

## **Executive – 9 July 2014**

Present: Councillor Edwards (Vice-Chairman) (In the Chair)  
Councillors Mrs Adkins, Cavill, Mrs Herbert, Hunt,  
Mrs Stock-Williams and Mrs Warmington

Officers: James Barrah (Director – Housing and Communities), Heather Tiso (Head of Revenues and Benefits), Paul Fitzgerald (Assistant Director – Resources), Jo Nacey (Finance Manager), Paul Harding (Corporate Strategy and Performance Manager), Chris Hall (Assistant Director – Operational Delivery), Tracey-Ann Biss (Growth and Development Business Support Manager) and Richard Bryant (Democratic Services Manager and Corporate Support Lead)

Also present: Councillors Coles, Horsley, T Slattery and A Wedderkopp.  
Laura Stamboulieh from DTZ

(The meeting commenced at 6.15 pm.)

### **45. Apology**

The Chairman (Councillor Williams).

### **46. Minutes**

The minutes of the meeting of the Executive held on 11 June 2014, copies of which had been circulated, were taken as read and were signed.

### **47. New Burdens Funding**

Considered report previously circulated, concerning the proposed use of funding provided under the New Burdens doctrine.

The Government had recognised the importance of providing funding to meet the unavoidable additional costs to a local authority in designing and administering a local Council Tax Support (CTS) scheme.

As a result, the Local Government Finance Settlement had provided New Burdens funding allocations with £78,866 being allocated to Taunton Deane for 2014/2015.

In addition, the Department for Work and Pensions had provided funding of £18,432 for 2014/2015 intended to meet new burdens the Council would incur through the continuing implementation of the following areas of Welfare Reform:-

- Changes to the Local Housing Allowance (LHA) (including the move to an annual up-rating cycle and changes to the shared accommodation rate);
- The Removal of the Spare Room Subsidy (RSRS) (including the unintended exemption for certain pre-1996 cases); and

- The benefit cap.

Therefore, the total New Burdens funding available to Taunton Deane Borough Council was £97,298. The funding was not “ring-fenced” and whilst it was important to support effective administration for both localised CTS and Housing Benefit, the Council had the opportunity to ease administrative burdens in the following key areas:-

- (1) Civica Council Tax Support Module - Civica OpenRevenues software was used to administer Council Tax. Civica had initially deferred charges for the Council Tax Support module for the localised scheme but this was due from 2014/2015. The cost of this software for 2014/2015 was £7,000 with annual support and maintenance of £1,400.
- (2) Progress Version 11 Database Upgrade - Civica OpenRevenues would be moving to Version 11 of Progress (Database) in preparation for the next release in September 2014. The cost of this upgrade would be £2,000.
- (3) Council Tax Support Scheme redesign consultancy – The aim was to completely redesign the CTS scheme for Working Age applicants from 2016/2017 to:-
  - Protect applicants on a low income and those deemed to be vulnerable;
  - Incentivise work and maintain levels of support to assist those on low levels of earned income;
  - Reduce administration costs in anticipation of changes to administrative subsidy;
  - Be delivered within existing administrative frameworks and with minimal changes to software requirements; and
  - Reduce the level of expenditure across the scheme to deliver the savings required by billing and precepting authorities.

To achieve these aims it was proposed to obtain assistance through the consultant David Airey, who had previously worked with the Council in creating the current CTS scheme. It was hoped to work in collaboration with Somerset County Council (SCC) and the other Somerset District billing authorities to design a “core” scheme for Somerset.

Any proposed scheme needed to be ready for full public consultation in July/August 2015. The cost of extracting and modelling data for a re-designed CTS scheme would be in the region of £950. The outline cost of consultancy assistance was £22,000. SCC, as the major preceptor, would be the major beneficiary of any reduction in funding for CTS and, as a result, SCC had been requested to fund 75% (£16,500) of the consultancy fee with the participating billing authorities providing the remainder.

- (4) Profiling Local Business Rates - The Local Government Finance Act 2012 had placed a new statutory requirement on all billing authorities to calculate how much Business Rate income each authority was likely to receive in the coming year. This forecast had to be submitted to the Department of

Communities and Local Government and relevant precepting authorities each January prior to the following financial year and continue to be monitored during the relevant financial year.

The Valuation Office Agency (VOA) released information on all outstanding proposals they had received on the 2005 and 2010 rating lists in the local area. Taunton Deane received data on a large number of potential appeals that had to be evaluated to enable collection estimates to be adjusted accordingly. The Council had limited expertise in this element of the process so were forced to utilise the national generic recommended percentages for these potential losses.

Reported that the Act also encouraged Councils to maximise Business Rates collection by incentivising it through a retention scheme. Maximisation could be achieved by encouraging new growth and by ensuring the existing local rating list was accurate and reflected the correct values of existing commercial property in Taunton Deane.

Whilst every Council was legally responsible for bringing matters to the attention of the VOA, in reality the local rating list had suffered from 23 years of neglect.

Reported that Inform CPI Limited had information from its existing rating database that would estimate the value of outstanding proposals and calculate the impact to assist in the preparation of sound and prudent estimates of Business Rate income for the forthcoming financial year. The purchase of its Analyse Local software for Business Rate forecasting and retention maximisation for an initial period of one year would cost £6,000. There would be an additional one-off contingency cost of 10% of the value of any new or increased Rateable Value identified that would be met from additional income generated.

- (5) Visiting/Inspection Officers - To better facilitate mobile working the Council needed to invest in mobile technology the cost of which was estimated to be £5,000.
- (6) Cheque Printer and software – A new secure printer would be required at a cost of £1,600 together with an upgrade to the existing Cheqflow software at a cost of £1,350.
- (7) Agency staffing provision - Benefits Team - As a consequence of Welfare Reform, additional capacity would be required during peak periods within the Benefits Team. It was proposed to allocate £25,000 to recruit agency staff to provide this capacity.
- (8) Agency staffing provision - Revenues Team – It was also proposed to allocate £25,000 from the New Burdens funding to allow for agency staffing provision at peak times to maintain recovery activities. This would allow collection levels to be maintained and provide adequate support to customers in agreeing realistic payment arrangements.

**Resolved** that the proposed purchase of goods and services set out in (1) – (8) above be approved.

#### 48. **Financial Outturn 2013/2014**

Considered report previously circulated, concerning the Council's financial performance for the 2013/2014 financial year.

Effective financial management formed an important part of the Council's overall performance management framework. It was also vital that the Council maintained strong financial management and control in the face of continuing and unprecedented financial pressures as funding for Council services was squeezed, and our community continued to face up to effects of wider economic pressure.

The outturn figures contained in this report were provisional subject to review by the Council's External Auditor. Should the External Auditor identify any changes to the Accounts these would be reported to the Corporate Governance Committee in September.

During the last financial year, Members had been presented with regular financial monitoring information, with quarterly performance reports submitted to the Corporate Scrutiny Committee and the Executive.

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 new Business Rates Retention scheme where prudent practices had been put into place including the creation of a Business Rates Smoothing account earmarked reserve to help protect the authority from future financial fluctuations. However this was a high risk area which might impact on the Council's ability to accurately forecast the financial position; and
- Forecasting for demand-led services. It was planned to direct more focus on the higher risk / more volatile areas, with accountants supporting Budget Holders with more detailed trend analysis to further improve forecasting in the future.

Reported that a summary of the Council's Financial Performance for 2013/2014 was as follows:-

#### **General Fund (GF) Revenue**

The General Fund Revenue Outturn for 2013/2014 was a Net Expenditure position of £13,453,000, which was a £964,000 (6.7%) underspend against the Final Net Budget for the year. This had been driven largely by above forecast income levels in parking, planning, burials/cremations - as well as cost reductions in the final months of the year. The proposals contained in the following table were those the Executive Councillors were minded to present to Full Council which, if approved, would allocate £418,000 of the underspend or additional budget approvals for 2014/2015:-

### **Supplementary Requests of Underspend 2013/2014**

<b>Bid Description</b>	<b>Bid (£'000)</b>
Development of IT Strategy For TDBC	50
Cemetery Extension – Taunton	121
Grass Cutting	50
Weed Spraying	10
Street Cleansing	42
Car Park Improvements	125
Capital Grants for Parish Play Equipment/Sports Halls/Clubs	20
<b>TOTAL requested for approval</b>	<b>418</b>

The GF reserves balance as at 31 March 2014 stood at £2,480,000. This balance would reduce to £2,062,000 if the above allocations of £418,000 were approved. This balance remained above the minimum reserves expectation within the Council's Budget Strategy (£1,500,000).

The Earmarked Reserves balance as at 31 March 2014 was £13,009,000, representing funds that had been set aside for specific purposes to fund expenditure in 2014/2015 or later years. This had grown largely in respect of funds committed to support future capital programme spending, a new Business Rates Smoothing reserve and funding set aside to support service restructuring and transformation projects. The majority of Earmarked Reserves was planned to be spent in 2014/2015.

#### **General Fund (GF) Capital**

The GF approved Capital Programme at the end of 2014/2015 was £17,973,000. This related to schemes which would be completed over the next five years. The profiled expenditure on Capital Programmes during 2014/2015 was £4,350,000, with £13,623,000 being carried forward.

#### **Housing Revenue Account (HRA) Revenue**

The HRA was a 'Self-Financing' account for the Council's Housing Landlord function, which was budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2013/2014 was a net underspend of £861,000 (3.3% of gross income). The significant factors leading to this position were outlined in the report.

It was recommended that funding should be allocated from the underspend for the following projects:-

- Community Development Reserve – to allow one-off investments in Community Development - £500,000; and
- Administration Support for area based teams to March 2016 - £41,000.

The HRA Reserve balance as at 31 March 2014 stood at £3,059,000, which was above the minimum level (£1,800,000) set within the Council's Budget Strategy and HRA Business Plan.

The HRA Earmarked Reserves balance as at 31 March 2014 stood at £614,000. This included £404,000 related to the Social Housing Development Fund, which was earmarked to fund investment in new social housing provision within the Council's own housing stock.

### **Housing Revenue Account (HRA) Capital**

The HRA approved Capital Programme at the end of 2014/2015 was £20,363,000. This related to schemes which would be completed over the next five years. The profiled expenditure on Capital Programmes during 2014/2015 was £8,647,000, as summarised in the report, with £11,655,000 being carried forward and a net underspend of £61,000 being reported.

### **Deane DLO Trading Account**

The year-end financial statements had reported that the DLO had made an overall profit of £332,000 after contributing £101,000 to the General Fund.

Although this surplus had been transferred to the DLO Trading Account Reserves, approval was now sought to transfer £25,000 of this underspend to the Capital Replacement Reserve Fund to enable fuel tanks to be replaced and £240,000 into the DLO Vehicle Replacement Earmarked Reserve. Further approval was required to use the latter amount to support a managed fleet programme, thus adding this spending to the approved 2014/2015 Capital Programme.

### **Deane Helpline Trading Account**

The Deane Helpline had made a net overspend of £47,000 against the final budget. However, once Technical Accounting adjustments of £51,000 had been reversed, this deficit reverted to a surplus against budget of £4,000. There were no funds held in the Deane Helpline Trading Account Reserve.

### **Taunton Unparished Area Fund (Special Expenses)**

Total expenditure from the fund during 2013/2014 amounted to £75,004. Currently, £40,867 remained unallocated.

Further reported that the introduction of the Business Rates Retention system had introduced new financial risks for the Council. The Council's share of Business Rates funding was directly linked to the total amount of Business Rates due and collected in the area. A potentially significant risk existed in respect of the costs of refunds and appeals, particularly where this resulted in refunds that were back-dated to 2010.

Taking into account the inherent risks and uncertainties within the retention system, together with accounting timing differences, it was recommended to maintain a contingency balance in a Business Rates Smoothing Account Reserve. A sum of £1,265,000 had been set aside, providing some protection against differences which were larger than estimated. The requirement for this reserve would continue to be monitored as the retention system 'matured' and the Council's level of certainty improved.

**Resolved** that:-

- (a) The Council's (revenue and capital) performance for the year 2013/2014, for the General Fund and the Housing Revenue Account, including the pre-approved carry-forwards and transfers to earmarked reserves, be noted;
- (b) The Carry Forward of General Fund Capital Programme Budget totalling £13,623,000 be approved;
- (c) Full Council be recommended to approve the Carry Forward of Housing Revenue Account Capital Programme Budget totalling £11,655,000;
- (d) General Fund Supplementary Estimates in 2014/2015 in the following areas, utilising 2013/2014 underspends, be supported and that Full Council be recommended to approve:-
  - i. £50,000 to fund an IT Strategy for the Council in 2014/2015.
  - ii. £121,000 to be added to the General Fund Capital Programme for 2014/2015 to fund the Taunton Cemetery extension, funded by RCCO.
  - iii. £50,000 to fund additional grass cuttings in 2014/2015.
  - iv. £10,000 to fund additional weed spraying in 2014/2015.
  - v. £42,100 to fund Street Cleansing works in 2014/2015.
  - vi. £125,000 be added to the General Fund Capital Programme for 2014/2015 to fund Car Park improvements, funded by a Revenue Contribution to Capital Outlay (RCCO); and
  - vii. £20,000 be added to the General Fund Capital Programme for 2014/2015 to fund Play Equipment grants in 2014/2015, funded by RCCO.
- (e) HRA Supplementary Estimates in 2014/2015 in the following areas, utilising 2013/14 underspends, be supported and that Full Council be recommended to approve:-
  - i. £500,000 to fund Community Development in 2014/2015, with delegated authority for initiatives to be approved by the Portfolio Holder for Housing, Chairman of the Tenant Services Management Board and one of the Council's Statutory Officers; and
  - ii. £41,000 to fund Administration Support in 2014/2015 and 2015/2016.
- (f) Full Council be also recommended to approve the transfers to the DLO Trading Account Earmarked Reserves to fund vehicle replacements and fuel tank purchases and for this to be added to the General Fund Capital Programme for 2014/2015.

Considered report previously circulated, which detailed the performance of the Council for the final quarter of 2013/2014.

The monitoring of the Corporate Strategy, service delivery, performance indicators and budgets was an important part of the overall performance management framework. Analysis of the overall performance of the Council had revealed that 71% of all performance measures were on target. This was a similar position compared to the previous quarter (Quarter 3 was also 71%) but an improved position compared to Quarter 4 last year (2012/2013) which was 65%.

A summary / overview of the Quarter 4 scorecard was shown in the table below:-

Section	No. of measures	☺ Green	☹ Amber	⊗ Red	Trend (from last quarter)
<b>Aim 1</b> - Quality Sustainable Growth and Development	10	5 (50%)	4 (40%)	1 (10%)	↓
<b>Aim 2</b> - A Vibrant Economic Environment	8	7 (88%)		1 (12%)	↔
<b>Aim 3</b> - A Vibrant Social, Cultural and Leisure Environment	10	8 (80%)	2 (20%)		↑
<b>Aim 4</b> - A Transformed Council	5	3 (60%)	2 (40%)		↓
<b>Managing Finances</b>	14	10 (71%)	2 (14%)	2 (14%)	↔
<b>Corporate Health</b>	12	9 (75%)	3 (25%)		↑
<b>TOTALS</b>	<b>59</b>	<b>42 (71%)</b>	<b>13 (22%)</b>	<b>4 (7%)</b>	↔

**KEY:**

- ↑ = Improving (ie more Green, less Amber and/or Red alerts)
- ↓ = Worsening (ie less Green, more Amber and/or Red)
- ↔ = No change.

Noted that the four indicators on the scorecard allocated 'red' status were:-

- Number of affordable homes delivered;
- Business Improvement District (BID) ballot;
- General Fund Revenue; and
- Housing (HRA) Revenue

Further reported that performance scorecards were under development for each new 'Directorate'. These would be reviewed by the Joint Management Team (JMT)



as part of the overall corporate performance monitoring process, with risks and issues escalated as required to be managed at the most appropriate level.

'Exception and Highlight' reports for each Assistant Director were also submitted for the information of the Executive. These provided a high-level overview and summary from their group of services / responsibility areas of the key issues, risks, achievements and successes and priority objectives for the next quarter.

Following the decision to join up the management teams and share services between Taunton Deane and West Somerset Councils, some initial work had commenced to review and understand the respective Performance Management Frameworks (PMF). Recommendations for a single aligned framework would be introduced during 2014/2015.

The new Corporate Strategy and Performance Manager would consider the potential for aligning the processes and outputs to minimise duplication whilst continuing to fulfil the needs and expectations of the two separate democratic councils.

Some key principles had been identified and endorsed by the JMT, including:-

- Members would be involved in the development of a new framework; and
- The newly established PMF would need to recognise the demands of a single organisation serving two separate democratic Councils - monitoring of the corporate priorities needed to reflect this.

A summary of the whole Taunton Deane performance reporting framework was also included in the report. This indicated where other performance information could be obtained relating to a wide variety of services, partnerships, projects and strategic aims and objectives.

Reported that the Corporate Performance Monitoring report would be considered by the Corporate Scrutiny Committee on 17 July 2014.

**Resolved** that the report be noted.

#### 49. **Council Accommodation**

Considered report previously circulated, concerning the future of Taunton Deane Borough Council's Office Accommodation following an options appraisal exercise in December 2013. The two options which had been under consideration over the past six months were a new build at Firepool, Taunton and a move to County Hall.

The Deane House had been built in 1987 and had seen little refurbishment since then. It performed at EPC (Energy Performance Certificate) Level E and some of its infrastructure was coming to the end of its natural life. The building now needed significant investment.

At the same time, the Council had the challenge of meeting an unprecedented budgetary challenge and was considering all ways of cutting overhead costs in order to safeguard investment in front line services.

The review undertaken had focused on the future of the Council's main office base and had looked at options for this. However accommodation could not be considered in isolation or purely just as a financial and "bricks and mortar" issue. Whilst a detailed financial and qualitative evaluation of the two options had been undertaken, in making the key leadership decision on a preferred future solution the Council had also to be mindful of a number of key factors.

The Deane House currently offered 4,355 sqm NIA (Net Internal Area) and occupancy surveys had shown that desks were vacant for 40% of the time. The Deane House cost the Council around £650,000 per annum to occupy. Staying at The Deane House would involve significant additional cost and, in any event, the building was too large for the Council's current requirements.

A full Condition Survey had been carried out on the building with recommendations of what work was needed to make it fit for purpose. The offices required some £4,300,000 of expenditure on M&E and backlog, of which in the region of £3,000,000 would need to be spent during the course of the next 2-5 years.

Other organisations which had chosen to rationalise their office accommodation had at the same time incorporated new ways of working. The outcome of introducing these ways of working was to reduce the amount of office space provided utilising the fact that desk spaces were occupied on for example a 60% basis. The terminology that had been adopted for this was "Smart Office".

The evaluation of the Council's accommodation needs had included a range of qualitative criteria, including the importance of a flexible accommodation solution. In addition, the evaluation had focussed on a "best assessment" of the accommodation needs for the Council as currently understood. However, it was important to note that this context continued to evolve and change with increasing pace, and as such, the accommodation requirement was likely to continue to alter.

A DTZ study from as far back as 2008 had stated the following two key findings from their survey of local authorities' approach to accommodation:-

- Reductions in space per employee and improved sustainability credentials were cited as the main achievements; nearly half of the Councils believed that major change projects had significantly contributed to improvements in staff performance.
- Over 40% of respondents reported significant success in implementing new work space strategies including flexible working, improvements in space utilisation ratios and reductions in staff to desk ratios.

During the second half of 2013 an internal review and high level option appraisal had been undertaken culminating in the following resolution made by the Executive:-

- (1) The Key Principles against which the Council's future accommodation needs would be made be accepted as the correct ones;
- (2) Option 3 – Move to County Hall and Option 4 – New build at Firepool be adopted as the preferred options for the provision of the main office base of Taunton Deane Borough Council as the options which best met the Key Principles; and
- (3) Officers be requested to carry out full feasibility reports on the preferred options.

Following this and subsequent to a procurement process, the property consultancy DTZ was again appointed to undertake the detailed feasibility study of the two preferred options. The culmination of this stage of the exercise was set out in detail in the confidential appendix to the report.

The review process had now included consideration of the potential increased usage of West Somerset House in Williton to accommodate the single staff structure supporting both Councils. There was the potential for additional workstations to be provided in West Somerset House on the basis of a more efficient desk layout and the introduction of Smart Office ways of working, thereby reducing the Taunton space requirement.

An overview of the two preferred options were set out for the information of Members.

The appraisal process had brought together two areas of analysis - financial and non-financial. Once both the financial and non-financial scores were finalised, the two scores were combined to derive an Overall Value for Money Outcome and the overall weighting was financial 60% and non-financial 40% as it had been agreed that the financial aspects carried more weighting.

The following was the outcome of the Overall Value for Money assessment:-

	60%	40%	100%	VFM Ranking
	Financial Scoring	Qualitative Scoring	Total Combined Scoring	
DH SQ+	48.67	95.15	67.26	4
SCC 25- Year Lease	97.68	100.00	98.61	1
Firepool LL	73.46	98.79	83.59	2
Firepool 25 Year Lease	76.09	68.48	73.05	3

The above exercise had concluded that, when combining the Financial and Non-Financial scores, an accommodation solution at County Hall was shown the best overall Value for Money Option. A Virtual Freehold at Firepool ranked in second place.

Remaining in occupation of The Deane House and investing in the building fabric and services, ranked in last place.

Both the main options under consideration had assumed the subsequent disposal of The Deane House and the wider site.

Any agreement to move Taunton Deane Borough Council's accommodation from The Deane House to either County Hall or Firepool would involve many substantial next steps and tasks to implement. These were set out in detail in the report. These tasks in turn would require significant resource.

Some cost estimates had been acquired to support the project via external project management support and other professional services. These would be subject to further negotiation and suitable scrutiny via procurement. The anticipated third party costs to see the project through to completion in 2017 were in the region of £250,000. This figure included the costs associated with the disposal of The Deane House site.

Following the presentation of the report, it was **resolved** that the press and public be excluded from the meeting 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. This was necessary to allow Ms Stamboulieh from DTZ to make a detailed presentation to the Executive on the contents of her report.

**Resolved** that it be recommended to Full Council that:-

- (1) The Council's preferred option for its main office accommodation, reception and Member debating space was at County Hall, Taunton subject to Somerset County Council confirming its intent to develop the site and the agreement of Heads of Terms, detailed commercial negotiations and design;
- (2) Delegated authority is provided to the Director of Housing and Communities to progress this project to completion, in consultation with the Portfolio Holder for Asset Management;
- (3) A Supplementary Estimate of £250,000 for project related costs, funded by £210,000 (84%) from General Fund (GF) Reserves and £40,000 (16%) from the Housing Revenue Account (HRA) Reserves based on the current level of usage of The Deane House by GF and HRA services;
- (4) Approval be granted to initiate steps to facilitate either the disposal of The Deane House site on the most favourable terms or entering into a regeneration project which enabled retention of the site and derives benefit to the Council; and
- (5) Subject to (4) above, a suitable investment would be made in an income deriving asset of equivalent value to the receipt derived from The Deane House site disposal.

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 8.36 p.m.)