



Exeter City Council

To the Chair and Members
of the Executive

Please ask for: Rowena Whiter

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Our ref:

Your ref:

A meeting of the **EXECUTIVE** will be held in the Rennes Room, Civic Centre, Paris Street, Exeter at **5.30 pm** on **TUESDAY 3 JULY 2012** 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 **MAJOR GRANTS AND NEW HOMES BONUS PANEL**

To receive and adopt the minutes of the meeting held on 14 June 2012.

1 - 4

(Minutes circulated)

2 **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.

3 **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 item 14 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 2 of Part I, Schedule 12A of the Act.

Office of Corporate Manager Democratic & Civic Support

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4 **CAPITAL MONITORING 2011/12 AND REVISED CAPITAL PROGRAMME FOR 2012/13 AND FUTURE YEARS**

To consider the report of the Assistant Director Finance. 5 - 26

Scrutiny Committee – Resources considered the report at its meeting on 20 June 2012 and comments will be reported.

(Report circulated)

5 **OVERVIEW OF REVENUE BUDGET 2011/12**

To consider the report of the Assistant Director Finance. 27 - 48

Scrutiny Committee – Resources considered the report at its meeting on 20 June 2012 and comments will be reported.

(Report circulated)

6 **TREASURY MANAGEMENT 2011/12**

To consider the report of the Assistant Director Finance. 49 - 52

Scrutiny Committee – Resources considered the report at its meeting on 20 June 2012 and comments will be reported.

(Report circulated)

7 **ANNUAL GOVERNANCE STATEMENT**

To consider the report of the Assistant Director Finance. 53 - 62

Scrutiny Committee – Resources considered the report at its meeting on 20 June 2012 and comments will be reported.

(Report circulated)

8 **NEW APPROACH TO MANAGING BUILDING CONTRACTS - TOTAL PROJECT DELIVERY INITIATIVE**

To consider the report of the Assistant Director Housing and Contracts. 63 - 70

Scrutiny Committee – Resources considered the report at its meeting on 20 June 2012 and comments will be reported.

(Report circulated)

- 9 **LAINGS HOME REFURBISHMENT REVIEW**
- To consider the report of the Assistant Director Housing and Contracts. 71 - 76
- (Report circulated)
- 10 **LAND AT PINBROOK ROAD, EXETER - CIVIC AMENITY SITE**
- To consider the report of the Assistant Director Economy. 77 - 78
- (Report circulated)
- 11 **APPRENTICESHIP SCHEME**
- To consider the report of the Strategic Director. 79 - 82
- (Report circulated)
- 12 **BUILDING A STRONGER SUSTAINABLE CITY: CORPORATE PLAN 2012-
2014**
- To consider the report of the Strategic Management Team. 83 - 98
- (Report circulated)
- 13 **UPDATE ON THE LOCALISM ACT 2011**
- To consider the report of the Chief Executive. 99 - 110
- (Report circulated)
- Part II: Items suggested for discussion with the press and public excluded**
- 14 **CORPORATE SUPPORT UNIT - RESTRUCTURE**
- To consider the report of the Corporate Manager Democratic and Civic Support 111 - 114
on proposals for a restructure of the Corporate Support Unit.
- (Report circulated to Members)

DATE OF NEXT MEETING

The next scheduled meeting of the Executive will be held on **Tuesday 18 September 2012** 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 Edwards (Chair), Denham, Fullam, Hannaford, Mrs Henson, Martin, Sheldon and Sutton

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.

Agenda Item 1

MAJOR GRANTS AND NEW HOMES BONUS PANEL

Thursday 14 June 2012

Present:-

Councillor Edwards (Chair)
Councillors Fullam, Hannaford, Mrs Henson and Sutton

Also Present:

Projects and Business Manager, Principal Accountant (SH), Senior Valuer (TJ),
Community Involvement and Inclusion Officer and Member Services Officer (SJS)

1 **NEW HOMES BONUS LOCAL INFRASTRUCTURE FUND - PROGRESS REPORT**

The Projects and Business Manager presented the report giving Members an overview of current and anticipated applications to the New Homes Bonus Local Infrastructure Fund, and issues arising to date.

Members discussed the other potential applications that could come forward as outlined in the report and were aware of the need to ensure that funds were available later in this financial year to support further applications.

Members noted the report.

(Report circulated)

2 **LOCAL INFRASTRUCTURE FUND APPLICATIONS**

2a **Newtown Community Association**

Representatives from Newtown Community Association gave a presentation on the application for a replacement community building in Belmont Park. The amount applied for was, in year one, £20,000 for further preparatory work including fees and £50,000 towards buildings costs and, in year two, £100,000 towards building costs.

Councillor Branston spoke in support of the application. He advised that the application was supported by Councillor Spackman and the Devon County Council Division Councillor.

Recommend to Executive that:-

- (a) the application for £20,000 to enable further preparatory work to take place be approved, subject to the standard conditions and to condition 11 below.
- (b) the application for £50,000 towards construction costs be approved, subject to the standard conditions and to conditions 11, 12 and 13 below. This sum is available for the 2012/13 financial year and the following two financial years (ie. until March 2015).

- (c) in respect of the £100,000 for the 2013/14 financial year, the Association is invited to reapply for this once it has obtained other commitments towards funding the build costs.

Additional conditions:-

11. (Applicable to elements (a) and (b)) The grant is conditional upon planning permission being received for the proposal.
12. (Applicable to element (b)) This element of the grant is conditional upon evidence being provided that funding has been secured to cover the entire anticipated construction costs.
13. (Applicable to element (b)) This element of the grant is conditional upon evidence being produced, in a form agreed by the Council as appropriate to the items concerned, that value for money is being achieved in relation to each element of the scheme.

2b **Topsham Rugby Club**

Representatives from Topsham Rugby Club gave a presentation for the application for the first phase of a project to extend, enlarge and modernise the clubhouse, principally by redeveloping changing rooms at Topsham Rugby Club. The amount applied for was £70,000.

Councillor Leadbetter spoke in support of the application. He advised that Local Ward Councillors Baldwin and Newby were in support of the application.

Recommend to Executive that the application be approved in part, for £50,000 towards phase 1 of the project, principally comprising new changing facilities. This is subject to the standard conditions, and the following additional condition:-

11. The grant is conditional upon evidence being provided that funding has been secured to cover the entire anticipated construction costs.

Members asked to be informed of the outcome of an application made by the Club to Viridor.

2c **Exeter Community Centre Trust Ltd**

Representatives from Exeter Community Centre gave a presentation for the application for the creation of a community garden at the rear of Exeter Community Centre. The amount applied for was £50,000.

Councillors Brock and Laws spoke in support of the application.

Recommend to Executive that the application for £50,000 towards creation of a community garden be approved, subject to the standard conditions and the following additional conditions:-

11. The grant is conditional upon a design being approved by the Council under condition 6 on planning permission 10/1453/03, and the scheme being implemented in accordance with that design.

12. The grant is conditional upon evidence being produced, in a form agreed by the Council as appropriate to the items concerned, that value for money is being achieved in relation to each element of the scheme.
13. The grant is conditional upon evidence being provided that funding has been secured to cover the entire anticipated construction costs, or that additional funding is not required.

(The meeting commenced at 4.30 pm and closed at 7.05 pm)

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 20 JUNE 2012

EXECUTIVE
3 JULY 2012

COUNCIL
17 JULY 2012

CAPITAL MONITORING 2011/12 AND REVISED CAPITAL PROGRAMME FOR 2012/13 AND FUTURE YEARS

1. PURPOSE OF THE REPORT

- 1.1 To advise members of the overall financial performance of the Council for the 2011/12 financial year, in respect of the annual capital programme.
- 1.2 To seek approval of the 2012/13 revised capital programme, including commitments carried forward from 2011/12.

2. REVISIONS TO THE CAPITAL PROGRAMME

- 2.1 The progress of the annual capital programme was last reported to Scrutiny Committee – Resources on 21 March 2012. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding (%) *
Capital Programme, as at 21 March 2012	15,757,420	
Energy Conservation	14,390	External funding contribution (100%)
Development of HRA Land	940	S106 funding (100%)
Canal Basin	5,000	Capital receipt (100%)
Childrens Play Areas	38,570	S106 funding (100%)
Sports Facilities Refurbishments	15,000	Capital receipt (100%)
Disabled Facility Grants	4,660	Additional funding from CLG (100%)
National Cycle Network	192,400	Contributions from DCC (100%)
St Loyes Design Fees	67,140	External funding contribution (100%)
Mincinglake/Northbrook Study	18,370	External funding contribution (100%)
RAMM HLF Parks Bid	202,490	External funding contribution (100%)

RAMM Redevelopment	(71,260)	HLF Grant used to fund revenue expenditure
Council's Own Build Schemes	44,270	S106 Funding (100%)
Wessex Loan Scheme	15,690	Clawback income (100%)
Revised Capital Programme	16,305,080	

* There is no additional borrowing required to fund the additional works above.

3. PERFORMANCE (Appendix 1)

- 3.1 Capital expenditure in the year amounted to £70,007,271, an increase of £53,702,191 on the planned figure of £16,305,080. However, £56,884,000 of this expenditure was due to the HRA Self-Financing payment.
- 3.2 In order to implement the HRA Self-Financing Scheme, each of the 171 councils that own housing stock had to take on a proportion of the national historic council housing debt, based on the affordability of their 30-year business plan. This resulted in Exeter making a one-off debt settlement payment to the Department for Communities and Local Government (DCLG) of £56,884,000 on 28 March.
- 3.3 Statute requires that this transaction is to be treated as capital expenditure and will therefore be treated as Revenue Expenditure Funded from Capital Under Statute. The Council has borrowed £56,884,000 from the PWLB over fifty years, to finance this payment.
- 3.4 If this figure is excluded then capital expenditure in the year amounted to £13,123,271, a reduction of £3,181,809 on the planned figure of £16,305,080. The actual expenditure during 2011/12 represents 80.5% of the total approved for the revised Capital Programme, which means £4.9 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.
- 3.5 In comparison with the previous financial year, spending performance has increased slightly. During 2010/11 capital expenditure was £22,335,187, equivalent to 79.8% of the planned figure of £28,001,990.
- 3.6 Capitalisation of Staff Costs
- In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, any costs attributable to bringing a fixed asset into working condition for its intended use qualify as capital expenditure. Directly attributable costs include the labour costs of certain Council employees, which have been directly involved in the construction or acquisition of a specific asset.
- 3.7 During the financial year, the cost of the Council's IT developers, engineers, architects and surveyors have been treated as capital expenditure, based upon timesheet information.

- 3.8 Several large capital schemes have required a high commitment in staff time, including the:
- Re-development of the Royal Albert Memorial Museum
 - Refurbishment of the King William Street Car Park
 - Continuation of the replacement of J Based legacy systems
 - Delivery of the kitchen and bathroom replacement programmes and re-roofing of Council dwellings
- 3.9 The total value of staff time charged to capital schemes for 2011/12 amounted to £493,350.

4.0 VARIANCES AND ACHIEVEMENTS

4.1 The main variances and achievements are as follows:

4.1.1 Community & Environment

Cultural City

- **Play Area Refurbishments (Budget £199,150)**

An extensive refurbishment of Harrington Lane Play Area in Pinhoe was completed in early summer 2011, this included the installation of some exciting new play equipment and added to the Multi Use Games Area (MUGA) style goal ends which had been installed on the adjacent tarmac area earlier in the year.

Floodlighting was provided at Pinhoe Station Road Multi Use Games Area bringing it into line with the majority of similar courts in the city

A major refurbishment of Dickens Drive Play Area has been completed greatly improving what was a neglected site.

All of these projects were funded via various Section 106 contributions and they all incorporated significant community engagement and public consultation.

- **RAMM Redevelopment (Budget £1,666,470)**

The RAMM project has now achieved practical completion; it opened to the public in December 2011. Visitor numbers have set new records and both the building and the new displays have been highly praised. The project is on the shortlist for the Art Fund Prize for Museum of the Year, and has won or been shortlisted for a number of other awards.

- **Bromhams Farm Changing Rooms (Budget £15,530)**

Aluminium windows and rainwater goods were installed at the Bromhams Farm Changing Rooms and the project is now complete.

- **Leisure Management Contract (Budget £59,680)**

This budget relates to the old DC Leisure Contract and is now complete.

Cared for Environment

- **Local Authority Carbon Management Programme (Budget £96,130)**

Heating controls have been fitted at the Corn Exchange and solar panels have been installed at Belle Isle.

A project is currently underway to upgrade the lighting in King William Street Car Park, as part of the overall refurbishment project, to a more energy efficient lighting system. This has resulted in more expenditure in 2011/12 than originally planned and therefore some of the budget that was agreed to be carried forward in September 2011 to 2012/13 should be slipped back into 2011/12.

- **Improvements to Cemetery Roads & Pathways (Budget £21,020)**

Improvements have been made to various roads and pathways at the City's cemeteries.

Excellence in Public Services

- **Vehicle Replacement Programme (Budget £418,110)**

The programme has been spent for 2011/12 and has produced a saving of £40,308 for this financial year.

Everyone Has A Home

- **Warm Up Exeter/PLEA Scheme (Budget £265,540)**

This budget will continue to be used to support energy efficient grants and the Green Deal until funds are returned from Energy Action Devon (EAD), after which a review will take place.

4.1.2 **Economy & Development**

Accessible City

- **King William Street Car Park Refurbishment - Stage 2 (Budget £46,450)**

Work has progressed more quickly than expected in 2011/12. Therefore, some of the budget that was agreed to be carried forward in September 2011 to 2012/13 should be slipped back into 2011/12 to cover this expenditure.

Cultural City

- **St Katherine's Priory Re-Roofing (Budget £47,040)**

The final tenders for this project were over budget which has resulted in delaying the start of this scheme. However, £28,000 additional funding was agreed by Executive on 3 April 2012 and this project is now due to commence in September 2012.

Cared For Environment

- **City Centre Enhancements (Budget £140,170)**

The works to Gandy Street are now complete and Northernhay Gate is nearing completion. Works to Rougemont Garden Gate are due to start in June 2012.

- **Cowick Street Environmental Works (Budget £100,000)**

This project is now planned to start in the Autumn of 2012. Work will include: bridge cleaning and lighting, co-ordinated street furniture and signage, and pedestrian improvements to the front of St Thomas Shopping Centre.

Excellence in Public Services

- **Verney House (Budget £47,270)**

Works to roof covering, window surrounds and edge protection nearing completion. A saving is expected to be made in 2012/13 once this work is complete.

Prosperous City

- **Canal Basin and Quayside (Budget £377,120)**

The new Haven Road Outdoor Education Centre is currently under construction by DCC. ECQT are remarketing the listed buildings and site at the head of the Basin. ECC are to carry out a tree planting and seating scheme for Haven Banks during 2012.

- **137 Cowick Street (Budget £147,690)**

This project is almost complete with just some landscaping work taking place at the front of the property. Age Concern have been able to move in.

4.1.3 Corporate Services

- **Environment Health System Upgrade (Budget £4,590)**

This project is now complete and has produced a saving of £4,590.

- **Franking Machine (Budget £16,020)**

The new franking machine has been purchased and this project is now complete.

- **Capitalised Redundancy Costs**

Unbudgeted expenditure was incurred of £460,157 for the cost of redundancies which arose from staff restructuring. Approval to capitalise this cost was received from DCLG in the form of a 'Capitalisation Direction'.

4.1.4 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation (Budget £143,540)**

This project is now complete. 401 Properties had minor adaptations carried out upon request from the tenants. 134 Properties had major adaptations. There were also a number of emergency referrals at the beginning of 2012 requiring work which had not been possible to anticipate.

- **D/PS British Steel Properties (Budget £10,760)**

This project is now complete.

- **Rendering of Council Dwellings (Budget £283,760)**

All 2011/12 programmed blocks were completed. However, urgent structural work was also required at Alfred Crescent.

- **Programmed Re-roofing (Budget £349,880)**

All 54 properties on the 2011/12 programme were completed. Four houses in Walnut Road and sixteen bungalows in Magdalen Gardens were added and also completed. The flat roof sheltered bungalows in Magdalen Gardens were also insulated at the same time.

- **Asbestos Survey (Budget £103,060) and Asbestos Removal Works (Budget £261,850)**

In accordance with HSE Asbestos Regulations, contractors should be provided with information on the location of any asbestos. Surveys are therefore carried out to identify these locations and state which are in a poor condition and requiring removal. In addition, all voids and properties where major works are to take place have refurbishment surveys done.

- **Kitchen Replacement Programme (Budget £567,430)**

All 160 programmed replacement kitchens were completed during 2011/12. There were also delays caused by the existing contractor going into administration and further delays in appointing a subsequent contractor.

- **Bathroom Replacement Programme (Budget £239,290)**

89 out of 93 planned replacement bathrooms were completed during 2011/12. There were also delays caused by the existing contractor going into administration and further delays in appointing a subsequent contractor.

- **Programmed Electrical Re-wiring (Budget £553,750)**

235 electrical periodic tests were completed to the housing stock. All properties that were tested either require minor works or a rewire.

- **Central Heating Programme (Budget £878,970)**

247 out of a planned 490 were completed. Mears handed back the contract in July 2011 and therefore no further installs were completed until a new contract commenced with DR Jones, Spectrum and KSE Engineering in December 2011.

- **Fire Precautionary Works to Flats (Budget £402,420)**

Replacement of '30 minute fire resistant' flat entrance doors programme, with so far 241 out of a planned 406 being completed. All the doors have been surveyed and made and are now awaiting installation. A new fire alarm and emergency lighting was installed at 98 Sidwell Street, this work also included the replacement of existing glazed lobby and screens to '30 minute fire resistant'. 36 blocks of flats also had new emergency lighting.

- **Acquisition of 16 Chanter Court (Budget £0)**

An overspend of £75,000 is shown to reflect the estimated purchase price of buying this property as approved by Executive on 24 January 2012.

4.1.5 Council House Building Programme – Phase 1

- **Sivell Place (Rowan House) & Merlin Crescent (Knights Place) (Budget £707,510)**

Rowan House was completed in December 2010; all three new homes were let on 20 December 2010.

Knights Place was completed early on in 2011/12 and has provided 18 new 1- and 2-bedroom homes for social rent and has been occupied since July 2011.

The specification for both sites was upgraded in 2010 to meet the Passiv-Haus standard. Passiv Haus is a performance standard that requires the elimination of uncontrolled draughts and a very high level of insulation. The properties do not require heating or cooling on conventional scales leading to long term energy savings for the occupants and preventing them from falling into fuel poverty.

During the course of the site clearance the contractor discovered asbestos sheeting that had been buried on part of the site that had been occupied by garages. This resulted in a large amount of contaminated soil been removed from the site by a specialist contractor and disposed of at a specialist site.

The final account has been calculated and due to the upgrade to meet the Passiv Haus standard and the asbestos problems this has exceeded the original budget by £44,270. It has been agreed by Delegated Powers that this overspend will be met from Affordable Housing Section 106 monies.

5.0 CAPITAL AND PROJECT PROGRAMME 2012/13 (Appendix 2)

- 5.1 The revised Capital Programme for 2012/13, after taking into account the carried forward requirements from 2011/12 as well as additional approvals and other changes, now totals £19,684,780.
- 5.2 In addition to adding the carry forwards from 2011/12, the 2012/13 approved budget has also been increased for the following changes:

Description	£	Approval/Funding (%) *
Approved Budget	14,631,830	
Carry Forwards from 2011/12	4,909,790	
St Katherine's Priory Re-roofing	28,000	Additional funding approved by Executive on 3 April 2012
Childrens Play Areas	1,050	Interest on Section 106 monies (100%)
Exwick Community Centre	100	Interest on Section 106 monies (100%)
Well Oak Footpath/Cycleway	150	Interest on Section 106 monies (100%)
Planting Improvements in Riverside Valley Park	70	Interest on Section 106 monies (100%)
Private Sector Renewal Scheme	113,790	Clawback income (100%)
Revised Programme 2012-13	19,684,780	

* Additional borrowing will be required for St Katherine's Priory re-roofing only, which has been approved by Executive.

6.0 RECOMMENDED

It is recommended that Scrutiny Committee – Resources notes and Council notes and approves:

- 6.1 The overall financial position for the 2011/12 annual capital programme.
- 6.2 The amendments to the Council's annual capital programme for 2012/13.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling this report:

1. None

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()
	£	£	£	£
COMMUNITY & ENVIRONMENT				
CULTURAL CITY				
Playing Fields General Improvements	3,950	1,339	2,610	(1)
Bromhams Farm Changing Rooms	15,530	15,527		(3)
Play Area Refurbishments	199,150	85,558	113,590	(2)
Sports Facilities Refurbishment	64,790	19,547	45,240	(3)
Parks Improvements	212,130	216,086	(3,960)	(4)
Contribution to RAMM Re HLF Parks Bid	394,290	329,085	65,200	(5)
Leisure Management Contract	59,680	59,626		(54)
Exwick Community Centre	20,780	0	20,780	0
RAMM Redevelopment	1,666,470	3,051,926		1,385,456
RAMM Off Site Store	40,740	0	40,740	0
Cowick Barton Changing Rooms - External Paving	20,000	0	20,000	0
Cowick Barton Changing Rooms - External Walls etc	8,000	0	8,000	0
Neighbourhood Parks & Local Open Spaces	60,520	26,988	33,530	(2)
Allotments - Toilet Replacement	22,500	16,560	5,940	0
CARED FOR ENVIRONMENT				
Home Recycling Scheme	60,000	60,000		0
Public Toilet Refurbishment	990	0	990	0
Local Authority Carbon Management Programme	96,130	130,355	(34,220)	5
Improvements to Cemetery Roads & Pathways	21,020	19,069	1,950	(1)
Cemeteries & Churches Storage Improvements	5,870	4,536	1,330	(4)
Midi Recycling Banks	10,000	8,376		(1,624)
Upgrade of Turf Sewage Treatment Plant	9,650	8,045		(1,605)
General Open Space Improvements	8,330	7,223	1,110	3
Green Waste Shredders	36,330	36,327		(3)
EXCELLENCE IN PUBLIC SERVICES				
Vehicle Replacement Programme	418,110	377,802		(40,308)
Replacement of Homecall Equipment	930	930		0
New Technology for Cleansing	108,040	93,845	14,190	(5)
Belle Isle Depot - Secure Equipment Storage	127,840	116,015	11,820	(5)

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()	£
HEALTHY & ACTIVE PEOPLE					
Disabled Facility Grants	367,860	358,081	9,780		1
EVERYONE HAS A HOME					
Warm Up Exeter/PLEA Scheme	265,540	90,000	175,540		0
Renovation Grants	131,780	5,643	126,140		3
Wessex Loan Scheme	752,810	168,428	584,380		(2)
Glencoe Capital Works	15,000	14,329	670		(1)
St Loyes Design Fees	196,990	127,885	69,110		5
Private Sector Renewal Scheme	300,000	114,608	185,390		(2)
Social Housing Grants	270,190	43,800	226,390		0
Rennes House	360	360			0
Whipton Methodist Church	176,750	176,750			0
Bennett Square	1,840	1,840			0
St Paul's Church PC	100,000	0	100,000		0
Lainings	25,000	0	25,000		0
22 St Davids Hill Conversion	50,000	0	50,000		0
Hennis Project St Sidwells	8,080	0	8,080		0
Other Temp Accommod Improvement	25,000	0	25,000		0
Temporary Accommod Purchase	420,000	0	420,000		0
Wheelchair Homes in RNSD Depot	100,000	0	100,000		0
Sprinklers	51,750	0	51,750		0
Sovereign Infill - Shakespeare Road	187,500	0	187,500		0
Sovereign Infill - Leypark Road	67,500	0	67,500		0
COB Phase 3 Fees	35,300	0	35,300		0
COB Phase 3 - St Andrews Road	62,500	42,703	19,800		3
COMMUNITY & ENVIRONMENT TOTAL	7,303,520	5,829,193	2,816,170		1,341,843

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()	£	£	£	£
ECONOMY & DEVELOPMENT								
ACCESSIBLE CITY								
National Cycle Network	295,230	265,204	30,030		4			
Signage / Pedestrian Interpretation	32,650	1,054	31,600		4			
King William Street Car Park Refurb Stage 1	36,870	34,540	2,330		(0)			
King William Street Car Park Refurb Stage 2	46,450	63,192	(16,740)		2			
CULTURAL CITY								
18 North Street Panelling	2,720	1,850	870		0			
Corn Exchange Enhancements	7,550	2,441	5,110		1			
Corn Exchange - Haystack Lantern	21,850	21,850	0		0			
Floodlighting	1,120	0	1,120		0			
St Katherine's Priory Re-Roofing	47,040	390	46,650		0			
CARED FOR ENVIRONMENT								
City Centre Enhancements	140,170	133,554	6,620		4			
Mincinglake/Northbrook Study	82,100	73,784	8,320		4			
Ibstock Environmental Improvements	3,240	0	3,240		0			
Planting Improvements in Riverside Valley Park	14,250	0	14,250		0			
Cowick Street Environmental Works	100,000	0	100,000		0			
EXCELLENCE IN PUBLIC SERVICES								
Verney House	47,270	2,273	45,000		3			

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()	£
LEARNING CITY					
Improvements to Quay House Visitor Centre	2,010	544	1,470	4	
PROSPEROUS CITY					
Canal Basin and Quayside	377,120	30,267	346,850	(3)	
Science Park	761,730	25,742	735,990	2	
137 Cowick Street	147,690	113,839	33,850	(1)	
SAFE CITY					
Security Measures for Riverside Valley Park	2,570	670	1,900	(0)	
ECONOMY & DEVELOPMENT TOTAL	2,169,630	771,195	1,398,460	25	

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()
	£	£	£	£
CORPORATE SERVICES				
ACCESSIBLE CITY				
Equal Opportunities Improvements	9,630	9,607		(23)
ELECTRONIC CITY				
Electronic Document Management	8,330	6,448	1,880	(2)
Server and Storage Strategy	40,000	36,070	3,930	0
FIMS Replacement	5,130	5,130		0
Environmental Health System Upgrade	4,590	0		(4,590)
J Based Legacy Systems	27,310	27,306		(4)
Security Compliance for GCSx & PCI DSS	48,000	47,356		(645)
Authentication Module	31,000	0	31,000	0
IT Development Time	10,190	0		(10,190)
PC & Mobile Devices Replacement Programme	104,100	11,089	93,010	(1)
Corporate Network Infrastructure	30,000	30,016		16
GIS Strategy	60,000	57,864		(2,136)
Intranet & Internet	3,000	2,070		(930)
EXCELLENCE IN PUBLIC SERVICES				
Franking Machine	16,020	16,020		0
Miscellaneous Adjustments Relating to Previous Years	(5,800)	(25,000)		(19,200)
Capitalised Redundancy Costs	0	460,157		460,157
Capitalised Staff Costs	89,460	0		(89,460)
CORPORATE SERVICES TOTAL	480,960	684,133	129,820	332,993

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()	£
HRA CAPITAL					
EVERYONE HAS A HOME					
Sheltered Accommodation	143,540	143,082		(458)	
Adaptations	440,930	516,025		75,095	
D/PS British Steel Properties	10,760	10,754		(6)	
Rendering of Council Dwellings	283,760	292,462		8,702	
MRA Fees	69,790	0		(69,790)	
Communal Door Entry System	10,490	5,754	4,740	4	
Environmental Improvements - General	50,350	45,291	5,060	1	
Programmed Re-roofing	349,880	359,162		9,282	
Energy Conservation	39,390	31,594	7,800	4	
Asbestos Survey	103,060	136,911		33,851	
Council House Extensions	35,700	33,637		(2,063)	
Plastic Windows & Doors	20,000	11,126		(8,874)	
Kitchen Replacements	567,430	754,171	(186,740)	1	
Asbestos Removal Works	261,850	304,651		42,801	
Bathroom Replacements - Programmed	239,290	333,094	(93,800)	4	
Development of HRA Land	940	936		(4)	
Other Works	259,250	159,713	33,540	(65,997)	
Repointing	50,000	26,153	23,850	3	
Fire Precautionary Works to Flats	402,420	271,368	131,050	(2)	
Communal Areas	200,000	1,888	198,110	(2)	
Structural Repairs	50,000	28,510	21,490	0	
Fire Alarms at Sheltered Accommodation	102,960	43,130	40,000	(19,830)	
Replacement Concrete Canopies	250,000	6,846	243,150	(4)	
Rennes House Heating Replacement	203,950	221,181		17,231	
472 Topsham Road Adaptations	65,000	10,000	55,000	0	
Acquisition of 16 Chanter Court	0	0	75,000	75,000	
Programmed Electrical Re-wiring	553,750	401,924	110,000	(41,826)	
Central Heating Programme	878,970	981,882	(102,910)	2	
HRA Self-Financing Payments	0	56,884,000		56,884,000	
HOUSING REVENUE ACCOUNT TOTAL	5,643,460	62,015,246	565,340	56,937,126	

2011/12
CAPITAL MONITORING TO 31 MARCH 2012

	2011/12 Capital Programme	2011/12 Spend	2011/12 Budget to be Carried Forward to Future Years	2011/12 Programme Variances Under ()
	£	£	£	£
COUNCIL HOUSEBUILDING PROGRAMME				
COUNCIL'S OWN BUILD				
Phase 1 - Merlin Crescent/Sivell Place	707,510	707,504		(6)
COUNCIL HOUSEBUILDING TOTAL	707,510	707,504	0	(6)
CAPITAL AND PROJECT EXPENDITURE TOTAL	16,305,080	70,007,271	4,909,790	58,611,981

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2012/13
REVISED CAPITAL PROGRAMME

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
COMMUNITY & ENVIRONMENT				
CULTURAL CITY				
Play Area Refurbishments	113,590	1,050	187,000	301,640
Sports Facilities Refurbishment	45,240		130,090	175,330
Parks Improvements	27,760			27,760
Contribution to RAMM Re HLF Parks Bid	65,200			65,200
Exwick Community Centre	20,780	100		20,880
RAMM Off Site Store	40,740			40,740
Neighbourhood Parks & Local Open Spaces	33,530			33,530
Allotments - Toilet Replacement	5,940		17,500	23,440
Replacement of Flowerpot Skate Park			250,000	250,000
Refurbishment and Upgrade of Paddling Pools			200,000	200,000
CARED FOR ENVIRONMENT				
Public Toilet Refurbishment	990			990
Local Authority Carbon Management Programme	(34,220)		142,130	107,910
Improvements to Cemetery Roads & Pathways	1,950		10,000	11,950
Cemeteries & Churches Storage Improvements	1,330		25,000	26,330
Midi Recycling Banks			10,000	10,000
EXCELLENCE IN PUBLIC SERVICES				
New Technology for Cleansing	14,190			14,190
Belle Isle Depot - Secure Equipment Storage	11,820			11,820
HEALTHY & ACTIVE PEOPLE				
Disabled Facility Grants	9,780		290,000	299,780

**2012/13
REVISED CAPITAL PROGRAMME**

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
EVERYONE HAS A HOME				
Warm Up Exeter/PLEA Scheme	175,540			175,540
Renovation Grants	126,140		400,000	526,140
Wessex Loan Scheme	584,380			584,380
Glencoe Capital Works	670		5,000	5,670
St Loyes Design Fees	69,110			69,110
Private Sector Renewal Scheme	185,390	(186,210)	350,000	349,180
WHIL Empty Properties		200,000		200,000
HCA Empty Properties		100,000		100,000
The Haven		250,000		250,000
Social Housing Grants	226,390		1,477,720	1,704,110
St Paul's Church PC	100,000			100,000
Exwick & Foxhayes School SOS	0		300,000	300,000
Steps Acquisitions	0		50,000	50,000
Laings	25,000		25,000	50,000
11-13 Stepcote Hill	0		60,000	60,000
22 St Davids Hill Conversion	50,000		50,000	100,000
Hennis Project St Sidwells	8,080		24,260	32,340
Other Temp Accom Improvement	25,000		25,000	50,000
Temporary Accom Purchase	420,000	(250,000)		170,000
Conversion 23 Longbrook Terrace	0		25,000	25,000
Wheelchair Homes in RNSD Depot	100,000		150,000	250,000
Sprinklers	51,750		89,250	141,000
Coronation Road / Wonford Street	0		50,000	50,000
Infill Sites			350,000	350,000
Sovereign Infill - Shakespeare Road	187,500		187,500	375,000
Sovereign Infill - Leypark Road	67,500		67,500	135,000
Sovereign Infill - Residue	0		255,000	255,000
COB Phase 3 Fees	35,300		100,000	135,300
COB Phase 3 - St Andrews Road	19,800			19,800
COB - Land Purchase			300,000	300,000
SAFE CITY				
Replace Digital Recording Equipment at Control Centre			48,000	48,000
COMMUNITY & ENVIRONMENT TOTAL	2,816,170	114,940	5,650,950	8,582,060

2012/13
REVISED CAPITAL PROGRAMME

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
ECONOMY & DEVELOPMENT				
ACCESSIBLE CITY				
National Cycle Network	30,030			30,030
Signage / Pedestrian Interpretation	31,600			31,600
Well Oak Footpath/Cycleway	0	150	80,000	80,150
King William Street Car Park Refurb Stage 1	2,330		195,000	197,330
King William Street Car Park Refurb Stage 2	(16,740)		875,000	858,260
CULTURAL CITY				
18 North Street Panelling	870			870
Corn Exchange Enhancements	5,110			5,110
Floodlighting	1,120			1,120
St Katherine's Priory Re-Roofing	46,650	28,000		74,650
CARED FOR ENVIRONMENT				
City Centre Enhancements	6,620		467,220	473,840
Mincinglake/Northbrook Study	8,320			8,320
Ilbstock Environmental Improvements	3,240			3,240
Planting Improvements in Riverside Valley Park	14,250	70		14,320
Cowick Street Environmental Works	100,000		100,000	200,000
Exhibition Way Bridge Maintenance			45,000	45,000
Central Station Environmental Works			185,000	185,000

2012/13
REVISED CAPITAL PROGRAMME

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
EXCELLENCE IN PUBLIC SERVICES				
Vemey House	45,000			45,000
LEARNING CITY				
Improvements to Quay House Visitor Centre	1,470			1,470
PROSPEROUS CITY				
Canal Basin and Quayside	346,850		60,000	406,850
Science Park	735,990			735,990
137 Cowick Street	33,850			33,850
SAFE CITY				
Security Measures for Riverside Valley Park	1,900			1,900
ECONOMY & DEVELOPMENT TOTAL	1,398,460	28,220	2,007,220	3,433,900

2012/13
REVISED CAPITAL PROGRAMME

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
CORPORATE SERVICES				
ELECTRONIC CITY				
Electronic Document Management	1,880			1,880
Server and Storage Strategy	3,930		36,000	39,930
Authentication Module	31,000		33,000	64,000
IT Development Time			37,500	37,500
PC & Mobile Devices Replacement Programme	93,010		85,000	178,010
Corporate Network Infrastructure			25,000	25,000
EXCELLENCE IN PUBLIC SERVICES				
Vehicle Replacement Programme			400,000	400,000
Capitalised Staff Costs			261,000	261,000
CORPORATE SERVICES TOTAL	129,820	0	877,500	1,007,320

2012/13
REVISED CAPITAL PROGRAMME

	2011/12 Budget to be Carried Forward to 2012/13	Additional 2012/13 Approvals/F unding and Virements	2012/13 Approved Capital Programme	2012/13 Revised Capital Programme
	£	£	£	£
HRA CAPITAL				
EVERYONE HAS A HOME				
Adaptations			450,000	450,000
Rendering of Council Dwellings			260,000	260,000
MRA Fees			300,720	300,720
Communal Door Entry System	4,740		10,000	14,740
Environmental Improvements - General	5,060		50,000	55,060
Programmed Re-roofing			300,000	300,000
Energy Conservation	7,800		125,440	133,240
Asbestos Survey			150,000	150,000
Plastic Windows & Doors			20,000	20,000
Kitchen Replacements	(186,740)		1,600,000	1,413,260
Asbestos Removal Works			250,000	250,000
Bathroom Replacements - Programmed			360,000	266,200
Other Works			100,000	133,540
Repainting			50,000	73,850
Fire Precautionary Works to Flats			200,000	331,050
Communal Areas				198,110
Structural Repairs			50,000	71,490
Fire Alarms at Sheltered Accommodation			100,000	140,000
Replacement Concrete Canopies				243,150
472 Topsham Road Adaptations				55,000
Acquisition of 16 Chanter Court				75,000
Programmed Electrical Re-wiring			400,000	510,000
Central Heating Programme	(102,910)		1,320,000	1,217,090
HOUSING REVENUE ACCOUNT TOTAL	565,340	0	6,096,160	6,661,500

CAPITAL AND PROJECT BUDGET TOTAL	4,909,790	143,160	14,631,830	19,684,780
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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 20 JUNE 2012

EXECUTIVE
3 JULY 2012

COUNCIL
17 JULY 2012

OVERVIEW OF REVENUE BUDGET 2011/12

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall financial position of the HRA & General Fund Revenue Budgets for the 2011/12 financial year.

2. HOUSING REVENUE ACCOUNT (Appendix A)

- 2.1 The final accounts show an overall increase in the HRA working balance from £3,917,868 to £5,764,423, an increase of £1,848,482 as compared with the planned reduction of £499,390.
- 2.2 There is a net underspend of £1,834,077 in the planned contribution to the Repairs Fund. This is due to a significant underspend in the HRA capital programme and the fact that the capital programme has been financed from other capital resources. There has also been additional income from rents.
- 2.3 The HRA made a one-off debt settlement payment to the Department for Communities and Local Government (DCLG) of £56,884,000 on 28 March as part of the implementation of the HRA self-financing scheme. Statute requires this revenue transaction to be written out of revenue and treated as capital expenditure. The Council has borrowed £56,884,000 from the PWLB over fifty years, to finance this payment.
- 2.4 The Major Repairs Allowance is 'ring fenced' for capital works and amounts to £3,501,524. As a result of other capital resources being available, £3,149,400 has been put into the Major Repairs Reserve to fund future capital investment in the HRA.
- 2.5 The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing. The total budget variances for 2011/12 have resulted in a net surplus of £26,279, which will be transferred to the Council Own Build (COB) working balance. This has increased the working balance to £28,207 at 31 March 2012.

3. GENERAL FUND (Appendix B)

- 3.1 Regular reports have been made each quarter on the estimated revenue outturn for each Scrutiny Committee. The final outturn has now been calculated and major differences from the approved annual budget are highlighted below.
- 3.2 During the year, the Government issued a capitalisation directive to the Council allowing us to capitalise (and not charge to revenue immediately) up to £1 million of redundancy costs. Actual redundancy costs of £460,157 have been capitalised during the year.

3.3 There has been a downwards adjustment for IAS19 (formerly FRS17) of £39,914; this is an actuarial adjustment to reflect the cost of employing our staff in terms of pension liability and has no effect on the Council Tax.

3.4 If the adjustments highlighted above for IAS19 and also Capital Charges are taken into account, the Service Committees show an overall underspend of £371,320 against a revised budget of £13,003,620.

Borrowing and Investments

3.5 In addition to Service Committee net expenditure, interest receivable and payable is credited to the General Fund. The net interest paid was £10,184 less than the budget and this is discussed in the Treasury Management report elsewhere on the agenda. Interest rates remain historically low and this has had a positive impact on borrowing rates.

3.6 A small investment loss has been recorded of £12,983 as a result of movements in foreign exchange rates on receiving back funds from Iceland. A further investment gain has been made of £289,566 as it is expected that the Council will receive all of its money back from the Icelandic banks. As the original loss was capitalised last year, the gain has been written back against capital, which will reduce future repayments of debt. In 2011/12, a provision of £919,552 has been made for the statutory repayment of debt.

3.7 Additional income has been received in the form of the New Homes Bonus of £389,165.

3.8 The main Service Committee variations for the financial year are:

General

3.8.1 There has been a substantial underspend in respect of support services, which has been recharged across all services (£707,488).

Economy & Development

3.8.2 Income from Car Park fees was 3.5% below budget and season tickets income was 14.1% below budget. Other income and savings on employee costs have reduced the overspend to £37,836. As anticipated, the cost of closing the Archaeological Field Unit has resulted in an unbudgeted overspend of £141,926. Additionally it is proposed to carry forward £69,381 in an Earmarked Reserve to offset costs in 2012/13 (see 3.10.3).

3.8.3 Additional Planning Fee income has contributed to an underspend of £65,188. Markets & Halls have earned substantially higher income than budgeted causing an underspend of £297,459. In total the Committee has underspent by £416,460.

Community & Environment

3.8.4 The new contract for management of the sports facilities has exceeded budget by £299,233, however this was due entirely to capital charges, which are removed from the Council's accounts and do not impact on the level of Council Tax.

3.8.5 Increased income from the sale of materials contributed to a surplus of £489,515 against the Recycling budget.

3.8.6 General Fund Housing is broadly on budget. Whilst Housing Advisory services overspent by £118,051, the overspend is nearly offset by underspends of £19,849 and £85,597 on Strategic Housing and Private Sector Housing respectively.

3.8.7 Overall the Committee has underspent by £697,920.

Resources

- 3.8.8 There has been an increase in the level of benefits paid, for which subsidy is not received, causing an overspend of £229,917. This has been reduced by savings in Treasury Administration, which have left the service £180,192 over budget.
- 3.8.9 Strain payments to the pension fund to meet the approved cost of the early release of pensions to former employees were not included in the original budget. The cost has contributed to a variance of £312,349.
- 3.8.10 Overall the Committee has overspent by £599,841.

Revenue Contribution to Capital

- 3.9 There has been a contribution of £49,000 from Revenue to fund Capital Expenditure, reflecting money received, that previously was treated as a capital receipt.

Earmarked Reserves

- 3.10 Seven new earmarked reserves are being proposed:-
- 3.10.1 A surplus has been accumulated over a number of years in respect of the Council's Green Travel Plan. This surplus will be transferred to a newly created earmarked reserve and used to fund the revised Green Travel Plan (£34,122).
- 3.10.2 Income has been received in respect of Habitats Assessments. This has been transferred to an earmarked reserve to fund future expenditure (£46,234).
- 3.10.3 An underspend on the AFU archiving budget has been transferred to an earmarked reserve to enable any outstanding archiving work to be completed (£69,382).
- 3.10.4 The reduced personnel in the Countryside service resulted in some work for which grant funding had been received not being achieved; the unused funding will be placed in an earmarked reserve to enable it to be used to complete the works (£29,831).
- 3.10.5 An earmarked reserve is to be created for additional grass cutting should weather conditions in the future cause excess expenditure in the service (£30,000).
- 3.10.6 A reserve is to be created to cover the cost of the voluntary redundancy programme in future years (£400,000).
- 3.10.7 A New Homes Bonus reserve is proposed to finance future infrastructure plans, in line with the agreed policy (£389,165).
- 3.10.8 A reserve is to be created to allow for events in support of the Olympics to take place in Exeter (£22,000).
- 3.11 Additions to Earmarked Reserves totalling £1,056,577 have been made for specific schemes and purposes as summarised below: -
- Scrutiny Committee – Community: £ 95,675
 - Scrutiny Committee – Economy: £171,737
 - Council £789,165

There has also been £328,578 transferred from Earmarked Reserves as follows:-

- Scrutiny Committee – Community: £ 1,165
- Scrutiny Committee – Economy: £194,652
- Scrutiny Committee – Resources £132,761

3.12 During 2011/12 there has been an overall net contribution to Earmarked Reserves of £727,999 as shown in Appendix C. This differs to the budgeted withdrawal of reserves of £119,000 because a number of new reserves are proposed to be set up and a reserve, set up last year, after the budget had been set has been used this year.

3.13 The movement on Earmarked Reserves and the balance at 31 March 2012 are:

	Balance at 31March 2011 £'000	Balance at 31March 2012 £'000	Movement £'000
Earmarked Reserves	1,164	1,892	728

General Fund Balance and Supplementary Budgets

3.14 At 31 March 2011 the General Fund working balance was £4,192,997 and a surplus of £92,528 has been made at 31 March 2012, leaving the current balance at £4,285,425. The minimum requirement for the General Fund working balance was approved by the Executive in February 2012 at £2million.

3.15 There is a small requirement for supplementary budgets in 2012/13; which is set out in 3.16 below.

3.16 The Council has identified at the end of the year a number of revenue budgets that have not been spent but where a commitment is required in the following financial year. It is therefore proposed that supplementary budgets totalling £138,260, identified in Appendix D are approved in 2012/13: -

- Scrutiny Committee – Resources; £ 12,000
- Scrutiny Committee – Community; £ 55,200
- Scrutiny Committee – Economy; £ 71,060

3.17 Taking into account the proposed supplementary budgets above, the uncommitted General Fund working balance at 31 March 2012 is £4,147,165.

3.18 The Council is still faced with considerable financial challenges in the medium term particularly in respect of the significant reduction in grant as the new Government tackles the issue of reducing the national budget deficit.

3.19 Achievement of Savings

The Council identified £2.4 million savings whilst setting the 2011-12 budget. Appendix E sets out the achievement of these savings. £2.181million (90%) of the savings have been achieved.

4. COUNCIL TAX

4.1 As at 1 April 2011, arrears amounted to £2.360m, the movements during 2011/12 were as follows:

	£m	£m
Arrears at 1 April 2011		2.360
Add:		
2011/12 debits raised net of discounts, benefits and transitional relief	48.164	
Less:		
Payments received	(48.796)	
Refunds and change in pre-payments	861	
Write-offs	<u>(171)</u>	
Arrears at 31 March 2012		<u>£2.418</u>

4.2 Against the arrears of £2.418m, a bad and doubtful debt provision of £855,000 has been provided, calculated in accordance with the appropriate accounting guidelines.

4.3 The 'In-Year' collection rate has decreased slightly in comparison with the previous year. The collection rate for 2011/12 was 97.4% compared with 97.5% in 2010/11.

5. OUTSTANDING SUNDRY DEBT

5.1 The Council issues invoices for a range of sundry debts, including :-

- Commercial rent
- Trade waste
- Service charge and ground rent for leasehold flat owners
- Home call alarms
- Housing benefit overpayments
- and a range of other services

In these quarterly reports, comparisons are made to inform members of progress in recouping this debt. This does not include housing rent, council tax or business rate debt.

5.2 An aged debt analysis of the Council's sundry debts is shown in the table below. Debt over 30 days old has decreased over the year from £1.998m to £1.719m – a reduction of £279,000. Debts over 5 years old relate in the main to two services, Housing Benefit overpayments (£140,464) and Housing (£13,922).

Age of Debt	March 2011	March 2012
Up to 29 days (current)	£1,706,488	£1,320,699
30 days – 1 Year	£ 931,746	£ 831,060
1 – 2 years	£ 389,184	£ 344,792
2 –3 years	£ 235,297	£ 218,292
3 – 4 years	£ 154,931	£ 84,303
4 – 5 years	£ 57,900	£ 82,126
5 + years	£ 228,676	£ 158,614
Total	£3,704,222	£3,039,886

5.3 Of the outstanding debt, the table below sets out the main services and debts owing:

	Outstanding debt – 31 March 2012 £
▪ Commercial rent	900,539
▪ Trade waste / Cleansing	182,626
▪ Service charge, ground rent and major works for leasehold flat owners	63,760
▪ Home call alarms	5,845
▪ Housing benefit overpayments*	1,036,886
▪ Leisure Services & Museums	63,925
▪ Markets & Halls	52,416
▪ AFU	56,761
▪ Economy & Tourism	39,650
▪ HRA	81,697
▪ General Fund Housing	129,692
▪ River & Canal	32,869

*These overpayments occur largely due to changes to claimants' circumstances resulting in a lower benefit entitlement once a reassessment is made. This figure represents about 2.3% of the total annual benefits paid and in the order of 90% of this amount is recovered.

6. DEBT WRITE-OFFS

6.1 The following amounts have been written-off during 2011/12:

• Council Tax	£171,010
• Business Rates	£279,526
• Sundry Debt	£250,178
• Housing Rents	£ 31,998

7. CREDITOR PAYMENTS PERFORMANCE

- 7.1 Creditors' payments continue to be monitored in spite of the withdrawal of Statutory Performance Indicator BVPI8. The percentage paid within 30 days was 96.64% for 2011/12 compared with 94.35% for 2010/11.

8. RECOMMENDATION

It is recommended that Scrutiny Resources Committee and the Executive note the report and Council notes and approves (where applicable):

- 8.1 That the net transfer of £727,999 to Earmarked Reserves as detailed in paragraph 3.11 is approved.
- 8.2 That supplementary budgets of £138,260 is approved as detailed in paragraph 3.16
- 8.3 That Earmarked Reserves at 31 March 2012 be noted;
- 8.4 That the Council Tax account and collection rate be noted;
- 8.5 That the outstanding sundry debt, aged debt analysis and debt write-off figures be noted;
- 8.6 That the creditor payments performance be noted;
- 8.7 By taking into account the overall financial position of the Council as set out in paragraph 3.14 above, the General Fund working balance at 31 March 2012, be approved at £4,285,425;
- 8.8 That the Housing Revenue Account working balance at 31 March 2012 is approved at £5,764,423 and the Council Own Build working balance is approved at £28,207.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling the report:

None

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HOUSING REVENUE ACCOUNT

Code	Annual Budget	2011/12 Outturn	Variance To Budget
	£	£	£
85A1	2,865,390	2,780,542	(84,848)
85A3	266,190	247,906	(18,284)
85A4	9,324,720	7,490,643	(1,834,077)
85A6	0	0	0
85A8	(16,117,210)	(16,639,545)	(522,335)
85B1	4,284,210	4,280,880	(3,330)
85B2	(123,910)	(8,908)	115,002
85B4	(499,390)	1,848,482	2,347,872
Variance in Working Balance	0	0	0
Net Expenditure	0	0	0
Working Balance	1 April 2011	31 March 2012	£ 5,764,423
	£ 3,915,941		

COUNCIL OWN BUILD SITES

Code	Approved Annual Budget	2011/12 Outturn	Variance To Budget
	£	£	£
H006	(7,380)	(8,086)	(706)
H007	(49,650)	(26,679)	22,971
H008	15,000	8,486	(6,514)
Variance in Working Balance	42,030	26,279	(15,751)
Working Balance	1 April 2011	31 March 2012	£ 28,207
	£ 1,928		

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APPENDIX B

GENERAL FUND
2011/12 REVENUE OUTTURN - SUMMARY

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	2011/12 Outturn £	Variance to Budget £
SCRUTINY - COMMUNITY	12,923,050	10,100	12,933,150	12,235,230	(697,920)
SCRUTINY - ECONOMY	(2,256,560)	125,170	(2,131,390)	(2,547,850)	(416,460)
SCRUTINY - RESOURCES	5,547,950	12,000	5,559,950	6,159,791	599,841
less Notional capital charges	(3,024,690)		(3,024,690)	(3,254,784)	(230,094)
FRS17 Pension Adjustment	(333,400)		(333,400)	39,914	373,314
Service Committee Net Expenditure	12,856,350	147,270	13,003,620	12,632,300	(371,320)
Net Interest	100,000		100,000	89,816	(10,184)
Minimum Revenue Provision	1,070,000		1,070,000	919,552	(150,448)
Investment Loss	0		0	12,983	12,983
Revenue Contribution to Capital	0		0	49,000	49,000
General Fund Expenditure	14,026,350	147,270	14,173,620	13,703,652	(469,968)
Transfer To/From(-) Working Balance	227,700	(147,270)	80,430	92,528	12,098
Transfer To/From(-) Earmarked Reserves	(119,000)		(119,000)	727,999	846,999
General Fund Net Expenditure	14,135,050	0	14,135,050	14,524,178	389,128
Formula Grant	(9,279,790)		(9,279,790)	(9,279,790)	0
Council Tax Freeze Grant	(118,456)		(118,456)	(118,420)	36
New Homes Bonus	0		0	(389,165)	(389,165)
Council Tax Net Expenditure	4,736,804	0	4,736,804	4,736,804	(0)
Working Balance	March 2011	£ 4,192,897	£ 4,285,425	March 2012	£ 4,285,425

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2011/12 EARMARKED RESERVES MOVEMENT

Transfers from Reserves		
81A3	Vehicle Licensing	(1,165.40)
83A9	Building Control	(15,680.64)
83B5	Planning Delivery	(161,655.58)
83B5	Local Development Framework	(16,811.99)
83B8	Major Projects	(503.10)
86A5	Strategic Review	(132,761.23)
		<u><u>(328,577.94)</u></u>

Transfers to Reserves		
81A6	Countryside Grants	29,831.43
81A6	Grass Cutting	30,000.00
81A8	Isca Bowls	10,000.00
81C2	Devon Home Choice	25,843.00
83A2	Green Travel	34,121.55
83A5	Olympics events	22,000.00
83B5	Habitat Assessment	46,234.19
83B7	AFU Archiving	69,381.54
	Redundancy	400,000.00
	New Homes Bonus	389,165.00
		<u><u>1,056,576.71</u></u>

Net transfer to / (from) Earmarked Reserves **727,998.77**

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Resources			12,000
	AIM Carry forward		12,000
Community and Environment			
81B6	Recycling Survey	15,000	
	AIM Carry forward	40,200	
		55,200	
Economy & Development			
83B9	Corn Exchange Entrance Lobby	4,850	
83B4	Construction & Design Maintenance	7,210	
	AIM Carry forward	59,000	
		71,060	
Overall Total			138,260

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SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
Chief Executive			
Reduction of Policy Officer working hours to 4 days	8,800		
Reduction in community involvement and consultation budgets	10,000		
Reduction of CX working hours to 4 days	28,000		
Reduction in staff in Chief Executive's Support unit by 1 fte	44,000		
Reduction of CX/ACX Admin Support	8,800		
Grants - various reduce by 20%	69,200		
sub total	168,800	-	
Corporate Services			
Internal Audit - Additional income from sale of CIPFA publication		20,000	
Human Resources :			
Delete IT Trainer budget	35,000		
Amalgamate all service training budgets	26,000		
Legal Services :			
Joint procurement of research and precedents information		6,000	
Reduced fees for practising certificates	3,000	1,700	
IT :			
Reformat bulk printing templates	14,000		
General repair/consumables and maintenance savings	11,000		
BS security standard maintenance - to be provide in-house	5,000		
Staffing reduction 1.5 fte (copy centre and EDRMS)	38,000		
Corporate Customer Services :			
Savings arising from combined elections	40,000		
Election administration - casual staff, postage, training		9,000	
Income from marriages/civil ceremonies at the Guildhall		10,000	
Guildhall/Mayoralty - reduced costs re transport, staffing etc.	13,500		
Civic Centre - postage, vending, publications and office cleaning	42,000		
CSC - cashiers service, service development	45,000		

SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
Treasury Services :			
Not filling vacant posts in council tax section	58,700		
Reduction of clerical support for benefits and council tax	20,100		
Reduction of working days of an assessment officer	9,900		
Service restructure - combine cashiering and creditors	21,900		
Not filling currently vacant post in HB section	20,200		
Reduction in planned overtime	2,100		
Further reduction in clerical support for benefits and council tax	40,200		
Deletion of Appeals Officer Post partly funded by EDDC	14,000		
sub total	459,600	46,700	
Community and Environment			
Environmental Health Services :			
Refuse Collection - efficiency savings from reorganisation of rounds	60,000	75,000	Staff savings made but large increase in fuel and maintenance costs
Refuse Collection - increased bulky waste charges	6,000	3,500	Reduction in number of collections requested
Refuse Collection - scale down free bulky collections	17,000		
Recycling - increase garden waste collection charges	5,000		
Increased income from recycles yield			
Introduction of charging for prime site public conveniences	27,700	4,000	Not been implemented
Licensing - increase in fees and introduce city-wide scheme	8,800		Overall income in line with budget
Private Sector Housing - increase new HMO licensing fee	1,900		
Pest control - increase in charges	47,500		
Restructure of Commercial Team - deletion of vacant post			
Community Patrol - service cut and restructure	37,300	5,000	£5k over budget but not implemented until part way through year. 2nd half year pay was
Control Room - reduction in overtime and p/t vacant post	17,000		£1k below budget so savings now ongoing

SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
General Fund Housing :			
Restructure of Housing Needs Section	24,000		
Re-negotiation of lease for 88 Alphington Road	3,000		
Reduction in Strategic Housing Manager's hours	12,000		
Restructure of Housing enabling/Empty Homes team	40,000		
Use of commuted sum money	100,000		
Leisure Services :			
ISCA Centre management incorporated within new contract	10,000		
Income from s106 contributions for new play areas	5,000		
Countryside Team - reduce staffing by 1fte	30,000		
Head of Leisure & Museums - Flexible retirement	5,000		
Cease all sports development work, play work and the scrapstore	150,000	10,000	Extension to length of contract agreed
Cemeteries :			
Increase memorial fees by 10%	4,400		
Removal of 10 year exclusive rights of burial option	20,300		
Parks and Open Spaces :			
Removal of funding for vacant apprentice post	16,900		
Increase allotment rents by 18% from Sep 2011	2,900		
Reduce standards on scrub maintenance	2,000		
Increase winter sports fees	6,000		
increase summer sports fees	3,000		
Grass over some shrub beds	5,000		
Reduce bowling greens from 5 to 4	6,900		
Reduce programmed litter collections	8,700		
Minimise end of season pitch renovation	2,000		
Take 5 pitches out of play		5,000	
Reduce number of changing rooms open at weekend by 2	8,400		
Reduce maintenance at tennis courts	2,000		
Reduce grass maintenance teams by removing agency posts	30,000		
Reduce shrub maintenance further	5,000		
Retender changing room cleaning	2,000		
Cease weekend pitch inspection	4,000		
Cease summer weekend patrols of parks	5,500		
Remove seasonal bedding in parks	3,500		
Reduce action taken on unauthorised camping in Valley Parks	1,238		
		3,762	Expenditure £3762 over budget

SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
Administration :			
Restructure - additional savings above already budgeted for	17,500		
Cessation of internal graphic design service	31,000		
sub total	795,438	106,262	
Economy and Development			
Operational Services and Transport :			
Deletion of all current vacant posts in Engineering Services	87,400		
Reduced spending on transportation initiatives	25,600		
Bring car park security arrangements in house	40,000	50,000	Partially achieved - renegotiated external contract at a lower rate
Delete 1 senior civil enforcement post	27,500		
Delete 1 car park revenue officer and revise working patterns	19,800		
Tourism :			
Additional income re Underground Passages withdraw grant to visit Devon	15,000		
Reduce design budget	3,000		
EVIT/TIC budget	1,000		
	800		
Increase group booking fees		2,500	Anticipated additional income not achieved
Merging of Visitor Information and Tickets Manager post	18,000		
Reduce/rationalise leaflet printing	6,600	4,600	
Reduce Red Coat Guide marketing	600	2,700	
Stop producing Heritage Open Days leaflet	2,000		
Stop subscription to city.breaks.org	3,000		
Close EVIT for one day per week	13,000		Achieved by reduced opening hours not closing for one day
Reduce tourism marketing	20,000		Actual saving £5,300 over £20k projection, this offsets projected savings above not achieved

SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
Economic Development :			
Remove printing budget	1,300		
Stop contribution to Devon County Show	2,000		
Stop paying DCC research info contribution	3,200		
Reduce maintenance and expenses budget	2,500		
Reduce contribution to Exeter Positive Steps	16,200		
Reduce operational budgets	6,000		
Restructure Marketing Post and Senior Economic Development Officer	40,000		
Reduce investment marketing budget		10,000	Saving omitted from final budget
Arts and Festivals :			
Reduce contribution to Vibraphonic Festival	5,000		
Summer Festival (Option 1) Reduce budget to £65,000 for smaller focussed programme	35,000		
Delete one Festival assistant post	14,500		
Stop City Council contribution to the City Lights switch on	7,200		
Stop City Council contribution to Christmas Lights	31,000		
Remove Autumn Festival budget	13,000		
Estates Services :			
Continuation of acting up/backfill arrangements	57,500		
Increase in fee income recovered from third parties	5,000		
Savings on IT and Training budgets	5,000		
Various budget savings at Livestock Centre	20,000		
Various budget savings at Corn Exchange	15,000		
Various budget savings at Markets	15,000		
Delete vacant Markets Assistant post	2,000		
Cease parking enforcement at Quay and Bradninch Place	5,000		

SUMMARY OF AGREED REVENUE SAVINGS 2011/12

Nature of saving	Achieved £	Not Fully Achieved £	Comments
Planning Services :			
Reapportion costs to fee earning account	6,800		
Additional income from pre-application charges	20,000		
Planning Enforcement - deletion of vacant post	26,200		
Additional income from other new charges	10,000	18,000	Full time post continued to Dec 2011
Forward Planning			
Assistant Conservation Officer - redundant or part-time	6,000		
Urban Design Officer - deletion of post (1 of 3)	23,500		
Technical Officer - deletion of post	19,500		
sub total	696,700	87,800	
reduce provision for pay award	60,000		
SUMMARY			
General	£ 60,000	£ -	
Chief Executive	168,800	-	
Corporate Services	459,600	46,700	
Community and Environment	795,438	106,262	
Economy and Development	696,700	87,800	
Total	2,180,538	240,762	
	90.06%		
Total Approved Savings 2011-12		2,421,300	

Agenda Item 6

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 20 JUNE 2012

EXECUTIVE
3 JULY 2012

COUNCIL
17 JULY 2012

TREASURY MANAGEMENT – 2011/12

1. PURPOSE OF REPORT

- 1.1 To report the overall performance for the 2011/12 financial year and the position regarding investments and borrowings at 31 March 2012.

2. FINAL NET INTEREST POSITION

- 2.1 The General Fund shows an improvement against the estimate for net interest payable, the position is:

	Estimate		Actual	Variation
	£		£	£
Interest paid	120,000		67,793	(52,207)
Interest earned				
Interest from portfolio	(120,000)		0	120,000
Temporary investment interest	(40,000)		(34,239)	5,761
Other interest earned	(2,000)		(1,588)	412
Less				
Interest to HRA	117,780		46,467	(71,313)
Interest to s106 agreements	17,700		8,202	(9,498)
Interest to Trust Funds	6,520		3,161	(3,359)
Lord Mayors Charity	0		20	20
GF interest received	<u>(20,000)</u>		<u>22,023</u>	<u>42,023</u>
Net interest paid	<u>100,000</u>		<u>89,816</u>	<u>(10,184)</u>
Investment Loss	0		12,983	12,983

- 2.2 The other interest earned relates to car loan repayments. The investment loss of £12,983 relates to a loss on the foreign exchange rates, when the investments were repaid by the Icelandic banks. Additionally an investment gain has been recognised totalling £289,566 on the value of the Landsbanki investment. As the loss was capitalised last year this gain has been written off against the initial capital expenditure and will reduce our provisions for repaying debt in future years. (Please see section 3.4).

- 2.3 The HRA has earned £46,467 interest on its balances. This is calculated on the following:
- HRA working balance;
 - the balance of funds in the Major Repairs Reserve;
 - HRA negative Capital Financing Requirement.

However it has also had to pay interest on borrowing this year. As members will be aware, the Council has had to borrow £56,884,000 to buy itself out of the HRA subsidy scheme. The Government required the payment to be made on 28 March 2012, and therefore interest of £21,694 has been charged to the HRA. Additionally £8,486 has been charged on the borrowing used to fund the Council's Own Build properties.

- 2.4 Two principal factors have caused the small underspend against budget for net interest payable. Please see section 3 for a detailed explanation.

3. INVESTMENT INTEREST

- 3.1 The decision to withdraw our investments held with Investec in order to further reduce the reliance on borrowing was taken after the budget had been set for 2011/12. The Fund was closed in February 2011 and therefore no interest was earned against a projected budget of £120,000. Additionally, the credit rating agencies have downgraded a substantial number of financial institutions over the past year, which have reduced the number of counterparties that the Council can use. This has meant that much of our investment in the second half of the year has been with the Government's Debt Management Office, which is rated AAA, but offers only 0.25% interest. The Council has again been able to reduce the amount of short-term borrowing required over the year, as a result of recovering over half of the money invested in the Icelandic banks (please see below).

- 3.2 There has been much progress in respect of recovering the £5m invested in two Icelandic banks back in late 2007. The Supreme Court in Iceland upheld the ruling that Local Authorities were priority creditors and the two banks have commenced payments. Further details are set out below.

3.3 Glitnir

Following the Supreme Court ruling, Glitnir have repaid the full amount due to the Council. However the funds were repaid in a basket of currencies. Of the funds repaid approximately £383,128 (at current exchange rates) was in Icelandic Krona, which due to currency restrictions in Iceland cannot be taken out of the Country. This amount has therefore been placed in an escrow account earning 3.4% interest. The Council has actually received back £1,680,752 in currencies that have been converted into sterling.

3.4 Landsbanki

Following the Supreme Court ruling, Landsbanki have made the first repayment to the Council. Again the funds were repaid in a basket of currencies. Of the funds repaid approximately £21,000 (at current exchange rates) was in Icelandic Krona, which due to currency restrictions in Iceland cannot be taken out of the Country. This amount has therefore been placed in an escrow account earning 3.35% interest. The Council has actually received back £929,620 in currencies that have been converted into sterling. As Landsbanki is more complex, further payments will be received over the next few years as the Winding Up Board realise the value of further assets. It is now expected that the Council will receive 100% of its claim, which has resulted in an investment gain being recognised. An additional payment of £390,197 was received on 30 May 2012.

4. BORROWINGS

- 4.1 The Council has had to borrow temporarily for cashflow purposes throughout the year and incurred interest of £76,279 during the year. Of this £8,486 has been allocated against the Council Own Build scheme. Interest rates have remained very low throughout the year. At 31 March 2012, the Council had £8m of short term borrowing a reduction of £7m over last year.
- 4.2 The Council has borrowed £56,884,000 long-term to cover the payment required by the Government in respect of the HRA self-financing scheme. The money has been borrowed from the Public Works Loans Board (PWLB) over 50 years and is repayable on maturity in March 2062. The interest rate is 3.48% and annual interest payments will be £1,979,563.

5. FUTURE POSITION

- 5.1 As interest rates remain very low, the Council will continue to use short term borrowing to manage its cashflow. Current rates for borrowing are approximately 0.85% for up to 1 year. Borrowing over 25 years through the Public Works Loans Board costs around 4.20%.
- 5.2 The internal investment strategy has been tightly restricted to UK only banking operations meaning that it is difficult to invest at the moment. There is very little desire from HSBC and Barclays to take money for a couple of weeks and the credit ratings agencies have downgraded the Bank of Scotland and Nat West where we have call accounts. The Council is planning to open a Money Market Fund which is AAA rated and offers around 0.70%, and will lend to other Local Authorities and the Debt Management Office. However the rates received are between 0.25% and 0.3%, which will continue to have an adverse impact of the interest earned by both the General Fund and the HRA.
- 5.3 During the year it is likely that further repayments will be made by Landsbanki, and the LGA and their legal advisers continue to seek a resolution to the funds held in Icelandic Krona.

6. RECOMMENDATION

- 6.1 That Scrutiny and Executive support and Executive recommend to Council the Treasury Management report for the 2011/12 financial year.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling the report:

None

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 20 JUNE 2012

EXECUTIVE
3 JULY 2012

COUNCIL
17 JULY 2012

ANNUAL GOVERNANCE STATEMENT

1. PURPOSE OF THE REPORT

- 1.1 This report sets out the proposed Annual Governance Statement that will accompany the Council's Annual Statement of Accounts for 2011/12. This Statement also incorporates the Council's Code of Corporate Governance which is published on the Council's website.

2. BACKGROUND

- 2.1 CIPFA/SOLACE has previously issued a framework and guidance on delivering governance in local government. This framework illustrates best practice for developing and maintaining a local code of governance and it recommends that authorities must be able to demonstrate that they are complying with the principles of good governance.
- 2.2 The preparation and publication of an Annual Governance Statement in accordance with CIPFA/SOLACE guidance is required to comply with Regulation 4 of the Accounts and Audit (England) Regulations 2011.
- 2.3 The Council was previously required to include the Annual Governance Statement within its published Annual Statement of Accounts. Regulation 4(4) of the Accounts and Audit (England) Regulations 2011 now provides that the Annual Governance Statement is to *accompany* the accounting statements, rather than being included with the accounting statements. The purpose of this change is to make clear that the Annual Governance Statement is not part of the statement on which the auditor's opinion is given. Local Authorities do however have discretion to decide whether it should be part of the same document as the accounting statements or be issued as a separate document. It is proposed that the Council will continue with its existing arrangements by including the Annual Governance Statement within the Annual Statement of Accounts for 2011/12.

3. ANNUAL GOVERNANCE STATEMENT

- 3.1 A draft Annual Governance Statement for inclusion in the Council's Annual Accounts for 2011/12 is attached to this report.
- 3.2 The Annual Governance Statement should include the following information:
- An acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control)
 - An indication of the level of assurance that the systems and processes that comprise the authority's governance arrangements can provide
 - A brief description of the key elements of the governance framework, including reference to group activities where those activities are significant

- A brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements, including some comment on the role of:
 - the authority
 - the executive
 - the audit committee/overview and scrutiny function/risk management committee/standards committee (as appropriate)
 - internal audit
 - other explicit review/assurance mechanisms
- An outline of the actions taken, or proposed, to deal with significant governance issues, including an agreed action plan.

4. RECOMMENDATION

It is recommended that:

- 4.1 Scrutiny Committee Resources supports the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2011/12; and
- 4.2 Council note and approve the Annual Governance Statement to be included within the Council's Annual Statement of Accounts for 2011/12.

ASSISTANT DIRECTOR FINANCE

CHIEF EXECUTIVE

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

Delivering Good Governance in Local Government – Guidance Note for English Authorities;
 CIPFA/SOLACE 2007

EXETER CITY COUNCIL

ANNUAL GOVERNANCE STATEMENT 2011/12

1. SCOPE OF RESPONSIBILITY

- 1.1 Exeter City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 The City Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on the Council's website. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control in accordance with proper practice. Proper practice has been defined as an Annual Governance Statement.
- 1.4 In accordance with the 2011/12 Code of Practice on Accounting, the Assistant Director Finance has reviewed the authority's financial management arrangements against the governance requirements of the CIPFA Statement of the role of the Chief Finance Officer in Local Government. He is satisfied that the Authorities financial management arrangements conform with each of the governance requirements.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled together with activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. There is an ongoing process designed to identify and prioritise risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Exeter City Council for the year ended 31 March 2012 and up to the date of approval of the Annual Statement of Accounts. The Council supports the six core principles set out in *The Good Governance Standard for Public Services (2004)* developed by the Independent Commission on Good Governance in Public Services. The following paragraphs describe the arrangements in place to meet the six core principles of effective governance.

3. PRINCIPLE ONE - FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

3.1 The Council aims to use resources effectively and provide high performing, value for money services that focus on customer needs.

3.2 We have a comprehensive performance management framework that supports the effective monitoring and management of performance. The main elements of our performance management arrangements are summarised below:-

- **The Exeter Vision** is the city's community strategy. It was written in consultation with key partners in the city. It sets out the priorities for the city.
- The Council's **Priorities** support the themes of the Exeter Vision. They are reviewed regularly.
- Each service compiles a **Service Plan**, which identifies its key priorities for the forthcoming year. They identify ways of increasing service contribution to the Council's priorities.
- Each member of staff has an **Annual Personal Appraisal** where they review performance against targets and set objectives for the forthcoming year.
- The availability of quality, timely, accurate and comprehensive performance information is critical for the Council's decision-making process. **Performance indicators** are used to inform decisions on the allocation of resources and the setting of priorities and targets. They are also used to compare the Council's performance with other councils and to enable external bodies and the public to scrutinise the effectiveness of the various services that are provided. The Council uses a combination of statutory, local and management indicators to monitor performance.
- Directors regularly review performance indicator results and progress against planned actions. These are also reviewed every six months by Scrutiny Committees. The Council uses integrated performance management software to help focus on managing performance as well as reporting on it. Performance information is available to all officers and Members on a regular basis.
- Finally, the website and the Exeter Citizen are used to communicate performance to the public. A summary of our key achievements and overall performance is distributed to all households in Exeter with Council Tax bills.

3.3 A range of financial management measures are in place to ensure the effective use and management of resources including: -

- A medium-term financial plan covering both revenue and capital spend which provides a framework for the planning and monitoring of resource requirements.
- A Capital Strategy that aims to ensure that investment is linked to Strategic Objectives. Bids for capital and other asset management funding require an effective 'business case'

linked to Strategic Objectives, and progress in delivering projects is formally monitored by Councillors and Directorate Management Teams.

- Financial stewardship is reported to Councillors quarterly, and is considered regularly by Directorate Management Teams. This is supported by an established budget monitoring process by managers and Accountancy staff.
- Standing Orders and Financial Regulations contained within the Council's Constitution set out the overall framework that governs the management of the Council's finances.

3.4 The Council operates a complaints procedure and uses this to identify areas where service quality is not satisfactory, and to take action to improve.

4. PRINCIPLE TWO - MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

4.1 The Council aims to ensure that the roles and responsibilities for governance are defined and allocated so that accountability for decisions made and actions taken are clear. This is contained in the Council's Constitution which sets out how the Council operates and how decisions are made. In particular it sets out a clear statement of the roles of committees, the full council, members and senior officers.

4.2 The Constitution also includes a Member/Officer Protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.

4.3 All Committees have clear terms of reference and work programmes to set out their roles and responsibilities. The Resources Scrutiny Committee provides assurance to the Council on the effectiveness of the governance arrangements, risk management and internal control arrangements.

4.4 The Council's Chief Executive (and Head of Paid Service) leads the Council's officers and chairs the Strategic Management Team.

4.5 The Assistant Director Finance, as the s151 Officer, carries overall responsibility for the financial administration of the City Council.

4.6 The Monitoring Officer (Corporate Manager Legal Services) carries overall responsibility for regulatory compliance.

4.7 When working in partnership the Council will ensure that:-

- Members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council
- Representatives understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

5. PRINCIPLE THREE - PROMOTING VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

5.1 To ensure that members and officers exemplify good standards of behaviour the Council has in place appropriate codes of conduct. These clearly set out the standards of conduct and personal behaviour expected of members and officers. In particular, the codes put in place

arrangements to ensure that members and officers of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

5.2 The Council takes fraud, corruption and maladministration very seriously and has in place the following which aim to prevent or deal with such occurrences: -

- Anti-fraud and Anti-corruption Strategy
- Whistle Blowing Policy
- Human Resources Policies and Procedures regarding the disciplining of staff involved in such occurrences
- Fraud reporting facility on the website

5.3 The Council has a Standards Committee to advise the City Council on the adoption of Codes of Conduct with the aim of promoting and maintaining high standards of conduct by members and officers and the subsequent monitoring and updating of the codes.

5.4 The Council has a complaints procedure in place to receive and investigate any complaints that are made.

6. PRINCIPLE FOUR - TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

6.1 The Council's Constitution sets out how the Council operates and the processes for policy and decision making.

6.2 The full Council, comprising 40 Members, meets several times each year to decide the Council's overall policies and set the budget. In addition to recommending major strategies to the Council, the Executive is responsible for the most significant and day to day decisions which are not delegated to officers. There are three scrutiny committees which scrutinise the work of the Executive and the Council as a whole. They consider issues and review services within their remit and make recommendations to the Executive and the Council on its policies, budget and service delivery issues. Scrutiny Committees also monitor the decisions of the Executive and can in certain circumstances "call-in" a decision which has been made but not yet implemented.

6.3 The Forward Plan, which is published on a monthly basis, identifies key decisions which are likely to be made, either by the Executive or the Council, in the following four month period.

6.4 Other decisions are made by officers under delegated powers. The list of decisions made by officers in consultation with portfolio holders is maintained by Member Services, to whom completed delegated powers forms are sent. The decisions are also recorded on the Council's intranet. A record of delegated decisions in relation to staffing matters is maintained by Human Resources.

6.5 Policies and procedures governing the Council's operations include:-

- Financial Regulations and Standing Orders
- Data Protection
- Corporate Procurement
- Risk Management
- Freedom of Information
- Business Continuity

- 6.6 Internal Audit is an independent appraisal function that reviews all of the Council's activities, both financial and non-financial. Internal Audit provides a service to the whole Council in order to provide assurance on the arrangements for risk management, internal control and corporate governance, and to provide advice to support achievement of best practice.
- 6.7 Exeter City Council is committed to the effective management of risk at every level within the Council. A Risk Management Policy has been established that states the Council's objectives, approach, procedures and responsibilities. To support the policy, risk management procedures have been produced that explain how the Council's risk management process works. The procedures show the various documents used, and explain how the risk analysis form should be completed. The Council's risk management process is audited on a regular basis by its Internal Auditors using the enhanced systems based auditing approach they devised.
- 6.8 The Council maintains a corporate risk register but for reporting purposes it also maintains a summary risk register that does not include the 'low' risk ratings. Its purpose is for reporting half-yearly to the Scrutiny Committee - Resources the 'High' and 'Medium' risks, mitigating actions agreed and taken, etc. so that risk management progress can be monitored. Reports are also made to the Executive and the other two Scrutiny Committees on an annual basis.
- 6.9 Financial management processes and procedures are set out in the City Council's Financial Regulations and include the following:-
- Financial Management Responsibilities
 - Financial Planning
 - Control of Expenditure and Income
 - Banking Arrangements
 - Disposal of Assets
 - Insurance
 - Orders and Payment for Goods, Work or Services

7. PRINCIPLE FIVE - DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS

- 7.1 The Council aims to ensure that members and officers of the Council have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. All new members and officers undertake an induction to familiarise them with the policies, procedures, values and aims of the Council. The Council has also signed up to the South West Charter for elected Member Development.
- 7.2 There is a Councillor Development Framework which broadly outlines the skills and knowledge required by Councillors to perform their different roles and provides an indication of how they might carry them out effectively. It is not intended to be exhaustive or prescriptive but to provide a structure for officers to develop learning & development programmes and act as a prompt for new and existing Councillors to identify areas where they need support. This support could be in the form of information, training, facilitated workshops, coaching and mentoring, or opportunities to learn from observation. The framework is designed to be flexible, so that Councillors can work with officers to identify the most effective methods to meet learning development needs.
- 7.3 The Council has also developed its own Councillors' Information Portal. This gives members access via the intranet to a wide range of information on a range of key topics.

7.4 The Council recognises that the quality of the services provided by the Council depends on the quality of its employees. The Appraisal and Development Scheme is the way in which employees and their managers can identify their training and development needs and one way in which managers can talk to their staff about their work and the work of the Council.

7.5 A full programme of training and development is available to all managers to provide them with the understanding, knowledge and skills to carry out their managerial responsibilities effectively. This is managed centrally to achieve cost savings while enhancing equality of opportunity of accessing resources.

8. PRINCIPLE SIX - ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

8.1 As a community leader the City Council works with numerous partners to contribute to the overall quality of life in the city, but it is also concerned with providing the highest quality public services and the widest access to those services. Individual services are continuously assessing service levels and making improvements in line with legislative requirements and customer feedback.

8.2 The Council has a continuous programme of consultation and engagement with its residents and communities which informs its activity. A range of methods are employed to ensure that it hears the views of all our residents. These include:

- Wavelength - a citizens' panel which is made up of 1000 people representing all sections of the community.
- Community Forums – these give all citizens the chance to talk to the Council and partner agencies about issues that concern them.
- Surveys – used to obtain detailed feedback about services.
- Focus groups – used to obtain detailed feedback about services.
- Exhibitions and roadshows – used to launch new ideas and initiatives.

9. REVIEW OF EFFECTIVENESS

9.1 The City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and also by comments made by the external auditors and other review agencies and inspectorates.

9.2 The processes for maintaining and reviewing the effectiveness of the governance framework are: -

- Executive is responsible for considering overall financial and performance management and receives comprehensive reports throughout the year.
- Scrutiny Committee Resources monitors the overall financial performance of the Council and also discharges the functions of an audit committee including monitoring the effectiveness of risk management. Risk management reports and financial stewardship

reports are also presented to both Scrutiny Committee Economy and Scrutiny Committee Community as appropriate.

- Annual reviews of the Council's key financial and non financial systems by Internal Audit against known and evolving risks
- Cyclical reviews by Internal Audit of internal controls in operation within each service area against known and evolving risks
- Annual service planning to align service development against Strategic Objectives
- The Monitoring Officer provides assurance that the Council has complied with its statutory and regulatory obligations
- Half-yearly reports to the Council's Scrutiny Committee - Resources on the work of and recommendations made by the Internal and the External Auditors
- Annual reviews of the Council's financial accounts and records by the External Auditors leading to their opinion as published in the year-end statements
- Ongoing reviews of strategic and operational risks in each service area and the conduct of risk analysis and management in respect of major projects undertaken by the Council
- Reviews and, where appropriate, update of the Council's Financial Regulations and Standing Orders

10. SIGNIFICANT GOVERNANCE ISSUES

10.1 The following steps have been undertaken during the year to further improve our Corporate Governance Arrangements: -

- Completed a budget consultation exercise to identify spending priorities.
- Complied with the Government's request to provide financial transparency by publishing spending information over £500 and senior salaries online.
- Continued to review our consultation and engagement practices across the council and have developed an action plan to look at additional ways to provide more support and training to services, work more collaboratively with the community and voluntary sector, celebrate learning and best practice, and engage citizens through online media.
- Addressed recommendations made by the Council's external auditors in their Annual Audit and Inspection Report and other reports as appropriate.
- A joint review is to be undertaken by Treasury Services and Internal Audit staff to identify issues with, and improve the robustness and effectiveness of, the creditors' system of internal controls.
- Reviewed the areas for improvement identified in the annual assurance statement by the Head of Internal Audit namely:-

Risk Management – the roll-out programme has continued to roll out risk management to each of the Council's services in order to embed risk management throughout the Council.

Reduction in Government Funding and Cuts to Services – Highlighted the need to ensure that systems of internal control including separation of duties are not compromised by reductions in staffing resources.

As a result of a review of our overall arrangements, the following have been identified as actions over the coming year: -

- Review the Council’s corporate priorities following the new organisational structure.
- Revise the performance framework.
- Address recommendations made by the Council’s external auditors.

11. CERTIFICATION

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Signed:

Date:

Date:

Chief Executive

Leader of the Council

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
20 JUNE 2012

EXECUTIVE
3 JULY 2012

NEW APPROACH TO MANAGING BUILDING CONTRACTS –
TOTAL PROJECT DELIVERY INITIATIVE

1. PURPOSE OF THE REPORT

- 1.1 To seek approval to continue the initiative for the delivery of the housing kitchen, bathroom, gas central heating and boiler replacement for up to four years, following a successful six month trial period.
- 1.2 To seek approval to examine the practicality of extending the initiative to cover working budgets in respect of PSL's, Extralet and disabled adaptation programmes.

2. BACKGROUND

- 2.1 Since 2009, delivery of domestic kitchen and bathroom refurbishment through external contractors has become increasingly problematic. The contract was originally awarded to Connaught in 2009, following a traditional competitive tendering process. Regrettably, Connaught went into administration in the latter part of 2010 and Lovells took over the contract in December 2010 on a short-term basis with similar prices and unit installation periods. This action both secured the employment of most of the staff employed by Connaught and enabled the kitchen and bathroom contract to recommence whilst a further formal tendering exercise could be completed.
- 2.2 In conducting the re-tendering process, officers had been keen to ensure that whenever any new kitchen and bathroom contract was put in place it was to be robust to so ensure that risk in terms of further disruption to the programme of work would be eliminated. This meant that more time was needed to properly verify the suitability and capability of the prospective tenderers to deliver what was required in the best value interest of the council. So officers went through the tender requirements, with each prospective tenderer, to transparently establish that any bid would be made in cognisance of all potential costs and demanded rates of completion.
- 2.5 However in August 2011, before this wider formal tendering process could be completed, Lovells withdrew from their short term contract. Lovells stated that they could not sustain the work at Connaught price levels and could not complete the required number of installations at the rate desired.
- 2.6 New tenders were sought but, when tenders were received, the lowest tender comprised prices set at an even lower level than that which both Connaught and Lovells considered viable. So, following consultation with the Leader and the PFH for Housing, the tender process was abandoned and the bidders informed accordingly.
- 2.7 At the same time, August 2011, Mears signalled that they were withdrawing from their long term contract of gas installation for which they had been employed since May 2010. Mears stated that they had suffered sustained significant losses due to their previously tendered rates for this work and so then considered such were not sustainable for the company.

- 2.8 Somewhat fortuitously over this period of contractor withdrawal, an alternative approach to delivering programmed work had been developed, tested and successfully completed by the Contracts team. This was in relation to the installation of new energy efficient replacement electric heating at Rennes House. The project was successful because it utilised a contractor of known expertise and capability with a long history of delivering good quality reasonably priced work to the council in good time. Success being defined in terms of cost, completion in short time and on time and, most rewardingly, tenant satisfaction.
- 2.9 We considered how this alternative approach, named Total Project Delivery (TPD), could be exploited to deliver other programmes of work which had become problematic. TPD being essentially a controlled method of utilising several separately targeted budgets to better guarantee the delivery of work programmes. This idea was approved to be trialed for a general six month period ending March 2012, for the housing kitchen, bathroom, gas central heating and boiler replacement budgets.

3. LESSONS LEARNED FROM THE PILOT TPD APPROACH

- 3.1 Formal tendering processes in the past on these projects have produced nominal cost savings by driving down prices to low levels but often ultimately involving some sacrifice of quality. From recent experiences it is equally clear that such prices cannot be sustained resulting in contractor failure and the consequential disruption to work programmes, tenant dissatisfaction and reputational damage to the council.
- 3.2 Using the traditional competitive tendering route, where one contractor is appointed, may deliver reduced prices particularly at the outset, but then delivery is reliant on that one contractor carrying out the entire programme of work. We have however recently experienced, as detailed above, that in tough financial times this approach may carry with it undesired risk.
- 3.2 The adoption of the TPD approach may involve some increases in price, from unsustainable levels, but arguably also increases value for money as continuity of the programme is better guaranteed. TPD provides that if one of the employed contractors fails or under performs, work can be switched to the other contractors or additional contractors appointed. So the TPD approach delivers sustainability for programmes of work.

4. EXTENDING TOTAL PROJECT DELIVERY (TPD) APPROACH

- 4.1 This initiative involves Contracts taking the role of Project Manager. Work would be offered in small parcels to several approved contractors to so enable better control and monitoring of delivery. Best value prices would be derived through market testing, based on previously sustainable tendered rates, or mini-competition and incorporating the setting of realistic times for delivery.
- 4.2 When operating TPD, work will be tailored and controlled to match budgets available, so no budget would overspend. As costs for units of work will be readily available in advance of work being instructed, the numbers of units planned to be completed would be easily estimated by officers and therefore planned for. In this way the TPD provides for the continuous monitoring of costs and expenditure combined with flexibility and adaptability of approach in how and what we deliver.

- 4.3 ECC Contract Regulations, Government procurement Regulations and European Legislation all effectively demand that fair competition is used to engage all suppliers so that they are able to deliver work demanded in a best value way. The traditional route for achieving fairness is to seek tenders, as it is presumed that this will both deliver equability and best value. However, as shown from our recent experiences above, this is perhaps not always the case. An opportunity of a better way to proceed could be through this TPD initiative, where cost and best value is controlled and ensured as explained in 4.1 above and, by making the work open to all ECC prior approved contractors, we drive competition. By not using the normal tendering route for appointment, we remove those tendering costs normally incurred by suppliers, which means this method of procurement is more inclusive, for various sizes of company and can also provide better opportunities for more locally based suppliers to be involved.
- 4.4 European Legislation sets financial thresholds for project value, above which work must, for example, be widely advertised throughout Europe. With the TPD method, packages of work are offered against each individual project budget. The total value of work offered under a TPD method, against an individual budget, will not be allowed to exceed the set European threshold. That is why the TPD will be limited to a maximum of 4 years.
- 4.5 The TPD method is therefore designed for each TPD project to only run for a period up to a maximum of 4 years, or until either the budget runs out or if the European threshold will be breached. When each project budget is exhausted, the success of the initiative would be reviewed.
- 4.6 Any fluctuations to rates due to inflationary increases will be assessed and set each year by the Principal Quantity Surveyor using nationally accepted published industry indices.
- 4.7 The 6 project budgets proposed for this continuation and/or extension of TPD would be as below with estimated numbers of installed units to be completed:

Budget head	Units completed
Kitchens	902
Bathrooms	871
Gas Central Heating	223
Boiler replacement	1801
Disabled Adaptations	331
PSL and Extralet work	as demanded

A more detailed breakdown is provided in the Appendix to this report

- 4.8 The present already ECC approved select listed contractors engaged are;
- Spectrum (Locally based medium to large Company)
 - DR Jones (locally based small to medium Company)
 - MD Builders (locally based small Company) –
 - KSE (locally based small to medium Company)

However the TPD allows for any other contractor who is ECC approved to be appointed as and when required as demand arises.

- 4.9 To comply with sound procurement practise and council contract regulations or European legislation in full, it will be required that each of the installation projects be advertised individually. As each chosen project budget would fit within European regulation, and with the desire of the council to encourage the employment of local SME's, it is proposed that all required advertising would be via the Council's own website. This will also assist in terms of the probity of the procurement process. The advertisement would stay live on the web site up to 6 months prior to the end of each project, that being either when the budget is exhausted or after 4 years, whichever is the soonest. The advertisement would fully outline the requirements of working on a TPD basis.
- 4.10 Each TPD appointed contractor would have been assessed to ensure they meet and can achieve normal council standards. Those standards to include health and safety requirements, meeting council standard financial criteria, having adequate insurances and having commitment to social policies, such as equal opportunities.
- 4.11 In order to achieve best value, rates would first be researched, market tested and set by the in-house Principal Quantity Surveyor, based on previously received appropriate tendered rates. These rates would be used to set sustainable rates with all potential contractors to be employed. Alternatively, if tendered rates are not considered appropriate, are out of date or not sustainable, then a mini-tendering process between the then present applicants may be utilised to determine a more appropriate competitive level of rates to be charged.
- 4.12 On initial application each applicant would be given (electronically) copies of all contract information for the type of works they wish to undertake, within which would be detailed proposed rate information for the types of work applied for. This would allow each applicant to make an informed decision prior to incurring any resource expenditure in seeking to be part of the council's TPD method. Each applicant would be explicitly informed that the nature of TPD dictates that only a certain number of contractors will be employed (in proportion to the work content available) at any one time on any type of works. Each applicant would be informed that inclusion on the Council select list would not guarantee that any work would necessarily become available under the scheme nor that if work was available that they would necessarily be selected ahead of any other applicant on select lists.
- 4.13 The six installation projects currently proposed to be involved in this TPD initiative would be project managed by officers within Contracts in close liaison with appropriate client officers. They would drive, partner, negotiate with and supervise the work of private building companies, to deliver installations to the required programmes on time and to the agreed budget. Long term contracts would not be involved, but work will be commissioned in small packages (e.g.10 units at a time) at prior set rates to better ensure service delivery can be achieved and sustained. The TPD initiative will be primarily concerned with delivering value for money through achieving delivery and quality rather than just price alone. Working in this way, with several contractors and with smaller units let each time, TPD would have in-built flexibility to take action as necessary to appoint or disengage contractors (or let them withdraw if it is not working for them) to ensure both delivery and quality is maintained.
- 4.14 In carrying out the TPD method, it has to be seen that this initiative remodels what tendering and project management and supervision we do already. We do not envisage more in-house resources would be needed for same. In terms of payment of work, payments would be made using existing financial systems but on a per order basis, which should allow contractors more certainty of payment to so assist cash flow.

5.0 CONCLUSION

5.1 Ultimately, in arranging work in this way it has to be accepted that rates will not necessarily be driven down by economies of scale and therefore levels of rates will likely see a marginal increase because of letting work in limited quantities. However, the increased flexibility built into the arrangements would also provide the flexibility to employ additional contractors, either large or small, in order to achieve delivery demands. Working in terms of smaller packages of work may nevertheless bring a derived benefit in encouraging local companies (rather than larger national companies) to become involved who will likely then take the opportunity to seek to utilise existing local workforce resources, bringing much needed jobs and prosperity to the region.

6. RECOMMENDED

6.1 That Scrutiny Committee – Resources and Executive

- 1) note the initial progress made on the TPD pilot; and
- 2) support its continuation and extension for up to 4 years, or until respective budgets involved are exhausted, subject to annual review and approval by the Assistant Director.

ASSISTANT DIRECTOR HOUSING AND CONTRACTS

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

Background papers used in compiling this report:

None.

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**Total Project Delivery Framework Using ECC Approved Suppliers
Estimated Units Installed 2012/15**

Budget	Materials value as % of budget	2012			2013			2014			2015						
		Budget 2012	Budget less supplied materials 2012	Average Unit Cost 2012	Estimated Units Installed	Budget (est) 2013	Budget (est) less supplied materials 2013	Average Unit Cost 2013	Estimated Units Installed	Budget (est) 2014	Budget (est) less supplied materials 2014	Average Unit Cost 2014	Estimated Units Installed	Budget (est) 2015	Budget (est) less supplied materials 2015	Average Unit Cost 2015	Estimated Units Installed
Kitchens	20%	1,400,000.00	1,120,000.00	3,800.00	295	1,000,000.00	800,000.00	3,876.00	206	1,000,000.00	800,000.00	3,953.52	202	1,000,000.00	800,000.00	4,032.59	198
Bathrooms	20%	518,000.00	414,400.00	1,800.00	230	500,000.00	400,000.00	1,836.00	218	500,000.00	400,000.00	1,872.72	214	500,000.00	400,000.00	1,910.17	209
Gas Central Heating Installs	30%	700,000.00	490,000.00	2,200.00	223	400,000.00	280,000.00	576.30	486	400,000.00	280,000.00	587.83	476	400,000.00	280,000.00	599.58	467
Boiler Changes	30%	300,000.00	210,000.00	565.00	372	400,000.00	220,000.00	2,650.00	86	400,000.00	220,000.00	2,601.00	85	400,000.00	220,000.00	2,653.02	83
Disabled Adaptations	45%	350,000.00	192,500.00	2,500.00	77	Funded via grant and repayment direct from rent				Funded via grant and repayment direct from rent				Funded via grant and repayment direct from rent			
PSUs / ExtraLet		Funded via grant and repayment direct from rent				Funded via grant and repayment direct from rent				Funded via grant and repayment direct from rent				Funded via grant and repayment direct from rent			

4 Year Totals	
Total Contractor Spend over 4 years	Estimated Total Units Installed over 4 years
3,520,000.00	902
1,614,400.00	871
490,000.00	223
1,050,000.00	1,801
852,500.00	331
n/a	n/a

Budget	
Kitchens	
Bathrooms	
Gas Central Heating Installs	
Boiler Changes	
Disabled Adaptations	
PSUs / ExtraLet	

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EXETER CITY COUNCIL

EXECUTIVE COMMITTEE

3 JULY 2012

LAINGS HOME REFURBISHMENT REVIEW

1 PURPOSE OF THE REPORT

- 1.1 To inform Members of the outcome of an internal review of the Laing's property refurbishment programme and seek Member approval of the recommendations contained within the report.
- 1.2 The review has been conducted as a consequence of an issue highlighted by Sovereign Housing Association connected to the use of Recycled Capital Grant Funding (RCGF) to fund the refurbishment of Laings homes.

2 BACKGROUND

- 2.1 The Buddle Lane estate in Cowick is made up of 294 family houses built using the Laing's Easiform building system. The estate was built during the 1920's & 30's.
- 2.2 Because of the construction methods used and the resultant problems with the structure of these houses, the Council designated the homes as defective and embarked on a long-term refurbishment programme to modernise each property as it became vacant.
- 2.3 A partnering agreement between Exeter City Council and Sovereign Housing Association was reached in the mid 1990s involving the trickle transfer of each home into Sovereign's ownership as they became vacant. Each home was then completely refurbished both internally and externally by Sovereign Housing Association.
- 2.4 This partnership was reviewed at Scrutiny Committee – Community in June 2006 and it was agreed to continue partnering with Sovereign Housing Association.
- 2.5 Some of the Laing homes have been suitable for extending and have been extended by Sovereign Housing Association to create larger homes suitable for families with a member in a wheelchair.
- 2.6 With the Laing Trickle Transfer programme being nearly 20 years old the numbers of homes that still remain in Council ownership is low. The tenure mix of the Laing Homes is currently 21 owned by Exeter City Council, 104 transferred to Sovereign Housing Association and 169 purchased under the Right to Buy.
- 2.7 Currently 3 of these homes remain vacant and in the Council's ownership. They are 40 Myrtle Road, 44 Merrivale Road and 57 Newman Road. These three homes have been vacant for over 12 months and are classified as 'long term empty homes'.

2.8 The average age of the tenants still residing in the 18 remaining occupied properties is 65 years. The actual age range is spread across 39yrs to 99yrs. It is likely to be several years before some of the remaining homes become vacant.

2.9 In January 2012 Sovereign Housing Association wrote to the Council stating: *“We have had our first review meeting with the HCA and one of the items discussed involved the Social Rent levels required by Exeter City Council for the above properties (Laing’s).*

Unfortunately, as we suspected the HCA are adamant that schemes with rents charged less than 80% of open market rent will not be approved. Additionally, the use of RCGF will only be supported on schemes meeting the Affordable rent levels. Currently the Social Rent level equates to 56% of OMR.

The HCA have made it quite clear that should the Local Authority insist on applying Social Rent levels, the funding gap would need to be covered with LA funding which equates to approximately £17.5k per unit.”

2.10 As a result of Housing Revenue Account Reform, all of the remaining Laings homes now have a debt against them of approximately £12,000 per home.

3 COSTS

3.1 Before considering the options available, the review looked at the value of the homes on the open market and the costs involved in refurbishing the Laing homes based on recent examples undertaken by Sovereign Housing Association.

3.2 The properties are valued on the open market at approximately £100,000 each.

3.3 The internal & external refurbishment costs, with no additions amounts to approximately £75,000 per home.

3.4 The internal & external refurbishment costs plus a ground floor extension to include bedroom and bathroom to make the home wheelchair adapted is approximately £125,000 per home.

3.5 Council capital grant required by Sovereign Housing Association to plug the RCGF gap is at least £17,500 per home for the internal and external refurbishment works only (excluding wheelchair adaptation).

3.6 To date, we have transferred property to the value (today) of over £10m to Sovereign Housing Association at nil cost, and in many cases have also gifted them Capital Grant to help facilitate the refurbishment works.

4 OPTIONS

4.1 Options considered in the review were as follows;

Option 1 – Council retains ownership of the remaining 21 properties and undertakes the refurbishment works itself.

- 4.2 In this option the Council would retain ownership of the remaining 21 properties and keep the income and the repairing obligations associated with ownership. This option would require a total refurbishment investment by the Council of at least £1.58m, which would be increased if any of the properties were able to have extensions. This expenditure would need to be funded from the HRA but it would only be payable as and when the Laings homes became vacant and refurbished.

Option 2 – Council transfers ownership of the remaining 21 homes to Sovereign Housing Association and gives no grant

- 4.3 In this option, if the Council were to give no grant to Sovereign Housing Association they would continue to use their RCGF grant funding and under the terms of their agreement with the HCA, would be required to charge an Affordable Rent on these properties.

Option 3 – Council transfers ownership of the remaining 21 homes to Sovereign Housing Association and gives grant to fill RCGF gap

- 4.4 In this option, the Council would be required to give grant to Sovereign Housing Association on each of the 21 remaining homes to guarantee that these properties are let at Social Rent levels. The cost to the Council would be at least £17,500 per property, so a minimum of £370,000 for all 21. We currently have only £50,000 allocated to Laings homes in the Affordable Housing Capital Budget for the next 2 years.

Option 4 – Sell the remaining 21 homes on the open market as they become vacant

- 4.5 Despite the type of building system used in these homes, they have an indicative market value of approximately £100,000 per property. The sale of all 21 remaining properties would net approximately £2m in capital receipts.

Option 5 – Carry out refurbishment works and sell the remaining 21 homes on the open market as they become vacant

- 4.6 The average selling price for 3 bedroom houses in Exeter is £184,025 but due to the location of these properties and the fact that they are Council stock we would expect them to be worth in the range of £150,000 - £160,000. Taking £160,000 as the value, the Council would realise a gross receipt of approximately £3.36m for the remaining 21 homes. The costs of carrying out the refurbishments works would be £1.58m, giving a net capital receipt of approximately £1.78m.
- 4.5 This option would; most likely, result in less income compared to option 4, but would make the homes more saleable.

Option 6 – Retain, transfer outside of the HRA and add to the Extralet/PSL portfolio

- 4.6 This option would require the formation of a Special Purpose Vehicle (SPV), which would take time and funding to set up and run. It would enable the homes to be transferred to a SPV operated by the Council that would fall outside some of the statutory regulations and controls (Right to Buy, Target

Rents etc.). This would provide greater freedom to let the homes at different rents (to meet housing need), allow the potential to repay the capital costs of refurbishment quicker and safeguard the homes from the tenant's ability to buy under the Government's Right to Buy Scheme – thus providing a long and secure affordable housing option.

4.7 The structure, cost and time required to set up a SPV for this specific purpose is unlikely to be viable given the number of Laing homes remaining. It be worth considering if the SPV's purpose was extended to address other Council stock opportunities.

4.8 The above options can be summarised as follows:

Option	Income – revenue	Income - Capital	Costs	Rental Level	Comments
1. Retain	Long term rental income	Retained capital value of £3.36m	£1.58m	Social or Affordable Rent	Council retains the asset within its HRA portfolio
2. Transfer without grant	£0	£0	£0	Affordable Rent	Cheapest option but assets are lost to the council and rents will be higher
3. Transfer with grant	£0	£0	£370K	Social Rent	This is the cheapest option that delivers social rent but it requires investment and the assets are not retained. Only £50,000 is allocated for this purpose at present.
4. Sell on open market	£0	£2.1 m	Fees only	n/a	Net loss of affordable housing but could be reinvested in new stock
5. Refurbish and sell on open market	£0	£3.36m	£1.58m	n/a	Net capital receipt of £1.78 million delivers less than Option 4
6. Retain outside HRA for Extralet/ PSL portfolio	Long term rental income (higher than Option 1)	Retained capital value of £3.36m	£1.83m (minimum)	Local Housing Allowance	No capital funding for refurbishment works. Likely to prove expensive given the small number of the Laings homes remaining and the operational costs of running a SPV.

5 CONCLUSIONS

- 5.1 The review concludes that the best option for the Council would be to retain the ownership of these homes and refurbish them using HRA funding (**Option 1**). With the reform of the HRA, the Council now has access to the funding necessary to carry out the refurbishment work that it hasn't had in the past. This option keeps the ownership with the Council and ensures that these properties are let at Social Rent levels.

6 RECOMMENDED

It is recommended that Option 1 be adopted: namely to end the trickle transfer of Laings homes to Sovereign Housing Association, for the Council to retain them as part of their HRA portfolio and for a programme of refurbishment to be put in place as and when Laing homes become vacant.

SARAH WARD
ASSISTANT DIRECTOR HOUSING & CONTRACTS

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

Background papers used in compiling this report:-

None

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EXETER CITY COUNCIL

EXECUTIVE
3 JULY 2012

LAND AT PINBROOK ROAD, EXETER CIVIC AMENITY SITE

1.0 PURPOSE OF REPORT

- 1.1 To consider a request from Devon County Council to vary the terms of the change of use consent covering the new Civic Amenity Centre in Pinbrook Road to extend the hours of operation for a trial period.

2.0 BACKGROUND

- 2.1 At its meeting on 7 April 2009, Executive resolved to grant a licence for a change of use of the former transport depot site at Pinbrook Road to be converted into a Civic Amenity Centre . This consent was conditional on the satisfactory performance of a range of mitigating measures. One of these concerned operational hours such that the site was only to be open to the public on a Sunday from 10am to 4pm. It granted delegated authority to the Head of Estates Services in consultation with the Portfolio Holder Economy & Tourism and the Head of Environmental Health Services to deal with any subsequent application from Devon County Council regarding a change in the opening hours beyond 4pm on Sundays, provided that it was in accord with the planning consent that had been granted for the site. This planning consent permitted Sunday operation until 5pm during the summer (April to September) and until 4.30pm in the winter (October to March).

3.0 CONSIDERATIONS

- 3.1 The site started operations on 21 June 2011 and has therefore now been in operation for over a year. The proposal is to extend opening hours on a Sunday on a trial basis until 6pm during April to September, with winter closing remaining at 4.30pm. Devon County Council, as the waste planning authority, has agreed to permit a temporary trial extension to the consented opening hours with a review of this temporary arrangement at the end of September 2012. They advise that should they receive significant complaints regarding this extension of hours, they reserve the right to withdraw and/or review the temporary extension to opening hours. A further request for planning consent to the extended opening hours must be made by 28 February 2013.
- 3.2 Devon County Council are now seeking the City Council's consent as landlord to permit a temporary extension of the Sunday operating hours to accord with this trial period. Since this is different to the hours of operation permitted by the original planning consent the matter cannot properly be dealt with under the delegated power referred to in paragraph 2.1 above. It is therefore necessary for this request to be considered by Executive.

- 3.3 Devon County Council advise that the waste planning authority consulted 38 local residents (those who responded to the original consultation regarding planning permission for the site). They advise that one letter of support has been received with no objections. Devon County Council have also consulted the Pinbrook Road Recycling Centre Liaison Group and we are advised that there were no substantive objections raised. The City Council's Environmental Health Unit advise that they have received no complaints from residents regarding noise generated by the operation of the site and that they have therefore no objections to the proposed change to this site's opening hours. Local City Council and County Council Members have also not raised any objections.

4.0 RESOURCE IMPLICATIONS

- 4.1 There are no resource implications.

5.0 CONCLUSION

- 5.1 In the light of the fact that no opposition to the proposed trial extension of Sunday opening hours has been submitted to the waste planning authority or to the City Council as landlord, it would seem appropriate that the City Council, as landlord of the Civic Amenity Centre , extend its consent for Sunday opening hours until 6pm during the summer months. This can be reviewed at the end of the trial period and, should there be no objections raised at that time, it could then be formalised as a permanent variation to the lease conditions.

6.0 RECOMMENDATION

- (i) that the Property Manager be authorised to agree an extension of the Sunday opening hours of the Pinbrook Road Civic Amenity Centre until 6pm until the end of September 2012; and
- (ii) that should there be no significant concerns raised during this period of operation, that the Property Manager be authorised to agree a permanent extension of operating hours on Sundays thereafter.

RICHARD BALL
ASSISTANT DIRECTOR ECONOMY

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

Background papers used in compiling this report:-

None

EXETER CITY COUNCIL

EXECUTIVE
4 JULY 2012

APPRENTICESHIP SCHEME

1. PURPOSE OF REPORT

- 1.1 This report sets out the proposals regarding the development and implementation of an Apprenticeship Scheme for Exeter City Council and requires a decision from Executive on the funding in order to take forward the proposal.

2. BACKGROUND

- 2.1 As part of its commitment to supporting young people in the local community the Council intends to introduce an Apprenticeship Scheme initially for 16 – 18 year olds. The Council has in the past supported similar schemes but has not actively continued with the employment of apprentices in the last 2/3 years. The government support for apprenticeships has developed within that time and there is now a much higher level of support, including some funding, for these schemes.
- 2.2 The initial scheme is targeted at school leavers as this will enable us to link with the local colleges who provide a high level of training support and also help with the recruitment process to access the best students. It is proposed to run the scheme with this age group for about 9 months. Once the administration and operation of the scheme has been tested consideration can be given to including older unemployed workers referred from other agencies (e.g. Job Centre+ etc) on to the scheme. This is a planned strategy and intended to enable the Council to test the scheme and also manage the initial cost implications which will increase significantly when including 19 – 24 year olds on the scheme. Also it is likely that older workers will require some additional support in basic literacy and numeracy skills which will present a further cost to the Council in supporting this need.
- 2.3 An important key purpose for an Apprenticeship Scheme is part of a long term strategy on workforce growth and skills development in targeted areas to meet the needs of succession planning and the overall corporate workforce strategy.

3. COMMITMENT

- 3.1 A pre-requisite for a successful apprenticeship programme is clarity about the role that apprentices play within the organisation and how they will be supported. The apprenticeship is the way to grow an engaged, committed workforce that has the right skills to deliver high quality services. This can be linked directly with succession planning in looking towards organisational need in 3 – 5 years time and is also a great way to transfer the skills of older workers who make good supervisors and mentors, to a new workforce. All this will support capacity building for the future of the Council.
- 3.2 There is requirement for a high level of commitment across the organisation to deliver a successful apprenticeship scheme. Senior management, line managers, the existing workforce and the trades unions all need to support the scheme to ensure success. This is particularly critical in the current economic and organisational climate where many staff see their own roles either at risk of redundancy or having to substantially change methods and attitudes to work. The

apprenticeships must therefore be embedded within the organisation in a way which clearly illustrates and supports the need to develop organisational capacity to deliver the skills, knowledge and attitudes required for the workforce of the future.

- 3.3 Each apprentice will require a nominated supervisor who will be responsible for ensuring that the ECC training plan is delivered, and all apprenticeships should be sponsored by a nominated senior manager. The whole scheme will be supported by the L&D officer in the HR unit and will meet on a regular basis as a group. This support is in addition to the support the apprentice will receive from their nominated college supervisor. This will amount to a considerable time commitment over up to 2 years for each participating unit and must be considered and agreed prior to participation in the scheme.

4. PROPOSAL

- 4.1 Initially it is proposed to recruit 4 – 6 apprentices to start in September. Areas for placement will be agreed on the basis of suitable courses offered by the local colleges and request within the units for inclusion in the initial roll-out of the scheme.
- 4.2 In order to establish and maintain a high quality scheme it has been decided that off site training and learning will be provided only by local colleges. This keeps the scheme within the local community and also ensures that the Council receives high quality services from the learning provider. Our own experience within the Council, together with substantial evidence has shown that many private companies offering support to apprenticeship training do not consistently provide quality services and are not consistently supportive to organisational needs.
- 4.3 For the initial roll-out of this scheme we are linking with Exeter College, Bicton College and Plymouth School of Art to provide our learning and training support.
- 4.4 Apprenticeships will be offered for a maximum of 2 years (they normally take 12 – 24 months) with no guarantee of a post at the end of the apprenticeship. However the Council does need to consider this aspect of the apprenticeship carefully as there will be a cost to supporting apprenticeships and the whole aspect of succession and workforce planning must be taken into account if the Council is to achieve real value from this scheme.
- 4.5 The apprentices will be employees of the Council and it is recommended, in line with a number of neighbouring authorities that the posts are within the HR unit. Each apprentice post will have a job description and learning and training plan, devised and agreed in conjunction with the college, to clearly determine work and learning parameters and needs.

5 COSTS

- 5.1 A central budget needs to be created to implement the initial stages of the scheme.
- 5.2 A sum of £50,000 will enable the Council to support up to 6 apprentices for one year from September 2012. This amount will cover salary cost for the individuals and as we are looking at employing younger apprentices in the first instance (16 -18 year olds) training costs will be met through government funding.

6. CONCLUSION

Executive are asked to consider the report and agree that a budget of £50,000 should be allocated to this scheme.

Mark Parkinson
Strategic Director

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22.6.12

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EXETER CITY COUNCIL

EXECUTIVE
3 JULY 2012

COUNCIL
17 JULY 2012

BUILDING A STRONGER SUSTAINABLE CITY CORPORATE PLAN 2012-2014

1 PURPOSE OF REPORT

- 1.1 To seek Members' approval of the council's corporate plan 2012-14.

2 BACKGROUND

- 2.1 Following the Government's abolition of the Audit Commission, and changes to the performance and inspection framework, the council has the opportunity to publish a shorter, more accessible corporate plan.
- 2.2 A draft plan, entitled "Building a Stronger Sustainable City" is attached at Annex A (*NB not attached for SMT screening*). The aim of the plan is:
- to promote understanding and ownership of the council's direction, purposes and its values;
 - to set out some of the key actions the council will be taking;
 - to shift the focus to outcomes and evidence of how the council is making a difference to the people of Exeter;
 - to enable effective reporting on progress

3 CONTENT AND FORMAT OF THE CORPORATE PLAN

- 3.1 The council's re-structure and the continuing systems-thinking reviews have established a new focus on a set of purposes. These purposes form the framework of the corporate plan as a means of linking council activity to the needs and preferences of citizens and customers.
- 3.2 The plan sets out some of the key actions the council will be taking over the next two years to meet these purposes. It also provides a summary of the financial resources context.
- 3.4 The Council's performance framework is currently being reviewed to ensure that a set of measures is in place to enable the council to monitor and review how purposes are being met. Updates on key actions and measures will be reported to scrutiny committees on a half yearly basis.
- 3.5 The plan is intended primarily as an electronic document, which is simple to navigate, to provide easy access for members, officers and the public. The plan can also be easily printed in a readable format and hard copies will be available on request.

4 RECOMMENDATIONS

- 1.1. Executive requests Council to endorse the draft 2012-14 corporate plan.

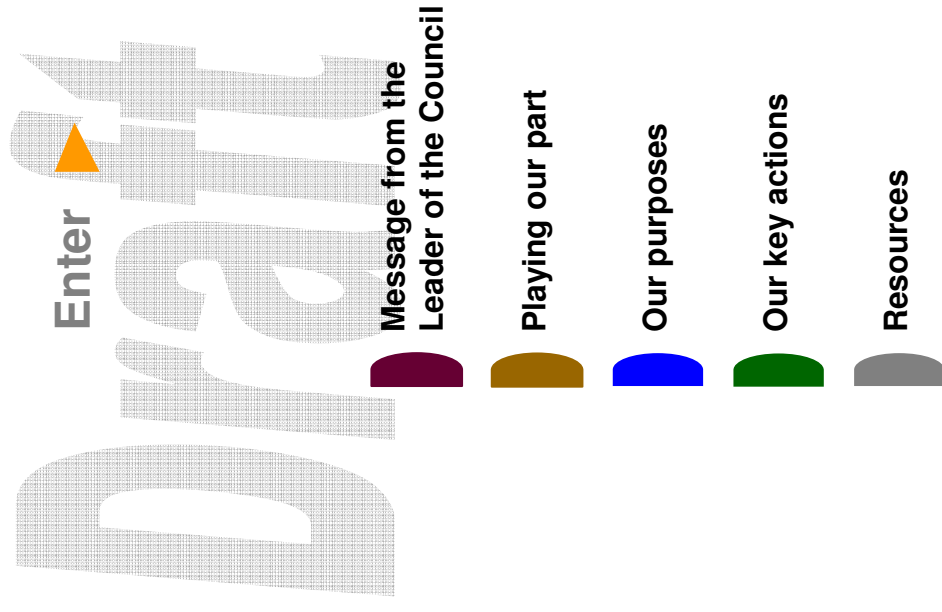
STRATEGIC MANAGEMENT TEAM

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Building a stronger sustainable city

Our corporate plan for 2012-14

Published July 2012



Message from the Leader of the council

Cllr Pete Edwards



Like all cities, Exeter faces significant economic, social and environmental challenges. The changing landscape of the city centre illustrates how we are actively responding to those challenges – and we are ambitious for the future.

We will enhance Exeter as the regional capital, working with our partners to improve the quality of life for all people living, working in and visiting the city.

Cuts in funding from central government require us to prioritise which aspects of quality of life we can improve. Therefore, over the next couple of years, we will be focusing on:

- Meeting housing needs
- Growing business and creating jobs
- Reducing carbon emissions
- Providing leisure and cultural facilities
- Supporting Exeter's communities and neighbourhoods

As well as contributing to the overall success of Exeter, the council continues to provide value-for-money services. In seeking further improvements we have started a fundamental transformation of our structure and the way we work. Our focus will be on purposes - the issues that matter to citizens and customers rather than our traditional functions. This will require commitment to new ways of working.

This plan sets out our ambitions and provides a snapshot of some of the key things we will be doing over the next few years; it is not a statement of everything we do. We will keep you informed of how we are getting on.

All councillors and members of staff are committed to delivering high quality services and working for the benefit of the city. If we play our part in taking forward the purposes and actions in this document Exeter will be a stronger sustainable city.

Draft

2

Message from the
Leader of the council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Playing our part

Philip Bostock, Chief Executive



Draft

3

Message from the
Leader of the Council

Collective & individual responsibility

We all have an important role to play in the direction of this plan.

As a council, the **importance of the customer** is emphasised in our purposes, but we are all responsible for ensuring that customer needs are met in practice every day. We must also ensure that everyone in the city has **equal access to our services** and that the diverse needs and backgrounds of our residents are respected and valued. And, as we continue our transformation programme, it is imperative that we **develop our staff** and support them through change.

Exeter is a great place to be because the organisations based here, and the people that live and work here, have a unique and distinct passion for Exeter as a place - they are prepared to go the extra mile for the city. At the city council we will **reinforce this passion for the city**.

We can also help to **tackle climate change** by reducing our CO₂ emissions and reducing waste.

Similarly, by looking to create jobs at the city council through, for example, apprenticeships, we can play our part in **tackling unemployment**. All of the issues highlighted here must be at the forefront of our thinking.

Our values: how we will work

Our staff and members have identified what they value at the council, what they see as important in the way we work. If our **values** are to be meaningful we must all make sure that they underpin our attitudes and behaviours. Accordingly, we will:

1. **Meet customers' needs with high-quality services**
2. **Be flexible and have a can-do approach**
3. **Show trust and respect**
4. **Tell people what is going on, listen and respond to their views**
5. **Be proud to work for the city and the council**

I look forward to working with you to make Exeter a stronger sustainable city.

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

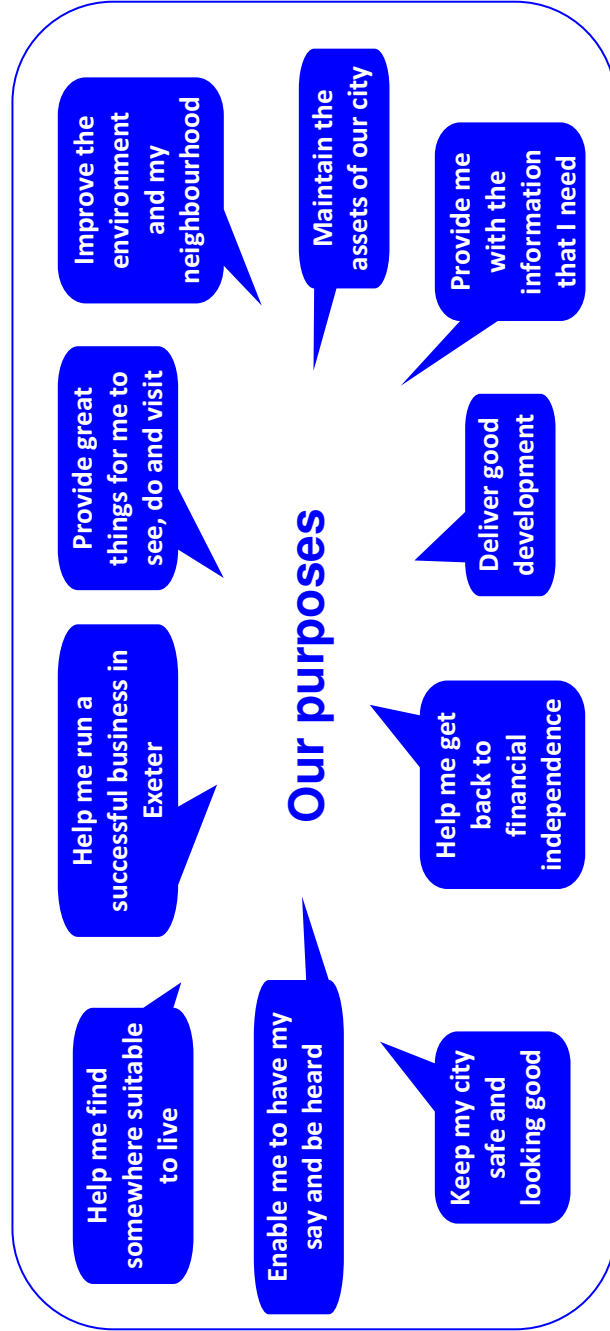
Our purposes

Our purposes: what we are here to do

As a council, we are here to meet the needs of our citizens and customers. These vary in size and complexity, for example: a family needing help finding a home; a shopkeeper seeking new premises; children looking for somewhere to play; a major company looking to build a shopping complex; a group of neighbours setting up a community group. Responding to needs like these is why we are here – **our purposes**. We have ten purposes, which are shown below.

We are in the midst of significant change. Senior management has been re-organised and we are now looking at how we can put our purposes at the centre of everything we do. This transformation demands new ways of thinking, new ways of working and a shift from our traditional structure.

With this in mind we are using a 'systems thinking' approach to review how we meet our purposes, how we might be structured more effectively around them, and what more we can do to meet customers' needs.



Draft

4

Message from the Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 1/8

Our key actions: meeting our purposes

Over the next couple of years we will invest significant resources in meeting all of our purposes. However, current events, external pressures, national and local political priorities and pressing public needs, mean that some purposes will merit additional expenditure and activity. In line with this we have set out below some of the **key actions** we will be taking over the next couple of years to meet our purposes.

Help me run a successful business in Exeter

We will:

- Promote the city nationally and internationally to secure investment and attract new businesses and skilled workers
- Promote the city as a retail and visitor destination
- Bring employers to major employment sites, including Exeter Science Park, creating upwards of 26,000 jobs in the next 15 years in the Exeter growth area
- Provide free professional advice to small start up businesses and social enterprises and help existing ones grow
- Help businesses to make their premises safe places for people to work and visit with business processes that do not harm the environment
- Advertise premises and sites through our on-line commercial property register
- Rename key car parks to direct customers to where they want to be
- Build on the success of the Food Hygiene Rating Scheme to promote Exeter's higher-rated food businesses
- Support thriving district shopping centres including Topsham, Cowick Street, Fore Street, Heavitree, Magdalen Road and Whipton Village

Draft

5

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 2/8

Help me find somewhere suitable to live

We will:

- Ensure that no-one spends a second night sleeping on the streets and establish a hotline number and provision for extreme weather periods
- Prepare and consult on Affordable Housing Supplementary Planning Document to guide provision of affordable housing and the introduction of an increased requirement of 35%
- Set fair and affordable council rents and use increased flexibilities to decide how we allocate housing in Exeter
- Seek to introduce innovative solutions to building new housing, such as a co-operative and mutual model of home ownership where people are given stability and equity
- Bring privately-owned empty homes back into use
- Grow the Private Sector Leasing and EXtralet schemes to improve access to affordable private sector tenancies and drive up standards in private rental properties
- Provide financial assistance to those most in need to make private sector homes fit for habitation, safe and decent
- Improve the council's existing housing stock to high energy efficiency and sustainability standards
- Assist in the development of 150 Extra-Care homes
- Deliver at least 5% of all new affordable homes to meet the council's wheelchair design standards and speed up adaptations in private homes through our Disabled Facility Grants

Draft

6

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 3/8

Improve the environment and my neighbourhood

We will:

- Follow and promote the waste hierarchy: reduce waste at source, re-use materials, recycle and compost
- Support Fairtrade Fortnight and raise awareness of social and environmental concerns about goods and services
- Continue to promote the Green Accord Accreditation and work with businesses to achieve the award
- Continue “Green Team” initiatives in schools and extend the message of waste minimisation to other groups
- Work with partners to combat fuel poverty, including the installation of solar panels on council houses across Exeter
- Reduce car dependency and encourage walking, cycling and the use of public transport
- Work with the Carbon Trust’s Local Authority Carbon Management Programme to reduce our CO₂ emissions through environmental purchasing, green travel plans, the efficient use of energy and the minimisation of waste
- Encourage lower emissions in Exeter’s taxi fleet
- Work with Exeter Wild City project to conserve natural habitats and wildlife, improve the quality of urban green space and include green corridors as the city grows
- Extend Higher Cemetery Garden of Remembrance, develop natural burial options and organise a programme of memorial and other events in the city’s three cemeteries
- Submit an Air Quality Action Plan to Defra and seek to increase awareness of the health impacts of poor air quality
- Reduce fly-tipped rubbish by working with partners, landlords and residents to bring about sustainable solutions
- Extend our range of recycling banks to capture more small electrical goods and textiles and introduce a wider range of waste receptacles to householders to support waste minimisation

Draft

7

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 4/8

Provide great things for me to see, do and visit

We will:

- Work towards a comprehensive re-development of the Bus and Coach Station, including retail space, new swimming pool and leisure facilities and new bus and coach station.
- Support the organisation of the Exeter Festival of South West Food and Drink in Northernhay gardens
- Continue to grant aid Animated Exeter, Vibraphonic and Exeter Respect festivals
- Work with the Exeter Cultural Partnership to prepare a Cultural Strategy to develop the breadth and quality of activity in the city
- Offer an inspiring programme of events, activities and exhibitions at the Museum, enriching the cultural lives of all who live, visit and work in the city
- Maintain the high standard of parks and open spaces as a free-to-use, community resource
- Improve existing play areas, consult residents about developing new ones and refurbish water play facilities at Heavitree and St Thomas
- Re-furbish Flowerpot Skate Park
- Work with Parkwood Leisure to maintain and improve sporting and leisure facilities operated on behalf of the council

Message from the Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 5/8

Keep my city safe and looking good

We will:

- Use our licensing function to maintain a lively and safe night time economy
- Work in partnership to address crime and anti-social behaviour across the city
- Support the Exeter Domestic Abuse Forum and awareness raising events
- Work with communities to tackle hate crime and continue to be an active partner in the Devon Hate Crime Prevention Task Group
- Complete environmental enhancement schemes at London Inn Square and Cowick Street and finalise schemes for Central Station

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 5/8

Deliver good development

We will:

- Implement the recently adopted Core Strategy
- Prepare and adopt Supplementary Planning Documents to guide sustainable transport and sustainable construction
- Introduce a Community Infrastructure Levy
- Consult on an initial 'Issues and Options' stage of a Site Allocations and Development Management plan
- Bring forward outline and full planning permissions for proposed new communities at Monkerton and Newcourt and prepare a development brief for growth at Alphington in partnership with the local community
- Implement the council's Green Infrastructure Strategy
- Support initiatives to develop viable proposals for district heating schemes at Monkerton and the Grecian Quarter/Heavitree Road
- Explore how a Design Review Panel can help to raise the quality of development
- Introduce a Community Infrastructure Levy to ensure funding is captured from development to pay for required infrastructure
- Work with the private sector to deliver 600 homes per year
- Explore opportunities to secure funding to unlock barriers to building

Draft

9

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 6/8

Enable me to have my say and be heard

We will:

- Develop the scrutiny role for the Tenant and Leaseholder Committee in line with new Government legislation
- Develop the Residential Park Forum to strengthen the voice for park home residents
- Help residents shape their areas, for example through neighbourhood plans
- Fund communities at a local level and across the city through community grants and the New Homes Bonus
- Work in partnership with other agencies to ensure we are developing the best services for communities in the city
- Fund voluntary sector groups to meet the needs of the more vulnerable and continue to support existing joint work with community groups, charities, community associations and faith groups across the city

10

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 7/8

Provide me with the information I need

We will:

- Explore the opportunities offered by social media and mobile technology to engage more residents and provide timely information
- Through the systems thinking reviews, ensure residents are receiving the information they require in the most efficient ways
- Publish the Exeter Citizen four times a year, ensuring all residents are informed of the council's policies, activities and events
- Enhance and promote the use of the council's website for accessing information and services online

Maintain the assets of our city

We will:

- Refurbish the King William Street car park and install charging points for electric cars
- Identify schemes and funding to address significant flooding issues in the city affecting the River Exe and Northbrook
- Improve democratic accountability in respect of the river and canal to maximise its potential
- Update the council's Open Space Strategy and records of locally important heritage
- Establish a register of Assets of Community Value

11

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Our key actions 8/8

Help me get back to financial independence

We will:

- ▶ Continue to work in partnership with Wessex Home Improvement Loans to develop innovative loan products and provide debt advice to clients in need
- ▶ Continue to work with the Exeter and Heart of Devon Employment and Skills Board to promote investment in training provision for employers and progress projects which support local people to take advantage of job opportunities
- ▶ Help people into employment through an Exeter City Council Apprenticeship Scheme equipping them with skills and vital work experience
- ▶ Improve the way we deal with visitors to our Customer Service Centre who have financial and housing problems so that they receive timely and cost effective advice
- ▶ Work with local partners to explore how we can join up services to help residents to find or get back into employment
- ▶ Ensure that affected residents are aware of the changes under the Welfare Reform Act and support them in dealing with these

12

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

Resources

Responding to financial challenges

The activity set out in this plan will require significant resources, which presents a challenge when our grant from the Government has been reduced by around 23% over the previous 2 years. And things will not get any easier: the implications of the Government's next Comprehensive Spending Review (CSR) 2013 are unknown, but the assumption must be for further cuts to our grant.

The table below highlights the scale of the challenge, with the council facing a projected budget deficit of approximately £2.2m by the end of 2016/17.

Despite these challenges we are responding positively to the funding gap. We have made significant efficiency savings in recent years and we take every opportunity to innovate and make our services more effective and efficient. Our lean, systems thinking approach is central to this, ensuring that our services not only meet the aspirations of local residents, but are as efficient as we can make them.

We are also investigating other potential revenue streams, such as the proposed Local Business Rate Scheme, being developed by the Government, and the potential impact of the Community Infrastructure Levy and New Homes Bonus.

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Revenue Budget	14.301	14.301	14.124	13.880	13.485
Less Resources	(14.301)	(13.624)	(13.480)	(13.185)	(13.287)
DEFICIT (in year)	0	0.677	0.644	0.695	0.198
CUMULATIVE	0	0.677	1.321	2.016	2.214

Draft

End

Message from the
Leader of the Council

Playing our part

Our purposes

Our key actions

Resources



Exeter City Council

EXETER CITY COUNCIL

EXECUTIVE
3 JULY 2012

UPDATE ON THE LOCALISM ACT 2011

1. PURPOSE OF REPORT

- 1.1. To update on progress with the various provisions of the Localism Act and to identify any issues for the council.

2. BACKGROUND

- 2.1. The Localism Act (the "Act") provides a range of measures with the potential to shift power and responsibility towards local people. It received Royal assent on 15 November 2011, but different provisions come into force at different times.

- 2.2. The Act covers four areas of policy:

- New freedoms and flexibilities for local government
- New rights and powers for communities and individuals
- Reform of the planning system
- Social housing reform

- 2.3. The planning and housing provisions of the Act have been covered in earlier committee reports. This report covers the first two areas of policy, which include the following provisions:

1. EU financial sanctions
2. The general power of competence
3. The transfer and delegation of functions to councils
4. Changing governance arrangements
5. Predetermination
6. Standards
7. Pay accountability
8. Council tax referendums
9. Community right to challenge
10. Assets of community value

3. THE PROVISIONS OF THE ACT

- 3.1. The following paragraphs provide a brief description of each of the provisions, summarise progress with each and identify issues for the council.

4. EU FINANCIAL SANCTIONS

- 4.1. Part 2 of the Act introduces a discretionary power for Ministers to require a local authority to pay all, or part of, a European Court of Justice financial sanction where the local authority has demonstrably caused or contributed to that sanction.

- 4.2. The Government has consulted upon and published a draft Policy Statement that explains how the EU financial sanctions policy will work in practice. It sets out the safeguards that are in place to protect local authorities should a Minister seek to pass on all, or part of a EU fine. The safeguards include the requirement for a vote of approval to payment in both Houses of Parliament and referral to an independent advisory panel.

Issues for the council

- 4.3. The final Policy Statement is awaited and the council has made representations through the District Councils' Network that the safeguards in the draft statement must not be diluted.
- 4.4. A degree of reassurance is offered by the fact that, to date, the UK has never been fined regarding an infraction. Furthermore, as a matter of usual business, the council maintains a clear understanding of its legal commitments and ensures it accords with these in everyday work.

5. THE GENERAL POWER OF COMPETENCE

- 5.1. The 'general power of competence' is now in place for all English local authorities. It replaces the Wellbeing Power and gives, subject to a limited number of restrictions, local authorities the legal capacity to do anything that an individual can do that is not specifically prohibited.

- 5.2. In explaining its overall intention for the Act, the Government has said¹ :

"...the ability to act in their own interest should be a key means by which local authorities develop innovative approaches through a new civic entrepreneurialism, delivering 'more for less', resulting in more efficient and effective service delivery that is better tailored to local circumstances, with the ability to help their communities in ways previously outside their remit."

- 5.3. The power will also:

- allow authorities to act in their own financial interest to generate efficiencies and secure value-for-money outcomes.
- raise money by charging for discretionary services and trade in line with existing powers.
- allow authorities to engage in activities that were outside the well-being power, such as providing certain indemnities and guarantees and engaging in speculative activities.
- provide the Secretary of State with a power to amend or repeal enactments that prevent or obstruct local authorities from using the power, and to remove overlapping powers.

- 5.4. It does not provide local authorities with any new power to raise tax or precepts, or to borrow. Neither will the proposals enable councils to set charges for mandatory services, impose fines or create offences or byelaws affecting the rights of others, over and above existing powers to do so.

¹ <http://www.communities.gov.uk/documents/localgovernment/pdf/1829750.pdf>

- 5.5. Councils will also be required to act in accordance with statutory limitations or restrictions on their powers, including general public law constraints (such as the 'reasonableness' of decisions) and specific safeguards concerning the use of financial resources.

Issues for the council

- 5.6. The General Power has been described as a radical legal and constitutional step change from the existing 'creature of statute' regime. No doubt in time the courts will have opportunities to interpret the extent of the power including, importantly, how it will operate in practice.
- 5.7. At present most councils await further guidance on use of the power. The council has not yet identified a project or initiative that would exploit the provisions of the General Power. Pending the issue of detailed regulations, officers will continue to monitor activity by other councils and explore relevant opportunities.

6. THE TRANSFER AND DELEGATION OF LOCAL PUBLIC FUNCTIONS AND MINISTER'S FUNCTIONS TO COUNCILS

- 6.1. The Act provides for any local authority to make an application to the Secretary of State to take over other local public functions that are a high priority for their communities.
- 6.2. This provision came into force on 3 December 2011. It offers an opportunity to devolve decision-making to the lowest appropriate level and, potentially, more locally responsive public services. There is now a duty on the Secretary of State to consider such proposals from councils, considering whether a transfer would promote economic development or wealth creation, or increase local accountability.

Issues for the council

- 6.3. Under the Act the Secretary of State is allowed to set out in regulations the criteria to which he or she should have regard in considering any relevant proposal and these are awaited. As with the General Power of Competence, pending the issue of detailed regulations, officers will continue to monitor activity by other councils and explore relevant opportunities.

7. CHANGING GOVERNANCE ARRANGEMENTS

- 7.1. The Act introduces a further form of local authority governance, in addition to the leader and cabinet mayor and cabinet models. As promised by the Coalition government, councils now have the option of adopting a committee system. It will also be possible for councils to propose an alternative model which can be accepted by the Secretary of State if it meets certain criteria. There are also changes to the procedures for district councils that decide to move to a scheme of whole council elections.
- 7.2. Under the Scrutiny provisions the Act removes prescription about matters which may be referred to scrutiny by those councillors who are not members of a scrutiny committee. It also puts the scrutiny committees in district councils in an equivalent position to those of other authorities by allowing them to hold partner authorities to account.

Issues for the council

- 7.3. Under the Act the Secretary of State is allowed to set out in regulations the criteria and these are awaited.

8. PREDETERMINATION

- 8.1. The Act clarifies that the normal activities of a councillor – such as campaigning, talking with constituents, expressing views on local matters and seeking to gain support for those views – “should not lead to an unjust accusation of having a closed mind on an issue that can lead to a legal challenge.”

Issues for the council

- 8.2. All members have been issued with advice on predetermination by the council's Monitoring Officer.

9. STANDARDS

- 9.1. The new arrangements for local authority standards came into force on 1 July 2012. These include a requirement for councils to:
- Adopt a code of conduct for members that is compliant with the 'Nolan' principles of standards in public life and for Members to register and disclose pecuniary interests as defined in regulations.
 - Include the involvement of an Independent person providing assurance that the new arrangements will not be abused.

Issues for the council

- 9.2. The council's new arrangements were reported to the Standards Committee on 21st June and these will be ratified by full council on 17th July.
- 9.3. The Monitoring Officer has drawn Members' attention to the new criminal offence of failing to disclose a pecuniary interest where a person fails, without reasonable excuse, to notify the Monitoring Officer of a disclosable pecuniary interest, or participates in any discussion or vote at a meeting where he/she had a disclosable pecuniary interest.

10. PAY ACCOUNTABILITY

- 10.1. Local authorities must now publish a pay policy statement every year. The statement must articulate an authority's own policies towards the pay of its workforce, particularly its senior staff and its lowest paid employees. The statement must be approved by full council and published on the website.

Issues for the council

- 10.2. The council's 2012-13 pay policy statement was submitted to Executive on 7th February and full council on 21 February 2012. Further work will continue in the coming year on the council's remuneration policies and procedures prior to publication of the 2013-14 pay policy statement.

11. COUNCIL TAX REFERENDUMS

- 11.1. The Act includes provisions for the Secretary of State to propose principles defining an excessive increase in council tax for any financial year. Each local authority must determine whether its council tax increase is excessive by reference to the principles and, if so, arrange for a referendum to be held. It must also make substitute calculations which would result in a non-excessive increase in council tax, and which would apply if the authority's council tax increase is rejected in a referendum. The result of the referendum will be binding.

Issues for the council

- 11.2. For 2012-13 the principles defined that a referendum would be triggered if the council tax increase exceeded 3.5%. The principles for 2013-14 are expected in January 2013 and these will be considered as part of the council's budget setting process.

12. COMMUNITY RIGHT TO CHALLENGE

- 12.1. Under the community right to challenge (CRTC) a broad range of alternative service providers are able to submit an expression of interest to run a council service, or part of a service. The council must consider expressions of interest and, where it accepts them, run a procurement exercise for the service. The challenging organisation, and other interested parties, can take part in this exercise.

- 12.2. The CRTC commenced on 27 June 2012.

Issues for the council

- 12.3. The procedure for dealing with a CRTC is largely prescribed in the Government's statutory guidance. However, it is proposed that the council adopts its own guidance, which covers both the statutory provisions and the council's procedures for responding to a challenge. Draft guidance is included at Annex A. In summary, this covers:

- What is meant by a community right to challenge
- Who can make a challenge
- Which services can be challenged
- How and when a challenge can be made
- How and when the council will deal with a challenge.

- 12.4. The statutory guidance entitles the council to set a timeframe during which expressions of interest must be submitted. For example, the council may decide that expressions of interest should only be made in January of each year, or January and June of each year. However, as the volume of potential challenges is currently unknown it is proposed that, subject to review every 12 months, no timeframe is set at this time. Expressions of interest for services can then be submitted at any time during the year (excluding those services which are already contracted out where the date of contract renewal will determine the timeframe). This position is reflected in paragraph 5 of the attached draft guidance.

13. ASSETS OF COMMUNITY VALUE

- 13.1. Otherwise known as 'the community right to bid', these provisions provide extra time for parish councils and local voluntary and community groups to prepare their bid to purchase a listed community asset should the current owner choose to dispose of it.
- 13.2. Local authorities will be required to maintain a list of public or private assets of community value and put it forward for consideration by communities. As and when listed assets come up for disposal (either the freehold or a long leasehold), communities will be given the chance to develop a bid and raise the capital to buy the asset. If local groups are interested in buying the asset they will have six months to prepare a bid to buy it before the asset can be sold.

Issues for the council

- 13.3. Detailed regulations are awaited on the introduction of the community right to bid. Responsibility for this function will sit within City Development and the Projects and Business Manager will oversee the register of Assets of Community Value. When detailed regulations are published local guidance, similar to the attached draft guidance for the community right to challenge, will be prepared. The Government recognises that the Right to bid places an administrative burden on district councils and has agreed to make provision for compensation.

14. INFORMATION ON THE LOCALISM ACT

- 14.1. A simple guide to the Localism Act has been published on the council's web site to ensure that it is well-prepared to respond to public demand for these measures and to explain what the public can expect.

15. RECOMMENDATIONS

- 15.1. It is recommended that Executive:
- (i) Notes progress on the various provisions of the Localism Act.
 - (ii) Identifies any issues for the council in addition to those set out above.
 - (iii) Supports the proposal in paragraph 12.4 to not set a timeframe for expressions of interest under the community right to challenge, subject to review of this position every 12 months.
 - (iv) Agrees the Council's draft guidance on the community right to challenge at Annex A.

CHIEF EXECUTIVE

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

Background papers used in compiling this report:

Localism Act 2011

Community Right to Challenge: Statutory Guidance (Draft). May 2012. Department for Communities and Local Government

Community Right to Challenge: Policy Statement. September 2011. Department for Communities and Local Government

LOCALISM ACT 2011

COMMUNITY RIGHT TO CHALLENGE

DRAFT GUIDANCE

Introduction

The Community Right to Challenge was introduced on 27th June 2012 as part of the Localism Act 2011. Under the right a broad range of alternative service providers can submit an expression of interest to run a council service, or part of a service. The council must consider expressions of interest and, where it accepts them, run a procurement exercise for the service. The challenging organisation, and other interested parties, can take part in this exercise.

In summary, this guidance explains:

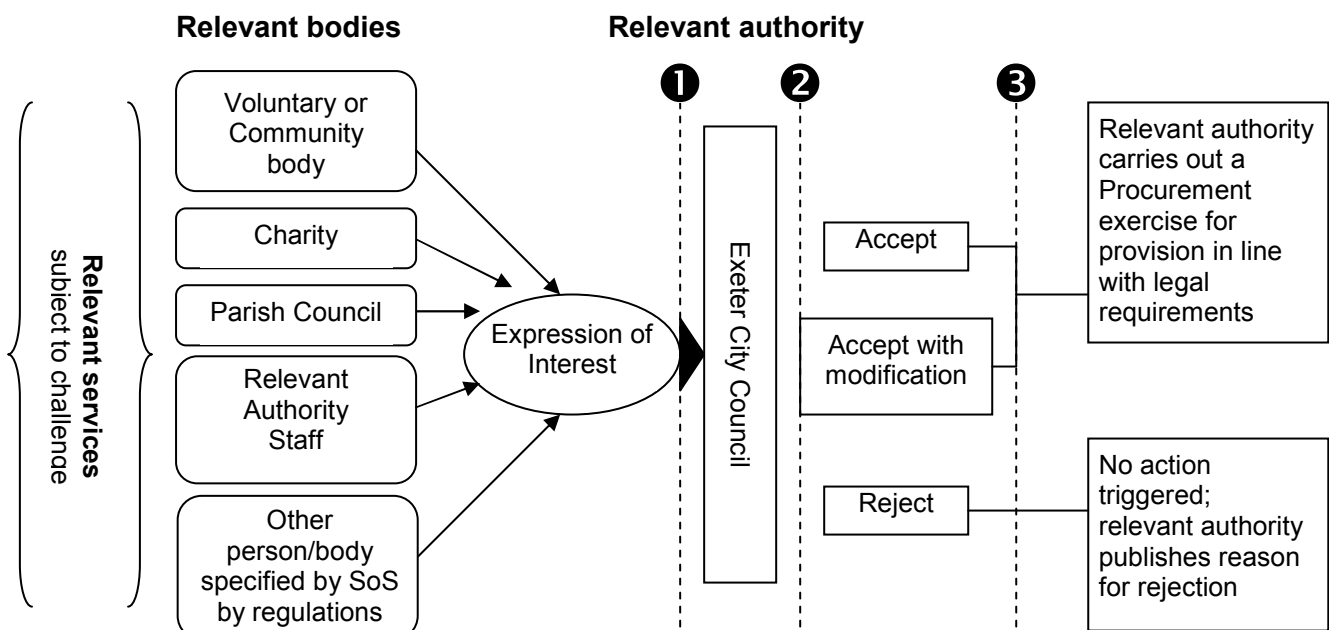
- What is a community right to challenge
- Who can make a challenge
- Which services can be challenged
- How and when a challenge can be made
- How and when the council will deal with a challenge.

Reference should also be made to the [Government's Statutory Guidance](#).

1. What is the community right to challenge?

Under the community right to challenge a 'relevant body' is able to submit an expression of interest to run a service, or part of a service for a 'relevant authority'.

The key elements of the process are captured in the diagram below.



2. Who can submit an expression of interest - what is a relevant body?

The following are relevant bodies that are eligible to submit an expression of interest:

- a voluntary or community body;
- a body of persons or a trust which is established for charitable purposes only;
- a parish council;
- two or more employees of the relevant authority; or
- any other person or body specified by the Secretary of State by regulations.

In the Act “voluntary body” means a body that is not a public or local authority, the activities of which are not carried on for profit. The fact that a body’s activities generate a surplus does not prevent it from being a voluntary body so long as that surplus is used for the purposes of those activities or invested in the community.

A “community body” is a body which is not a public or local authority, the activities of which are primarily for the benefit of the community.

3. What is a relevant authority?

As a district council, Exeter City Council is a relevant authority. The following are also relevant authorities:

- A county council;
- A London borough council;
- Any other person or body carrying out a function of a public nature specified by the Secretary of State in regulations.

Certain fire and rescue authorities are also added as relevant authorities in the regulations.

4. What is a relevant service?

A relevant service is a service provided by, or on behalf of the council in the exercise of its functions (except services which are excluded from the right in secondary legislation).

The right only applies to the provision of services. It does not provide for delegation of the council's "functions". Generally speaking, a function is a duty or power that requires decision-making by, for example, a responsible member or officer or a council committee, whereas a service does not. For example, decisions on planning applications would be a function, but waste collection is a service.

Under the regulations, a number of health and children's services are excluded from the right, either permanently or in most cases, until 1 April 2014. Services that relate to named individuals with complex needs, and services managed through direct payments are permanently excluded or treated as not falling within the scope of the right to challenge.

5. When can expressions of interest be submitted?

The council is entitled to specify a period during which expressions of interest can be submitted either for all services or for particular services.

At present the council has decided not to specify a period and expressions of interest may therefore be submitted at any time. This position will be reviewed every 12 months (starting in July 2013).

For services or parts of services currently provided by bodies other than the council, those submitting expressions of interest should note that contractual obligations may mean there is an extended timescale for the council to make a decision on an expression of interest.

The community right to challenge is not a right to deliver the service if an expression of interest is submitted or accepted. It is for the council to decide, in line with statutory provisions, whether to reject or accept (with or without modification) an expression of interest.

6. How do I submit an expression of interest?

An expression of interest form is available on the council's website ([Click Here](#)).

All expressions of interest should be sent to:

Corporate Manager
Policy, Communications and Community Engagement
Exeter City Council
Civic Centre
Paris Street
Exeter
EX1 1JN

policy.unit@exeter.gov.uk

7. What information should be included in an expression of interest?

In order to initiate a challenge a relevant body must submit an expression of interest that includes the following information:

- (i) details of how they meet the definition of a relevant body;
- (ii) details about their financial resources;
- (iii) evidence that demonstrates that by the time of any procurement exercise the relevant body will be capable of providing or assisting in providing the relevant service;
- (iv) details of the relevant service sufficient to identify it and the geographical area to which the expression of interest relates;
- (v) details about the outcomes to be achieved by the relevant body or, where appropriate, the consortium of which it is a part, in providing or assisting in the provision of the relevant services, in particular:
 - a) how the provision or assistance will promote or improve the social, economic or environmental well-being of the relevant authority's area; and
 - b) how it will meet the needs of the users of the relevant service.
- (vi) where the relevant body consists of employees of the council details of how that relevant body proposes to engage other employees of the council who are affected by the expression of interest.

Where the relevant body proposes to deliver the relevant service as part of a consortium or to use a sub-contractor for delivery of any part of the relevant service, the information under

(ii) and (iii) must be given in respect of each member of the consortium and each sub-contractor as appropriate.

8. What will the council do when it receives an expression of interest?

When an expression of interest is received by the council, we will notify the relevant body in writing of the timescale within which we will reach a decision. We will do this either within 30 days after the close of any period specified or, if no such period has been specified within 30 days of receiving the expression of interest. We will publish this on our web site. Different periods may be specified for different cases.

A panel consisting of the service manager responsible for the service, the relevant Portfolio Holder, the Assistant Director, an officer from the Contracts Unit with procurement expertise and one member from the two opposition groups will consider expressions of interest.

The panel will review the expressions of interest against the required information outlined above (see section 7) and the grounds for rejection (see section 9 below).

A report will be presented to Scrutiny Committees on an annual basis detailing expressions of interest received and the decisions made. The report will be published on the council's website.

9. When can the council reject an expression of interest?

Expressions of interest can be rejected on one or more of the following grounds:

- (i) the expression of interest does not comply with any of the requirements specified in the Act or in regulations
- (ii) the relevant body provides information in the expression of interest which in the opinion of the relevant authority, is in a material particular inadequate or inaccurate
- (iii) the relevant authority considers, based on the information in the expression of interest, that the relevant body or, where applicable -
 - a) any member of the consortium of which it is a part, or
 - b) any sub-contractor referred to in the expression of interestis not suitable to provide or assist in providing the relevant service
- (iv) the expression of interest relates to a relevant service where a decision, evidenced in writing, has been taken by the relevant authority to stop providing that service
- (v) the expression of interest relates to a relevant service -
 - a) provided, in whole or in part, by or on behalf of the relevant authority to persons who are also in receipt of a service provided or arranged by an NHS body which is integrated with the relevant service; and
 - b) the continued integration of such services is, in the opinion of the relevant authority, critical to the well-being of those persons
- (vi) the relevant service is already the subject of a procurement exercise
- (vii) the relevant authority and a third party have entered into negotiations for provision of the service, which negotiations are at least in part conducted in writing
- (viii) the relevant authority has published its intention to consider the provision of the relevant service by a body that 2 or more specified employees of that authority propose to establish
- (ix) the relevant authority considers that the expression of interest is frivolous or vexatious
- (x) the relevant authority considers that acceptance of the expression of interest is likely to lead to contravention of an enactment or other rule of law or a breach of statutory duty

If the council rejects an expression of interest it must give reasons in its notification to the relevant body and also publish the notification on the council's website.

There is no appeals process to the community right to challenge therefore it could be subject to judicial review.

10. What happens when the council accepts an expression of interest?

Where it accepts an expression of interest the council must carry out a procurement exercise relating to the provision of the relevant service in which the relevant body can bid alongside others. This means the relevant body that triggers the exercise may not eventually be the provider of that service.

11. What happens if the council wants to modify an expression of interest?

Any modification must be agreed with the relevant body submitting an expression of interest. If an agreement cannot be reached, the council may reject the expression of interest.

If the council accepts with modification an expression of interest it must publish the reasons for its decision which must include publication on the council's website. A procurement exercise must then be carried out.

12. How will relevant bodies be informed of the decision on the expression of interest?

The council will notify the relevant body in writing of its decision on an expression of interest and will specify the period between an expression of interest being accepted and a procurement exercise starting. This aims to allow relevant bodies the time they need to prepare to compete in the procurement exercise. Details of the expressions of interest received and the decisions made will be published on the council's website.

13. When will a procurement exercise be carried out?

A procurement exercise will be carried out when the council accepts one or more expressions of interest for a relevant service. The procurement exercise will be led by the Contracts Unit and will be appropriate to the value and nature of the contract.

Where the service is of a value or nature to which the Public Contracts Regulations 2006 apply and/or is not listed as an exempt service in Part B of those regulations, the procurement exercise must follow procedures for advertising, tendering and awarding contracts set out in those regulations.

Other organisations may bid in the procurement exercise that follows a successful challenge relating to the provision of the service – these could include other relevant bodies, or private sector organisations.

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

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