

Taunton Deane Borough Council

At a meeting of Taunton Deane Borough Council held in the John Meikle Room, The Deane House, Belvedere Road, Taunton on 4 March 2013 at 6.30 pm.

Present The Mayor (Councillor Hall)
The Deputy Mayor (Councillor Ms Lisgo)
Councillors Mrs Adkins, Mrs Allgrove, Mrs Baker, Beaven, Bishop, Bowrah, Brooks, Coles, Denington, D Durdan, Miss Durdan, Edwards, Farbahi, Mrs Floyd, Gaines, Hayward, Henley, Mrs Herbert, C Hill, Mrs Hill, Horsley, Hunt, Miss James, Mrs Lees, Meikle, Morrell, Mullins, Nottrodt, Ms Palmer, Prior-Sankey, D Reed, Mrs Reed, Ross, Gill Slattery, T Slattery, Mrs Smith, P Smith, Mrs Stock-Williams, Stone, Tooze, Mrs Warmington, Watson, Mrs Waymouth, A Wedderkopp, D Wedderkopp and Williams

1. Apologies

Councillors Cavill, A Govier, Mrs Govier, Henley, Mrs Herbert, Miss James, R Lees, Mrs Messenger, Swaine, Ms Webber and Wren.

2. Declaration of Interests

Councillors Brooks, Henley, Prior-Sankey, Mrs Waymouth and D Wedderkopp declared personal interests as Members of Somerset County Council. Councillor Henley also declared a personal interest as an employee of Job Centre Plus. Councillors Mrs Hill and Stone declared personal interests as employees of Somerset County Council. Councillor T Slattery declared a personal interest as an employee of Sedgemoor District Council. Councillor Tooze declared a personal interest as an employee of the UK Hydrographic Office. Councillor Wren declared personal interests as an employee of Natural England and as Clerk to Milverton Parish Council. Councillors Hayward and Ross declared personal interests as the Council's representatives on the Somerset Waste Board. Councillor Ross also declared a personal interest as the alternate Director of Southwest One. Councillor Nottrodt declared a personal interest as a Director of Southwest One. Councillors D Durdan and Stone declared prejudicial interests as Tone Leisure Board representatives. Councillor Mullins declared a personal interest as an employee of EDF Energy. Councillor Gill Slattery declared personal interests as a member of the Board of Governors at Somerset College and a Patron of the Supporters of Taunton Women's Aid. Councillor Farbahi declared a personal interest as a local owner of land in Taunton Deane.

3. Public Question Time

(i) With regard to the recent closure of the Brewhouse Theatre, Kelly Smith asked how any new model of the theatre would attract artists to perform. She

also asked whether the funding held by the Council for the Brewhouse would only now be released with specific conditions?

In response Councillor Williams stated that it would be for any new organisation who took over operating the Brewhouse to decide how to encourage performers to make use of the theatre. He added that £152,000 had been included in the budget for 2013/2014 and this would be retained to hopefully assist in bringing the Brewhouse back into operation. Provided any new operator had a viable and sustainable Business Plan, no further conditions as to the release of this money would be imposed.

A further £35,000 had also been allocated to protect the building and obtain professional advice on the best way forward for the facility.

(ii) Mr Roger Conway stated that after the disastrous Southwest One joint venture, he was staggered that the Council was even contemplating a proposal to rescue the failed West Somerset Council.

West Somerset was effectively insolvent and Taunton Deane could well be in a similar position within three years.

He predicted that any rescue of West Somerset would result in minimal savings and much higher costs which would significantly shorten the time it would take for Taunton Deane to reach financial crisis.

The project appeared to being driven by party politics and not what was best for the Council Tax payers. The Ministers who created the financial situation in West Somerset were now promising grants and favourable boundary changes – but only if West Somerset was rescued - to save political embarrassment.

Mr Conway went on to say that throughout all the current austerity, one budget remained intact. This was the one that paid allowances to 298 Councillors across the six Somerset Councils. By comparison Wiltshire Council managed with only 98 Councillors and saved over £750,000 per year as a result.

He felt that local people would not forgive Taunton Deane if party politics and Councillor ambition was put before the wellbeing, jobs and prosperity of the district. He urged Councillors to reject the flawed proposal to rescue West Somerset.

(iii) Mr David Orr stated that he was unhappy that with regard to the proposal to share services with West Somerset Council, significant budget and resources would be diverted away from Taunton Deane's community and economic priorities.

Taunton Deane already shared services with the County Council and the Police in the controversial joint venture Southwest One, which was majority owned by IBM. This had been a dismal failure.

Despite the large scale sharing of services in Southwest One and IBM's so-called expertise, Taunton Deane had had to extend borrowing and continue paying interest for problematic SAP IT systems. The additional loan interest costs to Deane taxpayers were a direct result of significant shortfalls in savings by Southwest One. Taxpayers were wrongly told in 2007 by the Council's Chief Executive and Finance Director that the savings were assured by IBM. They were wrong then and they are wrong now.

Other shared services elsewhere in England have failed to deliver promised savings, whilst costs had risen and flexibility had been lost.

If Southwest One had not succeeded after five years, how could sharing services with a small, insolvent neighbouring Council result in any worthwhile savings?

Taunton Deane had pressing needs to re-balance, support and stimulate the local economy. If West Somerset needed to be rescued, then it should be the job of the Government to do so – and this would require far greater funding and resource than the propose Project Mandate allowed. Was it necessary for an expensive Project Mandate to know that this rescue would not work?

Mr Orr concluded by asking the Councillors to make the regeneration of the local economy the Number One priority for Taunton Deane, by voting against the misguided proposal to rescue a bankrupt West Somerset Council.

In reply to both Messrs Conway and Orr, Councillor Williams said that he was unable to agree with the points that had been raised. West Somerset Council was not insolvent. Southwest One had not been the disaster described either. The existing contract had resulted in significant savings for Taunton Deane year on year.

4. Motion – Proposed reduction of Members' Allowances in connection with the Brewhouse Theatre, Taunton

Moved by Councillor Morrell.

“Closure of the Brewhouse Theatre is a loss to our community and an embarrassment for the Council and the County Town.

The funding gap of some £100,000 is something we, as elected representatives for our community can help with and so save this important amenity as well as 55 jobs which will be lost.

As Councillors we all receive an allowance of £4,301 per annum, with special additional sums for certain Members.

I am seeking support from my fellow Councillors to collectively reduce our annual allowance for the 2013/2014 financial year by 50% and allocate this sum of at least £120,428 to the Brewhouse in order to keep the doors open.

This motion has the caveat that the Brewhouse's long-term financial and

cultural viability must be independently challenged with relevant business and management changes made in order to secure the organisation's medium and long-term viability.

I strongly believe we collectively need to support our community during these challenging times. I hope you will be willing to support this motion.”

Before a seconder was sought, Councillor Denington moved and Councillor Mrs Adkins seconded that that the Council proceeded to the next item of business.

This motion was put and was carried.

5. **Recommendations to Council from the Licensing Committee**

(a) **Gambling Act 2005 – Revised Statement of Principles**

The Gambling Act 2005 placed a duty on all Licensing Authorities to produce a Statement of Principles (also known as the Gambling Policy).

Each Licensing Authority was required to review this policy document at least every three years and take into account the views of those representing the holders of existing licences and certificates, local residents, businesses and the Police.

Taunton Deane's 2010 Statement of Principles had recently been updated in accordance with the Statutory Guidance and widespread consultations had been undertaken.

On the motion of Councillor Hunt, it was

Resolved that the revised Statement of Principles be approved.

(b) **Licensing Act 2003 – Licensing Policy Adoption**

Under the Licensing Act 2003 the Council was required to adopt and publish a Statement of Licensing Policy. The published Policy then provided the framework for all decisions on applications relating to the Licensing Act 2003 and the way the Authority carried out its functions in relation to the legislation.

The Licensing Act 2003 further required that the Policy was reviewed at least every five years although if a need was identified it could be reviewed earlier.

Since the last adoption of the policy in 2010, changes to the Licensing Act had been made to reflect changes following the introduction of the Police Reform and Social Responsibility Act 2011. As a result, the Licensing Committee had decided that the Council's Licensing Policy needed to be updated.

On the motion of Councillor Hunt, it was

Resolved that the revised Statement of Licensing Policy 2013-2018 be approved.

6. **South West Audit Partnership Governance Arrangements**

The Corporate Governance Committee had met recently to consider approving proposed changes to the governance of the South West Audit Partnership (SWAP) towards the setting up of a Company Limited by Guarantee.

The current governance arrangements, introduced on the formation of the partnership in 2005 were designed and intended for relatively small partnerships.

However since 2005, SWAP had gradually expanded to the current twelve members. This increased membership had benefited all partners with greater economies of scale, a wider expertise base and quality and productivity improvements that would not have been possible with a smaller partnership.

The Partnership Board had explored a number of ways in which the current governance model might be adapted to meet the current and future needs of the partnership. Whilst some progress had been made, there remained a number of fundamental issues that could not be resolved which could be summarised as:-

- Partnership Board Voting Arrangements;
- Financial Control; and
- Staff Pay, Terms and Conditions.

Following much discussion, the Partnership Board had concluded that the following governance structure should be adopted:-

The Members' Board

This would be, in effect, the equivalent of the current Partnership Board. Each partner would nominate a Councillor to represent them on this Board which would be the supreme authority of the company and would make all decisions relating to strategy, policy, appointment and dismissal of senior management and the admission of new partners.

The Board of Directors

The Board would oversee the implementation of the strategy and policy, as well as ensuring the operational activities of the partnership were achieving the objectives set by the Members' Board.

The Partnership Board had endorsed the following membership arrangements for the board of directors:-

- Two Councillors who would normally be the Chairman and Vice-Chairman of the Members' Board.

- Twelve officers representing each of the current partners.
- A maximum of three executive officers from SWAP, with at least the Chief Executive being included.

The existing Joint Committee arrangement governing SWAP would cease in 2013, as it was clear that the majority of Partners supported the change to a Company Limited by Guarantee. Taunton Deane Council needed to consider whether it wished to join this arrangement, and appoint suitable representatives to govern Taunton Deane's interests.

The new Company would apply to become an admitted body of the Local Government Pension Scheme operated by Somerset County Council. It would require partner authorities to guarantee the pension liabilities of the partnership. Taunton Deane would therefore need to guarantee its share of the pension fund deficit appropriate to ex-Taunton Deane staff in the partnership. This was estimated at £148,901.

On the motion of Councillor D Reed, it was

Resolved that:-

- a) The formation of a Company Limited by Guarantee, to replace the existing South West Audit Partnership Joint Committee, be supported;
- b) It be decided that the Council should become a Member of the company the South West Audit Partnership Limited from 1 April 2013 in accordance with the terms and basis set out in the new Company's Articles of Association, Deed and Service Agreement;
- c) The dissolving of the South West Audit Partnership Joint Committee at a date to be determined, but not later than 30 June 2013, be agreed;
- d) The separation of responsibilities and membership profiles of the Members' Board and Board of Directors be noted and that the Chairman of the Corporate Governance Committee be nominated to sit on the Members Board and the Deputy Section 151 Officer be nominated to be the Director on the Company Board;
- e) The Legal and Democratic Services Manager be requested to progress the necessary legal work to facilitate the above and put in place the appropriate controls, authorities and indemnities to support officers and Members in the governance roles; and
- f) It be agreed that the Council should offer a guarantee to the Somerset Pension Fund to the level of deficit relating to Taunton Deane's ex-employees (estimated at £148,901).

7. **Recommendations from the Leader of the Council**

Joint working between Taunton Deane Borough Council and West Somerset Council – Project Mandate

At its meeting on 21 February 2013, the Corporate Scrutiny Committee considered the proposal of joint working between Taunton Deane Borough Council (TDBC) and West Somerset Council (WSC), with a particular focus on Joint Management and Shared Services.

WSC was a good Council. However, the current recession and significant cuts in funding had placed WSC in a very difficult position. It was now chronically underfunded, and was unable to “grow” itself out of trouble. As a consequence it lacked capacity and resilience in some areas.

WSC could set a budget for the next three years, albeit by utilising reserves in the latter two years.

Recognising its position WSC commissioned the Local Government Association (LGA) to undertake a review of options in the summer of 2012. Broadly speaking the Review concluded that as a matter of urgency WSC should look at its own cost base to make further savings, in the medium term they should seek a partner to share services with and, in the longer term, they might well be unviable and a Boundary Commission Review would be required.

In parallel, WSC Members considered the possibility of significantly increasing its Council Tax to raise sufficient Council tax to achieve sustainability. However, WSC had proposed in 2013/2014 to set a budget that did not trigger a referendum and had asked Taunton Deane to join them in a project which would result in joint working.

TDBC was an ambitious Council with clearly defined strategic priorities, particularly around the growth of Taunton Deane - investment in Infrastructure, jobs and housing and investment and maintenance of the high quality environmental, cultural and leisure offer.

The funding environment would become more challenging and more risky. There was limited Central Government/Local Enterprise Partnership capital funding available for growth but funding of core services would increasingly be down to Councils themselves, utilising new funding streams like Business Rate Retention.

Whilst reserves were currently healthy, front-line/core services had to be reviewed to ensure they were affordable going forward. Status quo was not an option. The Medium Term Financial Plan already showed a starting gap of £1.2million in 2014/2015 rising to £2.4million in 2015/2016.

In three to four years time TDBC would be in the same position as WSC if it did nothing. It was this position that needed to be compared with the potential costs and benefits of the joint project.

The importance of thinking radically about what the Council needed to look and feel like to deliver the best services to the community that it could was

therefore essential.

Members had previously shown, by way of the Corporate Business Plan Questionnaire, a clear appetite for Shared Services with 91% supporting them as a model going forward. In terms of shared management 41% of Members supported this – not a majority, but significant enough to suggest it was something we could explore further to minimise costs and impacts on funding available for front line services

It was suggested that the principles of Joint Management and Shared Services linked to TDBC's requirements going forward. They could potentially be the best way to deliver a sustainable future for Council services and protect capacity and investment to deliver strategic ambitions.

History and experience had demonstrated that these solutions had worked well for the Council. The Somerset Waste Partnership, Southwest One, Tone, the South West Audit Partnership and the Private Sector Housing Partnership, had all resulted in significant financial savings and service improvements.

Government policy was also pushing TDBC towards joint arrangements. Between 30 and 40 Councils already shared joint management and the Government expected more Councils to be sharing on a voluntary basis in the future.

The existence of a new Strategic Alliance of Councils was an opportunity to deliver Joint Management and/or Shared Services along the lines of "Team Somerset" which was set up by the Somerset districts to oppose the last attempt by the Somerset County Council to introduce a Unitary Council.

Whilst the driving authorities were TDBC and WSC the alliance partners of SCC, Sedgemoor District Council and Exmoor National Park Authority were supporting the proposed Business Case and had indicated their willingness to be actively involved in the detailed consideration of shared services in particular.

The potential was therefore considerable across the West of Somerset. The financial pressures on all authorities were different to Team Somerset times – doing nothing was no longer an option for any Council. This Strategic Alliance was TDBC's opportunity to capitalise on these pressures to drive partnership working forward with some pace.

This proposal would see TDBC and WSC being the key building block of the Alliance. It would lead to a proposal for Joint Management and Shared Services arrangements for these two Councils as a minimum, other Councils might well join and broaden the detailed proposals.

There were benefits to working with WSC:-

- They were a willing partner – they would jointly fund the project;

- Their community broadly looked to Taunton Deane, sharing a boundary, housing market, health, employment and retail catchment area;
- If WSC was to ultimately be an unviable unit of Local Government at some point in the future, TDBC would be strategically positioned to capitalise on any advantages from a Boundary Review; and
- TDBC would become better aligned to the strategic and economic benefits arising from the Hinkley C development.

The jointly funded project would deliver work streams and data which would be of value to TDBC even if the Business Case did not stack up or was not ultimately approved by Members. There would be a much better understanding of our services and potential for change in terms of improving efficiencies, reducing costs or improving income.

TDBC and WSC would keep their own local priorities, policies and service standards. Each Council would need to be assured their local priorities and standards were deliverable within their own affordability envelope. This would always be a Member decision taken by each individual Council.

Given this, WSC financial circumstances were not a risk to TDBC. They were a matter for WSC and they might conclude at the end of the Business Case work that there was insufficient savings/additional income to make the Business Case deliverable for them.

No “dowry” or financial support from TDBC was expected. TDBC would not be subsidising WSC’s contribution to any joint management or shared services at any point in time.

If Members wished to explore the opportunities for Joint Management and Shared Services within the context of the Strategic Alliance and with WSC, a Business Case would need to be put together to include the following key features:-

(a) Project Scope, Vision and Objectives

The Strategic Business Case would explore whether joint working would help both Councils achieve:-

- A sustainable future for both democratically independent organisations - each responsible for the government of their own area, acting independently of each other much of the time;
- A single, fully merged affordable officer structure; and
- Efficient, effective and affordable service delivery with reduced costs, increased income and improved resilience.

(b) Showstoppers

It was important to be clear on the non-negotiable or “show stoppers” from the

outset. These were identified as:-

- The Councils would retain their democratic independence as two sovereign local authorities with separately elected Members; and
- There must be no detriment to the local taxpayers of either Council in the delivery of joint management and services.

(c) Timescales

WSC could set a budget for 2013/2014 and 2014/2015 through the use of reserves. The TDBC Business Plan would run to March 2014/2015. The project duration would reflect these two aligned timescales.

The key milestones in terms of timescales would be as follows:-

- Detailed joint management proposal for consideration in October 2013 and implementation in April 2014;
- High level Business Case for Stage 2 on the shared service arrangements in October 2013 to hopefully green light work on Stage 2 in 2014/2015; and
- Detailed shared service proposals for consideration in October 2014 and implementation in April 2015.

(d) Governance

Key proposals were the establishment of the following two groups:-

- Joint Members Advisory Panel - This would consist of four Members from each Council. The group would ensure the democratic involvement in the project direction; and
- Joint Programme Board - This would include the two Chief Executives (CEO'S), three TDBC Directors and three WSC Corporate Directors/Managers.

Each Council would also have its own independent Scrutiny and Executive arrangements for considering reports.

(e) Resources

This project would require resourcing for the production of the Business Plan to the next key milestone, namely the October 2013 decision on Joint Management and high level service case.

New unavoidable costs would arise from the need to procure additional support from Southwest One and external specialist advice. This would be in the region of £35,000 of which £30,000 would be stand alone TDBC costs and

TDBC's share of joint costs.

If Members chose to allocate new funding to this project so as to protect existing work programmes the Council would need to back fill three days per week capacity for a Strategic Director and a Lead level Officer. This would require one off funding of up to a maximum of £57,000.

The CEO's of both Council's were exploring the potential for funding contributions from the LGA and/or the DCLG. It was not known at this stage if this would be effective as no formal external funding streams currently existed.

Members therefore had a clear choice:-

- To mandate the Business Plan to explore with the Strategic Alliance and in detail with WSC the case for joint management and/or shared services; or
- To reject this and to proceed on our own to reduce Corporate Management costs and to streamline services.

Whatever option was chosen, Members would be in control. The Corporate Management proposals would reflect the strategic ambitions already established by Members in the Business Plan approved to date.

When the Corporate Scrutiny Committee considered this issue Members narrowly supported the project in principle and the detailed Project Mandate and agreed to request Full Council to fund up to £30,000 of unavoidable one off costs for additional Southwest One support and external advice.

The Committee also agreed that Full Council should be recommended to allocate one-off funding to meet the cost of backfilling the existing officer roles who would be involved in preparing the Business Case if agreement to proceed was obtained.

Moved by Councillor Horsley, seconded by Councillor Coles that the proposed recommendations be replaced with the following:-

“Recommended that the Corporate Management Team be asked to explore the possibility of working out an outline Business Case only with West Somerset Council which would be much simpler and involve so much less upfront costs as the main proposals tonight.”

The amendment was put and was lost.

Moved by Councillor Ross, seconded by Councillor Gaines that the proposed recommendations be amended to read as follows:-

- “(1) The proposed project for future joint working between Taunton Deane Borough Council and West Somerset Council be supported in principle;
- (2) The detailed Project Mandate be approved;

- (3) But no other action be taken at this time other than that the Chief Executive be instructed to make an immediate bid to the Transformation Challenge Award fund for the full cost of preparing the joint Business Plan.”

The amendment was put and was lost.

On the motion of Councillor Williams it was:-

Resolved that:-

- (1) The proposed project for future joint working between Taunton Deane Borough Council and West Somerset Council be supported in principle;
- (2) The detailed Project Mandate be approved;
- (3) The Chief Executive be instructed to make an immediate bid to the Transformation Challenge Award fund for the full cost of preparing the joint Business Plan;
- (4) Full Council approval be subject to West Somerset Council underwriting fully the external costs of £25,000 should the bid to the Transformation Challenge Award fund not be successful;
- (5) It be agreed to underwrite the Council’s internal costs arising from the decision to fully backfill officers working on this project should the bid to the Transformation Challenge Award fund not be successful, and that one-off funding of up to a maximum of £67,000 be allocated from the General Fund reserves for this purpose.

8. Recommendations to Council from the Executive

(a) Corporate Business Plan 2013/2014 to 2015/2016

At its last meeting, the Executive considered the development of a three year Corporate Business Plan to replace the Council’s Corporate Strategy.

The Business Plan had been developed after detailed consultation work with Councillors and all political groups and following an external peer review by the Local Government Association (LGA).

The ‘Where do we want to be in the future’ section of the Business Plan described the Council’s Vision and three Corporate Aims together with the strategic actions required over the next three years to deliver these aims. The actions were deliberately high level and would be interpreted into more detailed and specific work programmes. Many of the actions had been designed to address the issues identified as a result of the LGA’s Peer Review.

The new Vision and three Corporate Aims, were as follows:-

Vision: Taunton Deane was known nationally as a quality place that was growing and developing sustainably, with a vibrant economic, social and cultural environment.

Aim 1: Quality sustainable growth and development;

Aim 2: A vibrant economic environment; and

Aim 3: A vibrant social, cultural and leisure environment.

The Corporate Business Plan also included a 'Transformed Council' section which detailed three further objectives required to make the Council fit for purpose, address funding pressures and set a long term balanced, sustainable budget. These objectives therefore underpinned the Council's ability to achieve the Corporate Aims.

The three objectives under this section were:-

- Achieving financial sustainability;
- Transforming services; and
- Transforming the way we worked.

There were particular areas of work in this section that were seen as early priorities to progress in the next financial year as a matter of urgency. These projects would be further scoped and costed and brought back for Member consideration in the Spring with a request for funding. These four projects were:-

Asset Management – Commissioning a specific piece of work to review how Taunton Deane could use assets more commercially including disposal of poor performing assets and identification of invest to save opportunities.

Accommodation and Customer Access – Commissioning a project to make recommendations on meeting the Council's future accommodation needs, including the future of The Deane House. This work would need to consider customer access and increasing financial pressures.

Streamlined, modern services – Commissioning work to introduce business process re-engineering reviews to a programme of Council services. These reviews should lead to services becoming more customer focussed, streamlined and efficient and should deliver financial savings. The commission would include training to officers in the organisation to allow it to build the skills to roll this out widely across other services.

Marketing and Promotion – Commissioning some work to help develop and deliver a clear marketing strategy for Taunton Deane that defined Taunton's niche and unique selling point.

There was another action within the Business Plan that needed to be progressed as a matter of urgency and was identified as the most critical recommendation from the LGA Peer Review.

This related to **Service Prioritisation and Savings Targets** which needed to be approved in early 2013/2014. It was intended to invite the LGA to facilitate a workshop with Members in early 2013 to agree a profile of services with associated budgets that collectively were affordable for the Council in its Medium Term Financial Plan.

This would need to meet the aspirations of Councillors in terms of their service priorities but by necessity would involve a considerable cut in spending in service areas to be affordable over the business plan period.

Once a costed service profile had been agreed, this would be reviewed annually and adjusted to take account of the success of other initiatives, such as those listed above.

On the motion of Councillor Williams, it was:-

Resolved that:-

- (a) The Vision, Corporate Aims and the eleven objectives of the draft Business Plan be endorsed;
- (b) The commitment to prioritise and fund the four projects set out above be approved in principle, on the understanding that further detail would be brought back to Scrutiny and the Executive with full scoping and costs;
- (c) It be agreed that work should proceed in developing a detailed delivery plan to map out how this Business Plan would be delivered; and
- (d) It be also agreed that work should proceed to organise the proposed Local Government Association's facilitated Councillor workshops to develop a costed service profile that would describe how a medium-term balanced budget would be achieved.

(b) Treasury Management Strategy Statement and Investment Strategy

The Executive had recently considered a report which detailed the Treasury Management and Investment Strategies for the 2013/2014 financial year.

The Council's debt was currently £94,999,000 which included the Housing Revenue Account self-financing debt of £85,200,000. Short-term interest rates were currently at 0.5% and this rate was expected to be at this level for the next financial year.

The Strategy had the preservation of capital as the most important factor in investing taxpayer's money. Although borrowing rates were currently low the cost of carry had to be considered before taking on any further debt.

The purpose of the Treasury Management Strategy Statement and investment Strategy (TMSS) was to approve:-

- The Treasury Management Strategy for 2013/2014 (Borrowing and Debt Rescheduling);
- The use of Specified and Non-Specified Investments; and
- The Prudential Indicators for 2013/2014, 2014/2015 and 2015/2016.

The Council's Financial Advisors, Arlingclose, had suggested that interest rates were likely to remain low for even longer, until at least 2016, given the extension of austerity measures announced in the Chancellor's Autumn Statement.

The TMSS had therefore been written in continuing challenging and uncertain economic times.

The current economic outlook had several key treasury management implications:-

- Investment returns were likely to remain relatively low during 2013/2014;
- Borrowing interest rates were currently attractive, but might remain low for some time; and
- The timing of any borrowing would need to be monitored carefully. There would remain a cost of carry – any borrowing undertaken that resulted in an increase in investments would incur a revenue loss between borrowing costs and investment returns.

As a result, the Strategy looked to reduce exposure to risk and volatility by:-

- (1) Considering security, liquidity and yield, in that order;
- (2) Considering alternative assessments of credit strength;
- (3) Spreading investments over a range of approved counterparties; and
- (4) Only investing for longer periods to gain higher rates of return where there were acceptable levels of counterparty risk.

The historically low interest rate situation had led to significant reductions in investment income in the past years which had impacted directly on the Council's budget.

The Council's General Fund Capital Financing Requirement (CFR) for 2013/2014 was £7,688,000 which was currently funded through internal borrowing. The Council was able to borrow funds in excess of the current CFR up to the projected level in 2015/2016 of £7,086,000. #

On the motion of Councillor Williams, it was:-

Resolved that:-

- (1) The Treasury Management Strategy Statement and Investment Strategy

be approved; and

- (2) The Prudential Indicators, set out in Appendix B of the Treasury Management Strategy Statement and Investment Strategy be also approved.

9. **Suspension of Standing Order**

Resolved that Standing Order 28, Time limits for all meetings be suspended to enable the meeting to continue for a further half an hour.

(c) **Halcon North Regeneration, Taunton – Creechbarrow Road Project**

The Executive had recently given consideration to a proposal to re-development an area of land at Creechbarrow Road, Taunton.

For several years, the Council had been considering the Halcon North area in terms of what action could be taken to tackle the high levels of deprivation and to provide a greater level of support to this community. The previous regeneration project comprised the demolition of approximately 200 Council dwellings and a mixed tenure development, with significantly increased density. However towards the end of last year, it was accepted that smaller scale regeneration would be more preferable to local residents.

At the outset of the previous project, a competitive process was undertaken to appoint partners to work alongside the Council on the Halcon North project, and Knightstone Housing Association (KHA) was subsequently appointed. KHA had appointed Boon Brown Architects to assist them with this task. As a result, both parties had built up a considerable knowledge of the area.

KHA had been awarded, Homes and Communities Agency (HCA) subsidy funding for 30 Affordable Rented Homes (80% of Market rent). The investment in these new homes would be in the region of £4,000,000. Despite the larger project for the area not progressing, the allocated HCA funding remained and this has created an opportunity to consider a smaller regeneration project.

Key features of the HCA funding were:-

- It was allocated to the Halcon area. However, KHA could request for it to be transferred to any other site in Somerset, if it appeared that the HCA funding was not going to be spent within the prescribed timetable;
- The new housing to which it related had to be completed and the money spent by the end of March 2015;
- The timescale available to achieve construction and therefore HCA spend in this timescale was very challenging. Consequently KHA required a decision on this matter as soon as possible;
- The HCA wished to see developments to which the funding related, on site by September 2013; and

- For a scheme to progress, it was proposed that the land would be transferred with vacant possession to KHA for £1.

Attention was now focussed on a scheme on Creechbarrow Road, which was one of the four streets in the original project.

The scheme would involve all current residents being found alternative accommodation. All the current flats would then be demolished. One end of the site would be transferred to KHA upon which 30 affordable rented houses would be constructed. The remainder of the site would remain in Taunton Deane ownership, on which 57 new homes for Social rent would be built. In addition, the scheme would see the creation of a central green/play area and a Community Hub building.

Whilst the project was housing driven, it was also designed to help tackle the deprivation in the area. In total, there is the potential for 87 new homes which represented a significant increase on the current situation in terms of better quality affordable housing and a potential investment of over £11,000,000 in this area.

The play/communal area would provide a new central focus and help integration of the new and the existing properties and provide a quality open space. The Community Hub building could house a multi-agency team working in the Ward and provide facilities for the community that would seek to address the serious issues of deprivation in the locality.

Although the increase in homes was significant, the potential increase in bed numbers was huge with 339 bed spaces likely with the new development compared with the 172 spaces which currently existed.

The new Housing Revenue Account (HRA) 30 Year Business Plan included priorities in relation to the provision of more affordable housing, investment and support to vulnerable communities and sustainable development.

The HRA also had available to it additional borrowing headroom of £16,000,000. With the availability of very low interest rates and resources available in the Business Plan to fund such borrowing, the current climate and context were right to consider a scheme such as the one proposed.

The KHA outline development of 30 dwellings was likely to consist of 9 x 1 Bed Flats; 8 x 2 Bed Flats; 2 x 2 Bed Houses; 8 x 3 Bed Houses; and 3 x 4 Bed Houses.

For regeneration projects it was usual for the Council to underwrite 50% of the "at risk" costs - the costs incurred in a scheme design prior to planning consent being obtained. In this case 50% of the at risk costs for the KHA portion of the site would be £32,000 if planning permission was not granted.

The outline of the Taunton Deane part of the development was likely to consist of 19 x 1 Bed Flats; 19 x 2 Bed Flats; 4 x 2 Bed Houses; 9 x 3 Bed Houses; 4 x 4 Bed Houses; 1 X 5 Bed House; and 1 x 6 Bed House.

In addition at the end of Moorland Road, where two semi-detached houses were currently situated, there would be an additional eight, 2 bedroom flats, with a Community Hub building on the ground floor.

The scheme could be further enhanced by additional new housing frontage being provided on the opposite side of this end of Moorland Road. The proposal therefore included three additional family homes on the site of Nos 2 and 4 Moorland Road.

The “at risk” costs for the Taunton Deane portion of the site were estimated to be £120,000. The estimated project costs for 57 new dwellings and the Community Hub building was £7,667,000.

Although the site would ultimately be in two parts in terms of ownership, in terms of development it would be desirable from a practical point of view to redevelop it as one.

There were four key requirements to consider for the scheme to progress:-

Development Agent – The Council did not have all the necessary skills, capacity and experience to undertake this project. A third party organisation to undertake development services on Taunton Deane’s behalf was therefore required. A quote has been received from KHA to undertake this work which would enable them to project manage the whole site on behalf of both parties.

Although the fee quoted was at a level where a procurement exercise would normally be required, it was recommended that Contract Procedure Rules should be waived to allow KHA to be appointed as Development Agents.

Architect – Boon Brown Architects had already been working on various schemes in this area with KHA. From a planning perspective there was an urgency to submit a planning application for the KHA part of the site to ensure the HCA funding was not lost. However, in order for this application to be considered in time, it was felt advisable to submit an application for the whole site using one architect. In order to achieve this, the Council would need to waive Contract Procedure Rules to enable Boon Brown to continue to act on the Council’s behalf as the fee for this service would exceed procurement thresholds that would usually require an open procurement process.

Employers Agent – No agent had been appointed for either party in relation to the scheme. However, one would need to be appointed as soon as possible. KHA had undertaken a procurement exercise to pre-select on a framework agreement five firms who could undertake the role of Employers Agent. Under normal circumstances, the level of fee for this service would again exceed the relevant services aspect of Contract Procedure Rules. However, it was proposed to waive Contract Procedure Rules and undertake a mini competition from the KHA framework and appoint a joint Employers Agent.

Contractor – The estimated costs of building contractor works were likely to

exceed EU procurement thresholds. In order for the Council to undertake EU compliant procurement, the Council was proposing to access framework agreements established by the HCA which had been designed with Local Authority housing projects specifically in mind. It was proposed that Taunton Deane and KHA would jointly procure contractors for the project from a framework agreement set up and managed by the HCA.

As a proportion of the costs will be incurred in the current financial year, the sum of £200,000 needed to be added to the 2012/2013 Capital Budget to be funded from HRA reserves.

On the motion of Councillor Mrs Adkins, it was:-

Resolved that:-

(a) In relation to the proposed Knightstone Housing Association portion of the site:-

- (1) To agree the transfer of the Southern part of the Creechbarrow Road site (incorporating new house numbers 1-30 on the sketch plan) to Knightstone Housing Association for £1, in order to enable the development of 30 new affordable homes, subject to agreed heads of terms to be negotiated and agreed by the Health and Housing Manager in conjunction with SW1 Property Services and the Legal department.
- (2) To approve the decant of the tenants currently occupying the southern end of the site (current property Nos 2-20) and transfer these properties with vacant possession to Knightstone Housing Association;
- (3) To accept to underwrite 50% of Knightstone Housing Association's "at risk costs" of approximately £32,000, to be funded by existing Housing Revenue Account resources if required.

(b) In relation to the proposed Taunton Deane portion of the site:-

- (4) Subject to satisfactory detailed scheme appraisal, to approve the redevelopment of the Taunton Deane portion of the site and for that purpose to:-
 - Progress the actions necessary to achieve vacant possession of the current properties including decanting, buy back of former right to buy properties or agreement of exchange of alternate property, the decommissioning of properties and securing the site;
 - Progress the detailed design and site evaluation; and
 - Preparation of a planning application;
- (5) To approve in principle borrowing of £7,700,000 to fund the scheme within the Housing Revenue Account and identify any additional funding for the Community Hub and play aspects of the development;

(6) To agree to commit Taunton Deane to “at risk” costs of approximately £120,000, to be funded by Housing Revenue Account resources;

(7) To waive Contract Procedure Rules and:-

- Appoint Knightstone Housing Association as Development Agents to act on behalf of the Council in relation to this project;
- Appoint Boon Brown Architects to continue to act on the Council’s behalf in relation to this scheme; and
- Undertake a joint mini competition amongst the five Employers Agent firms on the Knightstone Housing Association framework and appoint, as appropriate, one company to act on the Council’s behalf in relation to this scheme;

(c) In relation to the project as whole:-

(8) To approve a supplementary estimate from the Housing Revenue Account reserves of £200,000, which would be added to the 2012/2013 capital budget, as a proportion of the costs would be incurred in the current financial year; and

(9) To issue and serve on the tenants of the site (where applicable) Demolition Notices pursuant to the Housing Act 1985 (as amended).

(The Chief Executive, Section 151 Officer, the Legal and Democratic Services Manager and the Democratic Services Manager and Corporate Support Lead declared prejudicial interests in the following item and left the meeting during its consideration.)

(d) Localism Act 2011 – Pay Policy Statement

The Localism Act 2011 had made it a requirement for all Local Authorities to prepare a Pay Policy Statement each year for approval by Members.

The first Statement was prepared last year following consideration by Scrutiny and the Executive. However, due to the fact that the document was largely unchanged, a decision to refer the 2013/2014 Statement directly to Full Council was reported through the Weekly Bulletin on 21 February 2013.

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

The Statement was also required to:-

- Set out arrangements for the remuneration of Chief Officers on appointment;

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

On the motion of Councillor Mrs Stock-Williams, it was:-

Resolved that the Pay Policy Statement for 2013/2014 be approved.

10. Appointment of Civic Marshall

Reported that since December 2005 the post of Civic Marshall had been effectively carried out by Councillor Mrs Jean Allgrove.

Councillor Mrs Allgrove now wished to relinquish this role and it was necessary to appoint a successor.

Councillor Mrs Marcia Hill had indicated that she was willing to undertake the duties of Civic Marshall.

Resolved that:-

- (1) Councillor Mrs Marcia Hill be appointed as Civic Marshall; and
- (2) Councillor Mrs Allgrove be thanked for carrying out the duties over the past seven years.

(Councillors Mrs Baker, Bishop, Henley, Stone and D Wedderkopp all left the meeting at 9.04 p.m.)

(The meeting ended at 9.48 p.m.)