

Executive – 3 August 2017

Present: Councillor Williams (Chairman)
Councillors Edwards, Mrs Herbert and Parrish

Officers: Richard Doyle (Corporate Strategy and Performance Officer), Paul Carter (Assistant Director – Corporate Services), David Evans (Economic Development Manager) and Richard Bryant (Democratic Services Manager)

Also present: Councillors Aldridge, Coles and Hunt.

(The meeting commenced at 6.15 pm.)

23. Apology

Councillor Mrs Warmington.

24. Minutes

The minutes of the meeting of the Executive held on 6 July 2017, copies of which had been circulated, were taken as read and were signed.

25. Declaration of Interests

Councillor Mrs Herbert declared a personal interest as a trustee of the 'On Your Bike' Charity.

26. Quarter 4 2016/2017 Performance Report

Considered report previously circulated, which detailed the performance of the Council for the final quarter of 2016/2017.

Regularly monitoring performance was a key element of the Council's Performance Management Framework. There were 35 individual measures which were reported within the Corporate Scorecard.

The Taunton Deane Corporate Scorecard contained details of the Quarter 4 2016/2017 position against the Council's key priorities, finance and corporate health indicators. It was stressed that this information was the situation at 31 March 2017.

Each action/measure had been given a coloured status to provide the reader with a quick visual way of identifying whether particular measures were on track or whether there might be some issues with performance or delivery or an action.

The table below provided an overview of the reported indicators within the Corporate Scorecard:-

GREEN 😊	AMBER 😐	RED 😞	NOT DUE	NOT AVAILABLE	TOTAL
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24 (16)	3 (6)	5 (3)	0 (8)	3 (2)	35
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(The figures in brackets related to Quarter 3)

Submitted a comprehensive summary of each of the 35 performance measures. The five indicators on the scorecard allocated 'red' status were:-

- Completion of urgent repairs – within 24 hours;
- Customer Complaints – Response times;
- Average processing times of new Housing Benefit and Council Tax Support claims;
- Number of households making a homeless application; and
- Wage levels in Taunton Deane compared to the national average.

Reported on the actions that would be taken in an attempt to meet the performance targets that had been set for these five indicators.

Resolved that the report be noted.

27. **Financial Monitoring – Outturn 2016/2017**

Considered report previously circulated, relating to the Council's financial performance for the 2016/2017 financial year. The outturn figures had been included within the Statement of Accounts which had been approved by the Council's External Auditors.

Monitoring the budget was an important part of the Council's performance management framework. Crucially it enabled remedial action to be taken in response to significant budget variances, some of which might be unavoidable. It also provided the opportunity to assess any consequent impact on reserves and the Council's Medium Term Financial Plan.

The revenue outturn position for the financial year 2016/2017 was as follows:-

- The General Fund (GF) Revenue Outturn position for 2016/2017 was a net underspend of £101,000 (0.7%). The underspend had decreased since the end of quarter 2 due to significant variances in Rent Allowances and Rebates; Cemeteries and Crematorium; Council Tax Collection; Leisure Procurement; and Interest Costs and Income.
- The Housing Revenue Account (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 2016/2017 was a net underspend of £882,000 (3.3% of gross income).

Reported that the year-end financial statements reported that Deane DLO had made an overall deficit of £44,000 after contributing £101,000 to the GF. This deficit had been transferred from the DLO Trading Account Reserves which, together with a

£200,000 contribution to Transformation, had decreased the reserve balance to £121,000.

The Deane Helpline had reported a net deficit of £64,000 for the year, which was an underspend of £53,000 against the final budget and represented the net cost of the service to the GF.

Under regulations the Council had to report how its Licencing and Land Charges services performed in the financial year. This was set out in the table below. These services set fees and charges based on estimated reasonable costs, and aimed to break even each year. When this did not occur, the Council could transfer any surplus/deficit to a self-financing reserve. During the next round of fees and charges setting, adjustments would be made with the view to achieving a break-even position on a three year rolling basis.

Licensing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Under/(over)-recovery in 2015/2016 £	Balance Carried Forward £
Land Charges	(56,160)	(31,480)	(56,160)
Licencing	49,050	50,000	(950)
Taxi-Licencing	(19,640)	(16,970)	(36,610)

With regard to the budget for the Unparished Area of Taunton, reported that although £59,786 had been allocated to a variety of schemes during the 2016/2017 financial year, £43,204 was available for allocation during the current year.

The capital outturn position for 2016/2017 was as follows:-

- The General Fund profiled Capital Programme at the end of 2016/2017 was £25,832,000. The actual expenditure on the Capital Programme during 2016/2017 was £10,256,000, with £15,527,000 being carried forward to support delivery of approved schemes in 2017/2018. This would leave a net underspend of £49,000 (0.1%) against the overall programme.
- The HRA approved Capital Programme at the end of 2016/2017 was £20,129,000. This related to schemes which would be completed over the next five years. The actual expenditure on the Capital Programme during 2016/2017 was £11,762,000, with £9,399,000 for planned investment to implement approved schemes in future years. A net overspend of £32,000 (1%) was reported against the overall programme.

Further reported that the GF Reserves balance as at 31 March 2017 stood at £2,186,000. The balance remained above the minimum reserves expectation within the Council's Budget Strategy (£1,600,000).

The HRA Reserves balance as at 31 March 2017 stood at £3,224,000, which was above the minimum level (£1,800,000) set within the Council's Budget Strategy and the HRA Business Plan.

The total General Fund Earmarked Reserves balance as at 31 March 2017 was £17,344,000, and for HRA Earmarked Reserves the balance was £6,847,000, representing funds that had been set aside for specific purposes to be spent in 2017/2018 or later years. This had grown largely in respect of funds committed to support growth and infrastructure development, future capital programme spending, the Business Rates funding volatility, creating a new Council and funding set aside to support service restructuring and transformation projects. The majority of this was planned to be spent over the next two years, although experience had shown this might be over a longer period.

Noted that the Outturn Report had also been considered by the Corporate Scrutiny Committee on 20 July 2017 and the recommendations contained within the report were supported.

Resolved that:-

- (1) The Council's financial performance and end of year position for the General Fund and the Housing Revenue Account, including pre-approved carry forwards and transfers to earmarked reserves be noted; and
- (2) Full Council be recommended to:-
 - (a) Note the reported General Fund Revenue Budget underspend of £101,000 in 2016/2017 and the General Reserves Balance of £2,186,000 as at 31 March 2017;
 - (b) Approve the General Fund Revenue Budget Carry Forwards totalling £302,000;
 - (c) Approve a General Fund Capital Programme Budget Carry Forward totalling £15,527,000;
 - (d) Approve a Housing Revenue Account Capital Programme Budget Carry Forward totalling £9,399,000;
 - (e) Approve £590,000 of Supplementary Budget allocations in 2017/2018 for the Housing Revenue Account, utilising 2016/2017 underspends, for the following areas:-
 - (i) £250,000 to provide additional technical development capacity to the in-house team for development appraisal work on complex sites;
 - (ii) £25,000 to replace the Halcon One Team Co-ordinator post until 31 March 2018;
 - (iii) £55,000 for additional officer capacity to address anti-social behaviour for a period of 18 months due to additional pressures on the team;
 - (iv) £70,000 to fast-track replacement of Piper lifelines in Sheltered Housing where these were reaching the end of their operational life;

- (v) £40,000 to both revamp and upgrade Ladymead Road, Taunton shops for remarketing as commercial premises or to make a change of use and convert to a One Team Community Hub; and
- (vi) £150,000 to pilot a Fabric First approach to appraise options to address thermal performance and water ingress issues in some property types.

28. **Draft Medium Term Financial Strategy 2018/2019**

Considered report previously circulated, concerning the initial draft of the Council's Medium Term Financial Strategy (MTFS), a copy of which had been provided to the Members of the Executive.

The financial challenge for Taunton Deane Borough Council would continue as the Government reduced central grant funding for local authorities. The Council's financial forecasts indicated significant financial savings would be needed to maintain balanced budgets and a sound, sustainable financial footing for the future and underpin the planned investment in the top priority of growth and infrastructure.

The draft Strategy was the Council's approach for balancing the budget over the medium term including the approach to managing costs and optimising the funding that would be available to support spending on services. The Strategy would overarch the Medium Term Financial Plan (MTFP), which was a summary of the financial costs and income in monetary terms.

The MTFP forecasts had been reviewed and at this stage there were no material changes to the forecasts that were reported to Full Council in February 2017 when the Budget for 2017/2018 was approved.

The Budget Gap – the difference between projected costs and projected funding – in 2018/2019 was currently £388,000, rising to an estimated £1,118,000 by 2022/2023. This gap reflected decisions already taken by the Council such as anticipated savings from the transformation of service delivery and was based on a range of assumptions.

The MTFS included a summary of the approach in respect of:-

- Business Rates funding;
- New Homes Bonus;
- Council Tax and Council Tax Support;
- Service spending and income;
- Reserves and balances;
- Capital; and
- Treasury.

There were a number of risks and uncertainties recognised in the Strategy. The financial forecasts were considered to be reasonable and robust at this stage but it was right to recognise that the position could change in future, particularly with a significant update in the allocation of Business Rates funding expected in 2019/2020 or 2020/2021.

At this stage it was not possible to predict what the results of this change would be.

The General Reserves balance was currently £2,186,000, which stood at £586,000 above the recommended minimum balance of £1,600,000. This provided some financial resilience to unplanned costs, but falling below the minimum would require urgent action to return the balance to an acceptable level.

Reported that the MTFs had also been considered by the Corporate Scrutiny Committee on 20 July 2017 when the recommended approach was supported.

Resolved that:-

- (1) The draft Medium Term Financial Strategy be supported; and
- (2) The proposed approach within the Strategy to address the challenge of closing the gap between costs and income in order to produce a sustainable financial position for the foreseeable future be also supported.

29. **Executive Forward Plan**

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

Resolved that the Forward Plan be noted.

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

Resolved that the press and public be excluded from the meeting for the following item as it included exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and that the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

31. **Proposed secured loan to The Collar Factory Limited in relation to the redevelopment of The Collar Factory, Taunton**

Considered report previously circulated, concerning the proposed redevelopment of the former Collar Factory off St Augustine Street, Taunton.

The owner of premises was seeking funding from a number of sources, including a loan from the Council, to enable its redevelopment and the creation of shared work and office space.

The project was described as a next generation workspace complex providing innovation and enterprise space to start-up and emerging businesses alongside learning and training facilities aimed at re-skilling and up-skilling existing workers.

Actively managing the space would ensure a diversified range of small companies with the aim of developing a business cluster that supported valuable opportunities for collaborative working, the creation of an internal market and encouraged a high numbers of start-ups.

The report set out the loan requested together with details of the overall funding package, the security that would be available against the proposed loan, the assessment of risk and an analysis of the demand in the area for the services proposed at the former Collar Factory.

The Executive was requested to support in principle a financial investment in this scheme through provision of loan finance on commercial terms subject to receipt of the applicant's proposed Business Plan, and, completion of due diligence checks, agreeing appropriate security, and other financial checks. The interest rate would be commercially based and linked to the likely exposure to risk.

Reported that as with any investment the provision of a loan would not be risk free, however subject to the Council obtaining sufficient security for the full amount advanced and accrued interest, the balance of risks against the gains in this case were considered to be acceptable.

There were financial benefits for the Council, particularly through increased investment income. This would be augmented by the leverage with other organisations that the loan would create.

The Council's investment would also enable significant benefits to the business environment within Taunton Deane to be achieved which were set out in the report.

The proposed loan was considered by the Corporate Scrutiny Committee at its meeting on 20 July 2017. Members supported the recommendation to the Executive subject to further due diligence being carried out on the applicant's Business Plan.

Resolved that Full Council be recommended to:-

- (1) Approve the principle of a loan as detailed in the report at a commercial rate to The Collar Factory Limited. This loan would be secured against properties in the ownership of the applicant as required, to provide sufficient security for the amount advanced and accrued interest;
- (2) Approve in principle a Supplementary Budget in the Council's 2017/2018 Capital Programme in respect of the loan which was to be treated as capital expenditure; and
- (3) Delegate authority to the Executive Councillor for Economic Development, Asset Management, Arts, Culture and Tourism to agree the terms for the offer of a loan to the applicant, and to enter a Legal Charge drafted in consultation with the Director of Growth and Development, Assistant Director - Business Development and the Section 151 Officer. This offer must provide for adequate security against defined properties, give clarity on the draw-down of funding, loan repayments, the interest rate and other key terms.

(The meeting ended at 7.22 p.m.)