate Governance Committee in September 2012.

There had been a number of significant challenges faced by the Council this year, and these had had an impact on the overall financial position for the authority. These included:-

- the continuing economic climate and the recession in the United Kingdom;
- The Coalition Government's approach to tackling the national debt and the resulting impact of reduced funding for local authorities - a 13.2% cut in funding for GF services for this Council;
- The Council had prepared for the move to Self Financing for the HRA, and had had to take on debt of some £85,000,000 in March 2012 to 'buy out' of the national Housing Subsidy system; and
- The Council had implemented restructuring as agreed for the 2011/2012 budget, and had also undertaken further restructuring in March of this year to respond to further financial reductions in 2012/2013.

For a large part of the year, budget managers had been forecasting a net overspend on GF services. At the first quarter a major overspend was projected at £800,000 – largely due to declining income in relation to parking, Planning, Building Control and

Licensing – and action was taken to reduce spending during the year to mitigate this financial pressure.

The projected overspend had therefore been reduced to £313,000 by the third quarter. The projections on parking income had proven to be reasonably accurate in the outturn, however continued spending control, together with better than expected performance on some other income lines, had helped to arrive at a net underspend being reported for the year.

The Council had continued to operate within the framework of its Budget Strategy and the overall financial standing at the end of the financial year was sound. The underspend on the GF Revenue Account meant that general reserves had increased. The Section 151 Officer was due to review the minimum level of reserves in the context of the transfer of risk from central to local government under localism, and the ongoing uncertainty over Government funding levels, and it was feasible that this would lead to a recommendation to increase minimum reserves.

The following provided a summary of the 2011/2012 outturn and reserves position for both GF and HRA services:-

(1) The 2011/2012 Provisional GF Revenue Outturn was a £535,000 underspend against the Final Budget for the year. A Budget Carry Forward of £86,000 was requested, to be funded by this underspend.

(2) The GF Reserves balance as at 31 March 2012 stood at £3,337,000. This would reduce to £3,251,000 if the above proposed budget carry forward to 2012/2013 was approved. This was above the minimum reserves expectation within the Council's Budget Strategy, and provided sound financial resilience in view of the continuing financial pressures faced by the Council over the medium term.

(3) The 2011/2012 GF Capital Programme expenditure for the year amounted to £4,331,000, which was £4,222,000 below the budget for the year. The total slippage of planned project expenditure into 2012/2013 was £4,534,000 and a budget carry forward was recommended for the related schemes.

(4) The 2011/2012 Provisional HRA Outturn was a £86,000 underspend against the Final Budget for the year. The HRA Reserves balance as at 31 March 2012 stood at £1,355,000, which was above the minimum level set within the 2011/2012 Budget Strategy.

(5) The HRA was 'self-financing' with effect from 2012/2013, however as the related settlement debt of £85,198,000 was undertaken in March 2012 the expenditure was recognised in the outturn for 2011/2012.

(6) The 2011/2012 HRA Capital Programme expenditure for the year amounted to £4,132,000, which was £168,000 below budget for the year. The expenditure related largely to the Council's continued investment in maintaining 'Decent Homes' standards.

(7) The Deane DLO had reported an overall trading surplus of £67,000. A

budgeted contribution to the GF of £101,000 had been made.

(8) During the year the Deane Helpline had made a net deficit of £118,000, which had resulted in a small overspend of £2,000 against the final budget.

During the discussion of this item, Councillor Ms Lisgo referred to comments she had made at the last Corporate Scrutiny Committee about the Disabled Facilities Grant position shown in Appendix F. Responses had been promised at that meeting but, to date, she had seen nothing on the subject.

The Financial Services Manager reported that a composite reply to several of the queries raised at that meeting had only just been completed and this would be circulated to all Members. He reported the response he had had in respect of the Disabled Facilities Grant.

Resolved that:-

(a) the draft outturn position for General Fund and Housing Revenue Account revenue and capital budgets for 2011/2012 be noted; and

(b) Full Council be recommended:-

(i) To transfer the net underspend on the General Fund Revenue Account to General Fund Reserves, and transfer the net underspend on the Housing Revenue Account to HRA Working Balance Reserves;

(ii) To approve the net transfer of £258,000 from earmarked reserves for use on General Fund services and capital financing, and £85,000 from earmarked reserves for use on HRA services and capital financing, as set out in the report.

(iii) To transfer surplus earmarked reserves of £87,000 to General Reserves as referred to in the report.

(iv) To approve a Carry Forward of General Fund Revenue Budget of £86,000 to support expenditure related to Economic Development and Insurance Costs in 2012/2013.

(v) To approve the Carry Forward of General Fund Capital Programme Budget totalling £4,534,000 for slippage into 2012/2013.

54. **Medium Term Financial Plan Update**

Considered report previously circulated, which provided an update on the Medium Term Financial Plans for the General Fund and Housing Revenue Accounts.

The Council's current Budget Strategy was approved by Full Council in October 2010. This was written in recognition of the unprecedented levels of uncertainty on the future funding of local authorities and tightening economic conditions.

Under the Strategy a traditional “savings plan” approach had been undertaken in 2011/2012 and, following an extensive Budget Review in 2011, a number of additional savings options were prioritised by Members leading to a balanced budget for 2012/2013.

The need for a more radical and strategic approach still stood, with the Medium Term Financial Plan (MTFP) continuing to show funding pressures over the next five years.

In April 2012, the Strategy Manager reported to Corporate Scrutiny with a proposal to develop a new Corporate Business Plan during the Spring and Summer this year, to replace the current Corporate Strategy. The Business Plan would need to bring together ambitions, future plans, capacity and affordability. The MTFP update provided would enable Members to support the development of the Business Plan with the most currently available financial position for the Council.

Noted that there was a significant amount of uncertainty at this stage with the Council still planning on the basis of a further 20% reduction in funding from central Government over the next two years, in addition to the cumulative 25% cut in formula grant already experienced in 2011/2012 and 2012/2013.

General Fund Revenue Budget Position – Medium Term Financial Plan

The current forecast position was shown below (excluding parish precepts and special expenses). The gap at the end of the five years had reduced significantly compared to the previous MTFP provided to Members. This was largely due to updated assumptions regarding the Council Tax Reduction Scheme and inflationary increases on income that have not previously been included:-

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
TDBC Forecast Net Expenditure	11,674	12,969	13,649	14,112	14,526
Forecast Retained Business Rates*	4,779	4,301	4,301	4,301	4,301
Forecast Council Tax Freeze Grant	138	138	0	0	0
Forecast Council Tax	5,740	5,913	6,091	6,275	6,464
Forecast Resources Available	10,657	10,352	10,392	10,576	10,765
Predicted Budget Gap	1,017	2,617	3,257	3,536	3,761

** Formula grant*

The general assumptions used to build this forecast included:-

- Basic Council Tax rate would increase by 2.5% annually;
- Tax Council Tax Base, currently 41,216.39 (Band D Equivalents) in 2012/2013, would increase by 0.5% annually (before impact of Council Tax Reduction Scheme);

- Staff pay award would be 1% in 2013/2014 and 2014/2015, and then 2% annually. A vacancy factor of £60,000 based on 0.75% vacancy rate remained within the base budget;
- Employers' pension contributions would rise from the current 17.3% in 2012/2013 to 21.9% in 2016/2017 as per the latest advice from the Pension Fund technical advisor ("Actuary");
- Income from Fees and Charges would increase by an inflationary uplift, which was currently estimated in line with an assumed RPI rate of 3% in 2013/2014 and 2% annually in subsequent years;
- Retained Business Rates, which was expected to replace Formula Grant, reflected previous estimates of a 10% per annum reduction in 2013/2014 and 2014/2015;
- New Homes Bonus Grant of £392,000 per year was included as part of 'mainstream funding' for local services, with any balance above this being set aside in an earmarked reserve; and
- The Council Tax Freeze Grant of £138,000 per year would cease after 2014/2015.

Other assumptions included:-

- The implementation of a local Council Tax Reduction Scheme (to replace Council Tax Benefit) was assumed to be cost neutral at this stage;
- An annual revenue contribution to capital sufficient to fund the existing agreed recurring capital schemes continued; and
- The loss of car parking income due to Project Taunton schemes would take place in 2014/2015.

There was currently a significant amount of uncertainty around the financial position for the Council, which made accurate financial modelling more difficult. The major areas of risk and uncertainty included:-

- ***Business Rates Retention:*** With the anticipated removal of the Revenue Support Grant element of the formula grant in 2013/2014, work would be undertaken to interpret guidance from the Government to develop a new method for forecasting likely funding.
- ***Council Tax Reduction Scheme:*** The Council had committed to developing a new local scheme that was affordable reflecting the 10% cut in funding from the Government. However the scheme would be designed during the summer/autumn this year and the financial impact will not be known with certainty for budget setting purposes until December 2012/January 2013.
- ***Wider economic factors:*** The ongoing state of the national economy brought risk and uncertainty for local services. Together with welfare reform and potential reductions in benefits, the Council could see changes in demand for local services.
- ***Local Projects:*** When the budget was set in February, a number of projects were highlighted as uncertain in terms of potential costs, such as maintenance of

the Orchard Car Park and The Deane House maintenance and remodelling works.

- ***Local Priorities:*** The development of a new Corporate Business Plan would provide Members with the opportunity to review local priorities, the impact of which would need to be factored into the MTFP.
- ***DLO Transformation:*** This was expected to deliver further savings.
- ***Community Infrastructure Levy (CIL):*** The Council was in the process of developing proposals related to the introduction of the CIL in Taunton Deane.

This could have one off set up costs, and then ongoing income and expenditure implications, but at this stage no estimates had been included within the MTFP.

The table below attempts to show the “sensitivity” of some of the assumptions used and the potential shift in General Fund budget gap should these assumptions change:-

Cost area	**Better/Higher Risk**	**Forecast 2013/14**	**Worst/Lower Risk**
Pay %		0%	1%
Pay value change		-	+£86k
Utilities %	4%	7%	13%
Utilities value change	-£8k	-	+£16k
Government Grant %	-7%	-10%	-12%
Government Grant value change	-£159k	-	+£106k
Council Tax Increase %	3.5%	2.5%	0%
CTax Income Change	-£56k	-	+£139k
Tax Base growth %	0.5%	0%	0%
Tax Base growth value change	-£29k	-	-

Further reported that when the 2012/2013 Budget was approved by Full Council in February 2012, the projected MTFP included a projected budget gap in 2013/2014 of £1,900,000.

A review of the MTFP since February had seen a marked reduction in this gap, largely due to the Council’s decision to commit to developing a Council Tax Reduction Scheme.

The latest estimate of the Budget Gap for 2013/2014 was approximately £1,000,000, as reflected in the MTFP Summary table below:-

		Changes to Base Requirement £'000	Budget Gap £'000
	Budget Gap – 2012/13 Approved Budget		0
A	Removal of one-off items in the 2012/13 Budget	+538	538
B	Estimated net inflation costs and income	+296	834
C	Projected 10% reduction in government funding	+531	1,365
D	Estimated 10% reduction in Council Tax Admin Grant	+80	1,445
E	Estimated council tax with 2.5% rate increase and 0.5% tax base increase	-168	1,277
F	Planned use of earmarked reserves for Growth & Regeneration team costs	-275	1,002
G	End of repayment of Invest to Save schemes	-40	962
H	Other changes	+55	1,017
	Current Projected 2013/14 Budget Gap		**1,017**

Based on the current forecast for the General Fund MTFP above, and the current provisional outturn position the current General Fund Unearmarked Reserves position was forecast as shown in the following table:-

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k
Estimated Balance B/F	3,291	2,274	-343	-3,600	-7,136
Predicted Budget Gap (above)	-1,017	-2,617	-3,257	-3,536	-3,761
Estimated Balance C/F	**2,274**	**-343**	**-3,600**	**-7,136**	**-10,897**

Housing Revenue Account (HRA) – Medium Term Financial Plan

The new HRA 30 Year Business Plan was approved in February 2012, following extensive work undertaken to prepare for the move to Self Financing from April 2012. Through the approval of the Business Plan in February, Members approved the following:-

- Four new strategic objectives for Housing including
    - Securing a long term future for our Housing service;
    - Tackling deprivation and sustainable community development;
    - Investing in our housing stock, regeneration and affordable housing; and
    - Climate change;
- Continuation of the rent policy assuming rent convergence in 2015/2016 and of RPI+0.5% increases thereafter;
- The Council would explore the use of new "Affordable Rents" in developing its plans for affordable housing;
- That the Council would review the potential use of probationary or introductory tenancies in the next 12 months;
- That the Council would explore the use of fixed term tenancies in the next 12 months;

- The principle of allocating affordable funds to a social housing development fund;
- An increase in minimum HRA reserves balance to £1,800,000;
- To take on borrowing from the Public Works Loans Board (PWLB) for the self financing debt, and agree that any surpluses generated by the HRA be used to pay off debt early, providing the HRA with flexibility and headroom to pursue new priorities.

At the time of approving the Business Plan it was recognised that there were some risks and uncertainties, including:-

(a) Stock condition information: the stock condition validation exercise had highlighted a number of deficiencies in the quality of data held on stock condition, and the Council had undertaken to improve asset management data during 2012/2013 to enable better capital expenditure profiling;

(b) The Council would need time to be able to deliver the significantly higher capital programme in future years;

(c) The approach to, and level of funding for, the social housing development fund would be subject to annual review; and

(d) The Government announced its intention to raise Right to Buy discounts, and had subsequently issued guidance in this regard following consultation.

Reported that at this stage there were no changes to the HRA MTFP as submitted to Members in February 2012. Updates to the MTFP will be considered and reported during the summer, taking into account clarification related to the above risks and uncertainties and any other emerging information related to HRA priorities. The financial strategy included within the HRA Business Plan included the aim of maintaining HRA Unearmarked Reserves at an approximate minimum balance of £1,800,000. The current projected reserves balance, including the provisional outturn for 2011/2012, remained in line with this strategy:-

	Budget 2012/13 £k	Estimate 2013/14 £k	Estimate 2014/15 £k	Estimate 2015/16 £k	Estimate 2016/17 £k
Balance b/f 1 April	1,355	1,842	1,842	1,842	1,842
Net Expenditure in Year	487	0	0	0	0
Balance c/f 31st March	1,842	1,842	1,842	1,842	1,842

Capital Programme

Reported that the existing GF Capital Programme for 2012/2013 was fully funded. Currently unallocated resources for capital were very limited, and projected capital resources assumed the cuts to Government funding for capital in the past couple of years would continue indefinitely.

New priority projects that Members were minded to support would have to be funded from new capital receipts, from new sources of funding (such as the New Homes Bonus), from new borrowing or from revenue.

The Council was anticipating some capital receipts during 2012/2013, including:-

- Mount Street ex-nursery site, Taunton ;
- The former Taunton Youth and Community Centre at Tangier, Taunton;
- Surplus site off Bindon Road, Taunton; and
- Right To Buy sales.

Members were encouraged to start thinking through what new schemes they might wish to support over the coming years to help develop our financial planning. There were likely to be several opportunities over the coming months for Members to influence and shape the future capital programme.

As mentioned above, the Council planned to develop a new Corporate Business Plan for the next three years. The development of this plan was an important step in defining affordable priorities in the medium term, and would need to take into account the financial pressures, risks and opportunities identified within the MTFP.

The draft Business Plan was due to be submitted to the Executive later in the year.

Resolved that the latest position on the Council's Medium Term Financial Plans be noted.

55. **Potential Relocation of Council Depot and Disposal of the Priory Way Site, Taunton**

Considered report previously circulated, concerning the potential relocation of the Council's Depot and the proposed marketing of the site at Priory Way, Taunton.

The site covered approximately 3.85 acres in total, which included approximately 0.2 acres currently occupied by three emergency housing accommodation units. The whole site would be subject to any marketing process, meaning that alternative provision would be required for these units.

The potential relocation of the Council's depot had originally been put forward as part of the DLO Transformation Plan, approved in August 2011. A business case for relocation was to be considered in 2012/2013 for a potential relocation in 2013/2014.

Keen interest from a number of local businesses in the depot site had challenged the Council to consider early disposal of the site to further its economic development aspirations, raising potential conflicts with the approved plan and the timetable for DLO transformation.

At this stage, a number of options for depot relocation were being looked at including:-

- 'Squeezing up' operations on the current site, releasing the more visible (and valuable) part of the site adjacent to Priory Way for disposal. This option would also leave open the possibility of a phased withdrawal at a later date, releasing the remainder of the site for disposal;
- Relocating all operations to a suitable site elsewhere; and

- Spreading Deane DLO operations across a number of sites.

This subject was discussed in detail by the Corporate Scrutiny Committee at its meeting on 24 May 2012. In weighing up the potential risks and benefits involved, the Committee recommended to the Executive that:-

(i) the DLO should be supported in its ongoing transformation; and
(ii) a marketing exercise of the current depot site should be undertaken.

The view of the Corporate Scrutiny Committee was that the result of any marketing exercise would establish the value of the depot site and provide an important context for considering the business case for potential depot relocation.

Reported that marketing exercise would take between 8 weeks and five months to complete, depending on the Council's appetite to test the market. Therefore, assuming that marketing activity started in August 2012, bids for the depot site would be expected by January 2013 and potentially earlier.

The Planning and Development Manager had previously advised that a car dealership option would be an appropriate future employment use of this site, with other potential higher value uses (such as food and retail) not being suitable due to the detrimental impact on the Town Centre. Other uses of the site might nevertheless be acceptable in planning terms and these would need to be assessed by the Council on financial, planning and regeneration merits.

As mentioned above, relocation options were being explored as outlined and, together with Southwest One, potential depot sites being considered to establish the costs, advantages and disadvantages associated with these options.

Additional project management support would be required on a temporary basis to assist with different elements of the DLO Transformation Plan, which risked being adversely affected by the need to focus time and effort on the potential relocation.

Submitted for the information of the Executive details of what were considered to be the key risks associated with the relocation of the depot.

If the marketing of the depot site was approved, it was proposed that a senior responsible group of Members be established to oversee the process at key stages, consider any bids and advise the Executive and Full Council on potential depot disposal and relocation options. The proposed Member group would comprise:-

- The Leader of the Council;
- The Leader of the Liberal Democrat Group;
- The Portfolio and Shadow Portfolio Holders for Economic Development and Property; and
- The Chairman of the DLO Transformation Members Steering Group.

Noted that Priory Depot was the place of work for 35 office-based staff and a workforce of approximately 130. Any relocation would have potentially significant human resource implications, and the views of staff affected would be sought at every stage.

Resolved that:-

(i) The DLO be supported in its continuing transformation;

(ii) Full Council be recommended that the marketing of the depot site be proceeded with; and

(iii) Full Council be also recommended to approve the establishment of a senior responsible group of Members to oversee the marketing process, as set out above.

56. **Executive Forward Plan**

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

Resolved that the Forward Plan be noted.

(The meeting ended at 7.34 pm.)