



Exeter City Council

To the Chair and Members
of the Executive

Philip Bostock, Chief Executive

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A meeting of the **EXECUTIVE** will be held in the Rennes Room, Civic Centre, Paris Street, Exeter at **5.30 pm on TUESDAY 9 FEBRUARY 2010** to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Rowena Whiter, Member Services Manager on **Exeter 265110**.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

Pages

AGENDA

Part I: Items suggested for discussion with the press and public present

1 DECLARATIONS OF INTEREST

Councillors are reminded of the need to declare personal and prejudicial interests, including the nature and extent of such interests, in relation to business on the agenda, before any discussion takes place on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

2 LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 10 and 11 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 and 2 of Part I, Schedule 12A of the Act.

3 GENERAL FUND REVENUE ESTIMATES AND CAPITAL PROGRAMME 2009- 10 TO 2010-11

To consider the report of the Head of Treasury Services.

1 - 46

Scrutiny Committee – Resources considered the proposed estimates and capital programme at their meeting on 27 January 2010 and their comments will be reported.

(Report circulated)

4 **TREASURY MANAGEMENT STRATEGY 2010-2011**

To consider the report of the Head of Treasury Services. 47 - 56

Scrutiny Committee – Resources considered the report at their meeting on 27 January 2010 and their comments will be reported.

(Report circulated)

5 **PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES**

To consider the report of the Head of Treasury Services. 57 - 78

(Report circulated)

6 **AUTHORISED SIGNATORIES FOR AFFORDABLE HOUSING SCHEMES**

To consider the report of the Head of Housing Services. 79 - 80

(Report circulated)

7 **MASTERPLAN FOR THE FUTURE DEVELOPMENT OF NEWCOURT**

To consider the report of the Head of Planning and Building Control. 81 - 88

(Report circulated)

8 **REDUCING CARBON EMISSIONS IN EXETER: THE ROLE OF PLANNING AND TRANSPORTATION STRATEGY: SUMMARY PAPER**

To consider the report of the Director Economy and Development. 89 - 92

Scrutiny Committee – Economy considered the papers at their meeting on 21 January 2010 and their comments will be reported.

(Report circulated)

a) **REDUCING CARBON EMISSIONS IN EXETER: THE ROLE OF PLANNING AND TRANSPORTATION STRATEGY** (Pages 93 - 100)

b) **LAND USE PLANNING AND DEVELOPMENT MANAGEMENT** (Pages 101 - 126)

c) **TRANSPORTATION STRATEGY: MEASURES TO REDUCE CARBON EMISSIONS/ PROPOSED CITY COUNCIL INPUT TO DCC LOCAL TRANSPORT PLAN 2011-16** (Pages 127 - 142)

d) **CITY CENTRE: CARBON EMISSIONS, AIR QUALITY AND TRAFFIC** (Pages 143 - 150)

9 **COUNCILLORS ALLOWANCES 2010/11**

To consider the report of the Assistant Chief Executive. 151 - 160

(Report circulated)

Part II: Items suggested for discussion with the press and public excluded

10 **PLAY DEVELOPMENT SERVICE**

To consider the report of the Head of Leisure and Museums seeking approval to implement agreed changes to the Council's Play Development service. 161 - 166

(Report circulated to Members)

11 **HUMAN RESOURCES STAFFING**

To consider the report of the Director Corporate Services seeking approval to the extension of a temporary post. 167 - 168

Scrutiny Committee – Resources considered the report at their meeting on 27 January 2010 and their comments will be reported.

(Report circulated to Members)

DATE OF NEXT MEETING

The next scheduled meeting of the Executive will be held on **Tuesday 23 March 2010** at 5.30 pm in the Civic Centre.

A statement of the executive decisions taken at this meeting will be produced and made available as soon as reasonably practicable after the meeting. It may be inspected on application to the Customer Service Centre at the Civic Centre or by direct request to the Member Services Manager on 01392 265110. Minutes of the meeting will also be published on the Council's web site as soon as possible.

Membership -
Councillors Fullam (Chair), S Brock, Cole, Edwards, Mrs Henson, Mitchell, Mrs J Morrish, Newton and Wadham

Find out more about Exeter City Council services by looking at our web site <http://www.exeter.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Member Services Officer on (01392) 265115 for further information.

Individual reports on this agenda can be produced in large print on request to Member Services on 01392 265111.

EXETER CITY COUNCIL

EXECUTIVE
9 FEBRUARY 2010

GENERAL FUND REVENUE ESTIMATES AND CAPITAL PROGRAMME FOR 2010/11 TO 2012/13

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund revenue estimates for 2010/11 and to recommend the Band D level of Council Tax for 2010/11. This report also includes the proposed Capital Programme for 2010/11 and future years, and a note of the proposals in respect of the Housing Revenue Account.

2. BACKGROUND

- 2.1 At its meeting of 8 December 2009, the Executive approved a budget strategy based upon key assumptions including the likely level of available resources and the proposed new revenue bids and other identified spending pressures. This strategy, including the revised medium term financial plan, indicated that the Council can afford to fund its proposed spending plan in the short term to medium term by utilising some of its balances and reserves. However the strategy indicated that there continued to be spending pressures that the Council needed be made aware of. In particular the impact of borrowing to fund the Council's future capital programme and the reduction of income in some service areas will add more pressure to the revenue budget in future years. There is also the real possibility that in the medium term the Council will be given a significantly reduced level of grant from the Government. Implicit within the budget strategy and medium term financial plan is the requirement to identify ongoing cashable efficiency savings.
- 2.2 Savings proposals to reduce the base budget by £1.008 million were identified in order to help alleviate the financial pressures facing the Council next year. These were reviewed by the all party Resources Member Working Group and were subsequently incorporated within the budget papers presented at the December meetings of Scrutiny Committees to consider next year's budget. Following these meetings further adjustments to the proposed savings were identified and were incorporated within the budget papers presented to the individual Scrutiny Committees. Appendix 1 summarises the proposed savings that were presented to the Scrutiny Committees. Members at Scrutiny Committee - Economy made a proposal to transfer £7,000 from the City Centre Activities budget to the Vibraphonic Festival. This would not increase the overall budget.
- 2.3 The Government has now announced the final local government finance settlement for 2010/11 and this was in line with previous forecasts. For Exeter the final figure is as follows:
- Formula Grant £12,089,847 (increase 0.8% against 2009/10 grant)

The final settlement now indicates that in cash terms our grant will only increase by £90,995 against the 2009/10 grant amount of £11,998,852.

3. KEY ASSUMPTIONS

- 3.1 In producing the Council's medium term financial plan and annual revenue budget a number of factors have to be taken into consideration. Economic factors outside of our control such as inflation, interest rates, and economic growth etc. can have a huge impact upon the

Council's overall financial position. Consequently it is necessary to make a number of assumptions on such issues so that a meaningful financial plan can be produced.

3.2 The following assumptions have been made with regard to the revenue budget for 2010/11:

Expenditure

- Pay award 1.0%
- Pay Increments 0.5%
- Utilities Nil
- Contracts 1.5%
- Insurance 3.0%
- Fuel 3.0%
- General Inflation Nil (see para 3.4 below)

Income

- Car Parks 2.5% (VAT only increase)
- Commercial Rent Nil percentage increase
- Other Income 2.0%

3.3 The pay settlement for the current year has been agreed at 1% for the majority of staff and a nil increase for senior staff. It is extremely likely that there will be pressure to limit public sector pay again next year and therefore it is felt prudent at this stage to budget next year for a pay increase of not more than 1.0%. The national negotiators for the Employees have proposed a nil increase for all staff in 2010/11. Until the matter is formally resolved it is considered prudent to leave the current provision within the budget.

3.4 As a means of finding efficiency savings many non-pay budgets will again not be fully increased for inflation. There will be some exceptions to this in particular where there are ongoing contractual arrangements in place and where the Council has to meet the full price increase e.g. insurance and fuel. Recently released figures show that UK inflation increased in December mainly reflecting changes in fuel prices, the cut in VAT and retail discounting. The Consumer Prices Index (CPI) measure rose to 2.9%, up from 1.9% in November. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, also rose to 2.4% from 0.3%. Although the Government no longer produce targets for the RPI it is still used to determine increases in pensions, benefits and pay negotiations. The government target for the CPI measure is 2%.

3.5 With regard to interest rates the Bank of England has put the base rate of interest on hold at only 0.5% since March 2009. Although many analysts are predicting that interest rates could start to increase next year, in the short term they are likely to remain at their historically low levels. The low levels of interest rates affect the City Council in a number of ways. On the negative side the Council has to assume lower investment returns on cash deposits in comparison with previous years. This has also been exacerbated by the continuing lack of confidence within some parts of the banking sector. The likelihood is that investment returns will be no more than 3% in comparison with returns in excess of 6% that we have achieved in recent years. Conversely, on the positive side, the lowering of interest rates also means that the cost of borrowing is now also cheaper. This is particularly important to the City Council now that it has to make use of borrowing in order to fund part of its capital programme.

4. CONCESSIONARY TRAVEL

- 4.1 After many weeks of strong lobbying, the Government issued a consultation paper which sets out their proposals for the funding of concessionary travel in 2010/11 and seeks responses from authorities, which needed to be submitted by 30 December. If the proposals are endorsed they will give the Council an additional £1.65 million of special grant. Whilst this additional grant is very welcome, it has still been necessary for the Council to find revenue savings of about £1 million next year. If this additional grant is not forthcoming, then further cuts of more than £1.5 million would need to be identified. From April 2011 onwards responsibility for the administration of the concessionary fares will be passed to county councils. However, it is not yet known what the potential funding implications of this transfer are likely to be.

5. LOCAL GOVERNMENT FINANCE SETTLEMENT 2010/11

- 5.1 As indicated above the final settlement includes a notification of our formula grant for next year. The City Council's grant settlement for 2010/11 is £12.090 million and this represents an overall cash increase of £0.091 million (0.8%) compared to the current year (£11.999 million). The attached Appendix 2 shows as a comparison the grant settlement figures for all Devon authorities covering the current spending review period. The final settlement figures will be announced later this month but at this stage it is not expected that they will be significantly different from the provisional announcement.

6. MONITORING OF REVENUE SAVINGS – 2009/10

- 6.1 The revenue budget for the current financial year incorporated proposed savings of £2.5 million. If these are not achieved during the year then this may also have an adverse impact upon next year's budget. Apart from a few exceptions, the Council is on target to deliver the proposed savings in the current financial year and in some instances the target will be exceeded for some of the proposed savings. These are as follows:-

Service Area	Budgeted Savings 2009/10 £	Comment
Housing Benefits	150,000	Latest qtr 2 stewardship report indicated that this target would be exceeded by £116,000.
Printing	33,700	A delay in the implementation of the printing review will mean that the savings will only be partly achieved this year.

Service Area	Budgeted Savings 2009/10 £	Comment
Housing Advisory Services	£120,800	The latest qtr 2 stewardship report indicated that this target would not be achieved with a predicted overspend of £117,950. This is mainly due to increased costs of Private Sector Leasing and Serviced Accommodation. It is anticipated that most of this extra cost will be reduced next year due to housing benefit changes taking effect from 1 April 2010.
Pay Award Provision at 1.5%	£225,000	This proposed saving has been exceeded by about £110,000. The pay settlement for 2009/10 has now been agreed at 1% for most staff and a nil pay increase for senior staff.

6.2 The overall revenue savings target of £2.5 million is therefore currently forecast to be achieved and this was also reflected in the most recent overview of the general fund revenue budget reported to Executive on 8 December 2009. This indicated that the estimated withdrawal from the general fund working balance would be £265,410 less than had been budgeted for.

7. FURTHER ISSUES TO BE CONSIDERED

7.1 Before the Council can finally consider the appropriate level of Council Tax to be levied next year, there are a number of issues that require further consideration as follows: -

- Budget Consultation
- Central Government advice on the level of Council Tax
- Future spending pressures and review of the medium term financial planning process
- The level of reserves and balances

8. BUDGET CONSULTATION

8.1 This is the first year that the Council has undertaken a full public consultation specifically on the budget. In previous years consultation was undertaken on the Exeter Vision priorities and as they were linked to the Council's corporate objectives this enabled public priorities to be reflected. A programme of public consultation has been conducted with associated publicity which included a Wavelength survey, an online budget simulator and a public engagement event. In each of method of consultation some background information was provided and the Council's budget was broken down into ten service blocks.

8.2 The methods and results from the consultation exercises are outlined in the separately attached report (Appendix 9). In total there have been 924 interactions with the various methods. This is not the same as 924 unique individuals as there may be some crossover

between methods (a Wavelength panellist could also complete the online budget simulator and attend the public event). However, this still represents a good level of participation.

8.3 The results for these three exercises do not point to a neat and simple answer to the problem of reducing the 2010/11 budget. In general there was broad agreement between the three exercises as to where the public would be prepared to see savings made. Waste collection and street cleaning were the two areas where people were least prepared to see savings made and Corporate & Democratic and Other Central Services the areas where people were most prepared to see savings.

8.4 It is also noted that there are four areas where there are clear age differences:

- People aged 25-44 are less likely to choose leisure and recreation
- People aged 35-44 are less likely to choose museums, heritage and tourism for savings
- People aged over 55 are less likely to choose to make savings in Corporate and Democratic Services and Other central services

This is likely to be linked to their use of the services. People under 44 are more likely to have children who would use leisure and recreation and museums, heritage and tourism services whereas older people may be more likely to use services such as benefits payments, community information and engagement.

9. COUNCIL TAX

9.1 Council tax in England increased by an average of 3.0% in 2009/10, its lowest increase for 15 years. By way of a comparison, in 2009/10 Exeter City Council increased its band D council tax from £114.98 to £119.46; an increase of £4.48 (3.9%). This meant that Exeter had set the 4th lowest council tax out of all the other (201) English District Councils.

9.2 The Government has already stated that they anticipate that council tax increases will fall further again next year and that they are again prepared to take capping action against excessive increases by authorities. The latest Budget Strategy noted by Executive in December 2009 included an assumption that council tax would increase by 4.5% for next year and by no more than 4.5% for the next 2 financial years.

10. FUTURE SPENDING PRESSURES AND REVIEW OF THE MEDIUM TERM FINANCIAL PLANNING PROCESS

10.1 The Council has a medium term financial strategy that forms an integral part of its formal financial planning processes. The key elements of this strategy form part of the overall Budget Strategy that is approved by Council each year. As a brief reminder the Medium Term Financial Strategy contains the following key points:

- It sets out a 4 year revenue financial plan (covering the period to 2012/13)
- It identifies the likely level of grant support from the government
- Sets out the likely level of future council tax increases
- Identifies future service cost variations
- Identifies level of future investment income
- Takes into account the revenue consequences of our Capital Strategy
- Identifies the future amount of efficiency savings/cost reductions required for a balanced budget

10.2 An updated medium term financial plan covering the period 2009/10 to 2012/13 is attached in Appendix 3 and Appendix 4. Appendix 3 assumes that the level of formula grant is the

same for each of the years 2010/11 to 2012/13 whereas Appendix 4 is based upon a grant reduction of 3% after 2010/11.

- 10.3 Although the Council is required to approve an annual revenue budget it does also need to take into account future spending pressures and the likely level of available resources covered by its medium term financial plan. Both Appendix 3 and Appendix 4, show that in the medium term the Council will need to identify further additional revenue savings in order to deliver a balanced budget within the overall available resources. In the worst case scenario indicated in Appendix 4, the medium term financial plan indicates that as well as the £1.082 million of savings identified for next year, further revenue savings of at least £1.7 million will need to be identified and delivered in the following two years.
- 10.4 Looking to the longer term there are a number of uncertainties and factors that could affect the future financial position. These include: the amount of grant support from central government, the level of future years' pension contributions, potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital programme commitments. Any additional revenue costs that are not currently identified within the medium term financial plan will now have to be met from further savings.

11. BALANCES AND RESERVES

- 11.1 The Council's current policy is such that the minimum level of the General Fund Balance will now be £2 million. This is considered a sufficient level taking into account the potential level of financial risk facing the Council in the medium term. The latest estimated position of the General Fund Balance is that it will be about £3.395 million as at 31 March 2010, equivalent to 20.5% of Exeter's net revenue budget. The Council's revised medium-term financial plans (Appendix 3 and Appendix 4) indicate that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2012/13.
- 11.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2010/11 makes use of £487,500 from the following earmarked reserves: -

Transfer from/ (to) reserves

	£
Isca Bowls	10,000
Planning Delivery Grant	(487,500)
Transport Initiatives	(5,000)
Licensing	3,950
Habitat Assessments	<u>(9,000)</u>
	(487,500)

12. ASSET IMPROVEMENT AND MAINTENANCE (AIM)

- 12.1 The General Fund budget for 2010/11 includes an overall allowance of £1,515,000 for AIM expenditure in order to maintain and service the Council's non-housing properties. Of this amount £1,323,500 will be allocated to meet on-going revenue commitments and £191,500 for high priority service requirements.

13. DEBT RECOVERY

- 13.1 The City Council is responsible for collecting substantial amounts of money each year through council tax, business rates, council house rents and sundry debtors. There are

robust and efficient recovery processes in place to ensure that the Council maximises the collection of all its debt. Performance is also measured and monitored against in-year collection performance indicators. During 2008/09 (the last complete financial year), the in-year collection rates were 97.4% for council tax, 98.1% for business rates and 98.5% for housing rents. There is no in-year collection target in respect of sundry debt. The Council eventually collects more than 99% of all the income that it is due. The total amount of debt that was written-off during 2008/09 was £641,369 (£678,940 2007/08) of which £33,522 was for housing rents, £55,214 was in respect of sundry debt, £393,439 was for business rates and £159,194 was in respect of council tax. The total amount of debt that was due for all these areas in 2008/09 was £137.477 million and the write-offs are equivalent to 0.5% of this amount. There are no significant budgetary implications in respect of these write-offs as the Council has previously made adequate provision for bad debts.

14. REVENUE ESTIMATES 2010/11 (APPENDIX 5)

14.1 In total, Service Committee Expenditure for 2010/11 is £17,204,200 which is £2,152,430 less than the current year. A summarised breakdown of this decrease is shown below: -

	£000's
Service Committee Expenditure 2009/10	19,357
Reduction of LGR costs etc. from base	(1,000)
Net reduction in cost of concessionary travel	(1,300)
Inflation allocation	301
Further reduction in income re car parks and planning	250
Archaeological Field Unit	109
Proposed new revenue bids – recurring	34
Proposed new revenue bids – non-recurring	65
Revenue Costs arising from New Capital Bids	21
Other budgetary adjustments	449
Proposed revenue savings	<u>(1,082)</u>
Service Committee Expenditure 2010/11	17,204

14.2 In addition there are other items to be taken into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £100,000 for net interest in respect of our overall positive cash balances, and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2010/11 is planned to be £16,820,509, an increase of £293,133 (1.8%) compared to 2009/10.

15. COUNCIL TAX BUDGET REQUIREMENT 2010/11 (APPENDIX 6)

15.1 When the Formula Grant of £12,089,847 is taken into account the resultant net expenditure to be financed from council tax is £4,730,662 (as indicated in Appendix 6), an increase of £202,138 (4.5%) compared to 2009/10.

15.2 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2010/11. For next year the amount that must be taken into account by the City Council is a surplus of £8,322.

15.3 As indicated above it is proposed that the net expenditure to be funded by council tax for 2010/11 is £4,730,662. The surplus of £8,322 must be deducted from this amount to give a revised amount to be funded of £4,722,340. When the tax base of 37,827 divides this

amount, the proposed band D council tax for 2010/11 will be £124.84, an increase of £5.38 (4.5%) compared with the 2009/10 band D amount of £119.46.

16. HOUSING REVENUE ACCOUNT (HRA)

- 16.1 Exeter's average rent collected over 52 weeks has increased by £1.79 from £57.74 to £59.53 (3.1%). The increase reflects a general decrease of 0.9% together with the continuation of the phased implementation of the Government's rent restructuring policy, which will converge the rents of all social landlords by 2012/13.
- 16.2 The rent is calculated using a formula linked to 1999 property values in the area relative to the national average, local earnings relative to the national average and the number of bedrooms in the property.
- 16.3 The Exeter City Council HRA Subsidy determination for 2010/11 has been increased by the following in line with the number and types of dwellings as at 1st April 2010:
- Maintenance 4.06%
 - Management 2.83%
 - Major Repairs Allowance 2.30%
 - Rent (average) 2.06%

In net terms, the subsidy payment to the Department of Communities and Local Government has decreased by some £220,000 to £4.006 million. In 2008/09 an additional £4 per dwelling per year was built into the Management allowance per dwelling to fund the production of the Energy Performance certificates for local authority stock. The Government's intention is that this was not a one-off allowance but will form a continuing constituent part of the allowance until at least 2018/09, as certificates will be valid for 10 years.

17. CAPITAL PROGRAMME RESOURCES (APPENDIX 7)

- 17.1 In previous years the annual capital programme has been financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme. This also has an ongoing impact on the Council's revenue budget. The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities developed by CIPFA. A separate report to this meeting of the Executive sets out the Council's Prudential Indicators for approval by members.
- 17.2 The available capital resources for General Fund and Housing for 2010/11 are £8.162 million. An estimated spend of £13.804 million is required in respect of the General Fund and £7.538 million for the HRA and the new Council House Building Programme. The total spend on capital will be £21.342 million of which £12.123 million will have to be funded from borrowing. Appendix 7 sets out the forecast use of the resources available for the General Fund, the Housing Revenue Account and the new Council House Building Programme and the likely amounts of borrowing that will be necessary to fund the capital programme.

18. GENERAL FUND CAPITAL PROGRAMME (APPENDIX 8)

- 18.1 The proposed capital programme is set out in Appendix 8. The new / previously approved schemes total £11.387 million in 2010/11. The capital programme has been set out in line with the Council's strategic objectives, in order to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes

contribute to the achievement of more than one strategic objective, they have been placed under the objective to which it is considered the scheme contributes the most.

- 18.2 In order to help improve overall delivery and monitoring of the capital programme, schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is committed to and reasonably certain of being able to deliver within the planned timescales. Conversely, Category C2 is for those schemes that the Council is committed to but is less certain of being able to deliver due primarily to factors outside of the control of the Council. It is also acknowledged that some schemes would have elements within both categories.

19. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME (APPENDIX 8)

- 19.1 For 2010/11 the medium term financial strategy provides for a HRA capital programme of £5.208 million. This is funded from:
- Major Repairs Allowance £3.343 million
 - Revenue Contributions to Capital £1.765 million
 - Capital Receipts £0.1 million

20. COUNCIL HOUSE BUILDING PROGRAMME (APPENDIX 8)

- 20.1 The expected programme for 2010/11 is £2,330,790.

21. RISK ASSESSMENT

- 21.1 It has already been mentioned above in this report that our financial forecasts are based on a number of assumptions including the level of inflation, interest rates, income levels, support from the Government and general prevailing economic conditions. In addition there are a number of uncertainties that could affect the financial position either now or in the future. These include the level of future years' pension contributions, potential costs arising from the review of service plans, and the cost of any new statutory functions.

- 21.2 Although the Council faces risks from the assumptions and uncertainties outlined above these have been mitigated by the following:

- Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources
- Continuous monitoring and review of the key factors together with regular reports to Members on any key issues
- Regular stewardship meetings with budget managers to ensure that budget pressures are identified at the earliest opportunity
- The adoption of robust financial management arrangements including option appraisal, risk assessment and financial monitoring
- Retaining a prudent level of reserves and balances

- 21.3 As part of the general budget-setting process the Council needs to also consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage the potential risks. A risk assessment has been undertaken of the main volatile budget areas and this formed part of the budget strategy paper presented to Executive in December.

22. STATEMENT OF THE ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 22.1 There is a requirement under Section 25 of the Local Government Act 2003 that requires the chief finance officer of a local authority to formally report to its members on the robustness of the estimates and the adequacy of its reserves when it is considering its budget and council tax.
- 22.2 I have already outlined above in this report the key assumptions that have been made in the budget proposals for next year including an assessment of the risks and mitigating factors. As the chief finance officer for this Council I therefore consider that the budget estimates for 2010/11 that have been prepared are both robust and achievable.
- 22.3 The Council's current policy is such that the minimum level of the General Fund Balance will now be £2 million. This is considered a sufficient level taking into account the potential level of financial risk facing the Council in the medium term. The latest estimated position of the General Fund Balance is that it will be £3.395 million as at 31 March 2010, equivalent to 20.5% of Exeter's net revenue budget. The Council's current medium-term financial plan indicates that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2012/13.
- 22.4 The Council's financial strategy recognises the need to maintain a General Fund Balance to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting this minimum amount of £2 million the following have been taken into account: -
- The size of the authority
 - The volatility of some income and expenditure budgets
 - The risks faced by the Council with regard to funding unforeseen events
 - The financial risks inherent in partnerships, outsourcing deals and as accountable body for external funding
- 22.5 The Council's estimated revenue Reserves are as follows: -

	31/03/2009 £'000	31/03/2010 £'000	31/03/2011 £'000
<u>Earmarked</u>			
Total Earmarked Reserves	1,622	815	327
<u>Non-Earmarked</u>			
General Fund Balance	5,583	3,395	2,832

23. PRECEPTS

- 23.1 Devon County Council, the Devon and Cornwall Police Authority and the Devon and Somerset Fire Authority will all precept separately upon the council tax payers in Exeter. The County Council, Police Authority and Fire Authority will meet on the 19th, 13th and 18th February respectively. The recommendations are:

	2009/10	2010/11	Change	
	£	£	£	%
Devon County Council	1,094.67	x,xxx.xx	xx.xx	x.xx
Devon and Cornwall Police	149.22	xxx.xx	x.xx	x.xx
Devon and Somerset Fire Authority	69.18	xx.xx	x.xx	x.xx
Total Precept	1,313.07	x,xxx.xx	xx.xx	x.xx

24. FINAL POSITION

- 24.1 Based upon the recommendations above the aggregate requirements of Exeter City Council, Devon County Council, Devon and Cornwall Police Authority and the Devon and Somerset Fire Authority will result in a council tax for the City of Exeter for 2010/11 of £x,xxx.xx per Band D property.

- 24.2 This is an overall increase of £xx.xx (x.xx%) on the amount of £1,432.53 levied for 2009/10.

- 24.3 The detailed figures are: -

Band	Exeter £	DCC £	Police £	Fire £	Total £
A	83.23				
B	97.10				
C	110.97				
D	124.84				
E	152.58				
F	180.32				
G	208.07				
H	249.69				

25. RECOMMENDATIONS

It is recommended that:

- 25.1 the Council's overall spending proposals in respect of both its revenue and capital budgets are approved;
- 25.2 the council tax for each Band be recommended to the Council as set out in section 24.3, subject to Devon County Council, Devon and Cornwall Police Authority and the Devon and Somerset Fire Authority confirming their Band D levels respectively;
- 25.3 when the actual council tax amounts for Devon County Council, Devon and Cornwall Police Authority, and the Devon and Somerset Fire Authority are set then the revised council tax levels be submitted to Council on 23 February 2010 for approval;

25.4 Members note the Statement given by the chief finance officer as required under Section 25 of the Local Government Act 2003.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

None

REVENUE SAVINGS PROPOSALS

	2010/11 £	2011/12 £
<u>ECONOMY AND DEVELOPMENT</u>		
Planning and Building Control		
Trees - delete Landscape & Tree Officer Post: Design Assistant post that assists on trees to become permanent	12,000	
Delete Senior Enforcement and Projects Officer and Investigation Officer posts; create new post of enforcement officer	32,000	
Planning and Design Staffing	23,000	28,000
Implementation Officer - post is currently vacant	27,500	
Clerical Assistant post	19,000	
Design Assistant	27,500	
Delete Forward Planning Officer	16,000	
Delete Clerical Assistant	4,000	
Building Control Officer	36,500 (BC)	
Charging for work to dwellings	12,500 (BC)	
Less savings re Building Control (BC)	(49,000)	
Less savings re Housing and Planning Delivery Grant (HPDG)	(67,000)	
Parking, Engineering and Business Support		
Deletion of 3 Civil Enforcement posts	64,000	
Delete clerical staffing	23,000	
Economy and Tourism		
Deletion of Tourism post	21,000	
Reduction in cost of operation of the Underground Passages	9,500	
Tourism Marketing	2,600	
Reduced maintenance budget for Interpretation facilities	3,000	
Furniture	1,500	
Autumn Festival	2,000	
Vibraphonic Festival	14,000	
Estates		
Market staffing	13,000	
Property Records	2,000	
Additional Property Income	20,000	
<u>COMMUNITY AND ENVIRONMENT</u>		
Leisure and Museums		
RAMM staff savings	50,000	
Leisure - 1 post (scrapstore/play)	25,000	
Canal - reduction of expenditure budgets and additional income	13,500	
Reduction in Play 101 and Play 4 Free	10,000	
Reductions re new Leisure Contract	100,000	
Inflationary savings re current leisure contract	12,700	
Estimate for grant in respect of St Nicholas Priory deleted	(8,500)	
Administration and Projects		
Staff savings	50,000	
Housing General Fund		
Reduction in use of agency staff for home choice data input	11,000	
Contribution to resettlement budget	46,000	
Extralet - increase management fee	5,000	
Environmental Health		
Street sweeping - reduction of agency to cover short term absences	32,500	

REVENUE SAVINGS PROPOSALS

	2010/11	2011/12
	£	£
Increased charge for Garden Waste Collection	23,500	
Freeze vacant MRF post	15,000	
Refuse collection changes	10,000	25,000
Bi-weekly collection	14,000	50,000
CCTV - staff savings resulting from new shift system	50,000	
Reduction of MRF transport costs	25,000	
Withdraw dedicated cleaner from redcoat routes	30,000	
Review pest control charges and concessions	20,000	
Use the climate change levy to fund the Council's climate change work	100,000	
Closure of some public conveniences	60,000	tbc
Agency officer post	13,500	
Reduced grant from Department of Health	(45,000)	
External contract not renewed	(9,000)	
Contracts and Direct Services		
Procurement savings -tyres	10,000	
Procurement savings -agency workers	40,000	
Grounds Maintenance post - currently vacant	20,000	
Tree Management Work	20,000	
Less assumed 50% savings to non general fund areas	(45,000)	
Further savings:-		
Agency post no longer required in Parks	26,000	
Reduction in funding for dealing with illegal campers and travellers	10,000	
Tree Management Work - additional savings	12,000	
<u>CORPORATE SERVICES AND CHIEF EXECUTIVE</u>		
IT Services		
Equipment Tools and Materials	3,000	
EDRMS/Dip Licence	7,000	
Host Access Maintenance	1,500	
Mobile Computer Devices	4,000	
Savings re Legacy applications		42,000
Treasury Services		
Council Tax Restructure		15,000
Corporate Customer Services		
Staff savings General Office	7,000	
Customer Services Centre restructure	3,000	
Internal Audit		
Additional income from sale of CIPFA matrices	10,000	(10,000)
Legal Services		
Supplies and Services	3,200	
Chief Executive		
Staff savings	20,700	
Reassignment of Street Licensing to C and E	5,300	
TOTAL	1,081,500	150,000

FORMULA GRANT INCREASES - DEVON AUTHORITIES

Authority	Adjusted Grant 2007/08 £m	Actual Grant 2008/09 £m	Actual Grant Increase %	Actual Grant 2009/10 £m	Actual Grant Increase %	Provisional Grant 2010/11 £m	Provisional Grant Increase %	Grant Increase 2007/08 - 2010/11 £m	Grant Increase %
Devon	135.431	145.276	7.3%	152.999	5.3%	161.127	5.3%	25.696	19.0%
Plymouth	96.933	100.698	3.9%	103.482	2.8%	106.022	2.5%	9.089	9.4%
Torbay	49.127	53.169	8.2%	56.138	5.6%	58.992	5.1%	9.865	20.1%
East Devon	7.726	7.810	1.1%	7.948	1.8%	8.157	2.6%	0.431	5.6%
Exeter	11.729	11.893	1.4%	11.999	0.9%	12.090	0.8%	0.361	3.1%
Mid Devon	5.818	5.938	2.1%	6.059	2.0%	6.186	2.1%	0.368	6.3%
North Devon	7.750	7.925	2.3%	8.103	2.2%	8.286	2.3%	0.536	6.9%
South Hams	5.398	5.452	1.0%	5.480	0.5%	5.549	1.3%	0.151	2.8%
Teignbridge	9.410	9.564	1.6%	9.723	1.7%	9.906	1.9%	0.496	5.3%
Torridge	5.897	6.076	3.0%	6.258	3.0%	6.433	2.8%	0.536	9.1%
West Devon	4.137	4.201	1.5%	4.266	1.5%	4.340	1.7%	0.203	4.9%

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MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - FORMULA GRANT REMAINS THE SAME

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Resources				
Central Government Support	11,999	12,090	12,090	12,090
Local Authority Business Growth Incentive Grant	56	50	0	0
Council Tax	4,529	4,730	4,984	5,260
Likely resources	16,584	16,870	17,074	17,350
Expenditure				
Service expenditure				
Committee expenditure base budget	18,402	18,357	17,521	17,861
Inflation	490	301	287	293
Increase in service costs	2,680	1,609	744	249
Identified reductions / additional income	(662)	(1,748)	(191)	(149)
2009/10 Identified Revenue Savings	(2,553)	84	(500)	(527)
Revenue Savings	18,357	17,521	17,861	17,727
Forecast overspend Qtr 2	167			
Supplementary Budgets	103			
AIM Carry Forward	353			
Provision for Redundancy	500	500		
LGR Costs including mobile working	300			
	19,780	18,021	17,861	17,727
Other funding				
Investment interest	(201)	(100)	(100)	(100)
Contribution to/ (from) earmarked reserves	(807)	(488)	(132)	0
Contribution to/ (from) balances - Other	(2,188)	(563)	(555)	(277)
	(3,196)	(1,151)	(787)	(377)
Total Net Budget	16,584	16,870	17,074	17,350

Opening General Fund Balance	5,583	3,395	2,832	2,277
Closing General Fund Balance	3,395	2,832	2,277	2,000
Balance as a percentage of budget	20.5%	16.8%	13.3%	11.5%

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MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - FORMULA GRANT REDUCED BY 3% EACH YEAR

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Resources				
Central Government Support	11,999	12,090	11,730	11,370
Local Authority Business Growth Incentive Grant	56	50	0	0
Council Tax	4,529	4,730	4,984	5,260
Likely resources	16,584	16,870	16,714	16,630
Expenditure				
Service expenditure				
Committee expenditure base budget	18,402	18,357	17,521	17,501
Inflation	490	301	287	287
Increase in service costs	2,680	1,609	744	249
Identified reductions / additional income	(662)	(1,748)	(191)	(149)
2009/10 Identified Revenue Savings Phase 1	(1,031)			
2009/10 Identified Revenue Savings Phase 2	(1,522)	84		
Revenue Savings		(1,082)	(860)	(881)
	18,357	17,521	17,501	17,007
Forecast overspend Qtr 2	167			
Supplementary Budgets	103			
AIM Carry Forward	353			
Provision for Redundancy	500	500		
LGR Costs including mobile working	300			
	19,780	18,021	17,501	17,007
Other funding				
Investment interest	(201)	(100)	(100)	(100)
Contribution to/ (from) earmarked reserves	(807)	(488)	(132)	0
Contribution to/ (from) balances - Other	(2,188)	(563)	(555)	(277)
	(3,196)	(1,151)	(787)	(377)
Total Net Budget	16,584	16,870	16,714	16,630

Opening General Fund Balance	5,583	3,395	2,832	2,277
Closing General Fund Balance	3,395	2,832	2,277	2,000
Balance as a percentage of budget	20.5%	16.8%	13.6%	12.0%

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DRAFT 2010/11 GENERAL FUND ESTIMATES

	2009/10 BUDGET £	2010/11 BUDGET £	CHANGE £	%
Scrutiny - Community	16,716,480	13,998,390	(2,718,090)	
Scrutiny - Economy	1,121,770	163,000	(958,770)	
Scrutiny - Resources	5,813,350	5,532,170	(281,180)	
FRS17 Pension Adjustment	1,272,530	861,140	(411,390)	
Less Notional Capital Charges	(3,174,750)	(3,350,500)	(175,750)	
Less Deferred Charges	(2,392,750)		2,392,750	
SERVICE ESTIMATES TOTAL	19,356,630	17,204,200	(2,152,430)	(11.1)%
Net Interest	(300,000)	(100,000)	200,000	
Business Growth Incentive Grant	(100,000)	(50,000)	50,000	
Provision for Redundancy	500,000	500,000	0	
Minimum Revenue Provision		324,000	324,000	
SERVICE ESTIMATES NET EXPENDITURE	19,456,630	17,878,200	(1,578,430)	(8.1)%
Transfer to/(from) working balance	(1,997,254)	(570,171)	1,427,083	
Transfer to/(from) earmarked reserves	(932,000)	(487,520)	444,480	
GENERAL FUND EXPENDITURE	16,527,376	16,820,509	293,133	1.8%
Formula Grant	(11,998,852)	(12,089,847)	(90,995)	0.8%
COUNCIL TAX NET EXPENDITURE	4,528,524	4,730,662	202,138	4.5%

DRAFT 2010/11 GENERAL FUND ESTIMATES (ADJUSTED FOR PENSION AND CAPITAL CHARGES)

	2009/10 BUDGET £	2010/11 BUDGET £	CHANGE £	%
Scrutiny - Community	13,154,070	12,503,090	(650,980)	
Scrutiny - Economy	858,390	7,090	(851,300)	
Scrutiny - Resources	5,344,170	4,694,020	(650,150)	
SERVICE ESTIMATES TOTAL	19,356,630	17,204,200	(2,152,430)	(11.1)%
Net Interest	(300,000)	(100,000)	200,000	
Business Growth Incentive Grant	(100,000)	(50,000)	50,000	
Provision for Redundancy	500,000	500,000	0	
Minimum Revenue Provision		324,000	324,000	
SERVICE ESTIMATES NET EXPENDITURE	19,456,630	17,878,200	(1,578,430)	(8.1)%
Transfer to/(from) working balance	(1,997,254)	(570,171)	1,427,083	
Transfer to/(from) earmarked reserves	(932,000)	(487,520)	444,480	
GENERAL FUND EXPENDITURE	16,527,376	16,820,509	293,133	1.8%
Formula Grant	(11,998,852)	(12,089,847)	(90,995)	0.8%
COUNCIL TAX NET EXPENDITURE	4,528,524	4,730,662	202,138	4.5%

**EXETER CITY COUNCIL
2010/11 COUNCIL TAX - SUMMARY**

	2009/10	2010/11
Council Tax Base	37,700	37,827
	Total Expenditure £	Total Expenditure £
General Fund Budget	4,528,524	4,730,662
	Band D Council Tax £	Band D Council Tax £
Collection Fund (Council Tax) Surplus	120.12	125.06
	(24,858)	(8,322)
TOTAL	4,503,666	4,722,340
	119.46	(0.22)
	124.84	124.84

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GENERAL FUND	2009-10 £	2010-11 £	2011-12 £	2012-13 £	2013-14 and Beyond £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	0					0
Ringfenced Usable Receipts Brought Forward	237,808					237,808
GF capital receipts	134,360	320,000	550,000	500,000	500,000	2,004,360
GF capital receipts from the Canal Basin Redevelopment	105,000	495,132	680,528	0	0	1,280,660
Revenue Contributions to Capital Outlay	229,239	183,656	0	0	0	412,895
Disabled Facility Grant	270,000	270,000	270,000	270,000	270,000	1,350,000
Less ringfenced for Disabled Facility Grants	0	0	0	0	(270,000)	(270,000)
Other - Grants/External Funding/Reserves/S106	1,267,032	669,831	0	0	0	1,936,863
Regional Housing Capital Grant	1,004,796	630,000	630,000	630,000	630,000	3,524,796
Less Regional Housing Capital Grant for private sector renewal	0	0	0	0	(630,000)	(630,000)
Heritage Lottery Fund	4,814,275	0	892,200	0	0	5,706,475
Transfers from Affordable Housing Programme to the House Building Programme	(168,000)	0	0	0	0	(168,000)
Transfers from Affordable Housing Programme to the HIRA	(415,514)	0	0	0	0	(415,514)
Total Resources Available	7,478,995	2,568,619	3,022,728	1,400,000	500,000	14,970,342
GENERAL FUND CAPITAL PROGRAMME						
Committed Capital Programme	19,443,159	9,682,740	5,714,510	1,740,000	140,000	36,720,409
Proposed New Bids	0	1,704,290	120,000	120,000	200,000	2,144,290
Total General Fund	19,443,159	11,387,030	5,834,510	1,860,000	340,000	38,864,699
ESTIMATED SPEND IN YEAR	13,610,211	13,803,869	7,500,266	3,052,353	796,000	38,762,699

UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	237,808	0	0	0	0	237,808
Resources in Year	7,241,187	2,568,619	3,022,728	1,400,000	500,000	14,732,534
Less Estimated Spend in Year	(13,610,211)	(13,803,869)	(7,500,266)	(3,052,353)	(796,000)	(38,762,699)
Less Committed Spend in Future Years					(102,000)	(102,000)
Borrowing Requirement	6,131,216	11,235,250	4,477,538	1,652,353	398,000	23,894,357
Uncommitted Capital Receipts	0	0	0	0	0	0

HOUSING REVENUE ACCOUNT	2009-10 £	2010-11 £	2011-12 £	2012-13 £	2013-14 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	110,711	0	0	0	0	110,711
Other HRA Sales	0	0	0	0	0	0
RTB sales	100,000	100,000	100,000	100,000	100,000	500,000
Major Repairs Allowance	3,273,040	3,342,810	3,342,810	3,342,810	3,342,810	16,644,280
Revenue Contributions to Capital	710,903	1,122,130	840,000	830,000	830,000	4,333,033
Transfer from GF re Affordable Housing Programme	415,514	0	0	0	0	415,514
External contributions from utility company	155,616	0	0	0	0	155,616
Contributions from working balance	864,400	642,570	0	0	0	1,506,970
Total Resources available	5,630,183	5,207,510	4,282,810	4,272,810	4,272,810	23,666,123
CAPITAL PROGRAMME						
HOUSING REVENUE ACCOUNT						
MRA expenditure	3,273,040	3,342,810	3,342,810	3,342,810	3,342,810	16,644,280
HRA Programme - additional expenditure	2,131,500	1,496,700	1,304,360	1,453,900	1,453,900	7,840,360
Fees	362,200	368,000	368,000	368,000	368,000	1,834,200
Total Housing Revenue Account	5,630,183	5,207,510	5,015,170	5,164,710	5,164,710	26,318,840
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	110,711	0	0	0	0	110,711
Resources in Year	5,519,473	5,207,510	4,282,810	4,272,810	4,272,810	23,555,413
Less Estimated Spend	(5,630,183)	(5,207,510)	(5,015,170)	(5,164,710)	(5,164,710)	(26,182,283)
Borrowing Requirement			732,360	891,900	891,900	2,516,160
Uncommitted Capital Resources	0	0	0	0	0	0
WORKING BALANCE RESOURCES:						
Balance Brought Forward	2,858,265	1,993,865	1,351,295	1,351,295	1,351,295	8,906,017
Used in Year for Capital Programme	864,400	642,570	0	0	0	1,506,970
Balance Carried Forward	1,993,865	1,351,295	1,351,295	1,351,295	1,351,295	7,399,047

COUNCIL HOUSE BUILDING PROGRAMME		2009-10	2010-11	2011-12	2012-13	TOTAL
		£	£	£	£	£
CAPITAL RESOURCES AVAILABLE						
Wave One						
	Transfer from Affordable Housing Programme	168,000				168,000
	Grant from Homes and Communities Agency	1,158,750	386,250			1,545,000
	Total Resources Available	1,326,750	386,250	0	0	1,713,000
GENERAL FUND CAPITAL PROGRAMME						
	Wave One Programme	269,860	2,330,790	110,760	0	2,711,410
	Total Housebuilding Programme	269,860	2,330,790	110,760	0	2,711,410

UNCOMMITTED CAPITAL RESOURCES:						
	Grant Brought Forward		1,056,890	0	0	0
	Resources in Year	1,326,750	386,250	0	0	1,713,000
	Less Estimated Spend in Year	(269,860)	(2,330,790)	(110,760)	0	(2,711,410)
	Borrowing Requirement		887,650	110,760	0	998,410
	Grant to be Carried Forward				0	0
		<u>1,056,890</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
PROSPEROUS CITY								
1	Basin / Quayside	DP	C2	612,130	680,530			To deliver the regeneration of the Quayside by funding essential infrastructure improvements and land acquisition
2	Science Park	RB	C2	749,910				To encourage the expansion of science and technology in the City and to attract inward investment, through the creation of a science park
3	Central Station Gateway Enhancement	RS	C2	100,000	100,000			To improve the environmental quality of the Central Station forecourt by excluding vehicles and providing new paving and seating
	Sub Total - Prosperous City			1,462,040	780,530	0	0	
ACCESSIBLE CITY								
1	King William Street Car Park Refurbishment	RC	C1	423,000 #				To increase the life of the facility through concrete repairs and improve the environment of the car park specifically, and surrounding area generally, by large scale cleaning and painting of the site
2	Well Oak Park Footpath/Cycleway	RS	C2	80,000 #				To provide a footpath/cycleway in Well Oak Park to connect to Shakespear Road, including installation of lighting and CCTV, re-landscaping and closing off of the connection to Wyvern Park
	Sub Total - Accessible City			503,000	0	0	0	
ELECTRONIC CITY								
1	Server and Storage Strategy	PE	C1	40,000 #				To increase the number of servers and storage capacity to meet the current and predicted demand, specifically the migration of the remaining physical servers now reaching the end of their useful life
2	IT Development Staff Recharges	PE	C1	112,000	112,000	112,000		To provide for the cost of IT Developers, which will be directly involved in the implementation of computer software, development of new systems and qualify as capital expenditure
3	PC Replacement Programme	PE	C2	100,000 #				To provide a rolling programme of replacement and upgrades to the Council's PCs, laptops and other devices
4	Corporate Network Infrastructure	PE	C1	30,000 #				A continuation of the enhancement and upgrade programme to the corporate network infrastructure, in order to manage the growth in demand of high bandwidth applications specifically to remote sites and workers
5	Continuation of GIS Strategy	PE	C1	25,000 #				Ongoing development of the Internet and Intranet map sites and the capture of new data and integration of the Local Land and Property Gazetteer into third party systems
6	Capita Systems Infrastructure	PE	C1	30,000 #				To sustain a resilient infrastructure for the Capita Systems databases (Council Tax, Housing Benefits and Housing systems)
	Sub Total - Electronic City			337,000	112,000	112,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
CULTURAL AND FUN PLACE TO BE								
1	Playing Fields - General Improvements	PM	C2	22,000 #				Continuation of improvements to playing fields and changing rooms
2	Play Area Refurbishments	AC	C2	156,300				Continuation of programme to improve children's play areas
3	Sports Facilities Refurbishment	AC	C1	50,000 #	50,000 #	50,000 #		To undertake replacement and improvement projects at leisure facilities including contractual replacement projects and DDA improvements
4	Parks Improvements	PM	C2	45,000 #				To allow essential repairs to be carried out including improvements to paths, gates and fences
5	Contribution to RAMM re HLF Parks Bid	PM	C1	176,800				To replace funding from the bid to the Heritage Lottery Fund in respect of Historic Parks, in order to allow access between the rear of the museum and Rougemont Gardens
6	Leisure Management Contract	AC	C2	10,000				To fund maintenance and improvements to leisure facilities, in accordance with the terms of the contract extension with DC Leisure
7	New Swimming Facility	AC	C2	32,000				To replace the existing Pyramids Swimming and Leisure Centre with a new swimming facility that will meet the growing needs of the cities residents
8	Exwick Community Centre	AC	C2	25,000				To provide for fixtures and fittings, outside storage hut and lights for the games area in the new Exwick Community Centre
9	RAM Museum Redevelopment	AC	C1	3,251,140	552,800			Major project using Heritage Lottery funding to enable significant modernisation of the Museum including improving access for the public
10	RAM Museum Off Site Store	AC	C1	35,500				To provide a purpose built store for the Royal Albert Memorial Museum on land in Exton Road
Sub Total - Cultural and Fun Place To Be				3,868,740	602,800	50,000	0	
HEALTHY AND ACTIVE CITY								
1	Disabled Facilities Grants	RN	C1	270,000	270,000	270,000		To meet the legal duty to pay grants to enabled disabled people to remain in their homes
2	Replace Athletics Track at Arena	AC	C2		650,000			To remove the existing athletics track and replace with a superior impermeable surface and to improve surface water drainage
Sub Total - Healthy and Active City				270,000	920,000	270,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
CARED FOR ENVIRONMENT								
1	Home Recycling Scheme	RN	C1	60,000 #	60,000 #	60,000 #	120,000 #	To provide wheeled bins for new developments and additional green bins for recycling as requested by residents
2	Refuse Collection Wheeled Bins	RN	C1	176,000 #				To provide wheeled bins for the new bi-weekly refuse collection
3	Local Authority Carbon Management Programme	PM	C2	100,000	100,000	100,000		To achieve a significant reduction in the Council's carbon dioxide emissions through the implementation of energy efficiency, renewable energy and sustainable transport initiatives
4	Improvements to Cemetery Roads and Pathways	PM	C1	10,000	10,000	10,000		To continue the program of improving cemetery roads and pathways in order to provide a safer environment
5	New Trade Waste Recycling Service Vehicle	BN	C1	33,360				To provide a recyclable collection to trade customers in order to reduce waste going to landfill
6	Cemeteries and Churches Storage Improvements	PM	C2	40,000				To carry out necessary improvements and repairs to vehicle and equipment storage at Higher Cemetery and Exwick Cemetery
7	Mini Recycling Banks	RN	C1	10,000 #	10,000 #	10,000 #	20,000 #	To increase the number of bring bank sites in the city and increase recycling rates
8	General Open Space Improvements	PM	C1	40,000				To allow essential repairs and facility improvements to be carried out within allotments and public open spaces
9	City Centre Enhancements	JR	C2	269,050	200,000	200,000	200,000	To provide for the enhancement of the city centre's pedestrian environment which will encompass Gandy Street, Norththray Gate, Fore Street and a range of minor works
Sub Total - Environment Cared For				738,410	380,000	380,000	340,000	
SAFE CITY								
1	Replace Digital Recording Equipment at Control Centre	RN	C2	32,000	16,000	48,000		To provide for the replacement of digital recording equipment at the control centre
Sub Total - Safe City				32,000	16,000	48,000	0	
HOUSING IN THE CITY								
1	Private Sector Renewal Scheme	RN	C2	100,000				To assist in making properties let by private landlords meet the Decent Homes Standard
2	Renovation Grants	RN	C1	630,000	630,000	630,000		To assist in making private sector homes fit for habitation
3	Social Housing Grants	SW	C2	2,275,520	2,023,180			To facilitate the provision of affordable housing in the City
Sub Total - Housing in the City				3,005,520	2,653,180	630,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
ACHIEVING EXCELLENCE IN PUBLIC SERVICES								
1	Vehicle Replacement Programme	PM	C1	391,500 # 125,500				To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained
2	Oakwood House	PM	C2	61,530				To provide for possible retention payments
3	Belle Isle Nursery Various Improvements	PM	C2	25,000 #				To carry out necessary repairs and improvements to storage buildings, roadways and walkways
4	New Technology for Cleansing	BN	C1	196,790 #				To provide in-cab and hand-held mobile technology for use by vehicle-based and on-foot outdoor workers and a Customer Relation Management link between the Council website and back and front office systems
5	Capitalised Staff Costs	AS	C1	370,000	370,000	370,000		To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and quality as capital expenditure, including engineers, architects and surveyors
Sub Total - Achieving Excellence in the Public Services				1,170,320	370,000	370,000	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	
Category 'C1' Schemes				6,551,590	2,064,800	1,512,000	140,000	58% 35% 81%
Category 'C2' Schemes				4,835,440	3,769,710	348,000	200,000	42% 65% 19%
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	
Pre-Approved Schemes				9,682,740	5,714,510	1,740,000	200,000	
New Bids				1,704,290	120,000	120,000	140,000	
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	

Indicates new bids

Lead Officer Key Table	AC
Head of Leisure and Museums	AS
Head of Treasury Services	DP
Head of Estates Services	JR
Director of Economy and Development	JS
Head of Corporate Customer Services	PE
Head of IT Services	PM
Head of Contracts and Direct Services	RB
Head of Economy and Tourism	RC
Head of Parking, Engineering and Business Support	RS
Head of Planning and Building Control	RS
Head of Housing and Social Inclusion	SW

HOUSING - CAPITAL PROGRAMME 2010-2011 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		2009-2010 B/FWD £	2010-2011 £	2011-2012 £	2012-2013 £	Total £
HOUSING IN THE CITY						
1	Adaptations	-	450,000	450,000	450,000	1,350,000
2	Asbestos Survey	-	100,000	100,000	100,000	300,000
3	Asbestos Work	-	100,000	100,000	100,000	300,000
4	Bathroom Replacements	-	225,000	225,000	600,000	1,050,000
5	Central Heating	-	1,186,510	1,202,170	976,710	3,365,390
6	Other works	-	183,000	-	-	183,000
7	Repainting	-	172,200	172,200	172,200	516,600
8	Fire Prevention Work	-	208,000	200,000	200,000	608,000
9	Communal Areas	-	100,000	100,000	100,000	300,000
10	Electrical Rewires Programmed	-	447,800	447,800	447,800	1,343,400
11	Energy Conservation	-	30,000	30,000	30,000	90,000
12	Environmental Improvements	-	25,000	25,000	25,000	75,000
13	Fees	-	368,000	368,000	368,000	1,104,000
14	Kitchen Replacements	-	900,000	900,000	900,000	2,700,000
15	Plastic windows/ doors reactive	-	200,000	183,000	183,000	566,000
16	Programmed Reroofing	-	252,000	252,000	252,000	756,000
17	Rendering of Council Dwellings	-	260,000	260,000	260,000	780,000
Total HRA Capital Programme		-	5,207,510	5,015,170	5,164,710	15,387,390

COUNCIL HOUSE BUILDING PROGRAMME

	2009-2010 B/FWD £	2010-2011 £	2011-2012 £	2012-2013 £	Total £
Wave One					
1	228,100	2,035,590	100,570		2,364,260
2	41,760	295,200	10,190		347,150
Total House Building Programme	269,860	2,330,790	110,760	-	2,711,410

Exeter City Council – Budget Consultation Report

Prepared by

- Mandy Pearse, Communications Manager
- Rob Simmonds, Consultation Officer
- Milan Recknagel, Communications Asst (work experience)

Purpose

To gather feedback on public priorities for spending and savings across the 2010/11 budget

Methods

A number of methods were used. All methods were based on ten service themes (Museums/heritage & tourism, leisure/recreation, waste collection, street cleaning, environmental health, other environmental services, planning and economic development, housing, corporate & democratic, other central services).

1. Wavelength residents' panel. Survey sent to 901 panellists, 576 returned. Focussing on panellists' priorities for Council services and corporate objectives, identifying budget reductions and measuring panellists' attitudes to cuts and Council spending.
2. Budget day public event. Used activities which required participants to identify budget cuts across service areas and to prioritise spending. In total 113 members of the public attended during the course of the day.
3. Online budget simulator. Participants were required to build a budget to achieve a total saving of £1m by increasing/decreasing funding to the ten service areas. There were 235 online returns at the time of writing.

In total there have been 883 interactions with the various methods. This is not the same as 883 unique individuals as there may be some crossover between methods (a Wavelength panellist could also complete the online budget simulator and attend the public event). However, this still represents a good level of participation. All of the publicly accessible methods (public event and online budget simulator) were supported by publicity such as the Exeter Citizen and media work. There was also a high profile link from the homepage of the Council website and an 'adspot' which appeared all over the site. All methods featured consistent explanations of what each of the ten service groups did.

Purpose of this report

This report aims to give a summary of the three methods used to engage the public with the budget setting process.

Wavelength 21

In total 576 forms were returned from 901 sent out. This is a return rate of 64%. A weighting is applied to take account of the shortfall in panellists of some age groups and the over representation of other groups. This process helps to ensure that the results are an accurate reflection of the demographic make up of the city and are not skewed by any one age group.

Q1 - How important would you say are the following services for the city council to provide?

	Q1 - How important would you say are the following services for the city council to provide?									
	Very important		Important		Neither		Not important		Not important at all	
	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %
Museums, heritage + tourism	139	26.0%	309	58.1%	71	13.3%	13	2.4%	1	0.1%
Leisure & recreation	207	36.8%	301	53.7%	39	6.9%	14	2.6%	0	0.0%
Waste collection	426	75.4%	135	24.0%	2	0.4%	1	0.2%	0	0.0%
Street cleaning	320	57.0%	230	41.1%	10	1.7%	1	0.2%	0	0.0%
Environmental health	313	55.7%	226	40.3%	19	3.4%	3	0.6%	0	0.0%
Other environmental services	137	24.9%	325	59.0%	74	13.3%	15	2.6%	1	0.2%
Planning & economic development	142	26.5%	296	55.3%	79	14.7%	15	2.9%	3	0.6%
Housing services	186	33.3%	298	53.2%	53	9.4%	19	3.3%	4	0.8%
Corporate & democratic	44	8.3%	293	55.4%	126	24.0%	54	10.2%	11	2.1%
Other central services	45	8.7%	258	49.6%	180	34.6%	27	5.2%	9	1.8%

Very few people rated any of the service groups as Not Important or Not Important At All. The table below ranks the service groups in order of the aggregated number of people who rated them as Very Important or Important.

	Important (aggregated)
Waste collection	99.4%
Street cleaning	98.1%
Environmental health	96.0%
Leisure & recreation	90.5%
Housing services	86.5%
Museums, heritage + tourism	84.1%
Other environmental services	83.9%
Planning & economic development	81.8%
Corporate & democratic	63.7%
Other central services	58.3%

Waste collection was the top rated service group, with over 99% saying that it was an important function for the Council to provide. Most of the other service groups scored highly with two exceptions. Corporate & democratic and Other Central Services scored significantly lower than the other groups.

Q2 - To what extent do you agree that the services listed below need improving?

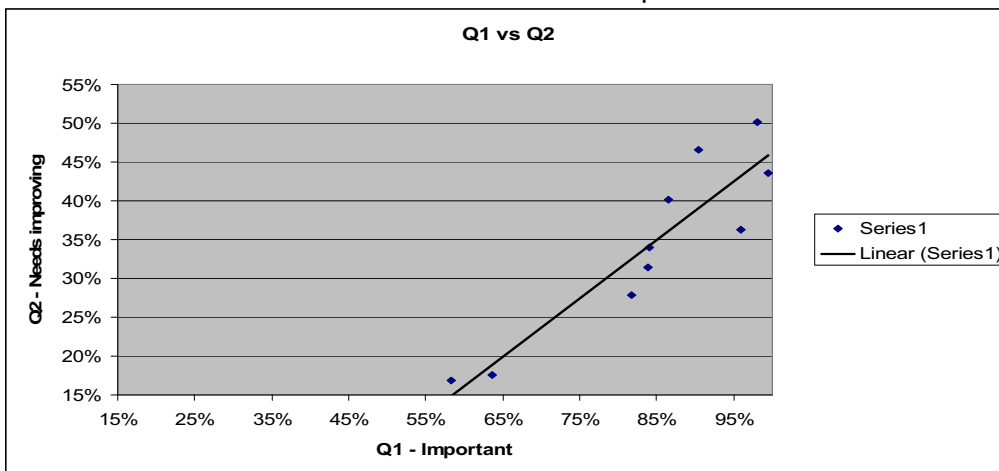
Street cleaning came out as the service group most in need of improving, followed by Leisure & recreation.

Q2 - Needs improving?	Agree	Neither	Disagree
Street cleaning	50.1%	30.6%	19.4%
Leisure & recreation	46.5%	39.7%	13.7%
Waste collection	43.5%	38.1%	18.4%
Housing services	40.2%	48.2%	11.6%
Environmental health	36.3%	47.7%	15.9%
Museums, heritage + tourism	34.0%	47.8%	18.1%
Other environmental services	31.4%	56.1%	12.6%
Planning & economic development	27.8%	52.9%	19.4%
Corporate & democratic	17.6%	63.1%	19.3%
Other central services	16.8%	65.5%	17.7%

There is a strong correlation between the perceived importance of a service group (Q1) and the extent to which it needs improving. The more important a service group is the more it needs to be improved, according to the perception of the panellists.

	Q1 – important rank	Q2 – needs improving rank
Street cleaning	2	1
Leisure & recreation	4	2
Waste collection	1	3
Housing services	5	4
Environmental health	3	5
Museums, heritage + tourism	6	6
Other environmental services	7	7
Planning & economic development	8	8
Corporate & democratic	9	9
Other central services	10	10

This can be more clearly seen on the following plot. The steep angle of the line indicates a strong correlation between the score for each of the two questions



Q3 - By how much would you change the amount of spending on each of the following?

	Q3 - By how much would you change the amount of spending on each of the following?					
	Reduce by 20%		Reduce by 10%		Stay the same	
	N	Row %	N	Row %	N	Row %
Museums, heritage + tourism	129	23.2%	268	48.1%	160	28.7%
Leisure & recreation	74	13.2%	280	50.1%	205	36.7%
Waste collection	9	1.7%	53	9.4%	496	88.9%
Street cleaning	16	2.8%	137	24.8%	401	72.4%
Environmental health	19	3.4%	163	29.5%	370	67.1%
Other environmental services	148	27.0%	252	45.8%	150	27.2%
Planning & economic development	127	22.9%	293	52.9%	134	24.2%
Housing services	62	11.2%	152	27.4%	340	61.4%
Corporate & democratic	292	52.9%	188	34.0%	73	13.1%
Other central services	212	38.3%	209	37.7%	133	24.1%

The service group which the panellists would reduce the most was Corporate & democratic (52.9% would reduce by 20%) followed by Other central services (38.3%).

Q3 - By how much would you change the amount of spending on each of the following?	Reduce by 20%
Corporate & democratic	52.9%
Other central services	38.3%
Other environmental services	27.0%
Museums, heritage + tourism	23.2%
Planning & economic development	22.9%
Leisure & recreation	13.2%
Housing services	11.2%
Environmental health	3.4%
Street cleaning	2.8%
Waste collection	1.7%

This table is almost a mirror image of the importance attached to service groups in **Q1**, with the most important service groups attracting the lowest number of people wanting to reduce spending on them.

Coversely, the more important a service group was, the more likely it was that people would prefer to see spending on it left the same.

Q3 - By how much would you change the amount of spending on each of the following?	Stay the same
Waste collection	88.9%
Street cleaning	72.4%
Environmental health	67.1%
Housing services	61.4%
Leisure & recreation	36.7%
Museums, heritage + tourism	28.7%
Other environmental services	27.2%
Planning & economic development	24.2%
Other central services	24.1%
Corporate & democratic	13.1%

Q4 - How important do you feel each of the Council's corporate objectives is?

+

Q5 - How good do you feel the Council is at delivering each of its corporate objectives?

Objectives	Q4 - How important do you feel each of the Council's corporate objectives is?		Q5 - How good do you feel the Council is at delivering each of its corporate objectives?	
	Important	Rank	Good	Rank
Use resources effectively and provide high performing, value for money services that focus on customer needs	88.0%	1	33.9%	7
Ensure that there are enough well-designed, well-maintained and affordable homes in the city	83.5%	2	37.0%	6
Enhance and protect the environment, reducing the causes and minimising the impact of climate change	81.4%	3	46.4%	4
Maximise the potential of all our citizens by tackling social disadvantage and deprivation	76.3%	4	24.4%	8
Ensure that Exeter is a buoyant, dynamic and innovative regional city with sustainable growth	76.2%	5	59.9%	1
Have strong and clear governance arrangements that enable communities to influence and help shape decisions about their area and city	69.3%	6	44.6%	5
Promote an extremely positive image and reputation and ensure high levels of satisfaction	66.9%	7	49.0%	3
Further improve the character of the city and facilities for culture and leisure	58.7%	8	53.8%	2

The most important objective, perhaps coloured by the overall focus of the survey, was to use resources effectively and provide high performing, value for money services that focus on customer needs (88%). The least important objective was to further improve the character of the city and facilities for culture and leisure (58.7%).

The ranking for delivery is not an exact mirror image of importance but it is striking that the objectives which the panellists felt that the Council was most successful in delivering were among the lowest ranked for importance. Conversely, the most important objective was seen as the second least successful in terms of delivery.

It is interesting to note the low ranking for the importance of leisure and culture in light of the high status that leisure enjoyed during the budget consultation event.

Q6 - To what extent do you agree with the following statements?

Q6 - To what extent do you agree with the following statements?	Rank	Agree Row %	Neither Row %	Disagree Row %
I understand that the council has to make savings	1	86.2%	9.0%	4.8%
I would not want to see charges for services increased	2	58.3%	25.3%	16.5%
I think the Council provides good value for money	3	55.2%	29.8%	14.9%
I would prefer to pay higher charges for services rather than see services reduced	4	33.2%	15.9%	50.9%
I would prefer to pay more on my council tax to avoid cuts in services	5	31.2%	17.1%	51.6%
I would prefer to see services stopped than pay more council tax	6	20.4%	28.0%	51.6%

The statement with the highest degree of agreement was that the Council has to make savings (86.2%). Panellists would prefer not to see charges for services increased (58.3% in agreement). There was a clear majority of panellists (50% or more) who disagreed with the final three statements.

It should be noted that people also contradict themselves in that they do not want to pay more council tax, pay higher charges or see services stopped whilst understanding the Council needs to make savings.

Q7 – Comments

These have not yet been fully analysed. However initial examination suggests there are a number of key themes in the comments

- Reduce management/bureaucracy
- Improve staff efficiency (comments with regard to staff wages/work practices/pensions)
- Costs associated with Councillors and the Lord Mayor
- Reduce the generosity of the concessionary fares scheme or recoup some costs from over 60s
- Reduce/change services
- Extra charges/improve collection of taxes, fines and revenue

Key findings

- **There was a clear link between the importance attached to a service group, the desire for it to be improved and the amount of money that panellists wanted to spend on it.**
- **Panellists understand that the Council has to make savings and do not want to pay more for services.**
- **There was also little enthusiasm for seeing services stopped rather than paying more council tax.**
- **The corporate objective identified as the most important was also the second least successful in terms of perceived delivery**

Online budget simulator

This has been running since November 12 and so far (December 15) there have been 235 completed submissions.

Although the survey does ask for demographic details, only 69 of the 235 submissions have these. These figures show a similar profile to Wavelength, with respondents skewed towards the 35-65 age range. Unlike Wavelength, the online budget simulator results are not weighted.

Age group	Count	Online survey	Wavelength weighted
Under 18	1	1.4%	-
18-24	4	5.8%	18.2%
25-34	11	15.9%	20.8%
35-44	18	26.1%	15.7%
45-54	14	20.3%	14.0%
55-65	11	15.9%	13.3%
65 +	10	14.5%	18.0%
	69	100.0%	100.00%

The budget simulator required people to allocate either a saving or an increase to the ten service groups in order to achieve a 5% (£1m) saving. It was also possible to leave a service group untouched.

Budget Allocation - Microsoft Internet Explorer provided by Exeter City Council

File Edit View Favorites Tools Help

Address <http://www.budgetsimulator.com/exeter/allocation>

Budget Simulator

This is how you are spending this year's budget...

Total Spend **£20.44m** Over Budget **0.0%**

Your council's spending will stay the same.

Exeter City Council

Now you get to make your budget decisions!

Exeter City Council are having to undergo cuts this year, so however you decide to prioritize your spending, you'll need to make an overall -5% cut in spending.

Clicking a service name will give you background information, then click the boxes below to allocate more or less of your budget, compared to last year's spend, to that service. Once you're happy with your budget and have achieved a -5% cut in overall spending, hit the 'Review and Comment' button.

Remember that if you want to spend more on a service you have to either decrease spending on another one.

N.B. this process is for "simulation" purposes only to help us understand broadly how you want to allocate resources relative to each other.

-25% -20% -15% -10% -5% 0% 5% 10% 15% 20% 25%

- Housing
- Museums, heritage and tourism
- Planning and economic development
- Other central services
- Other environmental services
- Leisure and recreation
- Waste collection
- Street

Done Start Inbox - Mic... Budget con... W21 - age ... W21 basic ... WDBC Nov ... Budget Con... *W21 data ... AudioCentr... *Output2 [... Budget Allo... 16:46

By adding up the savings/increases identified for each service group it is possible to come up with an overall percentage saving.

Total identified budget	£18,520,647
Identified saving	-£1,919,353
Corporate + democratic	-7.70%
Museums, heritage + tourism	-5.68%
Other central services	-5.19%
Leisure + recreation	-4.62%
Planning + economic development	-4.43%
Environmental health	-3.02%
Other environmental services	-3.00%
Housing	-2.62%
Street cleaning	-2.28%
Waste collection	-1.43%

From this table it is clear that respondents have, in fact, identified budget reductions of almost £2m. If a smaller reduction was desired then the corresponding percentage reductions in service group budgets could be scaled down. For example, to achieve a £1m budget reduction Corporate & democratic would be reduced from -7.7% to -3.85, Museums/heritage & tourism reduced from -5.68% to -2.84% and so on for the other service groups.

Ranking the service groups in order of budget reduction reflects almost identical priorities to those identified by the Wavelength panellists. Waste collection (the most important service group and the one that Wavelength panellists were most likely to maintain current spending on) was the service groups with the smallest budget reduction (-1.43%). Conversely, corporate & democratic (second least important and least likely to have spending maintained at current level) attracted the highest level of budget reduction (-7.7%).

Key findings

- **Results from the online budget simulator match the priorities identified in the Wavelength survey**
- **Waste collection was the service group with the smallest budget reduction**
- **Corporate & democratic was the service group with the highest identified budget reduction**

Budget Consultation day

The Budget Consultation day on 14 November enabled members of the public to voice their opinions on their priorities for Exeter City Council's spending during the current recession period. People took part by assessing which City Council services they would allocate spending to and which services they would make cuts through two budget simulator activities. City council staff and councillors were present to explain and assist the public through the activities and answer general queries. The online budget simulator was also available via a laptop and wifi-link.

Budget Information

A set of boards explained the City Council's budget dilemma. Falling incomes from car parks, rents, fees and government grants coupled with increased demand for services such as housing and benefit payments created a £1 million budget gap in 2010. People were also reminded that the concessionary fares scheme was still not sorted out with the government only consulting on giving Exeter the £1.65 million it is owed.

Overall 113 people visited the consultation. The age profile was characterised by the majority of people being under 44 with a significant group of 65+ as well.



The Budget Bullseye

This activity demonstrated the decisions faced by Exeter City Council before implementing savings. Participants had to deposit 10 £ slips (each £ representing £100,000) from the services on the board into the bank in the centre to make their £1 million saving. Each £ slip taken away resulted in a reduction to the service summarised on a slip underneath each £. The consequence of each service reduction was explained in more detail by council staff.

The Budget Bullseye



Around 13 people took part in this exercise. Although only a small number of people took part in this particular exercise, those who did spent a considerable amount of time on it. Many of them commented on how difficult it was to make the decisions. Their comments in regard to budget cuts:

“Exeter City Council is doing a good job as it is and should be properly funded to carry on doing it. I wouldn’t mind paying more council tax to do this.” Resident, Newtown.

“We should look at saving money by cutting posts at more senior management level, rather than taking from the community itself.” Resident, St James.

	Proportion of overall savings
Corporate & democratic	20.6%
Museums, heritage + tourism	15.0%
Housing services	11.9%
Planning & economic development	11.1%
Environmental health	11.0%
Other environmental services	10.3%
Waste collection	8.7%
Other central services	8.7%
Street cleaning	6.3%
Leisure & recreation	1.5%

Corporate & democratic was again the most popular choice of service group for cuts (20.6%) and the least popular was leisure & recreation (1.5%). Waste collection (8.7%) and street cleaning (6.3%) were also favoured by participants, as were other central services (8.7%).

Although the exercise was very similar in principle to the online budget simulator and parts of the Wavelength survey, described earlier in this report, the results were slightly different. This may have been due to the ‘consequences’ of each reduction and the presence of Council officers who were on hand to answer questions and discuss the choices that people made.

Building the Budget

Here participants started with a blank canvas. People were reminded that out of a band D council tax of £1,426.53, only £120 is received by Exeter City Council for all its services. Balls represented money (£12 per ball) which could be allocated to a container which represented a service. Each participant received 10 spending balls to allocate into the services (equivalent to £120 tax). Just over 80 people took part in this activity. At the end of the day the overall results were as follows:

Service	Allocated balls	% of total balls	£ of city council tax allocated (out of £120)
Leisure and Recreation	124	15.64%	£18.76
Waste Collection	105	13.24%	£15.89
Street Cleaning	96	12.11%	£14.53
Museums, Heritage and Tourism	94	11.85%	£14.22
Housing	84	10.59%	£12.71
Environmental Health	82	10.34%	£12.40
Planning and Economic Development	74	9.33%	£11.20
Other Environmental Services	74	9.33%	£11.20
Other Central Services	43	5.42%	£6.50
Corporate and Democratic	17	2.14%	£2.57

The service group receiving the largest proportion of spending was Leisure & recreation (15.64%). This runs counter to the results of the online simulator and Wavelength, where Leisure & recreation was ranked in the middle for importance and for budget reductions.

Corporate & democratic was allocated the smallest proportion of spending (2.14%) which is in line with the importance and budget reductions identified for it in the online simulator and Wavelength survey.



Key findings

- Leisure & recreation was the most important service group, attracting the smallest budget reduction and the highest allocation of spending.
- The least important service group was Corporate & democratic, which attracted the largest budget reduction and smallest allocation of spending.
- The results for Leisure & recreation run contrary to the results of the other budget consultation elements (online simulator and Wavelength).

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

TREASURY MANAGEMENT STRATEGY REPORT 2010/11

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2010/11, as required under section 15(1)(a) of the Local Government Act 2003.

2. BACKGROUND

- 2.1 In February 2004 the Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year.
- 2.2 Following a report by Parliament's Communities and Local Government Select Committee in May 2009, CIPFA published a revised Code of Practice in November 2009. The Council is currently considering the full implications of the revised Code, but those relating to the treasury management strategy have been incorporated into this report.
- 2.3 In addition, the Department for Communities and Local Government (CLG) is currently consulting on revised guidance on local authority investments, which is expected to apply from April 2010 onwards. Both the existing 2004 guidance and the proposed 2010 guidance require the Council to approve an investment strategy before the start of each financial year.
- 2.4 This report fulfils the Council's expected obligations under the draft revised CLG guidance and formalises the practices and procedures that have been followed by the Council. If the final guidance issued by CLG differs materially from the draft, then Council will be asked to approve an amended strategy at a later meeting.

3. CHANGES TO THE STRATEGY

- 3.1 The Strategy has been extended to form an overall Treasury Management Strategy as required by the CIPFA Treasury Management Code of Practice. Clarification of our Counterparties has also been included.

4. RISKS INVOLVED

- 4.1 The economic conditions of the past 18 months have demonstrated the risks involved in Treasury Management. The Council is still awaiting the final outcome of the winding up process of the Icelandic Banks and has strengthened its lending criteria substantially since then.

5. CONCLUSIONS

- 5.1 The Strategy continues to limit the types of institution that the Council will lend money to, in order to minimise risk.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Executive recommend to Council the adoption of the Treasury Management Strategy and delegations contained therein.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended) Background Papers used in compiling this report:

1. Treasury Management Strategy
2. Fund Manager Contracts

EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY REPORT 2010/11

1. Introduction

- 1.1 The Council has regard to the DCLG's Guidance on Local Government Investments ("Guidance") and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").

2. Economic Context

- 2.1 The UK is currently in the longest, if not the deepest, recession since World War Two. Bank failures, combined with rising energy and commodity prices, caused a sharp reduction in consumer and business spending in 2008, with a resulting negative impact on GDP growth and employment. Financial institutions exacerbated the recession by restricting credit in an effort to repair their own balance sheets, although extensive government and central bank intervention has supported economic activity to an extent.
- 2.2 However, the discretionary fiscal stimulus, bank rescues, increased benefit payments and reduced tax revenues have caused a significant deterioration in the national finances. Public sector net borrowing is expected to exceed £175bn in 2009/10, and remain high in subsequent years, pushing the national debt towards 100% of GDP. Whatever the result of the 2010 general election, the next government is expected to cut spending and raise taxes, slowing the country's economic recovery.
- 2.3 Although the UK economy is expected to have returned to growth in the last quarter of 2009, restricted bank lending and fiscal tightening mean it is unlikely that the absolute level of GDP will return to pre-recession levels in the near term. The resultant spare capacity is likely to keep inflation low in the medium term. The Bank of England recognises that simultaneous fiscal and monetary tightening could endanger the economy's recovery, and it is therefore likely to exercise caution before raising interest rates in the absence of obvious inflationary pressures.
- 2.4 The scope for short-term interest rate rises in 2010/11 is therefore limited. Bank Rate could remain at 0.5% for the whole of 2010, increasing quite rapidly thereafter, but remaining below pre-recession levels into 2012. Money market rates, such as LIBOR, will rise earlier in anticipation of monetary tightening, but they are also likely to remain close to record lows for a considerable period. Long-term PWLB rates are expected to rise slowly due to a large increase in the supply of gilts over the next few years, but this will be mostly offset by the demand created by new liquidity requirements for financial institutions.

2.5 *Sterling Consultancy Services central interest rate forecast – November 2009*

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB	50 year PWLB
Current	0.50	0.51	0.61	1.21	4.40	4.35
Q1 2010	0.50	0.55	0.70	1.30	4.55	4.55
Q2 2010	0.50	0.55	0.75	1.35	4.60	4.60
Q3 2010	0.50	0.55	0.80	1.40	4.70	4.70
Q4 2010	0.50	0.60	0.90	1.55	4.75	4.75
H1 2011	1.00	1.10	1.50	2.00	4.80	4.80
H2 2011	2.00	2.20	2.50	3.00	4.85	4.85
H1 2012	3.00	3.20	3.50	4.00	4.90	4.90

2.6 *HM Treasury Survey of Forecasts – November 2009*

	Average annual Bank Rate %			
	2010	2011	2012	2013
Highest	1.30	3.30	4.30	4.60
Average	0.70	1.70	3.00	3.80
Lowest	0.50	0.50	1.00	1.40

3. Current and Expected Treasury Portfolios

3.1 Current portfolio

The Council's current treasury portfolio, as at 15th December 2009 is as follows.

	Principal Amount £m	Interest Rate %
Investments - maturing 2009/10	1.20	0.6-0.72
- maturing 2010/11	9.65	0.55 – 2.04
- maturing later	0	-
Total Investments	10.85	-
Debt - maturing 2009/10	5.95	0.32
- maturing 2010/11	0	-
- maturing later	0	-
Total Debt	5.95	-
Net Investments	4.9	-

3.2 Expected changes

According to current cash flow forecasts, net investments are expected to reduce by £8 million by 31st March 2010 and reduce by a further £5 million by 31st March 2011, as a result of capital expenditure.

The cash flow forecast includes planned long-term borrowing of £10 million as part of the 2010/11 capital programme. The decision of whether to take external borrowing will be made in light of current and forecast interest rates.

3.3 Budget implications

The net budget for investment income in 2010/11 is £100,000. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4. Investment Strategy

4.1 The Council holds significant surplus funds, which represent income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £10 million and £26 million. Both the CIPFA Code and the CLG Guidance require to Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.

4.2 Specified Investments

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

4.3 The Council defines the following as being of "high credit quality" for making specified investments, subject to the monetary and time limits shown.

In-house investment	Monetary limit¹	Time limit
UK owned, or with a major UK subsidiary ² banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£2m each	12 months
UK owned banks, or banks with a major UK subsidiary ² and building societies holding short-term credit ratings no lower than F1 and P-1	£1m each	3 months
Money market funds ³ holding the highest possible credit ratings (AAA)	£2m each	1 week
UK Central Government	no limit	12 months
UK Local Authorities ⁴	£2m each	12 months
External Fund Managers		
<i>Banks</i>		
Minimum Fitch Rating F1+ short term	£2m each	
<i>Building Society</i>		
Minimum Fitch Rating F1+ short term	£2m each	

¹ banks within the same group ownership are treated as one bank for limit purposes

² e.g. Santander / National Australia Bank

³ as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

⁴ as defined in the Local Government Act 2003

4.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

- The external Fund Manager may invest in Government fixed interest Securities for more than one year as they are liquid, low risk and allow for good financial planning.
- The external Fund Manager may invest in Certificates of Deposit for more than one year using their professional judgement.
- The above is subject to the requirement that no more than 50% of the external managers Fund may be held in non-specified investments during the year.

4.6 Foreign countries

Investments in foreign countries will be limited to those that hold an AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £2 million per country. Only banks that are domiciled in the UK but are owned in another country will be used and need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

4.7 Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

4.8 Credit ratings

The Council uses credit ratings from two main rating agencies Fitch Ratings Ltd and Moody's Investors Service to assess the risk of loss of investments. The lowest available credit rating will be used to determine credit quality.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an institution has its credit rating downgraded so that it fails to meet the above criteria then:

- no new investments will be made,
- any existing investments that can be recalled at no cost will be recalled, and
- full consideration will be given to the recall of any other existing investments

Where a credit rating agency announces that it is actively reviewing an organisation's credit ratings with a view to downgrading it so that it is likely to fall below the above criteria, then no further investments will be made until the outcome of the review is announced.

4.9 Other information on the security of investments

Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

4.10 Investment instruments

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term deposits
- call or notice deposits (where the Council can demand repayment)
- certificates of deposit
- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks
- shares in money market funds

5. Planned investment strategy for 2010/11 – In-house

5.1 The cash flow forecast will be used to divide surplus funds into three categories:

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

5.2 The Council's in-house managed funds are based on the likely cash-flow position and rarely exceed one month. Investments will be made to ensure that cash flow is protected and borrowing is not required. However, on occasion, money has been invested for a longer period up to 364 days. These are funds, which are not required for day-to-day cash management purposes.

5.3 The Council will continue to seek to utilise its call accounts (which are linked to base rate) and use short-dated deposits up to 3 months to ensure liquidity of assets for day-to-day cashflow. Additionally, the Council's bankers, the Co-operative Bank operate a Public Sector Reserve Account, which automatically sweeps excess funds from our general bank account into one paying a higher interest rate. The limit on the account is £3 million, with interest varying depending on the amount in the account. However, the credit rating of the Co-operative Bank no longer meets our lending criteria and therefore only minimal funds are kept in this account, where possible.

6. Planned investment strategy for 2010/11 – External Cash Fund Management

6.1 Investec manages the Council's funds on a discretionary basis. The Strategy is in line with the contractually agreed procedures. These have been amended to allow the placement of deposits with the Debt Management Office.

7. Borrowing Strategy

7.1 The Council currently holds no long-term loans. The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31 March 2010 is expected to be £8.4 million, and is forecast to rise to £18.9 million by March 2011 as capital expenditure is incurred.

7.2 The maximum expected long-term borrowing requirement for 2010/11 is:

	£m
Not borrowed in previous years	2.2
Forecast increase in CFR	16.7
Loans maturing in 2010/11	0.0
TOTAL	18.9

7.3 However, depending on the pattern of interest rates during the year, it may be more cost effective to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead.

7.4 In addition, the Council may borrow for short periods of time (normally up to two weeks) to cover unexpected cash flow shortages.

7.5 Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- any institution approved for investments above
- any other bank or building society on the Financial Services Authority list.

7.6 Debt instruments

Loans will be arranged by one of the following debt instruments:

- fixed term loans at fixed or variable rates of interest
- lender's option borrower's option (LOBO) loans.

As an alternative to borrowing loans, the Council may also finance capital expenditure and incur long-term liabilities by means of:

- leases
- Private Finance Initiative.

7.7 Borrowing strategy to be followed

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to not borrow and reduce the level of investments held instead. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against potential longer-term costs.

The Public Works Loan Board allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates where this will lead to an overall saving or reduce risk.

8. Treasury Management Prudential Indicators

8.1 The Council sets each year, in February, prudential indicators for Treasury Management, to ensure that proper control of borrowing and investing is maintained. These indicators can be found in the Council's budget book.

9. Other Matters

9.1 The draft revised CLG Investment Guidance also requires the Council to approve the following matters each year as part of the investment strategy:

9.2 Investment consultants

The Council contracts with Sterling Consultancy Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers within the parameters set out in these papers. The services received include:

- advice and guidance on relevant policies, strategies and reports
- advice on investment decisions
- notification of credit ratings and changes
- other information on credit quality
- advice on debt management decisions
- accounting advice
- reports on treasury performance
- forecasts of interest rates
- training courses

The quality of this service is controlled by monitoring of officers of the advice received.

9.3 Investment training

The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Sterling Consultancy Services and CIPFA.

9.4 Investment of money borrowed in advance of need

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

10. Investment Reports

- 10.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report. Progress will also be reported after six months of the financial year.

HEAD OF TREASURY SERVICES
JANUARY 2010

EXETER CITY COUNCIL

EXECUTIVE
9 FEBRUARY 2010

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES (INCORPORATING THE ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION)

1. PURPOSE OF THE REPORT

- 1.1 To set out the proposed 2010/11 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).

2. BACKGROUND

- 2.1 With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self regulation. This means that Councils are free to borrow for capital investment where the borrowing is affordable.
- 2.2 The Prudential Code has been revised during 2009, although most of the changes relate to definitions rather than the indicators set.
- 2.3 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes.
- 2.4 The Prudential Indicators / MRP report will be incorporated within the Budget Book for approval at the full Council meeting as per the statutory requirement.

3. PRUDENTIAL INDICATORS

- 3.1 The proposed prudential indicators for the next three years are shown in Appendix A-C.
- 3.2 There are very few changes to the indicators from last year other than updating of the capital programme and the impact on the Council Tax of newly approved schemes. The council has continued to borrow during 2009-10 and this is reflected in the Authorised Limit of the Council and the Operational Boundary. This will be sufficient to manage the capital programme and any daily borrowing requirements.

4. MINIMUM REVENUE PROVISION

- 4.1 The Regulations require that "a local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

- 4.2 Minimum Revenue Provision (MRP) is an amount set aside from revenue to meet the repayment of debt principal. Under the old Regulations this was 4% of principal outstanding for the General Fund and no requirement to set aside MRP in the Housing Revenue Account. In local government accounting depreciation is charged and then reversed out so it does not affect the level of Council Tax, however MRP is charged to the General Fund and therefore does affect levels of Council Tax.
- 4.3 The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant."
- 4.4 The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 4 below:
- (a) Regulatory Method;
 - (b) Capital Financing Requirement Method;
 - (c) Asset Life (Equal Instalment) Method;
 - (d) Asset Life (Annuity) Method; and
 - (e) Depreciation Method

5. MRP OPTIONS

5.1 Regulatory Method

MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. In effect this is 4% of the debt principal outstanding.

5.2 Capital Financing Requirement Method

MRP is equal to 4% of the non-housing Capital Financing Requirement, which is a Prudential Indicator.

5.3 Asset Life (Equal Instalment) Method

Where capital expenditure on an asset is financed wholly or partly by borrowing then MRP is determined by reference to the life of the asset and an equal amount charged in each year.

5.4 Asset Life (Annuity) Method

MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing.

5.5 Depreciation Method

MRP is equal to the provision required in accordance with depreciation accounting in respect of the asset, including any amount of impairment chargeable to the Income and Expenditure Account. As standard depreciation rules are used where an asset is part financed by loan, e.g. 50% loan, 50% Capital Receipt, then the full 100% depreciation charge on the asset is required to be charged as MRP. MRP is required to be charged annually until the cumulative amount of the provision is equal to the original expenditure financed by borrowing. Should the asset be disposed of then the charge needs to continue as if the asset had not been disposed of unless the debt is repaid.

6. 2010-11 MRP

6.1 In respect of 2010-11, the Council will match borrowing against specific capital investment and adopt the Asset Life (Equal Instalment) Method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. It is also simple to operate and gives certainty in each year as to the level of charge for principal. The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. Total borrowing at the end of 2009-10 is likely to be £8.4m, which will be allocated to improvements to longer dated assets. It would be appropriate therefore to write down over 25 years and the charge for 2010-11 will be £336,000.

4. RECOMMENDATION

4.1 It is recommended that:

- The prudential indicators set out in Appendix A–C be adopted.
- The Annual Statement of Minimum Revenue Provision for the Council be approved.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling this report:

1. The Prudential Code for Capital Finance in Local Authorities
2. The Prudential Code Guidance Notes

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General Fund Prudential Indicator Calculations

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

General Fund Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Strategic Theme	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Prosperous City	194	1,062	1,462	781	0
Accessible City	709	374	503	0	0
Electronic City	698	739	337	112	112
Cultural and Fun Place To Be	4,912	9,592	3,869	603	50
Strong Communities	0	15	0	0	0
Healthy and Active City	505	474	270	920	270
Environment Cared For	1,095	453	738	380	380
Safe City	80	81	32	16	48
A Learning City	0	53	0	0	0
Housing in the City	1,831	3,878	3,006	2,653	630
Achieving Excellence in Public Services	1,364	1,127	1,170	370	370
Total General Fund Capital Expenditure	11,388	17,848	11,387	5,835	1,860

General Fund Financing costs

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Interest payable with respect to short term borrowing	70	50	30	20	20
Interest payable under 'irredeemable' long term liabilities	0	0	902	1,108	1,185
Interest and investment income *	(5,141)	(215)	(250)	(200)	(150)
Replacement for Minimum Revenue Provision (England and Wales)	0	87	336	767	916
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total General Fund Financing Costs	(5,071)	(78)	1,018	1,695	1,971

* 2008-09 actual includes significant interest from Icelandic banks which was not received and removed from the accounts.

General Fund Estimates of the ratio of financing costs to net revenue stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

When the Council is 'debt-free' the ratio of financing costs to net revenue stream will be negative. This reflects the fact that for 'debt-free' authorities, the negative financing costs are making a contribution to the Income and Expenditure Account.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Financing costs	(5,071)	(78)	1,018	1,695	1,971
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	16,215	16,527	16,820	17,049	17,298
Ratio of financing costs to net revenue stream %	(31.3)	(0.5)	6.1	9.9	11.4
Negative for a debt free authority	%	%	%	%	%

Estimates of the incremental impact of capital investment decisions on the Council Tax

A fundamental constraint on capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable council tax levels.

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	16,675	17,039	17,288
Total budgetary requirements for the authority with proposed capital programme	16,820	17,049	17,298
Difference	145	10	10
Incremental Impact on Band D Council Tax	£3.83	£0.26	£0.26

General Fund Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to borrow for a capital purpose.

Actual General Fund Capital Financing Requirement at 31 March 2009

Description	£'000
Operational assets	85,220
Non-operational assets	41,783
Deferred charges	0
Revaluation Reserve	(9,731)
Capital Adjustment Account	(103,051)
Government Grants Deferred	(7,515)
Actual General Fund Capital Financing Requirement 31 March 2009	6,706

Estimated General Fund Capital Financing Requirement at 31 March 2010

Estimate of General Fund Capital Financing Requirement 31 March 2009	6,706
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Deferred charges	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	17,638
Estimate of change in Government Grants Deferred	(7,356)
Estimate of General Fund Capital Financing Requirement 31 March 2010	16,988

Estimated General Fund Capital Financing Requirement at 31 March 2011

Estimate of General Fund Capital Financing Requirement 31 March 2010	16,988
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Deferred charges	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	8,482
Estimate of change in Government Grants Deferred	0
Estimate of General Fund Capital Financing Requirement 31 March 2011	25,470

Estimated General Fund Capital Financing Requirement at 31 March 2012

Estimate of General Fund Capital Financing Requirement 31 March 2011	25,470
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Deferred charges	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	2,045
Estimate of change in Government Grants Deferred	0
Estimate of General Fund Capital Financing Requirement 31 March 2012	27,515

Estimated General Fund Capital Financing Requirement at 31 March 2013

Estimate of General Fund Capital Financing Requirement 31 March 2012	27,515
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Deferred charges	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(631)
Estimate of change in Government Grants Deferred	0
Estimate of General Fund Capital Financing Requirement 31 March 2013	26,884

HRA Prudential Indicator Calculations

APPENDIX B

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

HRA Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Housing in the City	5,206	5,798	7,539	5,126	5,165
Total HRA Capital Expenditure	5,206	5,798	7,539	5,126	5,165

HRA Financing costs for a debt free authority

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	0	0	41	80	121
Interest and investment income	(400)	(225)	(208)	(200)	(200)
Replacement for Minimum Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total HRA Financing Costs	(400)	(225)	(167)	(120)	(79)

HRA Estimates of the ratio of financing costs to net revenue stream

APPENDIX B

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from housing subsidy and rent income.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Financing costs	(400)	(225)	(167)	(120)	(79)
Net revenue stream	15,171	15,290	15,760	16,548	17,375
Ratio of financing costs to net revenue stream % Negative for a debt free authority	(2.6) %	(1.5) %	(1.1) %	(0.7) %	(0.5) %

Estimates of the incremental impact of capital investment decisions on the Housing Rents

A fundamental constraint on HRA capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable rent levels.

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	15,760	16,548	17,375
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	15,760	16,548	17,375
Difference	0	0	0
Incremental Impact on average weekly housing rents	£0.00	£0.00	£0.00

HRA Capital Financing Requirement

APPENDIX B

The Capital Financing Requirement will reflect the Council's underlying need to borrow for a capital purpose.

Actual HRA Capital Financing Requirement at 31 March 2009

Description	£'000
Operational assets	241,551
Non-operational assets	361
Revaluation Reserve	(164)
Capital Adjustment Account	(245,550)
Government Grants Deferred	(1,050)
Actual HRA Capital Financing Requirement 31 March 2009	(4,852)

Estimated HRA Capital Financing Requirement at 31 March 2010

Actual HRA Capital Financing Requirement 31 March 2009	(4,852)
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	(7)
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	7
Estimate of change in Government Grants Deferred	0
Estimate of HRA Capital Financing Requirement 31 March 2010	(4,852)

Estimated HRA Capital Financing Requirement at 31 March 2011

Estimate of HRA Capital Financing Requirement 31 March 2010	(4,852)
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	888
Estimate of change in Government Grants Deferred	0
Estimate of HRA Capital Financing Requirement 31 March 2011	(3,964)

Estimated HRA Capital Financing Requirement at 31 March 2012

APPENDIX B

Estimate of HRA Capital Financing Requirement 31 March 2011	(3,964)
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	843
Estimate of change in Government Grants Deferred	0
Estimate of HRA Capital Financing Requirement 31 March 2012	(3,121)

Estimated HRA Capital Financing Requirement at 31 March 2013

Estimate of HRA Capital Financing Requirement 31 March 2012	(3,121)
Estimate of change in Operational assets	0
Estimate of change in Non-operational assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	892
Estimate of change in Government Grants Deferred	0
Estimate of HRA Capital Financing Requirement 31 March 2013	(2,229)

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYEstimates of Incremental Impact of Capital Investments Decisions on the Council Tax

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Incremental Impact on Band D Council Tax	£3.83	£0.26	£0.26

Estimates of Incremental Impact of Capital Investments Decisions on the Housing Rents

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Incremental Impact on Average Weekly Housing Rents	£0.00	£0.00	£0.00

Total Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Total General Fund Capital Expenditure	11,388	17,848	11,387	5,835	1,860
Total HRA Capital Expenditure	5,206	5,798	7,539	5,126	5,165
Total Actual / Estimates of Capital Expenditure	16,594	23,646	18,926	10,961	7,025

APPENDIX C

Prudential Indicator Calculations

Total Actual / Estimates of Financing Costs

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Total General Fund Financing Costs	(5,071)	(78)	1018	1695	1971
Total HRA Financing Costs	(400)	(225)	(167)	(120)	(79)
Total Actual / Estimates of Financing Costs	(5,471)	(303)	851	1,575	1,892

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from housing subsidy and rent income.

Since the Council is 'debt-free' the ratio of financing costs to net revenue stream will be negative. This reflects the fact that for 'debt-free' authorities, the negative financing costs are making a contribution to the consolidated revenue account.

Description	2008/09 Actual %	2009/10 Estimate %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	(31.3)	(0.5)	6.1	9.9	11.4
HRA Ratio of Financing Costs to Net Revenue Stream	(2.6)	(1.5)	(1.1)	(0.7)	(0.5)

APPENDIX C

Prudential Indicator Calculations

Actual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to borrow for a capital purpose.

Description	2008/09 Actual £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
General Fund Capital Financing Requirement	6,706	16,988	25,470	27,515	26,884
HRA Capital Financing Requirement	(4,852)	(4,852)	(3,964)	(3,121)	(2,229)
Total Actual / Estimates of Capital Financing Requirement	1,854	12,136	21,506	24,394	24,655

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Borrowing	35,000	40,000	45,000
Other long term liabilities	0	0	0
Authorised Limit	35,000	40,000	45,000

Prudential Indicator CalculationsOperational Boundary

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Borrowing	25,000	30,000	35,000
Other long term liabilities	0	0	0
Operational Boundary	25,000	30,000	35,000

Actual External Debt

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2008/09 Actual £'000
Actual borrowing as at 31 March 2009	18,020
Actual long term liabilities as at 31 March 2009	0
Actual External Debt as at 31 March 2008	18,020

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF PRUDENCENet Borrowing and Capital Financing Requirement

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term Net Borrowing is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of Net Borrowing with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2009	1,854

2009/10 Estimated Change in Capital Financing Requirement	
Capital expenditure	23,646
Application of useable capital receipts	(418)
Application of capital grants/contributions	(12,859)
The replacement for MRP	(87)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2009/10	10,282

2010/11 Estimated Change in Capital Financing Requirement	
Capital expenditure	18,926
Application of useable capital receipts	(915)
Application of capital grants/contributions	(8,305)
The replacement for MRP	(336)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2010/11	9,370

Prudential Indicator Calculations

2011/12 Estimated Change in Capital Financing Requirement	
Capital expenditure	10,961
Application of useable capital receipts	(1,331)
Application of capital grants/contributions	(5,975)
The replacement for MRP	(767)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2011/12	2,888

Capital Financing Requirement:	
Estimated Opening Balance 2009/10	1,854
Estimated Closing Balance 2011/12	24,394
This is an increase over the three years of	22,540

Prudential Indicators for Treasury Management

The first prudential indicator for treasury management is not a numerical indicator, but a statement of good practice:

The Council adopted the 2001 edition of the CIPFA Code of Practice for Treasury Management in the Public Services' Adopted by the Council 16 February 2004 (Executive Committee)

The Council will be asked to adopt the 2009 edition during early 2010.

Prudential Indicator CalculationsOperational Boundaries to Exposure to Interest Rate Risks

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2010/11 £'000	2011/12 £'000	2012/13 £'000
Total projected interest payable on borrowing	973	1,208	1,326
Total projected interest receivable on investments	(458)	(400)	(350)
Net Interest	515	808	976
Upper limit - fixed rates = 100%	(458)	(400)	(350)
Upper limit - variable rates = 20%	(92)	(80)	(70)

This means that the Head of Treasury Services will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

Prudential Indicator Calculations
Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	100%	0%

Prudential Indicator Calculations

Principal Sums Invested for Periods Longer than 364 Days

The purpose of the prudential limit for principal sums invested for periods longer than 364 days is for the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Description	At 31/3/2010
	£'000
Longer-term investments	0
Less - Held for operational purposes	(6,000)
Current Assets - Investments	9,500
Current Assets - Cash and at Bank	(500)
Total available for investment longer term	3,000

Limits to be placed on investments to final maturities beyond year end:	£'000
31/03/11	3,000
31/03/12	3,000
31/03/13	3,000

The current agreement with Investec allows them to place up to 50% of the portfolio in products maturing after more than 1 year. In practice they only invest in gilts which are placed for longer periods but can be sold at any time, therefore they are liquid. The limits set therefore are in line with the agreement however it is not anticipated that this will impact on the liquidity of the Council.

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EXETER CITY COUNCIL

EXECUTIVE
9 FEBRUARY 2010

AUTHORISED SIGNATORIES FOR COUNCIL AND JOINTLY FUNDED AFFORDABLE HOUSING SCHEMES INVOLVING THE HOMES AND COMMUNITIES AGENCY'S INVESTMENT MANAGEMENT SYSTEM

1 PURPOSE OF THE REPORT

- 1.1 To agree signatories to enable the Council to administer, validate and authorise the payment of Other Public Subsidy (OPS), Social Housing Grant (SHG) and Transitional Local Authority Social Housing Schemes (TLASHG), to Registered Social Landlords (RSLs) and developers through the Homes and Communities Agency's online Investment Management System (IMS).

2 BACKGROUND

- 2.1 Where the Council is funding or supporting affordable housing through an RSL or developer, either by way of capital funding or free or discounted land/property, it is sometimes required to validate schemes and authorise expenditure via the Homes and Communities Agency's Investment Management Computer System (IMS). Signatories, renewable on an annual basis, are needed for these purposes. The signatories were last approved for the period 2009/10 at Executive on 10 February 2009. Due to changes in the funding regime, the signatories should be approved for the remainder of this financial year.
- 2.2 The IMS system also requires an authorised administrator able to designate users.
- 2.3 The IMS system is an essential tool for monitoring expenditure and progress on affordable housing schemes in the city.

3 PROPOSAL

- 3.1 That the Council appoint signatories to authorise and validate claims from RSLs and developers for OPS, SHG and TLASHG during the financial year 2010/11 and the remainder of 2009/10, agree an authorised administrator for IMS and arrangements for facilitating monitoring.

4 RESOURCE IMPLICATIONS

- 4.1 If the Council does not validate and approve claims, as required, it may find itself liable to meet them from its reserves.

5 RECOMMENDED

- 1) that the following officers be designated as authorised signatories for the purposes set out in paragraphs 1 and 2 and that the Homes and Communities Agency be informed.

All Financial Grant Claims Head of Treasury Services (Andrew Stark) or Service Finance Manager (Brenda Steer) or Corporate Finance Manager (David Hodgson) Strategic Housing Manager (Ron Mayers)

Scheme-work Approvals Head of Housing Services (Steve Warran) Strategic Housing Manager (Ron Mayers) or Housing Enabling Manager (Emma Osmundsen) or Housing Enabling Officers (Gary Stenning and Kerry Plumb)

Monitoring As per scheme-work approvals plus Strategy and Enabling Assistant (Duncan Brownlie)

- (2) that the Strategic Housing Manager (Ron Mayers) be designated as Systems Administrator for these purposes on the IMS Computer System

HEAD OF HOUSING SERVICES

S:LP/Committee/210EXEC2
11.1.10

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report:

None

EXETER CITY COUNCIL

PLANNING MEMBER WORKING GROUP 9 FEBRUARY 2010

EXECUTIVE 9 FEBRUARY 2010

PLANNING COMMITTEE 22 FEBRUARY 2010

MASTERPLAN FOR THE FUTURE DEVELOPMENT OF NEWCOURT

1 PURPOSE OF REPORT

- 1.1 The purpose of the report is to brief Members on a draft Masterplan, to seek approval for its use for Development Management purposes and for its publication for public consultation as a proposed draft Supplementary Planning Document.

2 BACKGROUND

- 2.1 The draft Regional Spatial Strategy (RSS) proposed 11,000 dwellings in Exeter between 2006-2026. The Panel who held the Examination in Public of the RSS recommended, in December 2007, a limited increase from 11,000 to 12,000 dwellings. The "Proposed Changes", published by the Secretary of State in July 2008, further increase the target for the City to 15,000 dwellings. Whichever of these targets is finally set, the full development of the strategic development areas at Newcourt, Alphington and Monkerton / Hill Barton, that were the subject of the Core Strategy consultation in October / November 2009, will be required.
- 2.2 The draft RSS sets a target net density for urban extensions of at least 50 dwellings per hectare.
- 2.3 The Newcourt study area, delineated on the plan at Appendix A, is located at the eastern edge of Exeter, around 4 miles from Exeter city centre and in close proximity to Junction 30 of the M5 motorway. Triangular in shape it is bounded by the A379 to the west, the M5 to the east and Topsham Road to the south. The Exeter to Exmouth rail line crosses the area from north to south.
- 2.4 The Exeter Local Plan First Review allocates parts of the Masterplan area for residential and employment use but protects the other parts for landscape and ecology reasons. The emerging Core Strategy proposes that the whole of this area should be a strategic allocation but the Core Strategy cannot provide detailed guidance. There is significant developer interest in bringing forward development on unallocated sites and there is therefore a need to provide guidance for development in the short term.

- 2.5 The Masterplan has been prepared by Exeter City Council working with Devon County Council. The Masterplan is based on a Masterplan study commissioned from Atkins Design Solutions, however that work has been supplemented by the Growth Point Green Infrastructure Study and additional work prepared by Devon County Council on education provision and transport matters.
- 2.6 The Masterplan for the Newcourt area was prepared to:
- Present a comprehensive development strategy based on the principles of sustainability, which provides for a mixture of land uses i.e. housing and employment supported by local retail and community facilities and green infrastructure;
 - Identify and protect key habitats and linkages;
 - Identify the development capacity of the area;
 - Identify arrangements for sustainable access and movement within the site and linkages with surrounding areas;
 - Provide a sound basis for allocating land in the Exeter Local Development Framework (LDF);
 - Establish a clear framework within which any early planning application for development in the area could be determined.
- 2.7 The Masterplan figure is attached to this report as Appendix B.

3 CHALLENGES AND ISSUES

- 3.1 The emerging Core Strategy anticipates designation of the whole of the Newcourt area as a strategic development area and the Masterplan identifies a potential for 2300 dwellings and 16 hectares of employment land. These dwellings are in addition to the 1176 dwellings within the Masterplan Area which either have planning consent or a resolution to grant planning consent, the employment area is an increase on the Local Plan allocation of 12.4 hectares.
- 3.2 The process of masterplanning identified two key challenges for development of the area.
- (i) How to promote sustainable modes of transport over use of the car?*
- 3.3 Promoting walking, cycling and the use of public transport has a wide range of benefits from improving health and encouraging social interaction to reducing road congestion and helping to move towards low carbon living, tackling issues of climate change and pollution.
- 3.4 The Masterplan promotes a pattern of development in which a network of footpaths, cycleways and linear green spaces forms the permeable movement network through the area, linking homes with key destinations and public transport hubs to encourage people to use sustainable modes for short journeys such as to the local shops, school or into the City. Providing high quality public transport both by bus and rail is also a fundamental part of the Masterplan. New cycle and pedestrian bridges are proposed

- 3.5 Principal vehicular access point to the area west of the railway line would be from the consented spine road linking the A379 in the north to Topsham Road in the south.
- 3.6 Land is already safeguarded for a future rail halt on the west side the line and it is proposed that land is safeguarded on both sides of the line. A halt in this location would significantly improve access to the area by public transport. A pedestrian and cycle bridge crossing the railway line should be provided in this location.

(ii) The potential to create a focus to the area.

- 3.7 The extent of the Masterplan area and quantum of residential development is considered to warrant the formation of a new local centre to give the area focus and identity.
- 3.8 Movement routes north/south through the site are constrained in the centre of the site by the position of the golf course. This creates a central point through which a high proportion of journeys and all the public transport services have to pass. It is considered that this makes the area on the spine route southeast of Newcourt House a good site for a local centre that includes community and any local retail facilities. Locating in this area should be enhanced by the provision of a direct link to the rail halt.
- 3.9 The Masterplan also sets out approaches to a number of topic areas where co-ordination across the site and across different land ownerships is required.
- 3.10 *Newcourt House.* Newcourt House is a Grade II Listed Building located in the centre of the Masterplan area. It is considered that this building has the potential to act as a landmark giving the Newcourt Area identity and character. It is proposed that open spaces are arranged to enhance the setting of this building and provide views of its facade. Newcourt House is currently occupied by the NHS Primary Care Trust. Any proposed change of use will be assessed in accordance with national planning policy and the development plan policies.
- 3.11 *Locally Listed Buildings.* There are two locally listed buildings on the Topsham Road frontage of the site. These buildings and their settings should be protected.
- 3.12 *Green Infrastructure.* A key benefit of a comprehensive approach to developing the wider site is to allow green spaces to be laid out as a connected network to maximise public utility and ecological value. The green linkages in the Masterplan area can set a framework for the location of other green spaces. The linear spaces will provide green travel and recreation routes and act as wildlife corridors linking the green spaces within the Masterplan area to those in the surrounding area.
- 3.13 *Development areas.* The Masterplan divides the study area into 9 development areas. These shown on the Masterplan figure with the residential areas references a to g, the employment areas y and z. There is potential for more detailed planning guidance or design codes to be prepared for each sub area.

- 3.14 *Residential Densities.* The overall net housing density is around 50 dwellings per hectare in accordance with draft RSS guidance for urban extensions. Densities of around 50 dwellings per hectare will ensure best use is made of available development land and will help ensure the viability of local services and public transport.
- 3.15 *Drainage.* Comprehensive sustainable urban drainage systems will be required to ensure surface water drainage does not increase run-off rates or create surface water flooding problems.
- 3.16 *Education.* Primary education provision is made through the allocation of land for two new two form entry primary schools. Secondary education provision can be accommodated through the expansion existing secondary schools.
- 3.17 *Gypsy and traveller site.* The requirement that provision for Gypsies and Travellers be made within the city can in part be accommodated in the study area. The location of such a site should be established through the consultation process that will be undertaken in forming a Supplementary Planning Document. A site should be positioned so that it adjoins new development, rather than existing, provided that the design criteria can be met.
- 3.18 *Noise.* The M5 has a significant potential to reduce quality of life through noise nuisance. Applications for residential development in particular will need to demonstrate that adequate levels of amenity are achieved. Buffer zones and acoustic attenuation measures including landscape treatments will need to be considered.

4 PURPOSE OF MASTERPLAN

- 4.1 Planning Member Working Group are asked to support, Planning Committee are asked to note and Executive to approve the Masterplan for Development Management purposes. Whilst it will only have limited weight until adopted, there is a danger that the desire to see comprehensive development of the area could be undermined if decisions any individual proposal is taken in the absence of a co-ordinating plan.
- 4.2 Planning Member Working Group are asked to support, Planning Committee are asked to note and Executive to approve the publication of the Masterplan study as a draft Supplementary Planning Document. There will be a six week period for public consultation, and then Planning Member Working Group and Executive will be asked to consider a more detailed report on the proposed SPD, and the public representations upon it, later in the year. The public consultation will involve display of material in the Civic Centre offices and Libraries and on the City Council's website.

5 ADVICE SOUGHT/RECOMMENDATION

- 5.1 That Planning Member Working Group supports the use of the Masterplan for Development Management purposes and publication of the draft Masterplan for public consultation as a proposed Supplementary Planning Document.
- 5.2 That Executive agrees the use of the Masterplan for Development Management purposes and publication of the draft Masterplan for public consultation as a proposed Supplementary Planning Document.
- 5.3 That Planning Committee supports the use of the Masterplan for Development Management purposes and publication of the draft Masterplan for public consultation as a proposed Supplementary Planning Document.

**RICHARD SHORT
HEAD OF PLANNING AND BUILDING CONTROL**

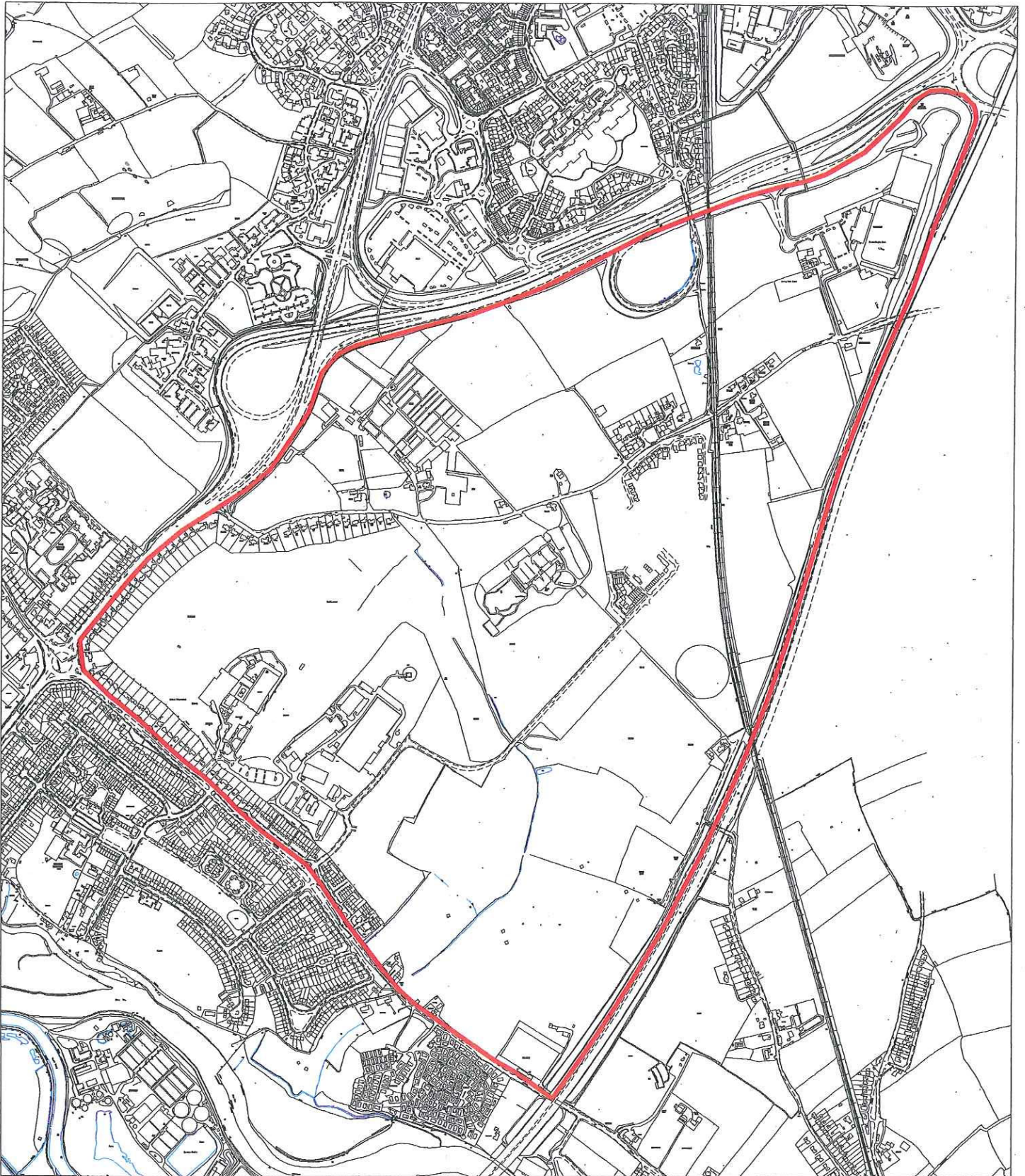
ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

Exeter Local Development Framework Core Strategy Preferred Options paper 2006.
Exeter Local Development Framework Core Strategy Consultation Paper 2009.
Transportation Access Strategy Addendum Report, Devon County Council
Education Statement, Devon County Council
Newcourt Masterplan Preferred Option, Exeter City Council
Newcourt Masterplanning Study, Atkins on behalf of Exeter City Council
Transportation Technical Report, Atkins on behalf of Exeter City Council
Strategic Air Quality Assessment, Atkins on behalf of Exeter City Council
Water Quality Impact Assessment, Atkins on behalf of Exeter City Council
Implementation Plan, Atkins on behalf of Exeter City Council
Green Infrastructure Strategy, Exeter and East Devon Growth Point

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Scale 1:12,000



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22/01/2010

Newcourt Masterplan Area

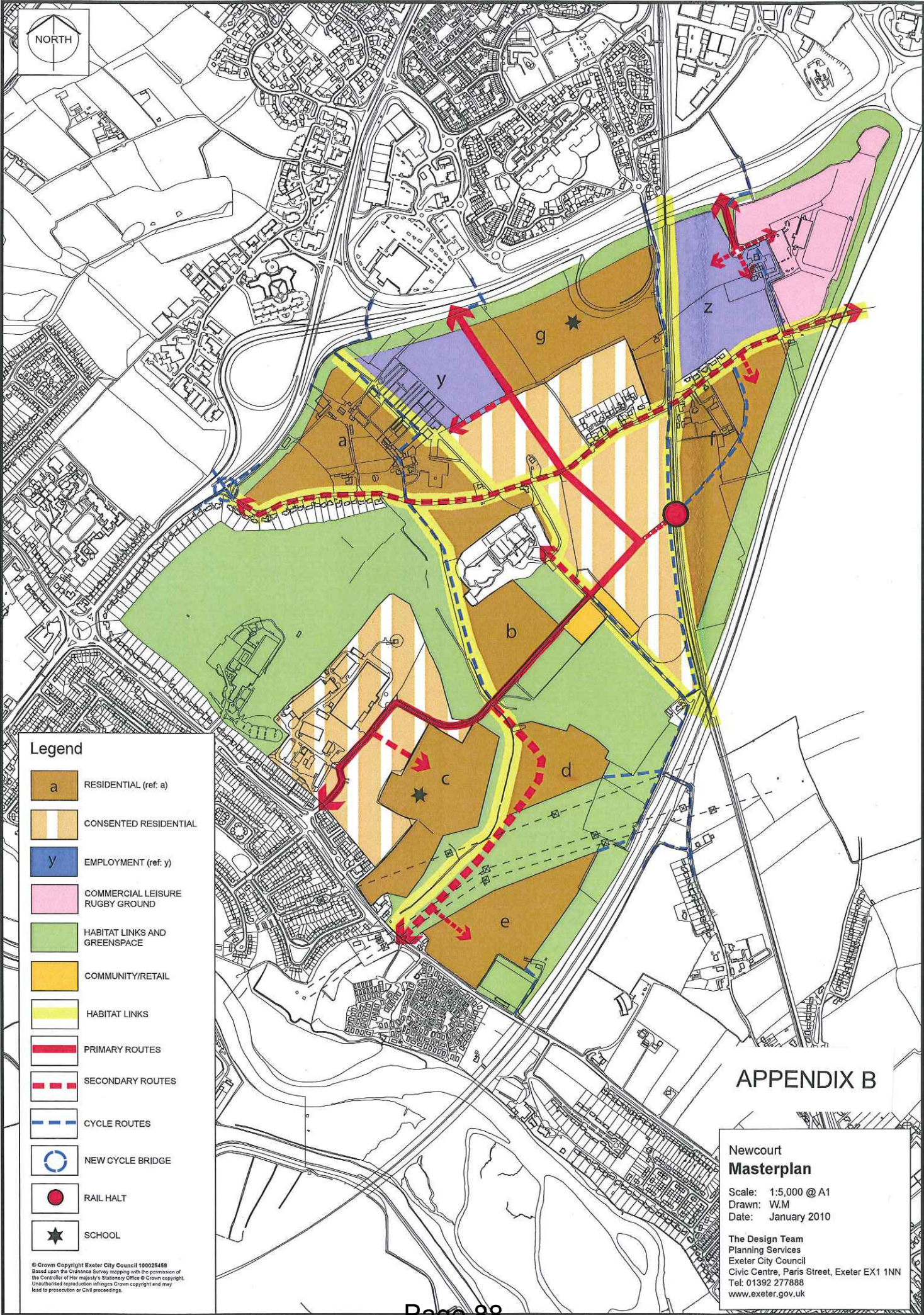
APPENDIX A

Planning Services, Exeter City Council, Civic Centre, Paris Street, Exeter, EX1 1NN

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Exeter City Council



Legend

- a RESIDENTIAL (ref. a)
- CONSENTED RESIDENTIAL
- y EMPLOYMENT (ref. y)
- COMMERCIAL LEISURE
RUGBY GROUND
- HABITAT LINKS AND
GREENSPACE
- COMMUNITY/RETAIL
- HABITAT LINKS
- PRIMARY ROUTES
- SECONDARY ROUTES
- CYCLE ROUTES
- NEW CYCLE BRIDGE
- RAIL HALT
- ★ SCHOOL

APPENDIX B

**Newcourt
Masterplan**

Scale: 1:5,000 @ A1
 Drawn: W.M
 Date: January 2010

The Design Team
 Planning Services
 Exeter City Council
 Civic Centre, Paris Street, Exeter EX1 1NN
 Tel: 01392 277888
 www.exeter.gov.uk

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 21 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

REDUCING CARBON EMISSIONS IN EXETER: THE ROLE OF PLANNING AND TRANSPORTATION STRATEGY: SUMMARY PAPER

1.0 PURPOSE OF REPORT

- 1.1 The reports which are attached outline the challenges facing the City in reducing carbon emissions over the next two decades and beyond. This paper summarises a set of actions for the short and medium term which are proposed for adoption.

2.0 INFORMATION

- 2.1 The government has set a range of very demanding targets for the reduction of carbon emissions across the country for the next decade and beyond. It has also appointed a Committee chaired by Lord Turner which has been tasked with producing detailed action plans for achieving these emission reductions and with monitoring performance over a series of five year periods in delivering on the targets for reducing emissions.
- 2.2 The proposals included in the attached papers contain measures which are a reflection of national policies and targets – some will seem straightforward but will require significant finance to implement, whilst others may be seen as being radical and, indeed, controversial. Because of the length of the attached papers, the key elements and actions are briefly summarised below.

Paper One : Overview

- 2.3 This paper sets out the national targets, targets by specific sector and proposed options. Because of the scale of the challenge at a global and national level to reduce carbon emissions by 26% by 2020 and 80% by 2050, there is a need for major changes in land use planning, transportation strategy, new construction and retro-fitting of existing buildings. That world oil production may also have passed its peak is a further reason for a significant change of direction.

Paper Two : Land Use Planning

- 2.4 To achieve significant reductions in emissions there will need to be major changes to land use planning and development management. New development needs to be planned with a much greater emphasis on mixed use development and on higher densities with a high quality public transport network at its core and site wide energy systems, such as Combined Heat and Power if carbon emissions are to be significantly reduced. The southern German city of Freiburg demonstrates how much can be achieved with an integrated and demanding land use/transport strategy.
- 2.5 The key recommendations are:
- (i) endorsing major changes in land use planning priorities with the co-

location of uses and adoption of higher densities. This will mean a significant change in planning philosophy through revisions to the Local Development Framework and accepting major changes in the appearance of buildings.

- (ii) the formulation and adoption of a sustainable energy supply strategy for the City's growth areas. This will potentially involve significant financial input from the City Council as well as other parties.
- (iii) lobbying government through the LGA to ensure that there are tight national standards for new construction and a much improved funding regime to retrofit existing property to reduce carbon emissions.
- (iv) improving staff and Member skills in dealing with this new area of work.

Paper Three : Transportation Strategy

2.6 Because the transport sector is a major source of CO₂ emissions (20% of the total) and its contribution is rising, there is a need for a radical change in transportation strategy. The responsibility sits primarily with the County Council with funding from the County, government and developers. The County Council has begun a review of its Transport Strategy as a precursor to the preparation of Local Transport Plan 3 for the period 2011-2016. The paper recommends that Members endorse the contents as the City Council's input to the new LTP. In particular, it envisages:

- (i) a City Centre traffic management strategy which is intended to improve air quality, reduces extraneous traffic, whilst creating new public spaces, particularly, if feasible, at London Inn Square
- (ii) much improved public transport by backing the High Quality Public Transport proposal, building on the recent successes of the local rail network and providing new Park and Ride sites around the City
- (iii) limited future highway construction
- (iv) a system of demand management by pricing all parking whether publicly or privately owned
- (v) reviewing the City's Parking Strategy
- (vi) facilitating the dramatic expansion of electric vehicle ownership and use
- (vii) raising air quality by limiting vehicle emissions for vehicles using City Centre streets.

2.7 The financial consequences are primarily for the County Council and government, though the City's significant revenue from car parking may be affected.

Paper Four : City Centre

2.8 All of the above measures may significantly impact on the City Centre – and for reasons set out in the papers, development pressures in the City Centre will be rather greater. Alongside a city centre traffic management strategy, the City Council will be preparing a City Centre Action Plan. In addition to the elements outlined above, the main physical impacts would be:

- (i) progress with key development/regeneration projects on the Bus Station site and in the Castle Quarter
- (ii) the acceptance that HQPT will operate through the High Street but that there should be a presumption against all other buses running through the historic part of High Street (Queen Street to Fore Street section)

- (iii) the creation of new and improved pedestrian spaces and much enhanced gateways at St David's and Central Stations.

2.9 The achievement of these changes will require a mix of developer funding, City Council cash and resources from Devon County Council.

3.0 RECOMMENDATION

3.1 It is recommended that

- (i) Scrutiny Economy considers the content of the attached papers, comments on the strategies and actions and considers what further focus the Council needs to bring to the issue of carbon reduction.
- (ii) Executive approves the recommended actions or modifies any of them in the light of comments from Planning Member Working Group or Scrutiny Economy.

JOHN RIGBY
DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

None

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 21 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

REDUCING CARBON EMISSIONS IN EXETER: THE ROLE OF PLANNING AND TRANSPORTATION STRATEGY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this paper is to look at the longer term strategy for reducing carbon emissions in the City and to define a range of short and medium term measures in respect of planning and transport issues.

2.0 BACKGROUND

- 2.1 In the last few years the range and depth of scientific evidence regarding man made climate change has grown dramatically. It has been acknowledged for some time that the rise in the Earth's temperature and in greenhouse gas emissions, primarily CO₂, over the last 250 years has been more or less continuous and has more recently been accelerating rapidly. What has been in dispute until comparatively recently has been the issue of causation and what still remains a matter of debate is the likely impacts of those increases in CO₂ emissions. In terms of causation it is now accepted, across a very wide spectrum of scientific opinion, that this change is indeed man made and although rising temperatures can also be attributed to other causes (for example changes in the activity of the sun), the overwhelming view is that rising temperatures are driven by the inexorable rise in CO₂ emissions. Those rising temperatures have been illustrated graphically by the extension of desert zones in the world, the greater propensity for unstable and dramatic weather events, in particular hurricanes, and the impact on biodiversity with a significant decline in that diversity already recorded, as well as it being forecast to accelerate in the future. With the rise in temperatures, the ice caps are melting at a dramatic rate and glaciers are retreating across the globe with a resultant long term rise in sea levels. These trends and the consequences are now almost universally acknowledged as being upon us and a need for action also acknowledged.
- 2.2 The scientific debate has matured and gained very widespread acceptance. The recent highlighting of a range of email exchanges involving researchers at the University of East Anglia has caused some to argue that the data have been manipulated. Whilst the University has set up an Inquiry into this matter, which will report shortly, there remains a very substantial body of evidence which confirms a marked rise in the Earth's temperature and strong evidence that this correlates with recent human activity leading to a marked growth in CO₂ emissions. The will to act to tackle the crisis is littered with accusations of whose fault it is, who needs to act first and which sectors are the most to blame. At a global level, depending on which criteria you adopt, fingers point towards the U.S. or towards China, leaving others to say it's not their problem to lead. Until very recently both the aviation and shipping industries were remarkably adept at avoiding any recognition of their contributions to emissions. At the local level, debates about transportation seem to focus almost universally on the issue of

congestion, which is a short term issue compared with the more fundamental, longer term issue that the pollutants from the transport sector are a major national problem and that the availability of the oil which we use to power those vehicles which cause the problem, has probably passed peak supply. [see Appendix 1]

- 2.3 The bottom line is that all communities need to act – international, national and local. This paper is only about one part of the local story which is to identify what contribution the potential changes in our planning and transport strategies and associated actions can contribute towards tackling such a critical issue.

3.0 THE BASIC NUMBERS

- 3.1 The general consensus is that a greater than 2° Centigrade rise in the Earth's average temperature is likely to be catastrophic in terms of the effects on plant and animal life on the planet. In order to stand any chance of reducing that temperature rise, the CO₂ content of the atmosphere needs to be capped at around 450 parts per million; the current level is 430 parts per million. The government has adopted two very tough targets in order to make Britain's contribution to meeting this challenge with targets of reducing carbon emissions by 26% by 2022 and by 80% by 2050 from a 1990 baseline. The Climate Change Act 2008 has a target for the reduction of greenhouse gas emissions through a series of five year carbon budget periods and requires reporting to Parliament by an independent body of experts currently chaired by Lord Turner. The total volume of greenhouse gases emitted in 2007 was 636 million tons. Some 85% of greenhouse gases comprise CO₂ so this is the critical focus of policy.

- 3.2 The principal sources of CO₂ emissions are:

Residential buildings	22%
Commercial buildings	11%
Transport	20%
Power sector	26%
Industrial sector	21%

- 3.3 Lord Turner's Committee on Climate Change has just published its second report^[1] and the analysis and recommendations of the Committee were recently described by *Planning* as: "Turner's prescription involves nothing less than changing the face of the country as we know it"^[2]. The Committee has set targets which is for a 35% reduction in emissions from homes by 2022, compared to the 2007 base and a 27% decrease for non-residential and industrial premises by the same date. For the transport sector, the Committee is looking for a 25% cut in emissions by 2022. Within the transport sector cars are responsible for 58% of the total emissions. The context of these targets is not particularly auspicious as between 2003 and 2007 greenhouse gas emissions were falling at less than 1% annually but for the period 2007 to 2012, they need to fall by 2% a year on average and thereafter they need to fall by 3% per year if the 2050 target is to be met. It is worth adding that the recent reduction in emissions is pretty much down to the Recession rather than to any impact of policy. Moreover, transport emissions rose by 11% between 1990 and 2007, during which time car use rose by 20%.

4.0 GOVERNMENT STRATEGY – A VERY BRIEF SUMMARY

- 4.1 Government strategy has evolved over the last few years with a marked build up of pace over the last two years. The centrepiece of the framework driving this

change is the Climate Change Act 2008 which has set out the ambitious targets outlined above and established the Committee on Climate Change, the intention of which is to both drive change through the system and to report on progress in the form of external auditing. A range of initiatives have been launched which include carbon trading; the option of a “feed in tariff” to encourage the development of renewables; the setting of enforceable performance standards for new buildings; the vehicle scrappage scheme (also aimed at countering the Recession); the establishment of the Infrastructure Planning Commission, designed to speed up the consent system for major planning applications; the announcement of a programme of electrification of the rail network; the publication of the supplement to Planning Policy Statement 1 which is the guidance document for planners, which deals with climate change.

- 4.2 The Committee on Climate Change has recommended a raft of initiatives which are intended to enable the country to meet these demanding targets. The Committee recommended that the government adopt specific maximum levels of carbon emissions in the first three carbon budgets which each span five years. These were adopted by Parliament in May 2009 and are legally binding. The Committee will deliver annual monitoring reports on progress against these budgets. There are two key points made by the Committee in their recent report: first, the recession will ‘produce an over rosy impression of progress against budgets and undermine steps to drive long-term reductions’. Second, they state that ‘a step change in pace of reduction is essential’. To hit the demanding targets, action will be required across the power, buildings and industry and transport sectors.

(i) Power Sector Measures

- 4.3 Delivering low carbon power requires, by 2022, in the Committee’s view:

- o the addition of 23 gigawatts of new wind capacity
- o four CCS (Carbon Capture and Storage) power plants
- o three nuclear power plants

The Committee also believe that the current market arrangements are not sustainable for delivering low carbon technologies and that government lending and price support mechanisms (such as the feed in tariff or renewable heat incentive) may be needed to drive investment in the right direction. There also needs to be urgent and significant moves to ensure grid access for wind generation where investors can’t guarantee that the electricity generated by wind power can be used by customers because of grid congestion. The Committee also emphasises the urgency of timely approval of planning applications for wind projects – research has shown very long approval times and a high rate of refusals.

(ii) Buildings Sector Measures

- 4.4 In addition to the legal requirements already in place through Part L of the Building Regulations, the headline measures are:

- o 10 million lofts and 7.5 million cavity walls insulated by 2015
- o 2.3 million solid walls insulated by 2022
- o 12 million (i.e. all) non condensing boilers to be replaced by 2022
- o much greater penetration of A+ rated washing machines and dishwashers (80% by 2022) and A++ rated fridges (45% by 2022).

- 4.5 In terms of dealing with the existing building stock, the Committee advocates a ‘whole house’ approach involving an energy audit, followed by a package of

measures with effective financing mechanisms so that take up is not inhibited by the comparatively long pay back of some measures. The Turner Committee also sees the need for a street by street or neighbourhood approach, with local government taking the lead in partnership with energy companies to design and implement energy supply and building insulation measures. In the non domestic sector the government is currently consulting on the adoption of a path to zero carbon new buildings (in stages by 2019). Under the Carbon Reduction Commitment all major energy consumers (with bills over £500,000 p.a.) are required to participate in a carbon emissions trading scheme from April 2010. The City Council falls below this threshold. The Turner Committee is also recommending that all cost effective measures in central and local government sector buildings covered by the CRC should be implemented by 2018.

(iii) Transport Sector Measures

- 4.6 A significant advance in reduced emissions will come from the new EU emissions target which is that the current fleet average emissions for new cars should fall from 158 gm of CO₂ per km driven to 130 gm by 2015 and 95 by 2020. The Committee highlight that there is a practical limit to the scope for reduced CO₂ emissions for conventional cars which means that much greater reliance will need to be placed on the purchase and use of electric vehicles with the fleet rising to 1.7 million vehicles by 2020. The need to roll out many more electric vehicles should be trialled first by pilot projects in several cities. Eco driving habits also need to be encouraged on a widespread basis given that fuel consumption rises markedly with rapid acceleration and with speed increases from 60 to 70 mph and upwards. The Committee is also convinced that road pricing can contribute significantly to emission reduction as can a programme of 'Travelsmart' type initiatives. Finally, the Turner Committee also advocates more effective land use and transport planning with urban regeneration, sustainable urban extensions, mixed use schemes and investment in public transport infrastructure being strongly supported.

5.0 LOCAL PROGRESS

- 5.1 Policy and practice across the planning and transport sectors requires a massive change of direction compared with the established wisdom based on practices going back many decades. Changing the direction and focus of policy is like turning the proverbial super tanker. There are individual signs of good practice which can point the way to the future. A range of public and private organisations are focused on reducing their carbon footprint and there are strategies in hand that address this through better construction, changes in transport practices, better recycling and changes in personal behaviour. The City Council has adopted a comprehensive strategy for addressing Climate Change which was reported to Executive in January 2008. This commits to action in five policy areas:
- o raising the energy efficiency of buildings, including the Council's own stock
 - o reducing transport linked emissions
 - o reducing emissions linked to waste disposal
 - o proving community leadership
 - o taking measures to adapt to Climate Change
- 5.2 The City Council has more recently initiated work on reducing carbon emissions across the city, to look at areas of particularly high impact, focusing on Exwick and the industrial estates. That work will be reported to Members shortly and will help the preparation of specific initiatives, one for social housing in Exwick and a further for commercial properties at Matford and Marsh Barton. The Cranbrook

scheme will deliver a high level of sustainability with homes reaching the Code for Sustainable Homes Level 4, which is underpinned by the provision of a Combined Heat and Power plant at Skypark.

5.3 Despite these beginnings of good practice, and despite an acceptance at an intellectual level that we have to do something about our carbon emissions, the day to day level of the argument has barely advanced. The normal dialogue with developers demonstrates the continuing reluctance to accept that with respect to building design, energy supply and transport provision dramatic change has to happen. The normal response is: “we can’t afford to do this, particularly in the current Recession”. As the Stern Report^[3] pointed out, we simply cannot afford to ignore this challenge and if we don’t make the requisite investment now, economic losses in due course will be far greater. Neither has the transport debate moved on greatly. There is an acceptance by transport professionals that we need to switch to public transport, cycling and walking which a significant proportion of the public appear to share.^[5] But, the practical measures that are taken to deliver this modal shift, such as bus lanes, cycle lanes, pedestrian crossings and pedestrianised streets, are often met with hostility from many, with accusations of being “anti-motorist” or simply unrealistic in expecting people to leave their cars at home more often. One understands the allure of door to door transport and the convenience it provides, but the bottom line is that our carbon profligate lifestyle is unaffordable in terms of its impact on climate change. There is also every indication that our hydrocarbon supply that underpins the lifestyle enjoyed by many during the last century has passed its peak^[4]. [see Appendix 1] The price rise to \$150 a barrel in September 2007 was a pointer to what will happen as the economy picks up and new reserves are harder and harder to find.

6.0 WHAT SHOULD WE BE DOING LOCALLY?

6.1 With an emerging framework from the Copenhagen Conference setting the global agenda and the Climate Change Act 2008 setting the national framework, there is a strong need to be clear about the opportunities for local action and our responsibility to deliver a contribution to this framework. We are at a crucial moment for defining planning and transport strategy for the next 10 – 15 years. Regarding the former, we are well down the road in preparing the City’s Core Strategy which is designed to provide the statutory framework for the period up to 2026, and for the latter, the County Council has begun work on its third submission of the Local Transport Plan. Both these documents will shape Exeter’s growth and provide the context for a whole range of investment decisions affecting new development and future behaviour. It needs to be recognised, however, that both these documents could easily be a collection of warm words and high level aspirations. If, however, they focus on the carbon challenge and on the recommendations of the Turner Committee, these will help set the tone and direction for a new set of initiatives that we need to consider in Exeter to address our responsibilities.

6.2 The papers that follow cover the three principal areas of concern:

- (i) Land use planning and development management (primarily for Planning Member Working Group)
- (ii) Transportation Strategy (primarily for Scrutiny Economy)
- (iii) The City Centre (primarily for Planning Member Working Group)

6.3 There are a range of other initiatives and actions that contribute to meeting the necessary reduction in carbon emissions in the City that fall outside these three

areas. These are the subject of separate reporting to Community Scrutiny, the most recent of which was in November 2009 and flagged the resource shortages in pursuing the scale of programme needed for improvements to the existing stock of public and private rented sector housing.

7.0 RECOMMENDATION

7. Members are asked to
- (i) note the considerable challenge facing the City and County Councils in securing the major reductions in carbon use that are necessary;
 - (ii) support the strategy and measures proposed by the Turner Committee;
 - (iii) endorse the actions in the attached papers as the City's contribution to meeting its carbon reduction obligations; and
 - (iv) report to Members annually on progress.

JOHN RIGBY
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ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

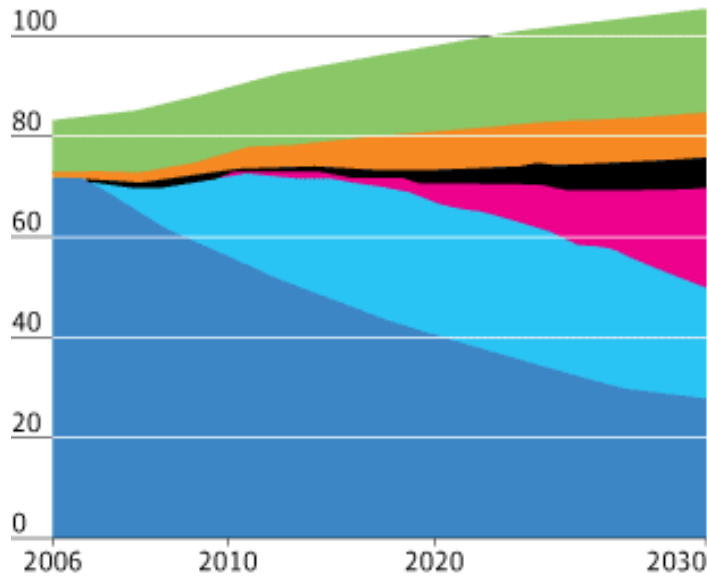
- 1 Meeting Carbon Budgets – the need for a step change. Progress report to Parliament. Committee on Climate Change. October 2009
- 2 Tough Acts to Follow. Planning. 23 October 2009.
- 3 Review of the Economics of Climate Change. Stern. 2006
- 4 The Peak of the Oil Age. Kjell Aleklett. University of Uppsala. 2009
- 5 Travel Behaviour Research. Baseline Survey – Exeter. Socialdata. 2008

APPENDIX 1

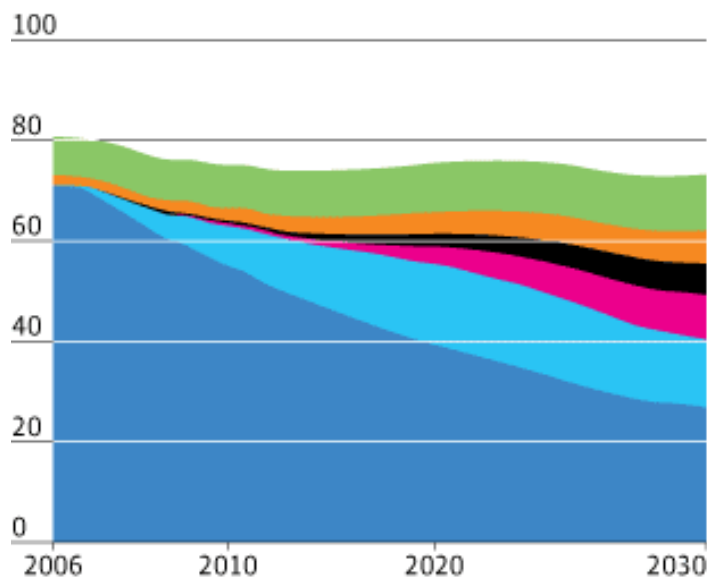
FUTURE WORLD OIL PRODUCTION

Contrasting views

IEA forecast for global oil production, million barrels per day



Uppsala forecast for global oil production, million barrels per day



- Natural gas liquids
- Crude oil - fields yet to be found
- Non-conventional oil
- Crude oil - fields yet to be developed
- Crude oil - additional enhanced oil recovery
- Crude oil - currently producing fields

SOURCE: IEA, UPPSALA

There are marked differences of view about the future global supply of oil. The International Energy Agency (IEA) has an allegedly optimistic view of future supply. The first graph shows the expected supply position according to the IEA though one of its senior staff claims that the Agency has been underplaying a looming shortage. Professor Kjell Aleklett of Uppsala University has in his recent report 'The Peak of the Oil Age' produced rather more cautious estimates which are also shown, suggesting that the Earth has already passed 'peak oil' supply.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 21 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

LAND USE PLANNING AND DEVELOPMENT MANAGEMENT

1.0 PURPOSE OF REPORT

- 1.1 This report looks at the changes that are needed in our land use policies and actions if we are to address the challenge of climate change set out in the previous paper.

2.0 CONTEXT

- 2.1 The design of new buildings needs to change significantly if we are to begin to address the challenging carbon reduction targets that have been adopted. Whilst this is a very important issue for the long term, the building stock changes nationally at less than 1% per annum, though for Exeter the rate is rather higher. There is thus an equal, if not greater, imperative to address the existing building stock and the way in which we use it.
- 2.2 The drivers of emissions with respect to our use of buildings are:
- o the spatial distribution of activities
 - o the thermal qualities of buildings
 - o how buildings are used by their occupants, including the way they are heated.
- 2.3 This paper seeks to outline the issues which the local planning system needs to address and proposes a set of actions which Members may wish to consider.

3.0 CURRENT PROGRESS

- 3.1 The area of greatest progress has been in the setting of targets for the construction of new residential property. The government launched the Code for Sustainable Homes in 2007 which set demanding targets for new home design, with the energy performance of buildings set to ratchet up over a period of a decade. These are more than simply targets – the measures involve adherence to Part L of the Building Regulations, which require successively improved standards of energy performance. The targets are as follows:

Level	Percentage reduction in emissions from a 2006 base	Year
3	25%	2010
4	44%	2013
6	zero carbon*	2016

* zero carbon: met through a 70% reduction in regulated emissions and the remaining regulated and unregulated emissions through allowable solutions.

- 3.2 The ability to meet these targets is comparatively straightforward at the lower Code levels through improvements in the fabric and air tightness of buildings and with the installation of fuel efficient boilers. However, as one rises up the Code levels, dramatic changes need to take place in terms of new forms of building design and in terms of different systems of heat supply. The basic design principles have been established through an extensive programme of new building in Germany with the “Passivhaus” principle pioneered by cities such as Freiburg. The City’s energy efficient housing standard has led to reductions of up to 80% in average household energy consumption and the Passivhaus achieves greater reductions. Low energy housing in Freiburg costs around 7% more to build than traditional housing, but energy consumption falls by up to 80% and CO₂ emissions have reduced by 30%. Energy bills are typically 1,000 euros a year per dwelling less than traditional houses.
- 3.3 With regard to commercial buildings, the establishment of new standards has been slower. In early 2009, the government consulted on a similar approach for all commercial property with the intention of requiring a 25% reduction in emissions by April 2010, 44% reduction by 2013 and zero carbon by 2019. In November 2009, the government issued a detailed consultation document on policy options.^[1] The summary of the options and our proposed response is attached as Appendix 1 to this paper.
- 3.4 These two measures are perhaps the most critical for the longer term, although alongside this is the innovation pioneered by the London Borough of Merton which has driven renewable energy strategies around the country. Whilst the most important issue is to reduce energy consumption by better design, what the Merton Rule has done is to set a standard whereby new developments deliver 10% of their energy needs from renewable sources. This policy initiative has now become widespread across Britain. Indeed, the City Council has been applying this as a condition for some two years, along with a requirement to submit an energy assessment.
- 3.5 The Supplement to Planning Policy Statement 1 on Climate Change^[2] sets out a wide range of measures that local authorities should adopt in terms of reducing vulnerability to climate change. The document makes it clear how important the planning system is in supporting ‘the delivery of the timetable for reducing carbon emissions from domestic and non domestic buildings’. It can, indeed, deliver the ambition of zero carbon development. The PPS advises that spatial strategies need to be prepared which help deliver the climate change programme, assist the expansion of sustainable energy systems, deliver sustainable patterns of development, enhance biodiversity and support the use of more sustainable modes of transport.
- 3.6 Specific advice in the Supplement is also worth highlighting:
- o sites being identified for development should consider the extent to which low carbon energy supplies can be facilitated and a realistic choice of access by public transport, cycling or walking can be achieved
 - o local planning authorities should have an evidence based understanding of the potential for renewable and low carbon technologies to supply new development

- o opportunities should be taken to co-locate potential heat customers and heat suppliers and planning authorities can expect the proposed development to connect to a system or be designed to be able to connect in future and be expected to contribute to securing a decentralised energy supply system
- o local planning authorities should make use of Design and Access Statements to obtain information from applicants on how they will meet PPS1 requirements
- o new development should be planned to minimise CO₂ emissions, ensure the use of sustainable urban drainage systems (SUDS) where feasible, provide for sustainable waste management and secure sustainable transport

3.7 In terms of endeavouring to reduce emissions locally, there has been some good and measurable progress. The City's draft Core Strategy sets out a comprehensive range of sustainable development policies which are in line with PPS1 and its Supplement. The key to Exeter's future growth is the need for effective and integrated planning for the new community at Cranbrook and for the delivery of urban extensions in Monkerton, Newcourt and at Alphington. Some may argue that these urban extensions will no longer be necessary because of artificially high levels of household projections by the government in recent years. In practice, however, household formation, birth rates and life expectancy point to a significant growth in the population of the city, albeit this may not be at the top end of the spectrum which would require land to be allocated beyond these three urban extensions. The planning for those three urban extensions is well underway, with the preparation of draft Master Plans completed for Newcourt and for Monkerton, with the work for Alphington to be completed shortly. The principal features of those Master Plans are: comparatively high average net density (for Exeter) of 50 dwellings per hectare; core public transport spine routes, including the High Quality Public Transport service; extensive walking and cycling networks; green infrastructure corridors to promote biodiversity; and a mix of uses on a sufficient scale such that the need to travel can be minimised and opportunities for combined heat and power are maximised. The value of these draft Master Plans and the integration of this work with other projects in the New Growth Point is the ability to comprehensively plan and deliver Renewable Energy infrastructure by balancing heat loads and ensuring that such systems are viable.

3.8 In terms of delivery, there are positive signs that attitudes are changing along with designs. There is a considerable effort by a wide range of partners such that the new community at Cranbrook will be built at Code for Sustainable Homes Level 4. The New Community Partners have agreed to supply Cranbrook with heat from a Combined Heat and Power (CHP)* plant to be provided at Skypark and have agreed to forego gas supply to housing in the new community in order to ensure the investment in sustainable energy supplies is underpinned. This has, however, required significant public investment, particularly from the Homes and Communities Agency alongside substantial risk investment from the principal provider, EoN. Within the city, the Council's new build programme for new housing will deliver Code for Sustainable Level 4 homes, as will any dwellings provided by Registered Social Landlords. At Rennes House, if the application for funding is successful, Level 6 will be achieved through careful and creative design.

* Combined Heat and Power is a plant where the heat from power generation is recovered to form usable energy. The heat will be distributed through a network of pipes..

- 3.9 All of this is an encouraging start but when we compare ourselves to progress by cities such as Freiburg, we still have a very long way to go. There is no comprehensive programme to dramatically improve the existing building stock and the level of modal shift achieved so far in Exeter has been modest in comparison with European experience. Contrast this with Freiburg, which has achieved a 7.3% reduction in carbon dioxide emissions between 1992 and 2005. This has been the result of a number of measures, including high energy efficiency standards for new buildings, and ambitious schemes to improve the energy efficiency of existing buildings, through grants to householders. The provision of public transport, cycling and walking alongside the prevalence of car sharing through car clubs, is such that in the new suburb of Vauban in Freiburg there are only 150 cars per 1000 people compared with 450 cars per 1000 people in Exeter. In Freiburg, 23% of people drive to work alone compared to 50% in Exeter. The contrasts are dramatic and the challenge is real. Further information on Freiburg's achievements is contained in Appendix 2.

4.0 CHALLENGES TO DELIVERING ZERO CARBON

- 4.1 There are a number of key challenges for officers and Members to address when looking at the future form and nature of development and the future priorities for the City's planning function. Several of the fundamental planning principles that have underpinned British planning since its inception will be challenged. They will potentially have a lower priority if we are to significantly reduce carbon emissions. British planning has focused very strongly on the general principles of urban containment, landscape protection and aesthetics. Apart from a limited number of showpiece schemes, the house building sector has, by and large, exercised extreme caution in changing its approach to design, claiming that the customer is resistant to looking beyond standard house types with dedicated individual parking provision. There has also been a resistance to change unless it is underpinned by legislation. The planning system has tended to be driven by the historic view that employment and housing should be separated because, in the immediate post-War period when the planning system was established, industrial uses were largely incompatible with nearby residential neighbours. Another received wisdom has been to avoid construction on higher ground because of landscape impact yet the clear guidance from government to avoid risks from development in flood plains is such that we will have to turn our attention to more exposed sites which is likely to impact on landscape character.
- 4.2 To maximise public transport use and to maximise the economic prospects for CHP – and both are essential in moving towards zero carbon – higher densities are crucial. Though Members have been critical of such schemes as Central Station Yard and the properties at King's Heath fronting the bypass, because of the use of four storeys or more, the schemes do have the benefits of minimising land take and maximising the scope for public transport and CHP use. In terms of the densities achieved, these schemes need to be seen as precedents which can be repeated elsewhere in the city centre or as part of the three urban extensions. Housebuilders are however resistant the provision of flats outside city centres. There is also now a very clear imperative from an energy efficiency viewpoint, that employment, housing and leisure uses should be broadly co-located because, together, they provide a balanced heat load which can make CHP economic. All of the emerging Master Plans for Monkerton, Newcourt and Alphington envisage a greater mixing of uses than has previously been the case and it is essential that Members, house builders and the public accept that these fundamental changes are needed if we are to dramatically reduce CO₂ emissions. The proposed form of development at Monkerton is also a departure

from previous practice in respect of skyline protection – the previous practice of preventing development occurring above the 34m contour is abandoned in the desire to achieve an effective layout which is not artificially constrained.

- 4.3 Delivering a CHP system and heat energy network for each of the urban extensions will be a major challenge in itself, given that a de-regulated energy market and consumer choice, mean that it will be quite difficult to devise schemes which will have the necessary large scale and long term “buy in” to make them cost effective. Despite the lack of statutory powers (beyond Building Regulations), it is essential that the local authority takes the lead in pushing house builders and commercial developers to engage in this kind of collaborative solution. It is only the pressure of national legislation in the form of tighter Building Control Regulations regarding emissions that will drive developers and investors down this road and it won't be done voluntarily. The City Council needs to follow the lead of the New Growth Point team which has been successful in acting as “ring master” in pulling together developers and energy providers alongside public funding to successfully deliver CHP for Skypark and the new community. This approach is, indeed, being adopted for development at Matford and has great potential at Monkerton, Newcourt and Alphington.
- 4.4 A further and significant challenge to established attitudes will be with regard to individual house design. The Building Research Establishment has a large programme of research, looking at how zero carbon homes can be designed and delivered. Examples of those housing types have been built at the BRE in Watford. Illustrations of these schemes are appended to this report [Appendix 3] provide a stark contrast to the type of houses that are built by the conventional market. A number of landmark schemes have been built in developments around the country to deliver low or zero carbon, and again a number of these are illustrated in the Annex. All of them point to the need for radical change in the way in which we view the acceptability of different house designs. The move to greater prefabrication of buildings, in order to improve air tightness, will also affect the appearance of new properties.
- 4.5 At a further level of detail there are design elements which also need to be accepted as a departure from past practice: the provision of renewables; innovative roof design that includes green roofs or photo voltaics; the use of permeable materials on surfaces around houses to reduce run-off; and the prefabrication of substantial elements of the structure off-site. Design elements also influence travel behaviour; for example a lack of bicycle storage will discourage residents from owning bicycles which they could use instead of a car for short journeys. The draft Residential Design Guide will reflect these emerging design issues along with the need to accommodate micro-renewables and provide for bicycle storage. The government recently announced changes to Permitted Development rights in respect of renewables and low carbon technology and these changes are summarised in Appendix 4.
- 4.6 In following through these changes in the standard of design and delivery, it is not clear that we have put in place a framework to ensure that the Planning and Building Control teams work sufficiently closely together at the formative stages of design, nor that the two sets of professionals have the skills necessary to advise applicants on design detail. Neither can we demonstrate that we have in place the full range of practical strategies that are needed to deliver our policies on reducing our carbon footprint.

5.0 A PROGRAMME OF ACTION

5.1 The following programme of action is suggested as necessary to put the strategy and delivery functions of the planning system onto the right footing, if we are to begin to tackle the carbon challenge.

(i) Work on the Council's Core Strategy

5.2 Work is well in hand and needs to be pursued with urgency whatever the complications arising from the lack of an approved Regional Spatial Strategy. There are a wide range of policies contained within the draft Core Strategy which need formal endorsement so that we can apply them with a degree of confidence so that they will be backed by Inspectors on appeal. We have completed consultation on the Core Strategy and a draft document will be returned to Members for their consideration later in the Spring. An Inspector is likely to consider the Core Strategy at Inquiry in Autumn 2010, followed by adoption in Spring 2011. The second critical element in ensuring progress with the strategic planning framework is to adopt a set of Master Plans for Newcourt, Monkerton and Alphington which are consistent with the aims of the Core Strategy to provide a framework for developers to work to. The biggest threat to sustainable urban extensions is a piecemeal approach to development based on individual land owner interest. Thus, as soon as we have completed the Master Plans, these need to be approved by Members as interim guidance prior to their being brought forward for adoption as Supplementary Planning Documents which will form part of the Local Development Framework and therefore will have statutory backing. Unfortunately, the latter cannot be completed until the Core Strategy is approved so the full force of these documents will only come into play in 2011.

(ii) A Sustainable Energy Strategy for each urban extension

5.3 Work commissioned by the New Growth Point team from Regen South West in connection with the plans for the new community has demonstrated how sustainable energy supply networks can be created and CHP delivered. The Lead consultant, Tony Norton, from the Centre for Energy and the Environment, continues to advise the authority on specific measures to be taken on individual developments. To date one piece of work has been completed on reducing carbon emissions and reducing fuel poverty in Exwick. Tony Norton has also been advising the Council on how to put together a commercial plan for the use of the heat being provided by the Energy from Waste (EfW) Plant which is consented on Marsh Barton so that existing commercial heat users on Marsh Barton save energy, save money and reduce their carbon footprint by tying into this network. He is also assisting us with negotiations with Eagle One regarding their commercial employment site at Matford Marshes which will be considered by Planning Committee later in the Spring. This is to ensure that a site wide energy supply system can be provided in this new development with the heat or steam provided from the EfW plant.

5.4 In the latter case and in the case of the New Community, the approach has been to use external advice to develop a strategy and then engage developers and energy suppliers in a collaborative effort to secure an agreed sustainable energy solution. As long as the government continues to enforce and ratchet up standards in Part L of the Building Regulations, then the economics of such provision will increasingly improve, but in the interim public sector financial support is still likely to be necessary to bridge the gap in financing. It is proposed that the University with Tony Norton continue to advise the Council on

appropriate strategies for delivering sustainable energy supplies for Newcourt, Monkerton and Alphington, with funding provided by Housing and Planning Delivery Grant or through the Council's Climate Change Levy.

(iii) Lobbying on legislation

5.5 The only reason we are seeing some movement on this issue is that the government have laid down a firm trajectory to achieve zero carbon residential development and more recently set out its intentions in relation to commercial buildings. It is worth noting that several years ago when this was first launched for residential construction, the house builders' view was that they would lobby for the standards to be watered down or deferred. In Scotland, there is a current active lobbying campaign to push back the timetable for reducing emissions in new construction. Thus, it is crucial, if we are to address the carbon challenge, that the Council, along with other authorities through the LGA, continue to lobby government on the importance of both sticking to the residential carbon emission standards and adopting the same firm targets for commercial construction.

5.6 Another conundrum which has not been resolved is the government's very positive view about the role of the Building Control service in delivering its climate change objectives but its continued acceptance of a disjointed delivery of this service because of the independence of Approved Inspectors. Where the City Council is responsible for both Development Control and Building Control Approvals, there is the prospect of real synergy in ensuring that these demanding CO₂ reductions are met at the earliest stage of the design process. But the difficulty with the Approved Inspector system is that there is simply no tie up between them and the local authority Building Control service, nor with its Development Control function. The issue does need to be addressed if effective, integrated working is to occur.

(iv) New skills

5.7 Our existing approach involves using a sustainability checklist to review the performance of submitted schemes. Building Control also check the SAP (Standard Assessment Protocol i.e. energy) ratings of proposals. The Council also normally applies a 10% renewables condition and an energy assessment condition. It has been acknowledged by staff that their knowledge of sustainability issues is limited compared to their detailed technical knowledge of a wide range of other long standing planning issues. It is proposed therefore that a programme of training and mentoring is put in place facilitated by external advisers to ensure that the team gains confidence in dealing with such issues. Members need to advise whether they wish to be party to some of this training as well. Again, this would be funded by Housing and Planning Delivery Grant.

6.0 FUNDING

6.1 The biggest challenge over the next five years is funding the necessary infrastructure to ensure the delivery of sustainable communities. Until two years ago a combination of significant public sector investment and Section 106 funding from rising land values delivered significant infrastructure packages in association with new development. Whilst the scale of public sector funding remains in place for the moment, the landscape with regard to Section 106 funding has changed dramatically. There has been a very widespread perception that whatever a community needs (or wants!) can be funded through a Section 106 so the list of requirements has grown longer and longer. To underline the dramatic nature of the change, it is worth reflecting that the County Ground site which was sold at the top of the market fetched some £2 million an

acre for residential uses. The Exeter market generally delivered in excess of £1 million an acre until late 2007.

- 6.2 It is very difficult to put a firm figure on current land values because of the impact on the market over the last year of the many 'distress sales' as builders and developers have had to off load assets at prices that were way below the then prevailing market prices. Nevertheless, the evidence suggests that, at present, values are in the range of £200-400,000 an acre, which is a fraction of their former value. Furthermore, detailed analysis by one of those house builders at a conference in 2008 made it clear that the fall in house prices, the rising expectations of Section 106 Agreements and the forthcoming implementation of Code for Sustainable Homes Level 6 in 2016 would soon result in negative land values. This clearly is an untenable position since in this situation sites will not be brought forward for development until either the market changes or the 106 'overhead' reduces. If development is to take place, trade offs and choices will have to be made in terms of 106 funding priorities. Furthermore, during this period it is widely accepted that public sector funding will be reduced significantly and yet of course in more benign times it has been crucial for delivering the Cranbrook new community.
- 6.3 Members will therefore be very shortly faced with the choice of priorities they wish to see delivered, rather than having perhaps the luxury in the past of being able to select all of them. At the moment, the major items are:
- o Affordable Housing – currently set at 25% which Members have already resolved they wish to see increase to 35%. Members should note that the market could deliver an affordable house with £30,000 as a subsidy two years ago, the typical subsidy is now £60,000 per dwelling and higher in certain cases.
 - o Education Contributions – our standard contribution for a secondary space is £2,519 per two (plus) bed dwelling and £2,769 per two (plus) bed dwelling for a primary school place.
 - o Transportation – with multi million pound contributions being required for highway schemes, along with significant contributions for public transport.
- 6.4 Lesser sums are also required for items such as play space provision, amenity space provision and maintenance, public art, security, public realm enhancement and so forth.
- 6.5 It is worth pointing out that all of Exeter's future housing and employment growth areas are focused around the Trunk Road or Motorway network. This potentially has a significant distorting effect on the funding regime for future development as the Highways Agency has the power of veto over any development impacting on the strategic highway network. The power of Direction from the Highways Agency means that it can prevent the local planning authority from determining an application and can indeed direct refusal if they are unhappy with a proposed development. Whilst Directions for Refusal are very rarely used, the use of Holding Directions tends to encourage third parties to work to the Agency's agenda if a planning application is to gain consent. The result is that a significant amount of resources often has to be devoted to highway network enhancements, if an application is to gain consent. The Science Park Planning consent is a good example.
- 6.6 Whilst Members themselves have frequently expressed concerns about congestion, one has to ask the question whether, when set against the overriding

concern of climate change and the need to provide a roof over people's heads, such large scale investment in meeting those fixed design standards is justified. It is suggested that if we are looking to prioritise future Section 106 negotiations and funding bids to address our problems, investment in sustainable energy, affordable housing, new school provision and public transport enhancements would come a considerable way ahead of simply investing in peak hour highway infrastructure so that people can travel by car at a time that is convenient to them. This may sound provocative but it is a real choice we will face in the next few years in trying to fund the delivery of sustainable communities.

7.0 CONCLUSIONS

7.1 This paper has outlined the key challenges we are currently facing in delivering sustainable communities and has set out a range of actions which are either in hand, or need to be considered. It is not intended to be comprehensive, but is designed to guide Members on their short and medium term priorities and to seek their approval for the long term strategy.

8.0 RECOMMENDATION

8.1 It is recommended that Members:

- (i) endorse the change in land use planning priorities and design philosophy outlined in Sections 4 and 5 in particular relating to the co-location of uses and adopting higher densities;
- (ii) endorse the development of a sustainable energy supply strategy for the City's growth areas with an implementation plan based on advice from the Centre for Energy and the Environment;
- (iii) lobby the LGA to ensure that:
 - o government provides a comprehensive policy and funding regime for delivering whole house/neighbourhood enhancements to secure substantial reductions in CO₂ emissions
 - o government maintains a firm line on the Code for Sustainable Homes and for the parallel tightening of Part L of the Building Regulations for commercial premises
 - o government addresses the lack of an effective tie up between Approved Inspectors and the Local Planning Authority in delivering low carbon designs
- (iv) approve the draft responses to the consultations on zero carbon in new non domestic buildings at Appendix 1 and on permitted development rights for small scale renewables at Appendix 4.
- (v) agree the need for appropriate training for staff and, if desired, Members to ensure they are skilled in this new area of work; and
- (vi) ensure that the finalised Residential Design Guide adequately addresses all of those issues relating to sustainable design.

**JOHN RIGBY
DIRECTOR ECONOMY AND DEVELOPMENT**

ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

1. Zero Carbon for new non domestic buildings. Consultation on policy options. Communities and Local Government. November 2009.
2. Planning and Climate Change. Supplement to Planning Policy Statement 1. Department of Communities and Local Government. December 2007.

APPENDIX 1

PROPOSED RESPONSE TO GOVERNMENT CONSULTATION ON ACHIEVING ZERO CARBON IN NEW NON DOMESTIC BUILDINGS

Summary

- 1 The consultation, published 24th November 2009 and closes 26th February 2010, relates to proposals for working towards the Government's ambition that all new non-domestic buildings should be zero carbon from 2019, with the public sector leading the way from 2018.
- 2 This brief summary highlights the main subject headings where the department are inviting comments. In line with other recent consultation papers, it is expected that the CLG will issue a paper in the spring identifying the responses before making new regulations.

The Framework

- 3 The broad framework is based on;
 - 1 The building fabric and building services
'Energy efficiency'
 - 2 On-site or linked low and zero carbon technologies, referred to as
'Carbon compliance'
 - 3 **Off-site zero carbon technologies, referred to as**
'Allowable solutions'

N.B. Heat and energy generation will also be eligible for Feed in Tariffs or Renewable Heat Incentives, providing future income streams.

- 4 The consultation paper recognises that non-domestic buildings are often more complex and larger scale than homes, so each such development more regularly involves greater technical input in design and construction and a closer level of Building Control involvement and oversight.

On-site Element

- 5 Non-domestic buildings often have greater potential for on-site renewables and to play a critical role in the viability of community heat or energy. A menu of options for abating the remaining carbon emissions off-site will be developed that will include:
 - Further carbon reductions on-site beyond the regulatory standard
 - Energy efficient appliances meeting a high standard which are installed as fittings
 - Advanced forms of Building Control system which reduce the level of energy use
 - Export of low carbon or renewable heat from the development to other developments
 - Investments in low and zero-carbon community heat infrastructure

Public sector leadership

- 6 It is recognised that the public sector can play a significant role in supporting market development of low and zero carbon buildings – for example the Eon partnership at Cranbrook where a CHP scheme is proposed.
- 7 It is the CLG's ambition to move to zero carbon for the public sector by 2018, one year ahead of the regulations, for key estates such as Schools, NHS, MOD and the Prison Service. Building Control are currently working with NPS on Devon's first zero carbon school to be built in Exeter [Montgomery].

Off-site measures

- 8 Achieving net zero carbon emissions on-site through energy efficiency and on-site measures can be prohibitively expensive and for most building types and locations is not technically possible. This means that there will be remaining/residual emissions that need to be tackled in order to meet the zero carbon standard through off-site measures – these are termed 'allowable solutions'.
- 9 The systems for the delivery of allowable solutions will need to be up and running by 2016 on a major scale.

Regulated and unregulated emissions

- 10 Regulated energy covers the energy used by the building fabric and fixed building services such as lighting, heating, hot water and mechanical ventilation. Unregulated energy is all the other energy use, for example, the energy used for computers, machinery, lifts and other processes carried out day to day in buildings.
- 11 CLG are considering whether to extend the coverage of Building Regulations to cover certain excluded energy uses, and that an element of unregulated energy should be included in the zero carbon standard. This approach reflects the 'polluter pays' principle, given that the development of new buildings will add to overall UK carbon emissions.

Response to Consultation

- 12 The attached Annex sets out a proposed response to the consultation.

Alan Stokes
Building Control Manager
3 December 2009

Proposed response to CLG consultation questions

Q1. *Do consultees agree that we should establish challenging energy efficiency standards for non-domestic buildings covering space heating and cooling, and measures on a kWh/m²/year basis?*

If not, why not, and what approach to setting energy efficiency standards would you prefer?

Response

Yes – a similar approach to that being developed for zero carbon homes should be adopted for non-domestic buildings as a matter of priority.

The guidance for the building fabric and components would need to take into account the use of the building where strict energy efficiency standards would not be appropriate for certain non-domestic buildings such as warehousing.

The ‘delivered energy metric’ approach would need to be assessed against the Energy Performance of Buildings Directive requirements – a summary of EPBD consultation paper is included in Annexe A of this report.

Q2. *Which of the three scenarios would you favour as a basis for setting on-site aggregate targets for zero carbon trajectories and why?*

Response

Whilst Scenario 1 [off-site rich] results in the lowest cost per tonne for CO₂ saved, it would actively prioritise the development of off-site community scale schemes like district heating networks.

It would be reasonable to develop such schemes for larger scale developments, but it could be unrealistic for one-off schemes, given the potential impact on development viability.

Q3. *What views do you have on the impact of the costs of building to zero carbon standards in different sectors? How and why does sensitivity to new build costs differ between sectors?*

Response

The commentary highlights the fact that community based schemes will provide lower costs overall than those designed to maximise the performance of individual buildings.

As our expertise does not extend to building costings, our response needs to be cautious. However, with regard to the sensitivity of new build costs, the end user will have an impact on the scheme, ie the difference between a speculative development and a public sector facility.

Q4. *Do you agree that we should adopt the same measures and approaches for allowable solutions for non-domestic buildings as those for homes?*

Response

The indicated allowable solutions are;

- * Further carbon reductions on-site beyond the regulatory standard
- * Provide greater certainty and commercial opportunity to new businesses starting up to service the allowable solutions market

- * Enable the use of allowable solutions for non-domestic buildings at the same time as homes would allow both sectors to work together to exploit economies of scale
- * Create marker certainty for investors and developers of community scale infrastructure
- * Provide a consistent framework for mixed developments to ensure all buildings adopt the same approach

It seems appropriate to adopt these measures for the non-domestic market.

Q5. *Are there any extra allowable solutions that should be used specifically for non-domestic buildings?*

Response

Controls relating to the use of artificial lighting where premises are unoccupied could provide a valuable reduction in carbon emissions.

Retail premises, particularly car showrooms, often have a high level of lighting to illuminate displays when the premises are closed.

Where it can be demonstrated that controls are in place to extinguish lighting when the premises are effectively closed could be included as an allowable solution.

Q6. *Do you agree with the proposal to introduce an element of allowable solutions for non-domestic buildings at 2016? What views do you have on the level at which this should be set, and the impact this will have?*

Response

Yes – the non-domestic target is currently programmed to run three years behind the domestic market with a level of 70% improvement from 2016 rising to 100% from 2019 discussed in the consultation paper that appears appropriate.

Although off-site technologies need considerable development, the industry requirements for the domestic market will provide the framework for this to be developed.

Q7. *Do you favour an approach of setting a flat rate requirement above 100 per cent regulated emissions to account for unregulated emissions?*

Response

The adoption of a flat rate requirement for unregulated emissions [energy used for computers, machinery etc] must take into account the building type where for instance for a retail warehouse the unregulated emissions are likely to be a small percentage of regulated emissions, whilst within a small office they are likely to be extremely high.

The flat rate approach would provide consistency but may stifle innovation on individual projects.

Q8. *Would you favour the 10 per cent allowance, the 20 per cent allowance or another rate? Why?*

Response

As stated earlier, our expertise does not extend to building costings, I therefore cannot provide a worthwhile opinion here, however, the consultation paper assesses that applying a 20% flat rate is about equivalent to the costs of using the allowances assumed in SBEM [Simplified Building Energy Model] as a proxy for unregulated energy use.

Q9. *Do you agree with the overall work programme we have outlined for the public sector?*

Response

Yes – the proposal to move to zero carbon for new public buildings a year ahead of regulation ie from 2018 will help to establish a programme of exemplars for a variety of types of public sector buildings.

This will enable testing and learning of technologies and techniques associated with zero carbon ambitions [NPS are currently designing a new zero carbon school, in Exeter on behalf of Devon County Council].

Q10. *Are there other ways in which the public sector could usefully provide leadership for the move to zero carbon?*

Response

The exemplar buildings programme will assist design teams working in the private sector with practical knowledge of technologies and techniques assisted by the TSB [Technology Strategy Board], set up to advise Government on how to remove barriers to innovation.

Q11. *Do you agree that the public sector should start trialling allowable solutions from 2015?*

Response

This is seen as a practical way of assessing the costs and benefits involved in allowable solutions, where public sector buildings are in a position to take part in district heating schemes, playing a key role as anchor leads.

Q12. *What role(s) do you think local government can play in contributing to public sector leadership on zero carbon buildings?*

Response

By the adoption of local strategies and action plans for delivering zero carbon on individual sites. Also by leading on the procurement of suppliers for major developments.

Q13. *Does this package of measures and proposals for next steps address the key delivery issues to make progress towards the zero carbon ambitions? If not, what action is needed and by whom?*

Response

The proposals set out in the consultation paper, linked to the ambitions for zero carbon agenda for dwellings by 2016, highlight key issues that will enable legislation to be made through The Building Regulations for deliverable targets in 2013, (and subsequently in 2016 and 2019).

Annexe A

- DEC to be displayed in buildings larger than 250m² that are occupied by a public authority
- EPC to be displayed in commercial buildings larger than 250m² that (a) are frequently visited by public and (b) where an EPC has previously been produced on the sale, rent or construction of that building
- the energy performance of existing buildings of any size that undergoes major renovations to be upgraded in order to meet minimum energy performance requirements. Currently, there is a threshold of 1,000m²
- minimum energy performance requirements to be set in respect of technical building systems, e.g. boilers, air-conditioning units etc
- Commission to establish common principles for definition of low and zero carbon (LZC) buildings. The definition of LZC to be determined by Member States but it must be in accordance with the principles set by the commission
- requirement to set targets for increase in LZC buildings with separate targets for:
 - new and refurbished dwellings
 - new and refurbished commercial buildings
 - buildings occupied by public authorities
- Member States to aim for cost optimal levels of energy performance of their buildings using a methodology developed by the Commission

APPENDIX 2

FREIBURG SOLAR CITY

SolarRegion Freiburg is a long term development vision that the city of Freiburg in southwest Germany has embraced since 1986, which has resulted in multiple benefits for both the environment and the local economy.

Origins

Freiburg is a city of 205,000 people that was founded 900 years ago in the wine-growing area of southwest Germany, close to the French border, the upper Rhine and the Black Forest. During World War 2, bombs destroyed 80% of the old city, but most has been rebuilt in a replica of the old historical style. In the 1970s, the region of Baden-Württemberg planned to build a nuclear power plant at Wyhl, just 30 km from Freiburg. There was a major protest, with widespread civil disobedience, and in 1975 the plans were defeated. This raised the environmental awareness of many of Freiburg's citizens, and left a hole in the region's future energy plans. During this time, Freiburg developed a reputation as Germany's "ecological capital", and a wide network of environmental organizations, businesses and research institutes were founded. In 1986, with the nuclear catastrophe at Chernobyl fresh in their minds, Freiburg's municipal council voted to adopt the guidelines for a future-oriented energy policy which would set the pattern for Freiburg to become Europe's most prominent solar city.

Aims and Objectives

Freiburg's energy policy has three pillars: energy conservation, the use of new technologies such as combined heat and power, and the use of renewable energy sources such as solar to meet new demand, instead of fossil fuels, with the goal of realizing an ecologically-oriented energy supply. Behind this, there lies a deeper goal to create sustainable regional development for the area as a whole. In 1996, this was strengthened by a city resolution to reduce Freiburg's CO₂ emissions to 25% below the 1992 level by 2010, which calls for initiatives in the areas of transport, waste and industrial production, as well as energy. The average Freiburg citizen produces 11 tonnes of CO₂ a year, three quarters of which comes from the city's use of energy.

Activities

Freiburg's solar activities attract a lot of attention, but their efforts to reduce energy consumption are also significant. There is a support program for home insulation and energy efficiency retrofits, and all new houses build on city land must meet a new low-energy efficiency design standard that uses two thirds of the legally permitted limit. The houses cost about 3% more to build, but their energy costs and CO₂ emissions fall by 30%.

On the solar front, Freiburg has developed numerous significant projects that use every kind of solar application - solar PV (photovoltaics - over 400 installations), solar thermal (for hot water), solar sunrooms or "wintergardens", passive solar design, solar cooling, and transparent solar insulation, which converts the solar heat which hits a wall into useable thermal energy. Freiburg is one of Germany's sunniest areas, with 1800 hours of sunshine a year, but it only receives 1,117 kWh per square meter of solar radiance, which is lower than southwest England, and about the same as most of England and western Scotland.

At a time when solar manufacturers were withdrawing from Germany, Solar-Fabrik, a solar module production plant, chose to locate in Freiburg in 1997, employing 130 people. The

entire factory is 'zero emissions', being powered by 570 square metres of PV, and a rape seed oil-fired combined heat and power plant.

Through the Forum SolarRegion Freiburg, the City council provides a solar information desk in central Freiburg. Freiburg's Central Station has installed a solar PV facade that is 19 floors tall, with 240 solar modules, and the city is full of houses whose owners have installed solar systems for electricity or hot water on their roofs. The University Hospital Cafeteria has installed a rooftop PV system that meets 10% of its energy needs; the Ganter Brewery has done likewise, as has the Lutheran Diakonie Hospital. The city's national league soccer stadium has installed a large solar PV array on its roof, many schools have created solar installations, and there is a big solar roof of 440 kW on the New Fair Grounds which host Europe's largest solar trade fair Intersolar. All of the solar energy is fed into the grid, rather than used on the spot or stored in batteries.

Within Vauban, a new ecologically designed settlement of 2000 houses that is being built on the site of an abandoned French military base, a Solar Village - Europe's most modern solar housing project - is being built at Schlierberg, with 50 solar houses that will produce more energy than they consume, designed by Rolf Disch, one of the most renowned solar architects in Europe. The brightly coloured terraced homes use only 15% of the energy that is needed by Freiburg's low-energy homes, and need additional heat for only a few weeks a year, from a wood chips biomass combined heat and power (CHP) plant.

Freiburg is also attracting solar research and development organizations. The Fraunhofer Institute for Solar Energy Systems conducts research for practical solar applications all around the world, and has developed a new system for solar refrigeration. A trades school runs a Solar Training Centre, producing the technicians and installers who are needed to service the growing activity. The International Solar Energy Society (ISES) and numerous other solar institutions have located their headquarters in Freiburg, and the city has often hosted major European solar energy conferences, attracting many delegates.

In addition to Freiburg's solar activities, mention should be made of some of the city's other environmental initiatives, since they all contribute to the quality of life which is an important sustainer of Freiburg's economic health. A cycling plan was drawn up in 1970, and the city now has over 500 km of bicycle paths, and a third of all journeys are by bicycle. There are more than 5000 bicycle parking spaces in the city, with more at tram stops for "bike and ride" commuters. The main railway station has parking and other cyclist facilities for 1,000 bicycles.

The old town centre became car-free in 1973, and in 1990, a 30 kph zones was introduced for almost all residential streets, except main roads. Freiburg introduced a low-cost flat-rate monthly "Environment ticket" for the region-wide bus service in 1991, and there has been a 100% increase in people using public transport since 1980. In the new district of Vauban, if residents sign a contract stating that they will live without a car, the requirement to buy a parking space in the district garage is waived, reducing the cost of their housing. Around 30 - 35% of the residents have chosen to live without a car. In 2004 and 2005 the city will open two major new tram lines, one from the city centre to Vauban. As a result of these initiatives, motor vehicle use fell from 38% to 32% between 1982 and 1999, in complete contrast to the trend in almost all other central European cities.

The city has an ambitious recycling programme with four separate household containers, including a bin for all kitchen and garden wastes, which are composted. As a result, Freiburg reduced its waste disposal from 140,000 tonnes a year in 1988 to 50,000 tonnes in 2000. Freiburg has also put 42% of its surrounding area under nature or countryside protection, where building is no longer permitted.

Structure and Finance

As an economic development driver, Freiburg's solar strategy does not require any specific structure, or core funding. It is powered by the synergy created by the city's vision among many solar players working together, who gain a mutual benefit from each other's presence.

In the open market, solar PV is still too costly for most builders and developers. Under the German federal government's 2001 Renewable Energy, Law, however, energy supply companies are obliged to reimburse stored solar energy producers at a highly subsidised price. The current rate of 0.457 Euros a kilowatt hour (compared to a standard electricity rate of 0.15 - 0.20 Euros, depending on the tariff) is guaranteed for a period of 20 years. The purpose of the law is to promote a doubling of renewable energy's share in the electricity market from 5 to 10% by 2010. This makes it possible to finance a PV installation which may cost 5,000 - 8,000 Euros per kW (1 Euro = £0.70). The electricity output that can be expected in Freiburg should cover the investment costs within 15 years. Under its "100,000 Rooftops Solar Power Programme", the German government provided subsidized loans until June 2003, when the programme expired.

In addition to national support, the regional power supply company Badenova (which is jointly owned by a number of regional municipalities) offers a solar investment subsidy for customers who want to install photovoltaic panels, which helps to increase solar's economic competitiveness. The program is financed from electricity sold under the brand label regiostrom. Badenova invests all of the income from the difference between the standard rate and the slightly higher regiostrom rate into further regiostrom plants (photovoltaics, biomass and small hydropower), which has resulted in a steady increase in the generation of environmental friendly electricity. 10% of Badenova's customers have voluntarily opted for electricity from regional and renewable energy sources.

Performance

By December 2003, the total PV capacity in Freiburg had reached 3,200 kW (3.2 MW), producing 3 million kWh per year for use in the grid. An additional 8560 square meters of solar thermal heating had been installed, and 700 square metres of solar swimming pool heating.

During the 1990s, Freiburg undertook a study to investigate the economic significance of its commitment to environmental policies. For the region as a whole, the study showed that solar energy and environmental policies have proven to be important economic development assets for Freiburg, which has never had any major industry. It also fits with Freiburg's position in a major tourist area.

By spending its energy dollars on solar and other renewable energy technologies, these dollars are also remaining within local circulation, instead of leaving the region to purchase gas, oil or uranium elsewhere. In addition to the economic and environmental benefits, Freiburg's citizens enjoy a pride in their city for showing this kind of leadership.

Future

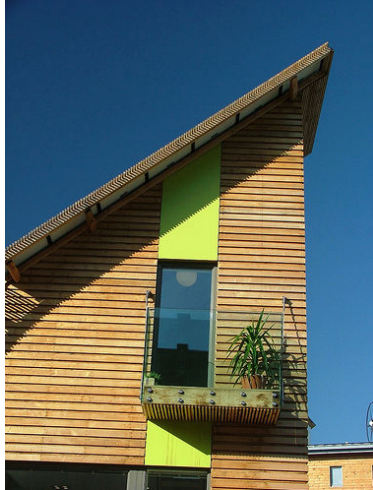
Solar PV and other renewables still only provide 2% of the power that Freiburg needs. The city generates 50% of its electricity from natural gas CHP plants, and the rest is imported, including 30% from nuclear. Freiburg's goal is to decrease nuclear's influence, and increase the energy from renewables to 10% by 2010. This can not be achieved by PV, so the city is

looking at obtaining more energy from biomass from Black Forest woodchips, and from wind power, which is generating a very heated debate, due to concerns that the turbines will spoil the Black Forest scenery. Six 1.8 MW turbines were erected in 2003, increasing the energy from renewables to 3.9%, but there is a court injunction against two of them. There are also plans to explore geothermal deep heat, which is very good in the Upper Rhine area around Freiburg.

APPENDIX 3

ILLUSTRATIONS OF EMERGING HOUSE DESIGNS WHICH DELIVER LOW/ZERO CARBON EMISSIONS

Building Research Establishment prototype low carbon dwellings



BedZED



Great Bow Yard, Somerset



Waterstone Park, Stone



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APPENDIX 4

DCLG Consultation in respect of Permitted Development Rights for small scale renewable and low carbon energy technologies, and electric vehicle charging infrastructure

The Government has proposed changes to permitted development rights for small scale renewable and low carbon energy technologies in November 2009. This consultation proposes to grant permitted development rights in the planning system for certain types of small scale renewable and low carbon energy technologies, and electric vehicle charging infrastructure. By removing the requirement to obtain planning permission from the local planning authority, these proposals are intended to make it easier for householders, businesses and others to install renewable and low carbon technologies in both domestic and non-domestic settings. The proposals are also intended to assist in facilitating the development of a robust electric vehicle charging network, so as to encourage the take up of electric vehicles.

The proposals would grant permitted development rights [by amending the Town and Country Planning (General Permitted Development) Order 1995] for the many “green energy” developments of which the following are the most notable;

- o A wind turbine with a blade diameter of up to 2.2m mounted on a detached dwelling house
- o A wind turbine with a blade diameter of up to 2.2m on a freestanding curtilage outbuilding
- o Stand alone wind turbines with a blade diameter of up to 2.2m within the curtilage of domestic premises.
- o Air source heat pumps on domestic and non-domestic premises
- o A Wind turbine up to 15m hub height mounted on a detached non-domestic building
- o A stand alone wind turbine up to 15m hub height outside domestic curtilages
- o Ground source heat pumps on non-domestic premises
- o Water source heat pumps on non-domestic premises
- o Solar panels on pitched and flat roofs of non-domestic buildings
- o Stand alone installation of solar panels on non-domestic premises
- o Flues for small scale biomass and combined heat and power extending a maximum of 1 m above ridge line
- o Structures to house biomass boilers, anaerobic digestion systems and associated waste and fuel stores on agricultural and forestry premises.
- o Electric vehicle recharging points

A number of criteria limit the scope of each of the proposed categories of permitted development and many do not apply in Conservation Areas and World Heritage Sites. It will also be a requirement that most technologies are installed and certified through a Microgeneration Certification Scheme (to ensure industry standards).

It is proposed that Members endorse these proposed amendments.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 21 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

TRANSPORTATION STRATEGY: MEASURES TO REDUCE CARBON EMISSIONS/ PROPOSED CITY COUNCIL INPUT TO DCC LOCAL TRANSPORT PLAN 2011-16

1.0 PURPOSE OF REPORT

- 1.1 This report reviews recent progress and trends in the City in terms of transportation and proposes a number of major priorities for Devon County Council to consider as part of the preparation of their Local Transport Plan.

2.0 RECENT TRENDS AND PRESSURES

- 2.1 The City has accommodated a dramatic growth in both jobs and population during the last decade. In 1998, Exeter had some 63,000 jobs and by 2004 this had risen to 86,000. This represents the third highest increase in the country at 37%. Similarly, over the last decade the population of the City has risen from 107,700 to 123,500 – an increase of 15%.
- 2.2 This marked increase in the City's level of activity has imposed pressures on the transport network to a very considerable extent but the system has coped remarkably well. Traffic growth on the city's main radials has been contained – the overall volume of traffic entering Exeter during the morning peak has actually fallen slightly since 2004, with no radial route showing an increase. Media headlines would suggest that delays are massive and growing but the evidence from Devon County Council does not confirm this. There are quite frequent objections that local bus services are either not good enough or too expensive. Nevertheless, there has been significant growth in bus patronage in Devon with a rise of 31% during the four years to 2008. Similarly, on the rail network, the use of all rail services in Devon increased by 61% during the twelve years to 2008. Cycle use has also risen significantly with an 37% increase in three years across major count points. There has also been a dramatic increase in the amount of cycling to school, with the city's secondary schools achieving an average of 20% cycling. Encouragingly, this has been achieved without a corresponding increase in casualties, the number of which has remained largely static.
- 2.3 During this period the City has seen a number of very significant physical changes:
- o the relocations to Exeter of the Met Office and EDF and subsequent growth of Exeter Business Park which had stalled in the last major property recession
 - o a buoyant and rapidly expanding University
 - o a renewed City centre
 - o a record level of house building (until 2007!)
 - o delivery of a high quality public realm in the heart of the city

2.4 Notwithstanding the general evidence that the system has coped quite well with these increasing pressures, there is one significant area where conditions are substantially worse. Members will be aware from the report to Executive on 24 March 2009¹¹ that whilst air quality in the City is generally very good, there are significant parts of the City which have excess nitrogen dioxide levels as a result of high levels of motor vehicle movement. The result is that it has declared all of the City Centre an Air Quality Management Area and with a series of designations for all the radial roads coming into the city. The strategy agreed by Members envisages a combination of measures which in summary comprise: limited enhancements to highway capacity; a range of demand management measures; a strong commitment to supporting the High Quality Public Transport proposal being prepared by Devon County Council; and investment in improved provision for more sustainable means of transport including bus, rail, cycle and walking.

3.0 FUTURE PRESSURES

3.1 Looking ahead from the current Recession, the RDA predicted three years ago that the Exeter economy would overtake that of Plymouth's by 2015. The designation of Exeter and the surrounding area as a New Growth Point three years ago, was in the expectation that the area would deliver a major increase in population and jobs over the period up to 2026.

3.2 Indeed, by 2026 the City and its immediate environs is forecast to have 28,500 additional dwellings which equates to another 45-50,000 people. There would also be 15,000 additional jobs in the City and a total of 25,000 extra jobs in the City and environs.

3.3 This growth will clearly place significantly more pressure on the existing transport network, potentially increasing congestion on key routes and reducing air quality, worsening bus service reliability and reducing the general amenity of residents. Combined with the imperative to reduce carbon emissions outlined in the accompanying papers, this suggests the need for a quite significant reorientation of strategy for the forthcoming LTP.

4.0 PROPOSED CORE OBJECTIVES FOR LTP3

4.1 The Local Transport Plan (LTP) is produced by Devon County Council as highway authority. The LTP is a document which sets out the objectives and policy framework for transport and describes a programme of action for a five year period. To date, two LTPs have been produced and the third, covering the period 2011 to 2016 is in the early stages of preparation. The County Council have been conducting 'hearings' as a means of gathering evidence and opinions. A draft will be produced this Spring, with consultation over the Summer for final approval in December.

4.2 The government has recently published its strategic framework for transport with the intention of squaring the circle between delivering economic growth and tackling climate change.^[2] The intention is that the transport system will:

- o support economic growth by delivering efficient transport networks
- o reduce transport emissions in order to tackle climate change
- o contribute to better safety, security and health
- o promote greater equality of opportunity

- o improve the quality of life

4.3 In responding to this framework and to the challenges of the local context, it is proposed that the City Council recommends that LTP3 should have three core objectives, as follows:

- (1) *Delivering a sustainable pattern of land use* – in line with the Turner Committee, this involves integrated land use and transport planning which minimises the need to travel by car and maximises the prospects of bus, rail, cycle or walking being attractive mode of travel and therefore well used. This is principally achieved through the drafting and the adoption of the Council's Local Development Framework Core Strategy and by carrying out a range of joint master planning exercises such as those currently being completed for Newcourt, Monkerton and Alphington.
- (2) *Supporting sustainable economic growth* – effective transport provision is a means of reducing transaction costs but transport is a big CO₂ generator. Some 20% of total emissions are generated by the transport sector and 92% of those emissions arise from road traffic, with the proportion rising. This links to the third, and key, objective.
- (3) *Delivering sustainable transport solutions* – to both reduce emissions and reduce energy consumption dramatically. A significant reduction in emissions is vital from the viewpoint of dealing with climate change and the need for a reduction in energy consumption reflects the dwindling supply of hydrocarbons. In terms of air quality, the primary pollutant is nitrogen dioxide and transport is the major generator of this. There are significant exceedances across the City^[1] which need tackling so this needs comprehensive action.

5.0 GENERAL PRINCIPLES

5.1 Before moving on to the consideration of a set of specific proposals for submission to Devon County Council, a few basic core principles are proposed for Members to consider. These are outlined below.

5.2 The first principle is about the level of reliance in the future on investment in highway construction. Given the scale of growth that is envisaged for Exeter over the next 16 years, there is no doubt that the City and its environs will need some additional highway capacity. Even if we achieve major modal shift, there will be some locations, by virtue of the development of a range of urban extensions which will require highway network enhancements. It is highly unlikely that much, if any of this capacity, will be in the City centre (apart from in conjunction with the bus station re-development) as the physical constraints are such that the environmental consequences and loss of historic buildings arising from capacity enhancements would be unacceptable in an historic city such as Exeter. Nor, for similar reasons, is there likely to be significant enhancement on the radial routes into and out of the City – motorists in queues on Alphington Road or other radials may curse the delays, but neither the City nor the County Councils is realistically going to begin the compulsory acquisition of swathes of property to deliver a four lane highway with high capacity junctions. It would also result in the loss of many of the City's local and district centres which straddle the principal roads into the City.

- 5.3 An appropriate scale of change is envisaged in the major schemes bid being prepared by Devon County Council. This is rightly focusing on outbound radial capacity so as to better manage congestion caused by vehicles trying to get out of the City, rather than encouraging yet more motor traffic to come into the City centre. Schemes that are being generated by the New Growth Point are also necessary – enhancements at Junctions 29 and 30 and the provision of the Clyst Honiton Bypass are providing capacity which is unavoidable given the scale of development proposed. An effective city centre traffic management scheme to create more vehicle free streets may require selective highway investment. Beyond this, there does however need to be a considerable pause for thought to see whether any such future large scale investment is, in the round, viewed as appropriate given the very demanding carbon reduction targets that need to be achieved.
- 5.4 The second potentially controversial principle is an acceptance that congestion at peak hour will continue unless there is a better mechanism for pricing car use at the point of use in the same way that bus/rail travellers pay at the point of use. As long as there is no price mechanism at the point of use (i.e. when we actually drive our cars), people will flood onto the network when it suits them. At one end of the spectrum the environmental lobby argues that the simple solution is to price up City centre car parks so that motorists pay the same when parking as they would do if buying a return bus fare. At the other end of the lobby spectrum, many in business would respond that paying more for parking or levying a charge on road usage is simply another tax. It is, however, a daily observable consumer choice that once you've paid for the cost of owning and running a car, and for many car commuters paid nothing for parking your car, people are unlikely to be persuaded to use alternative means of transport. It is important therefore to note in addressing both these sets of arguments, that only in the order of 850 cars are parked on City centre car parks before 0900 on weekdays (and a proportion of these will be shoppers and residents' cars) so these are not the source of the congestion that people experience. The real issue is that there are some 17,800 spaces at offices and industrial premises throughout the City that are available for motorists at no charge. It is more effective to charge people who currently pay nothing to park, than to extract more money from those who pay parking charges already. Uncomfortable though it is, a pricing mechanism in the form of a workplace parking levy, is an effective means of managing demand – and thus, without that, congestion will continue.
- 5.5 The third basic principle is that we need to create a civilised City centre by limiting cross City centre vehicular movement. We have moved beyond a situation where all City centre streets are available as a free for all for vehicular traffic to drive through at its convenience. If we have a vision of the City centre we want to deliver, we need to work out what the key functions of these streets should actually be. Isn't the City centre for pedestrians who are, for example, workers, shoppers, museum visitors, diners and library visitors, rather than for the convenience of a car driver either short cutting across the City centre or trying to drive as close as possible to their destination? An illustration of this latter point is the example of users of Triangle Car Park. Some 43% of the users of Triangle Car Park originate from the New North Road/Pennsylvania Road corridor, yet this car park is on the far side of the City centre from this approach. In contrast, only 15% of the users of King William Street Car Park originate from this corridor. These data do suggest that significant volumes of people are using the City centre highway network for the convenience of

driving as close as possible to their destination, rather than walking the last few hundred yards to those destinations. One wonders if this is a sensible way of allocating scarce space in the current climate.

- 5.6 Taking these three basic principles, the following section identifies a range of key measures for the future. Members may feel that some of these principles and measures are radical given perceptions about public opinion. Surveys of public attitudes suggest that the media focus on congestion and on the number of traffic lights in the City are not shared that widely. The City's retail consultants, DTZ, asked city centre users what things they disliked about the City Centre – 48% said 'nothing or very little' and only 2.6% highlighted 'traffic congestion making it difficult to get to by car'.^[3] Moreover, work for the City and County Councils by Socialdata found that 75% of those surveyed that 'limiting car traffic' was an effective measure and 89% thought that 'further developing public transport' was an effective means of dealing with traffic problems in Exeter.^[4]

6.0 KEY MEASURES FOR THE FUTURE

- 6.1 This section is split between a focus on the City centre and an outline of a set of wider measures that are applicable outside the City Centre but vital to the functioning of the City as a whole.

City Centre Initiatives

- 6.2 The City and County Councils have made real progress on pedestrianisation in the last five years. Until the start of this century we used to lag behind most English historic towns and cities having remarkably little space that was devoted to the pedestrian. As a result of collaborative work during the last decade, significant improvements have been made with the creation of streets which have pedestrian priority, with schemes undertaken in Cathedral Yard, Cathedral Close, Queen Street, Castle Street and High Street. More radically, Princesshay was designed so that all but a limited part of the scheme is entirely vehicle free, creating a standard of amenity and safety comparable with the best in Europe.
- 6.3 We have to acknowledge that there is no clear vision for the next stage however. Changes to Paris Street have attracted significant opposition, with conditions in Sidwell Street, North Street, Fore Street and South Street all suggesting that the balance between traffic and pedestrians/shoppers has not been struck. Some argue that in the effort to limit traffic in these streets, we are cutting off the life blood of the City centre. Viewed in the round however, whilst for the foreseeable future, vehicular traffic needs to get to the City centre in large volumes, it does not, by and large, need to penetrate every street outside Princesshay and Cathedral Close.
- 6.4 Given the ring of car parks that exist around the City centre it is more than possible to designate a network of routes to serve those car parks without compromising the whole of the City centre street network. Indeed, it is the sort of strategy that has been adopted in Bath and Cambridge some years ago and is common throughout many cities in Europe. This involves the creation of a cellular structure where vehicles approaching a city centre destination, choose one or more car parks within that sector but aren't, without some considerable inconvenience, able to cross the City centre by the shortest route. It is strongly recommended therefore that Members look at this in the round rather than focusing just on whether Paris Street should be one way or two way, by the

City and County Councils jointly preparing a comprehensive traffic management strategy for the City centre.

- 6.5 A crucial element, as a precursor to that work, is to be clear about the public role of key streets and spaces in the City centre so that the long term vision drives the traffic management strategy rather than vice versa. Thus, to take an example, which may seem pretty radical in the present climate, one could envisage the creation of the long imagined London Inn Square. This could be an entirely vehicle free space between Waterstones and the former Debenhams building and which would create one of the larger available spaces in the City centre for activities and markets, (see two conceptual ideas at Appendix 1). With the right traffic management solution, this is a serious possibility. A further key enhancement to the pedestrian environment in the City Centre would be to take buses out of the section of High Street from Queen Street to Fore Street, diverting all but the HQPT via Queen Street, Paul Street and North Street/Mary Arches Street. This is proposed, because this is the most sensitive part of High Street with narrow footways and historic buildings, in contrast with the upper part of High Street where the pedestrian space is much greater and the diversion route for buses much more circuitous.
- 6.6 To complement this work and to address the issue of poor air quality, it is also proposed that a Low Emission Zone (LEZ) is designated which limits vehicles using streets within a prescribed area of the City centre to those with exceptionally low emissions. It would not be an onerous burden on the bus operator, given the recent acquisition of many new vehicles which are either Euro 3 or Euro 4 compliant. Manufacturers are also pursuing further technological innovation in engine design leading to lower emission levels in the near future. The more significant consequences are likely to be for commercial vehicles and this will need careful assessment.

City Wide Initiatives

6.7 (i) *General Context*

The predominant investment will need to be in public transport. If the seemingly inexorable growth in car use is to be contained, our dependence on oil reduced and our carbon footprint dramatically reduced, the quality of the public transport services that are on offer needs to see a step change. Furthermore, because the new community and three urban extensions provide the bulk of the new housing for the City over the next 20 years, each will need to be served by the High Quality Public Transport network if those new communities are not simply to become car dominated suburbs like their predecessors.

6.8 (ii) *Implementing the High Quality Public Transport System (HQPT)*

The County Council have been working for some time on a detailed bid for the funding of HQPT. The concept is that a high frequency, high quality vehicle would provide services on a number of spine routes which link together the key development sites around the city, the key employment nodes and the City centre. By changing the image of the local bus network and by adopting the type of ticketing system (Oyster Card) which the public have become accustomed to and enthusiastic about in London, the ease of use and fundamental attraction of the system would make this the first choice mode of travel for many residents.

- 6.9 This is probably the single most important investment which the City needs in transport terms over the next decade. The DfT has shown considerable interest in the proposal and, subject to any forthcoming public spending review, the prospects for a significant grant through the Regional Funding Allocation look good. The County Council will be consulting on their outline proposals during February.
- 6.10 *(iii) Upgrading the Rail Network*
There has been dramatic growth in passenger use of the rail services feeding into the City over the last decade, with the Exmouth and Barnstaple lines regularly showing annual increases of 10% or more. Exeter is unique for a City of its size in having a significant number of suburban rail stations (six) and therefore it has a high proportion of the population with ready access to a station within a 10 minute walk of their home. The potential for expanded use of the local network is significant and this was outlined in a joint ECC/DCC paper to the Devon and Exeter Rail Working Group last July which advocated investment in selective track re-doubling, improved signalling, and the construction of new stations at Newcourt and Monkerton^[5]. This needs to be complemented by the provision of additional and (critically) updated rolling stock since much of the stock is of the lowest quality seen on the national rail system. Devon County Council will be looking at the potential for delivering these aspirations as part of the Exeter and Far South West Gateway Study. The aim of the study is to develop a programme of transportation investment priorities for the South West Peninsula, which may be progressed through the LTP or the Major Scheme Bid Regional Funding Allocation process. Representations have also been made to Network Rail in respect of their Route Utilisation Strategy to underline the need to enhance local rail capacity so that the city's growth can continue.
- 6.11 *(iv) Park and Ride Enhancements*
Exeter lags other historic towns and cities in the extent and quality of its park and ride provision. There are only some 1700 spaces provided in three sites which are available for general public use (the fourth is aimed specifically at RD&E workers). Devon County Council have had plans for a new 800 space park and ride facility at Ide which have currently stalled. The City Council needs to continue to lobby for park and ride investment, given that coverage of the key radials into the City is incomplete and capacity is inadequate to accommodate further growth at the existing sites. It remains a priority to find a new site to serve the A38/A380 corridor, given the limitations of Matford and it is intended that this would be done through the South West Exeter Master Planning exercise. Provision for the Crediton/Tiverton corridor remains problematic with the only suitable site being in the flood plain; however a Park and Ride site on this major route into the city remains an aspiration for the County Council. A welcome recent development by Stagecoach is the purchase of new vehicles for the Honiton Road, Sowton and Matford services which will significantly raise the quality perceptions of the public.
- 6.12 *(v) Comprehensive Cycling and Walking Networks*
Until recently, provision for walking and cycling in the City has tended to be low priority. With the adoption several years ago of a joint Walking Strategy between the two authorities and the designation of Exeter as a Cycling Demonstration Town, there has been a re-balancing of those priorities and a concerted programme of investment in the city. The cycle network has been extended very significantly in the last three years with new routes serving the City's secondary schools and principal employment sites. There is also

significant emphasis on softer measures to encourage people to switch to cycling. We are now starting to witness the potential that cycling offers for many journeys in the City with a 40% increase in cycle trips between 2005 and 2008. Research in the City shows that there is still significant potential for growth with one fifth of all trips made by Exeter residents being no further than one kilometre and approaching half (45%) are no longer than three kilometres. Over two-thirds are in the range of five kilometres. All distances that are easily covered by foot or bike. (Travel Behaviour Research Baseline Survey 2008 Exeter. Sustrans.) It remains critically important to deliver safer crossing points for busy roads. In that respect, the debate that started last Autumn over the justification for the recent surge in traffic signal installation in the City rather misses the point. There are many instances where the speed of traffic and lack of breaks in flow, mean that for those who are less confident or agile, they cannot cross the road without the benefit of pedestrian and cycle phases at signals. Dutch experience on removing signals is not a readily transferable one, given the different culture and road user liability context. (A motorist is assumed to be liable for a cyclist or pedestrian accident unless they can prove to the contrary.) The more we can encourage people to walk and cycle, the less congestion and carbon use and the more likely people are to remain healthy as a result of the attendant exercise.

6.13 Future investment needs to focus on ensuring that there is a dedicated network of routes giving direct, easy access to the City centre, key employment locations, schools and leisure centres. Progress with the provision of cycle routes from Exeter to adjacent towns and the countryside has also been impressive though the completion of the Exe Estuary route remains a priority, not only encouraging cycle commuting but underpinning the City's offer as a sustainable tourism destination. The design and implementation of similar links to Crediton and Tiverton will ensure a comprehensive network in the centre of Devon, focusing on the City.

6.14 (vi) *Gateways*
The key arrival points for the City have for many years been, by and large, uninspiring. Driving south on the M5 approaching Junction 29, there is no particular wow factor and the park and ride sites are, for the most part, utilitarian. The exits from Central Station and St David's Station are both uninspiring. The construction of the Science Park at Junction 29 should provide the opportunity to give a key 'signature' to the City for users of this corridor. With the new generation of park and ride sites, it should also give the opportunity to provide quality designs that people can feel comfortable using.

6.15 Despite officers of both authorities working for over ten years on endeavouring to deliver a modest enhancement scheme for Central Station (which is used by approximately 1.5 million passengers a year), progress has, until recently, been zero. However, the recent change of stance by Network Rail is most welcome and a project is now under way for the two authorities to look at re-designing the station booking office and entrance to revert to its original central position. It would also remove parking from the front of the station to create a paved area which will give a real sense of arrival. Similarly, progress at St David's has been non-existent despite the attempts of both authorities to put together development schemes that could overcome the dominant feeling for train travellers of arriving in a car park. The current condition of the property market prevents a commercial scheme coming forward at present but this still remains a key concern affecting the image of the City.

- 6.16 (vii) *Highways and Traffic Management*
The two decade long focus on safety enhancements has paid dividends in the reduced number of road casualties. The more recent delivery of dedicated walking and cycling networks and signalised crossings of the highway network will add to the ability of more vulnerable road users to use the highway network. Investment in the outbound capacity of key radials and the alterations to Junction 29 should both be strongly supported, since whatever measures are taken for the longer term, to achieve modal shift, there will be a marked increase in population and employment levels in the City which will continue to put pressure on the highway network.
- 6.17 An area of concern, however, is the burgeoning cost of work to the strategic highway network – whilst Devon County Council strikes a sound balance between design standards and costs, the Highways Agency remains committed to a set of standards which tend to distort resource allocation when delivering new developments. Given that all of the key development sites are adjacent to the Trunk Road and motorway network, there is a strong danger that HA design standards could either stifle development or result in limited infrastructure funding being unnecessarily focused on delivering expensive highway solutions. Local authorities need to challenge this distortion of priorities by seeking a more flexible approach to design.
- 6.18 The City's Parking Strategy will need to be reviewed this year. The City Council controls 25 off street car parks, providing nearly 4500 spaces. Together, these car parks generate some £6 million income a year. Over the last decade the pricing strategy of the Council has been geared to discouraging their use by commuters and encourage the short/medium stay shopper and visitor. The review of strategy will need to address the long term aims of the service, dealing with the conflicting objectives of car access, income generation and emissions reduction. Given the recent completion of a study by consultants of current usage patterns, (in conjunction with the bus station study), the technical basis for a policy review should be sound. This work would also identify which sites could be released for re-development.
- 6.19 (viii) *Low Emission Vehicle Strategy*
The issue of air quality, highlighted at the beginning of this paper, needs to be a key focus of policy. The significant number of Nitrogen Dioxide exceedances across the City and along the major radials is a cause for concern. Consultants from the Centre for Energy and the Environment at the University of Exeter have analysed the current situation and looked at a range of options. They conclude that the best chance of solving the problem of exceedances involves:
- o the development of the Grace Road link
 - o an HGV routing strategy
 - o a Low Emission Zone covering buses and HGVs across the whole Air Quality Management area
 - o selective access restrictions in City Centre streets.
- 6.20 Progress in this respect is variable. The Grace Road link is due to go on site shortly. Stagecoach are gradually introducing Euro 4 buses and the results have been dramatic. On the Heavitree Road corridor, which is the most affected by vehicle pollution, the new fleet of Euro 4 buses introduced between 2005 and 2007 produce a 40% drop in bus emissions. With HGVs, whilst only a small proportion of the traffic, they generate significant amounts of emissions and their share of the emissions burden is rising. Unlike cars, where the EU

has agreed reductions in fleet standards for vehicle emissions, no such mechanism is in place for vans or HGVs. There is, thus, an imperative to develop a comprehensive understanding of freight movements in the City so that a Low Emission Zone can be identified and an HGV routing strategy adopted.

- 6.21 Taken together, the measures may result in:
- o a bus LEZ restricting buses within the AQMA to only Euro 4 or above in 2011 and Euro 5 in 2015
 - o an HGV LEZ with the same standards
 - o an access strategy for City Centre streets

Collectively these would form a CLEAR zone for the City Centre and a Low Emission standard for the currently most highly polluting vehicles across the City. If the existing LTP and the measures outlined above were implemented, this would be likely to result in a 30% reduction in Nitrogen Dioxide levels across the City but still leaving a limited number of sites with exceedances.

- 6.22 A further key area of innovation for which both authorities need to develop an early strategy is the likely growth in the use of electric cars. This has taken many decades to materialise but the need to drive down emission levels and the availability of financial incentives are likely to result in a significant rise in this mode of personal transport. The Turner Committee sees a very large growth in the use of electric vehicles as battery technology enables their range to be extended from a 128km average to around 400km. The Committee envisages 240,000 electric models and plug in hybrids by 2015, rising to 1.7 million by 2020. Whilst off-street home charging will power three quarters of these, the rest would need to be catered for by on street work place or park charging points. There are significant design and infrastructure issues to address, if this ambitious target is to be achieved. Other authorities are installing public charging points, with Newcastle installing 750 of them. The City and County Councils should develop a strategy for this with some urgency.

7.0 CONCLUSIONS

- 7.1 The input to LTP3 in terms of its provisions for Exeter should be based on a bold vision for the City's future. It will identify what sort of City centre we are seeking to create and should be supported by the assumption that a step change in the use of public transport can be achieved so that we deliver sustainable urban extensions over the next 15 years or so. We need to identify and agree the places and spaces that are of sufficient quality such that they are not overwhelmed by the volume of passing traffic, where air quality targets can be met, rather than as at present awaiting a whole mix of measures to get nitrogen dioxide down to acceptable levels. All of this requires significant investment which is particularly difficult at a time of pressure on public spending. There also needs to be some mechanism for dealing with the 17,800 free parking spaces for employees which is what drives the amount of car travel at peak hours, through ongoing discussion with the County Council through the Local Transport Plan process.
- 7.2 The elements outlined above would form the core of a more sustainable transport strategy for the next five years and the necessary actions that should accompany that strategy.

8.0 RECOMMENDATIONS

8.1 It is recommended that Members agree:

- (i) the core objectives outlined in Section 4.2 of this paper;
- (ii) to support the measures proposed in Section 6 of this paper;
- (iii) that a submission based on the above is made to Devon County Council as input to the preparation of LTP3;
- (iv) that a joint ECC/DCC city centre transportation strategy should be prepared in the first half of this year;
- (v) that a review of the City's Parking Strategy be completed in parallel;
- (vi) that a joint ECC/DCC strategy on providing for electric and hybrid vehicles be prepared and the prospect for a City trial be brought to a meeting of Scrutiny later this year; and
- (vii) that (iv), (v) and (vi) above be the basis for the preparation of a CLEAR zone strategy for the City Centre linked to the designation of a Low Emission Zone.

JOHN RIGBY
DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

1. Exeter Air Quality Strategy 2009-2014. Executive. 24 March 2009.
2. Delivering a Sustainable Transport System. Department for Transport. 2008
3. Exeter Retail Study. DTZ. 2009
4. Travel Behaviour Research Baseline Survey – Exeter. Socialdata. 2008.
5. Potential for Future Enhancements to the Exmouth Branch to Accommodate Development. Devon and Exeter Rail Working Party. July 2009
6. National Rail Trends 2008-2009 Yearbook (Office of Rail Regulation)
7. Devon Local Transport Plan Progress Report March 06 – April 08

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APPENDIX 1

ILLUSTRATIONS OF A TRAFFIC FREE LONDON INN SQUARE.



Potential for landmark at end of New North Road

Potential Development Area

Existing Access - Potential new retail/cafe frontage at ground floor level

Potential to extend and narrow taxi rank to increase pedestrian space

Market/ Cafe Seating Area

Vacant

Potential new retail/ cafe frontage at ground floor level

Approx 1.2m fall

Cafe Seating Area

Market/ Cafe Seating Area

Waterstones

Existing Tree

Potential area for Market stalls

Existing paving retained

Smell Street

High Street



London Inn Square
Sketch Plan - Option 1

Scale: 1:250 at A3
Drawn: Paul Osborne
Date: Dec 2009

Design and Development
Planning Services
Exeter City Council
Civic Centre, Paris Street, Exeter EX1 1NN
Tel: 01392 277888
www.exeter.gov.uk



Potential for landmark at end of New North Road

Potential Development Area

Existing Access - Potential new retail/cafe frontage at ground floor level

Potential to extend and narrow taxi rank to increase pedestrian space

Vacant

Cafe Seating Area

Potential new retail/cafe frontage at ground floor level

Market/Cafe Seating Area

Potential for focal point to new space

Waterstones

Existing Tree

Potential area for Market stalls

Existing paving retained

Stowell Street

High Street




London Inn Square Sketch Plan - Option 2

Scale: 1:250 at A3
Drawn: Paul Osborne
Date: Dec 2009

Design and Development
Planning Services
Exeter City Council
Civic Centre, Paris Street, Exeter EX1 1NN
Tel: 01392 277888
www.exeter.gov.uk



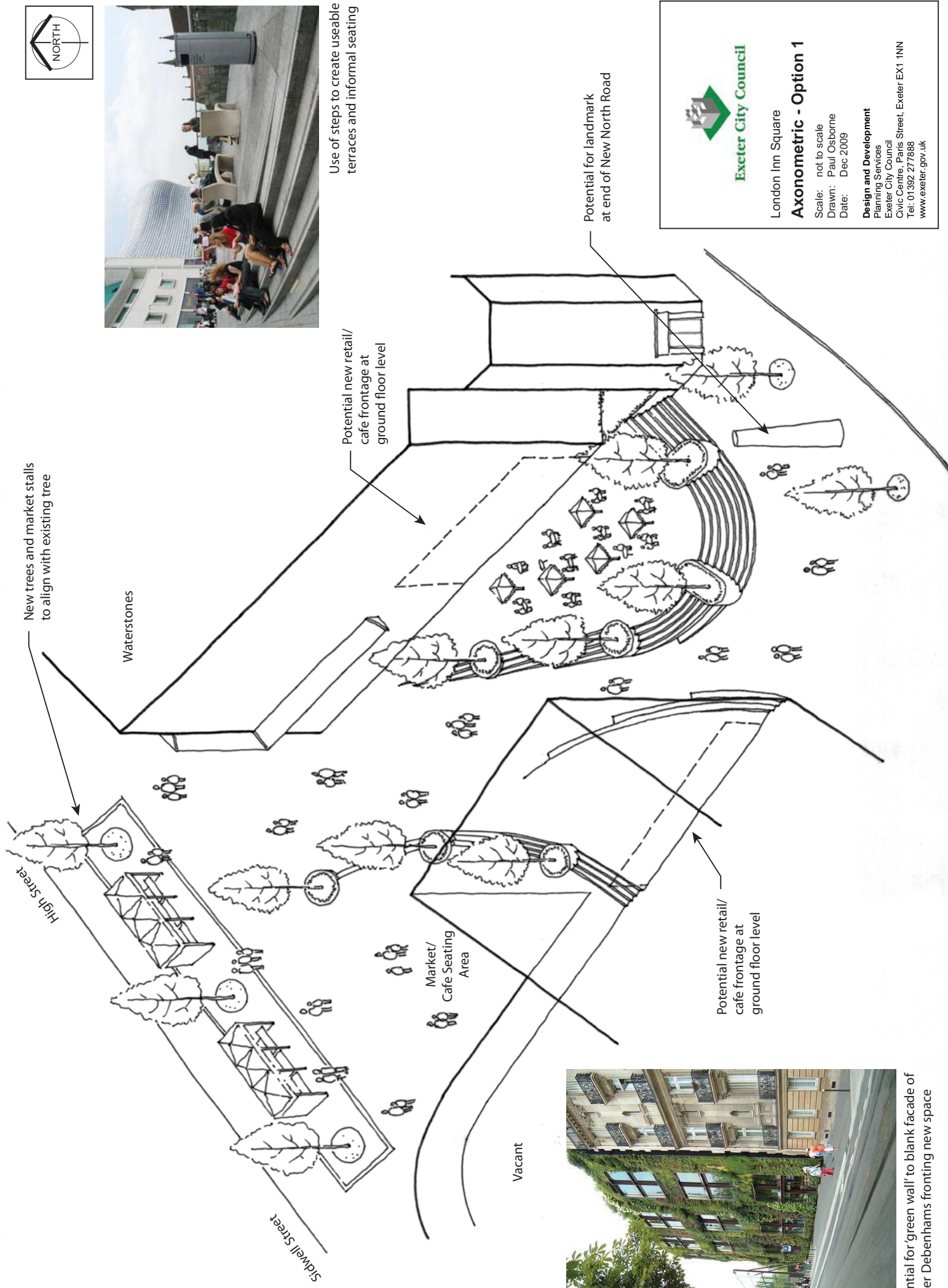
Use of steps to create useable terraces and informal seating

 **Exeter City Council**

London Inn Square
Axometric - Option 1

Scale: not to scale
 Drawn: Paul Osborne
 Date: Dec 2009

Design and Development
 Planning Services
 Exeter City Council
 Civic Centre, Paris Street, Exeter EX1 1NN
 Tel: 01392 277888
 www.exeter.gov.uk



New trees and market stalls to align with existing tree

Waterstones

Potential new retail/ cafe frontage at ground floor level

Potential for landmark at end of New North Road

Potential new retail/ cafe frontage at ground floor level

Vacant



Potential for 'green wall' to blank facade of former Debenhams fronting new space

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY 21 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

CITY CENTRE: CARBON EMISSIONS, AIR QUALITY AND TRAFFIC

1.0 PURPOSE OF REPORT

- 1.1 This report reviews current conditions in the City Centre and sets out a framework for the longer term and proposes a range of short and medium term priorities.

2.0 REVIEW OF PROGRESS

- 2.1 The Council's first City Centre Strategy was adopted in 1999/2000 and then reviewed and renewed in 2007 following a City centre audit, by CB Hillier Parker. Much of those two strategies and action plans have been delivered, with the transformation of the City centre during that period. The principal elements that should be highlighted are:

- o the design and delivery of the Princesshay scheme, covering around one fifth of the City centre
- o the upgrading of key City centre streets to provide a high quality public realm in Queen Street, Castle Street and High Street
- o the transformation of Cathedral Yard and Cathedral Close into a pedestrian dominated space with very limited vehicular access and the creation of a high quality public realm
- o the transformation of Southernhay from a heavily trafficked street to one that provides local access and parking for its southern two thirds and a delightful vehicle free parkland setting at its northern end, adjacent to Princesshay
- o the modernisation of the Royal Albert Memorial Museum, work on which is now two thirds complete
- o the creation of effective CCTV infrastructure which underpins the safety of the City centre
- o a very successful public and private partnership (Exeter Businesses Against Crime) which provides a highly effective mechanism for fighting business crime and dealing with its consequences quickly and effectively
- o three new City centre car parks at Princesshay, Summerland Gate and Central Station, with a further £2.5 million invested in the modernisation of the Mary Arches and Guildhall Car Parks.

- 2.2 The City has accommodated a dramatic growth in jobs in Exeter during the last decade. In 1998, the City had some 63,000 jobs and by 2004 this had risen to 86,000. This represents the third highest increase in the country at 37%.

Similarly, over the last decade the population of the City itself has risen from 107,700 to 123,500 – an increase of 15%. This scale of growth has underpinned the buoyancy of the City Centre and, in some respects, put additional pressures upon it.

- 2.3 The enhancements that the City and County Councils have delivered over the last ten years have both stabilised and strengthened the City's position in competition with others in the region, with the City currently 43rd in the nationally recognised 'Experian' rankings. Nevertheless, the City Council needs to identify a long term strategy for the City centre to deliver a range of further improvements and accommodate the growth in employment, housing and retailing which has been identified for the City. In terms of the LDF Core Strategy, the demands of the sequential test which steer development towards the City centre means that there needs to be a greater intensity of use of the remaining regeneration sites as a central part of that long term strategy. At the present moment, the two key regeneration areas in the City centre – the Grecian Quarter and the Castle Quarter – are both somewhat cut off from the rest of the City centre. This may seem a surprising conclusion, but the physical impact of traffic flows on Paris Street and Sidwell Street have been highlighted by the Chamber of Commerce, the Chair of the City Centre Management Partnership Board and by our retail consultants, DTZ.^[1]
- 2.4 Advising the Council on its priorities regarding retailing, DTZ highlighted the problems of traffic severance as follows:

“In parallel with public realm improvements, we suggest that traffic management arrangements be reviewed, with the aim of reducing severance by traffic of secondary shopping streets from the prime retail area. The three main locations where this occurs are where Paris Street crosses High Street/Sidwell Street; where North/South Street crosses High Street/Fore Street; and where Market Street/Mary Arches Street crosses Fore Street. These three traffic crossings form significant barriers to easy pedestrian flows. The most important is that at Paris Street. This is because the Bus and Coach Station site is on the opposite side of Paris Street from the existing prime retail area of Princesshay and High Street. In order for a major retail development on this site to succeed as a new shopping centre, and for it to integrate with the existing prime retailing for the benefit of the City centre as a whole, it will be necessary to breach this barrier to easy pedestrian movement.”

- 2.5 In the case of the Castle Quarter, the street and building form is such that pedestrian permeability is extremely limited so that the area feels like a backwater. This mitigates against successful long term regeneration of the area. Our long term strategy for the City centre needs to address both of these key obstacles for successful regeneration.

3.0 LONG TERM VISION FOR THE CITY CENTRE

- 3.1 The City Centre performs a complex set of roles, some of which are complementary and several of which are conflicting. The key roles can be summarised as:

Economic Role – the City Centre is the economic motor of the City providing 1.4 million sq.ft. of shopping floor space and 3 million sq.ft. of office floor space, which between them provide 20,000 jobs.

Social Role – the City Centre is the social hub of the City, providing a range of formal and informal opportunities for leisure, recreation and informal contact

Residential Quarter – the City Centre has some 5,000 dwellings with the number having increased significantly in the last decade.

Transport Hub – the City and County bus services focus on High Street/Sidwell Street/the Bus Station which brings an estimated 2.5 million passengers a year into the City. The City's 20 car parks located inside or on the inner ring road are used by over 2.5 million motorists a year on a daily basis. Many vehicles use the City Centre streets to get as near as possible to their destination or simply as the quickest route across the City. As the pressure on the City Centre is intense, and over the next 15 years it will need to accommodate some 8,000 new dwellings and 4,000 jobs in the City Centre. Based on recent forecasts from DTZ, the City could accommodate a further 530,000 sq.ft. of shopping floor space. The City will also need to accommodate some 1,500 additional bedspaces for students for which space on campus is limited as it is primarily devoted to teaching space, if we are to avoid unacceptable pressure on the local housing markets. Any further investment of the commercial sector in leisure is also going to be steered to the City Centre, given the longstanding planning policy.

- 3.2 If we are to accommodate the various pressures to create a satisfactory environment, the following key elements need to be delivered:
- o sites for new jobs, housing and retail uses
 - o significantly intensified use of the Bus Station and Bus Garage sites through comprehensive re-development
 - o effective opening up and investment in the Castle Quarter for cultural purposes
 - o further rationalisation and modernisation of the parking stock
 - o major enhancement of the twin gateways for passengers at Central and St David's Stations
 - o elimination of City Centre vehicular movement in all the principal shopping streets, except for public transport vehicles
 - o the creation of a series of new pedestrian spaces in the City Centre
- 3.3 The following section outlines the key projects that would help to deliver these aspirations and the steps that need to be taken.

4.0 KEY PROJECTS

- (i) *The Grecian Quarter, in particular the Bus Station re-development*
- 4.1 The City Council has already put in place a planning and urban design framework for the area in the form of the Grecian Quarter Urban Design Analysis. This sets out the constraints and opportunities for re-development of the Bus Station/Garage site, the re-development of the area between Summerland Street, Western Way and Sidwell Street and the potential for long term re-development of King William Street Car Park area. The first of these needs to be driven by the City Council as freeholder, given the complexities of the site. The second will be steered by the planning framework provided by the City Council but delivered

incrementally by the private sector. The third is a very long term opportunity and, given the scale of costs involved, the King William Street Car Park will have a minimum of a 10 year life and maybe considerably longer.

- 4.2 Progress with the Bus Station project is slower than advised to Members a year ago but all the key technical work has now been completed: a Retail Study has been completed; a Height and Massing Study has been carried out by consultants; the Transportation Study has been completed in conjunction with Devon County Council; the Parking Study has been completed by external consultants; and an Archaeological Evaluation will be completed shortly. Preparation of a Master Plan for the area will begin this Spring and Members will need to determine who the development partner is to be so that a scheme can be prepared. A paper will be submitted to Executive later this Spring and will set out the recommended way forward. In order to meet the many demands on limited City Centre space, the scheme is likely to comprise significant retail content, cafés and restaurants, additional commercial floor space, significant residential accommodation, a new bus interchange and a significant sized, purpose built car park. Given the requirement to meet the City's aspirations for affordable housing and a new bus interchange, funded by planning gain, this means that it is vital that the value of the scheme is sufficiently high to justify the investment risk. Thus the need to tackle the problem of Paris Street which still represents a barrier to pedestrian movement and the evident drag effect this will have on the scheme's viability if this is not achieved.

(ii) Development of the Castle Quarter

- 4.3 The City Council's investment in the underpinning and modernisation of RAMM will lead to a very high quality facility in the heart of the City which will be a regional cultural attraction of note. The effective regeneration of the Castle itself is a key project which has made only limited progress because of the Recession. The position of the County Council with regard to its long term intention towards the library remains ambiguous but this is a key element in devising an effective strategy for this area to work coherently. Further work needs to be carried out to establish ways of improving pedestrian permeability to deal with the perception that this area is blocked off by the buildings along the High Street and Queen Street. In the medium term, a more detailed strategy needs to be prepared for this area.

(iii) Further City Centre Enhancements

- 4.4 The rolling programme of enhancements funded by the City and County Councils has slowed down, following the completion of work in Summer 2007. Further priorities that Members have agreed are the enhancement to the High Street end of Gandy Street, enhancement to the entrance to Northernhay Gardens and a phased series of enhancements to Fore Street. The long term role of High Street has been a point of difference between the two authorities, with the City expressing its desire for the eventual removal of buses from High Street but the County opposed to this. It is evident that the High Quality Public Transport (HQPT) system will in all likelihood need to run between Sidwell Street, High Street and Fore Street and in many senses this is consistent with systems in other European cities, where trams are retained in otherwise pedestrianised streets. Nevertheless, in conceding this prospect, Members may wish to consider that the compromise position should be that HQPT will use lower High Street whilst other bus services should use Queen Street, Fore Street, Mary Arches/North Street in order to dramatically reduce the volume of vehicles in the most sensitive part of the High Street. Studies have illustrated that the diversion impact in terms of journey time and potential loss of patronage is significantly

less than 5% whereas the removal of buses in upper High Street is likely to result in an impact of closer to 20%.

(iv) Creating New Pedestrian Spaces

- 4.5 Exeter has three significant spaces at its heart in the form of Cathedral Green, Rougemont Gardens and Northernhay Gardens. There are, however, few quality formal spaces for events, activities or markets. The existing spaces tend to be linear and often compromised by traffic – Cathedral Yard is completely vehicle free, whereas Fore Street/South Street accommodates the Farmers' Market in a constrained space compromised by significant vehicular traffic movements. There is scope for delivering a series of additional public spaces if both Councils are prepared to be visionary in their thinking. When the future of the library is known, there is scope to deal with dead space in front of it on Musgrave Row, along with the upper level next to the telephone exchange which could provide the potential for a quality space in the heart of the City. As part of the Bus Station re-development, a new space leading onto London Inn Square is also a likely prospect. The greatest prize would be the creation of a new open space between Waterstones and the former Debenhams, eliminating traffic from this space altogether and simply leaving High Street/Sidwell Street as the major public transport access link (see illustration at Appendix 1).

(v) City Centre Traffic Management

- 4.6 Work undertaken as part of the Bus Station Study does illustrate that the elimination of through traffic in Paris Street and between Waterstones and the former Debenhams is feasible, but may require significant capital investment in the adjacent network. Current economic conditions means there is no prospect of this being developer funded, but it would have significant environmental and air quality benefits that would derive from the construction of a such a facility meaning that it could attract DfT funding as part of a wider package of measures.
- 4.7 The accompanying paper on Transportation Strategy sets out the broader concerns about air quality in the City Centre and recommends that proposals for a CLEAR Zone be prepared which would reduce/eliminate traffic in a range of key City Centre streets and introduce demanding standards that would permit only low emission buses, vans and HGVs to use the City Centre. By putting in place such a comprehensive package, not only would air quality be improved, but the effects of traffic severance on pedestrian activity would be markedly reduced.

(vi) Parking Provision

- 4.8 Studies on parking use which have been undertaken by consultants needs now to be dovetailed with work on the LDF Core Strategy. The likely outcome is the provision of a significant sized car park as part of the Bus Station re-development scheme which may provide the opportunity to release one or two car park sites for re-development. Progress needs to be made with the remaining stock to bring it up to the standards of Mary Arches and Guildhall Car Parks with the quality of finishes and the provision, where possible, of pay on foot systems.

(vii) Gateways at St David's and Central Stations

- 4.9 After a decade of nil progress at Central Station there now appears to be the prospect that Network Rail could undertake a comprehensive re-planning of the station forecourt area in conjunction with the many interested parties. The ability to provide a proper station facility rather than the current apology for a gateway would be welcomed by the 1.5 million users that go through Central Station every year. It would also mean that instead of appearing to arrive in a car park, people would feel that they were arriving at the heart of an exciting and vibrant City. Due

to the recent change of heart by Network Rail, it is proposed that officers continue to work closely on this project and that the City Council makes a substantial contribution to the enhancement works from its City Centre enhancements budget, with a further paper to be provided to Members, as and when a detailed scheme is prepared.

- 4.10 At St David's Station, the difficulty remains the challenge of finding a viable scheme, which was the case even when the market was at its height. It would be an ideal site for student or office accommodation but the viability challenge of re-providing the lost parking at the front of the station in the form of a multi-storey car park to the north side is considerable. For the time being, the drab environment, as one walks out of the station, will unfortunately continue.

(viii) Provision for Pedestrians and Cyclists

- 4.11 If the above programme of projects is adopted, there will be very substantial enhancements for provision for pedestrians through a range of interlinked projects. In recent years, provision for cyclists has improved with access allowed at all times through High Street, cycling still permitted in Cathedral Yard and a key spine route provided through the Princesshay scheme, linking the east and west sides of the City. There are still a number of key links that are missing which the Cycling Demonstration Town project needs to address. Furthermore, there is a need still to enhance cycle parking provision so that it is convenient and enjoys good surveillance.

(ix) Business Improvement District (BID)

- 4.12 There are a range of strategic planning and transport issues and associated delivery projects which will dramatically enhance the City Centre over the next decade or more. The day to day management of the City Centre remains a key priority. The City Council has agreed to support the Chamber of Commerce in preparing the case for the designation of the City Centre as a Business Improvement District and work on this is now under way. The intention is that business will advise on a range of actions that will enhance the attractiveness of the City Centre. These may include: significantly enhanced marketing effort; improvements to security; enhanced park and ride and bus service provision; public realm enhancement projects; high levels of cleansing; and so forth. Consultants have been appointed to assist with the preparation of the case and it is likely that the ballot on the designation of a BID will be held in the Autumn of this year. If the BID proposal is approved following a vote of all businesses, this will generate upwards of £500,000 additional income per year to deliver those enhancements.

5.0 NEXT STEPS

- 5.1 Given the implications of these projects for a wide range of stakeholders, it is important that there is stakeholder involvement before any strategy is finalised. There is also additional technical work that needs to be undertaken before key elements of this can be finalised. Nevertheless, there are a number of elements which need to be reflected in any submissions to Devon County Council of these draft ideas so that they can be incorporated into the County Council's Local Transport Plan, preparation of which is currently underway. Various key actions are, therefore:

- (1) discussions of these draft proposals with Devon County Council

- (2) agreement with Devon County Council to undertake a joint City Centre traffic management and Low Emission Zone study and leading to the adoption of a joint long term strategy
- (3) the continuation of the work on the Bus Station Study, already agreed by Members, with the shape of the development deal to be considered by Executive later this Spring and a draft Master Plan to be considered by Planning Member Working Group later this year
- (4) prepare a Strategy for the City Centre in the form of a City Centre Area Action Plan (which is part of the City Council's Local Development Scheme)
- (5) continue use of the Council's capital programme for a rolling programme of public realm enhancements
- (6) continue joint working with Network Rail and other stakeholders to deliver a quality scheme for Central Station, with a significant capital contribution from the City Council
- (7) negotiations with developers as opportunities arise to implement these proposals incrementally

6.0 RECOMMENDATIONS

6.1 It is recommended that Members:

- (i) comment on the approach and actions outlined in this paper;
- (ii) agree to submit the transportation element of these proposals to Devon County Council as input to the LTP3; and
- (iii) agree that work proceeds on the draft strategy and key projects with a view to its incorporation into the City Centre Area Action Plan to be prepared later this year.

JOHN RIGBY
DIRECTOR ECONOMY AND DEVELOPMENT

ECONOMY & DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

1. Exeter Retail Study. DTZ. 2009.

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EXETER CITY COUNCIL

EXECUTIVE
9 FEBRUARY 2010

COUNCILLORS' ALLOWANCES 2010/11

1 PURPOSE OF REPORT

- 1.1 To consider the report and recommendations of the Independent Remuneration Panel on Members' Allowances in relation to Councillors' Allowances for 2010/11.

2 BACKGROUND

- 2.1 The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid.
- 2.2 The Panel, comprising representatives of the business and voluntary sectors, met on 14 January 2010. In developing the Panel's recommendations for the 2010/11 Allowance Scheme, Councillors were invited to submit any comments on general and specific aspects of the allowances scheme for consideration by the Panel. Three Councillors responded and unanimously suggested that with the general economic situation that a continued freeze on allowances would be appropriate.
- 2.3 The Panel's report is attached at Appendix I. As for previous years, in arriving at its recommendations, the Panel reflected on the principles and methodology set out in the earlier report of the independent adviser on Members' Allowances submitted to the Council in March 2001.
- 2.4 In accordance with the Regulations, a notice was published in a local newspaper setting out the Panel's recommendations and notifying the public that copies of their report were available for inspection at the Civic Centre and on the Council's website.

3 RECOMMENDATIONS OF INDEPENDENT REMUNERATION PANEL

- 3.1 The Independent Remuneration Panel has made the following recommendations to Council in respect of Members' Allowances for 2010/11, that:-
- (1) the basic structure of the current Members' Allowances scheme be retained for 2010/11, pending a more fundamental review including consideration of remuneration in the event of a shadow authority, when the outcome of the current review of Local Government in Devon is known, but that in the meantime a "light touch" review be progressed;
 - (2) the level of Basic Allowances continue unchanged in 2010/11, subject to updating using the index previously agreed i.e. the annual local government staff pay award for the previous year, as set out in Recommendation (5) below;
 - (3) subject to updating for inflation as set out in Recommendation (5) below, the Special Responsibility Allowances continue unchanged;
 - (4) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained;

- (5) for the year 2010/11 Councillors' Basic and Special Responsibility Allowances should be updated in line with the annual local government staff pay award for 2009/10 (1.00%);
- (6) the Travel and Subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate;
- (7) the current Dependants' Carers' Allowance scheme be maintained and the level of allowance, currently £5.80 per hour, continue to be linked to and updated in line with the minimum wage; and
- (8) the Co-optees' Allowance payable to the co-opted members of the Standards Committee continue at £25 per session for 2010/11.

4 MEMBERSHIP AND REMUNERATION OF INDEPENDENT PANEL

- 4.1 The commitment and experience of the Independent Remuneration Panel members is acknowledged as a valuable resource and greatly appreciated by the Council. However it is considered best practice that the Panel should be refreshed at intervals. The ongoing delay in the review of local government has resulted in the postponement of a comprehensive review exercise of Members' Allowances planned by the Panel. A phased replacement of Members had been considered, but in the light of the ongoing review and with the consent of Panel members, it was considered prudent to retain their expertise and consider refreshing membership from 2010.
- 4.2 The current Chair, Ian McGregor has now confirmed his intention to stand down from the Panel at the end of the current review period. It was suggested that a phased approach to refreshing membership should follow with a recruitment process inviting expressions of interest. Members of the Panel thanked Mr McGregor for his invaluable work and commitment over several years.

5 FINANCIAL IMPLICATIONS

- 5.1 The cost of the proposed Allowances Scheme for 2010/11 is £253,900, on the basis of a 1.00% increase, plus any allowances payable under recommendations 6) to 8) inclusive. A budget of £257,595 has therefore been included in the estimates for 2010/11, subject to approval by Council on 23 February 2010. The Scheme recommended by the Panel for 2010/11 is attached at Appendix 2 to this report.

6 RECOMMENDED:-

- (1) That the Independent Remuneration Panel's recommendations as set out in paragraph 3 above are considered and a recommendation made to Council regarding the Scheme.

ASSISTANT CHIEF EXECUTIVE

2 February 2010

26/1/10

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

Report of the Independent Adviser on Members' Allowances, March 2001

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2010/11 14 January 2010

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2010/11. The Panel comprises:
- Ian McGregor (Chair) - business sector representative
Peter Lacey - business sector representative
Derek Phillips – business sector representative
*Elizabeth Hubbick – voluntary sector representative (*Mrs Hubbick was absent from the meeting but has subsequently endorsed the recommendations of the Panel)
- 1.2 Bindu Arjoon (Assistant Chief Executive), Rowena Whiter (Member Services Manager) and Sharon Sissons (Member Services Officer) provided the Panel with general advice and support.
- 1.3 The Panel's deliberations related to the following main areas as required by the Local Authorities (Members' Allowances) (England) Regulations 2003:
- (i) the structure of the scheme and the level of basic allowances
 - (ii) special responsibility allowances
 - (iii) updating of allowances
 - (iv) pensions
 - (v) travel and subsistence allowances
 - (vi) the Dependants' Carers' scheme
 - (vii) co-optees' allowances
- 1.4 The Panel were mindful of Exeter City Council's ongoing submission for Unitary Status, and reiterated their wish to instigate a fundamental review of Councillors' Allowances in the lead up to the creation of a new Council. Regardless of the outcome of the Unitary consultation, a fundamental review should be made over the next 12 months looking at the remuneration, roles and responsibilities of councillors. The last comprehensive review was undertaken in 2001 and a fundamental review would enable a "back to basics" examination.
- 1.5 In the light of the continuing delay, the Panel agreed that following the anticipated final decision on the review of local government for Devon in February, a 'light touch' review of the scheme should commence. It was suggested that the appointment of a suitably qualified independent consultant could be considered to carry out a brief scoping exercise.
- 1.6 The Chair, Ian McGregor confirmed his intention to stand down from the Panel at the end of the current review period. It was suggested that a phased approach to refreshing membership should follow, with the appointment of a replacement member and subsequent election of a new chair of the Panel. The recruitment process should invite expressions of interest, with a suggested term of office of four years. Members of the Panel thanked Ian McGregor for his work and commitment over the last ten years.

2. Methodology and Framework

- 2.1 The current legalisation relating to Members' Allowances are set out in The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 and the Office of the Deputy Prime Minister's Guidance on Consolidated Regulations for Local Authority Allowances was used as a reference for the discussion.
- 2.2 The Panel noted the results of the regional survey of Allowances undertaken by the South West Provincial Employers which provided useful benchmarking information relating to similar types and sizes of authority. They also noted the report of the meeting of the Chairs of Independent Remuneration Panels in the region which highlighted good practice.

3. Councillors Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Three Councillors replied and their comments were circulated. The unanimous view of respondents was that there should be no increase in the allowances at this time. They cited the low underlying rate of inflation, the limit on next year's pay increase and the general economic situation as reasons for continuing the freeze on allowances for a further year.

4. Structure of Scheme and Basic Allowances

- 4.1 The formula for calculating allowances was developed in 2001 based on the advice of an independent consultant. This was calculated on an assumed number of days work (4 per month) undertaken by Councillors on Council business, which equated to 32 hours per month. From this was deducted a proportion (one third) of the total number of days to reflect an assumed voluntary element to the work.
- 4.2 The Panel recommended that the current structure of the scheme and the level of the basic allowance should continue for the forthcoming year on the current basis, pending the fundamental review of the scheme, including the formula on which it should be based, next year. A future review of the scheme could include consideration of the Lord Mayor's allowance. Whilst the Panel were mindful of the significant financial constraints of the Authority, they felt that that it was important for the level of allowance to keep pace with the cost of living. They were aware of the need to consider the appropriate remuneration for the Members of any shadow authority in any future arrangements. Details of Members' Allowances for new authorities going forward in the current review of Members' Allowances for 2010/11 were circulated.

Recommendation 1:

That the basic structure of the current Members' Allowances scheme be retained for 2010/11, pending a more fundamental review including consideration of remuneration in the event of a shadow authority, when the outcome of the current review of Local Government in Devon is known, but that in the meantime a "light touch" review be progressed.

Recommendation 2:

That the level of Basic Allowances continue unchanged in 2010/11, subject to updating using the index previously agreed (i.e. the annual local government staff pay award for the previous year as set out in Recommendation (5) below).

.5. Special Responsibility Allowances

- 5.1 For the last two years, the Panel had agreed to keep under review the workload on Councillors emanating from the impact of the Licensing Act 2003 which had transferred responsibility for alcohol licensing from the Magistrates Court to local authorities. The Panel considered it appropriate to retain for the time being the payment of an allowance to the Chair of the Licensing Committee in view of the continuing responsibilities of that position.
- 5.2 They also wished to retain the Special Responsibility Allowance for the Independent Chair of Standards Committee in view of the extended role and responsibilities of the Committee. Since 2008, the Standards Board for England referred all cases for determination to local Standards Committees, but so far the workload of the Standards Committee has not increased significantly. A flat rate of £25 per meeting payable to the other two independent members of the Committee would remain.
- 5.3 The Panel agreed on the need to keep under review the levels of all Special Responsibility Allowances paid by the Council to ensure that they remained reflective of the responsibilities of the positions. With regard to the current year, the Panel considered that the existing structure and level of the Special Responsibility Allowances remained appropriate at present. The Panel also endorsed the principle that any member qualifying for more than one Special Responsibility Allowance should be paid the higher allowance only.

Recommendation 3:

That subject to updating for inflation, as set out in Recommendation (5) below, the Special Responsibility Allowances continue unchanged.

Recommendation 4:

That the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained.

6. Updating of Allowances

- 6.1 The Panel discussed at length, the principles established for an increase in Councillors' remuneration. They were fully aware of the serious financial challenges currently facing the Council, in the context of which Council may determine the level of increase for 2010/11. However they emphasised that the role of the Independent Remuneration Panel was to consider the position from a broader non-political perspective.
- 6.2 In 2004 the Panel had reviewed the mechanism by which the allowances were updated annually. They had proposed that the link with the mean male non-manual wage as set out in the annual New Earnings Survey was no longer appropriate for a number of reasons and the Council had agreed that this should be abandoned and a

link established in future years with the annual local government staff pay award for the previous year.

- 6.2 They considered that this link with the annual staff pay award as opposed to the Retail Price Index or other factor, remained appropriate, and recognised that it reflected wages in the relevant sector as well as being transparent and easily understood. Furthermore, linking the allowances to the local government staff pay settlement agreed in the previous year also ensured that the additional resources would generally be known in good time for the formulation of the budget. They reaffirmed this principal of assessment and recommended that this link should be retained for the current year and should continue to inform the base line in the proposed review. They noted that the award applicable to the 2010/11 Councillors' Allowances Scheme was 1.00%.

Recommendation 5:

For the year 2010/11, Councillors' Basic and Special Responsibility Allowances should be updated in line with the annual local government staff pay award for 2009/10 (1.00%).

7. Pensions

The Panel welcomed the Council's decision in February 2009 to allow Councillors to join the Local Government Pension Scheme, with benefits based on both Basic and Special Responsibility Allowances. It was noted that two Councillors had taken up the opportunity to join the scheme.

8. Travel, Subsistence and other Allowances

- 8.1 Section 8 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions relating to the payment of travel and subsistence allowances to Councillors and had specified the particular purposes for which they could be claimed.
- 8.2 The Panel noted that the general principles applying to the receipt of travel, subsistence and other allowances by Councillors were the same as those for staff of the Council. Reasonable expenses incurred in respect of travel outside the City, meals and accommodation will be reimbursed subject to appropriate documentary evidence being produced.

Recommendation 6:

That the travel and subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate.

9. Dependants' Carers' Allowance

- 9.1 The Panel noted that Section 7 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions for the payment to Councillors of a Dependants' Carers' Allowance in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred and had specified the particular purposes for which this could be claimed.

- 9.2 They considered that the current Dependants' Carers' Allowance Scheme accorded with the regulations and remained a good scheme. The level of the allowance appeared to be in line with that paid by similar authorities and the Panel considered that this should continue to be linked to the minimum wage.

Recommendation 7:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, currently £5.80 per hour, continues to be linked to and updated in line with the minimum wage.

10. Co-opted members

- 10.1 The payment of allowances to co-optees has been formalised by Section 9 of The Local Authorities (Members Allowances) (England) Regulations 2003.
- 10.2 The Panel had recommended that a Special Responsibility Allowance be paid to the independent Chair of the Standards Committee to reflect the responsibilities of the post. They considered at present that the payment of the allowance of £25 per session should be retained for the other co-optee(s) for 2010/11.

Recommendation 8:

That the co-optees' allowance payable to the co-opted member of the Standards Committee continue at £25 per session for 2010/11.

Ian McGregor, Chair
The Independent Remuneration Panel for Exeter City Council
January 2010
28/1/10

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EXETER CITY COUNCIL
MEMBERS' ALLOWANCES SCHEME 2010/11
PROPOSED BY THE INDEPENDENT REMUNERATION PANEL

	09/10 £	*10/11 £	
Basic Allowance			
Payable to all Councillors	4430	4474	
 **Special Responsibility Allowances:-			
Leader (basic x 300%)	13,290	13,422	
Other Executive members with portfolios (basic x 150%) (x 5)	6,645	6,711	each
Other Executive members without portfolios (basic x 50%) (x 3)	2,215	2,237	each
Chairs of Scrutiny Committees (basic x 100%) (x 3)	4,430	4474	each
Chair of Planning Committee (basic x 100%) (x 1)	4,430	4474	
Chair of Licensing Committee (basic x 50%) (x 1)	2,215	2237	
Independent Chair of Standards Committee (basic x 25%) (x 1)	1,108	1,119	

** incorporating proposed 1.00% increase proposed by the Independent Remuneration Panel, payable with effect from 1 April 2010*

*** any member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only*

Dependants' Carers' Allowance

An allowance in line with the minimum wage (currently **£5.80 per hour**) is payable to Councillors whilst on "approved duties", in accordance with the agreed scheme (see overleaf)

January 2010

Exeter City Council

Dependants' Carers' Allowance Scheme

An allowance of up to £5.80 per hour (pro rata for part of an hour) may be claimed in respect of expenses incurred by a Councillor when a carer for a dependant has been engaged to enable a councillor to carry out an approved duty.

A carer will be any responsible person who does not normally live with the councillor as part of that councillor's family.

An allowance will be payable if the dependant being cared for:

- is a child under the age of 14
- is an elderly person; or
- has a recognised physical or mental disability

who normally lives with the councillor as part of that councillor's family and should not be left unsupervised.

Qualifying duties are defined as meetings of the Council, its Committees and Sub-Committees, training events, briefings and such other duties as are specified by the relevant regulations*.

For meetings or duties within the Council's boundaries, the allowance will be paid for the duration of the meeting or otherwise approved duty plus an allowance for up to one hour's total travelling time before and after the meeting.

The actual cost of care will be reimbursed, up to a maximum of £5.80 per hour.

This allowance will be updated annually in line with the minimum wage.

**Payment of allowance will be made under the powers of Section 100 of the Local Government Act 2000 and Section 7 of Part 2 of the Local Authorities (Members Allowances) (England) Regulations 2003.*

January 2010

By virtue of paragraph(s) 1, 2 of Part 1 of Schedule 12A of the Local Government Act 1972.

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By virtue of paragraph(s) 1, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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