

EXECUTIVE

Date: Tuesday 15 July 2014

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Democratic Services Manager (Committees) on 01392 265275.

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

Membership -

Councillors Edwards (Chair), Denham, Fullam, Hannaford, Leadbetter, Owen, Pearson and Sutton

Agenda

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

1 Apologies

To receive apologies for absence from Committee members.

2 Declarations of Interest

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of 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 items 18, 19 and 20 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part I, Schedule 12A of the Act.

- 4 **Annual Scrutiny Report 2013/14**
- To consider the report of the Corporate Manager Democratic and Civic Support. (Pages 7 - 32)
- The Report was considered by Scrutiny Committee – Community on 17 June 2014, Scrutiny Committee – Economy on 26 June 2014 and Scrutiny Committee – Resources on 2 July 2014 and their comments will be reported.
- 5 **Members' Allowances 2014/15**
- To consider the report of the Corporate Manager Democratic and Civic Support. (Pages 33 - 44)
- 6 **Redesign of the Council's Private Rented Schemes**
- To consider the report of the Assistant Director Housing. (Pages 45 - 52)
- 7 **Review into the policy for allocating social housing - Report of Task and Finish Group**
- To consider the report of the Assistant Director Customer Access. (Pages 53 - 62)
- Scrutiny Committee – Community considered the report at its meeting on 17 June 2014 and its comments will be reported.
- 8 **Creation of an additional Post of Project Support Officer in City Development**
- To consider the report of the Assistant Director City Development. (Pages 63 - 66)
- 9 **Council response on petition in respect of badgers**
- To consider the report of Assistant Public Realm. (Pages 67 - 72)
- This report went to Scrutiny Committee – Community on 17 June 2014 and the Committee did not support the recommendation.
- A motion was proposed and seconded recommending that the petition to prohibit the culling of badgers on council-owned land and invest in vaccination programmes locally was supported. This motion was carried.*
- 10 **Rugby World Cup 2015 Update**
- To consider the report of the Assistant Director Economy. (Pages 73 - 82)

11 **Future of the Waterways**

To consider the report of the Assistant Director Public Realm.

(Pages 83
- 86)

Scrutiny Committee – Economy considered the report at its meeting on 26 June 2014 and its comments will be reported.

12 **Update on Consortium Bid for Major Arts Council Funding for the RAMM**

To consider the report of the Assistant Director Economy.

(Pages 87
- 96)

Scrutiny Committee – Economy considered the report at its meeting on 26 June 2014 and its comments will be reported.

13 **Exeter Economic Development Strategy**

To consider the report of the Assistant Director Economy.

(Pages 97
- 108)

Scrutiny Committee – Economy considered the report at its meeting on 26 June 2014 and its comments will be reported.

14 **Capital Monitoring 2014/15 and Revised Capital Programme for 2014/15 and Future Years**

To consider the report of the Assistant Director Finance.

(Pages
109 - 134)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

15 **Overview of the Revenue Budget 2014/15**

To consider the report of the Assistant Director Finance.

(Pages
135 - 156)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

16 **Treasury Management 2013/14**

To consider the report of the Assistant Director Finance.

(Pages
157 - 162)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

17 **Local Government Pension Scheme Discretions**

To consider the report of the Human Resources Business Manager.

(Pages
163 - 174)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

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

No representations have been received in respect of the following items in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

18 **Shared ICT Service**

To consider the report of the Deputy Chief Executive.

(Pages
175 - 180)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

19 **Corporate Property Interim Structure and Issues**

To consider the report of the Corporate Manager Property.

(Pages
181 - 200)

Scrutiny Committee – Resources considered the report at its meeting on 2 July 2014 and its comments will be reported.

20 **Exeter and Heart of Devon Board Minutes**

To consider the report of the Assistant Director Economy.

(Pages
201 - 208)

Scrutiny Committee – Economy considered the report at its meeting on 26 June 2014 and its comments will be reported.

Date of Next Meeting

The next scheduled meeting of the Executive will be held on **Tuesday 16 September 2014** at 5.30 pm in the Civic Centre.

A statement of the executive decisions taken at this meeting will be produced and published on the Council website as soon as reasonably practicable.

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 Democratic Services Officer (Committees) on (01392) 265115 for further information.

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REPORT TO SCRUTINY COMMITTEE –RESOURCES

Date of Meeting: 17 June 2014 (Community), 25 June 2014 (Audit and Governance), 26 June 2014 (Economy) 2 July 2014 (Resources) and 15 July 2014 (Executive)

Report of: The Scrutiny Programme Officer

Title: Annual Scrutiny Report 2013/2014

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Executive Function

1. What is the report about?

An update on the progress and work of Scrutiny for the period 2013/2014 in direct relation to the appointment of the Scrutiny Programme Officer in July 2013, to include synopsis of Task and Finish Group investigations, review and proposal for Scrutiny system changes and timetabling/plans for 2014/2015.

2. Recommendations:

- (a) **That Members of the Committee consider the content of the Annual Scrutiny Report and are invited to comment as to whether they are content with the progress and direction of Scrutiny over the past year together with the proposals on direction for the forthcoming year.**
- (b) **That the Annual Scrutiny Report is approved for public circulation on the Council's website.**

3. Reasons for the recommendation:

- (i) To demonstrate to Members, Officers and the general public how the scrutiny process is working at Exeter City Council in order to provide accountability and transparency and further confidence in the democratic process.
- (ii) To enhance the profile of scrutiny at Exeter City Council.

4. What are the resource implications including non financial resources.

None.

5. Section 151 Officer comments:

Not applicable.

6. What are the legal aspects?

Not applicable.

7. Monitoring Officer's comments:

Not applicable.

8. Report details:

See attached document.

9. How does the decision contribute to the Council's Corporate Plan?

- Ensuring a well run Council.
- To invoke public confidence that the Council is addressing economic, social and environmental challenges through effective scrutiny to improve the quality of life for Exeter residents (where possible) whilst working with partners to achieve this aim.
- To demonstrate that all Councillors and members of staff are committed to delivering high quality services and working for the benefit of the City.

10. What risks are there and how can they be reduced?

Not applicable.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

None.

12. Are there any other options?

Not applicable.

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

Background papers used in compiling this report:-

None

John Street

Corporate Manager, Democratic Services and Civic Support

Contact for enquires: Anne-Marie Hawley, Democratic Services (Committees)
Room 2.3, 01392 265275

ANNUAL SCRUTINY REPORT 2013/2014

Foreword

The past year has seen many positive changes in the way in which Scrutiny operates at Exeter City Council with the appointment of a dedicated Scrutiny Programme Officer in July 2013. The post was created following recommendation by a cross party Task and Finish Group who identified a strong need for dedicated scrutiny support. The new officer role would primarily assist Councillors with their Scrutiny work, whilst facilitating the role of the Scrutiny Committees by providing specific support to Task and Finish Groups, undertaking research and analysis of information, writing reports and presenting findings to the appropriate Committee (if required) and to review the overall effectiveness of the current Scrutiny function at Exeter City Council. In addition to this, the Localism Act 2011 (Section 9FB) now provided Districts with the legislative authority to designate a “statutory scrutiny officer”.

The Role of Scrutiny

The Scrutiny Committees at Exeter City Council consist of Councillors who do not sit on the Executive Committee. The purpose of the Scrutiny Committees is not only described in the Terms of Reference for those Committees (contained in full within the Council’s Constitution) but must also encompass the following principles to ensure the continued delivery of good and effective scrutiny at Exeter City Council:-

1. To provide a “critical friend” approach to Executive policy and decisions – a constructive, robust and purposeful, non-adversarial challenge, holding the Executive and Council officers accountable for policy and service decisions.
2. To provide a platform for the voice and concerns of the public to be heard.
3. To review issues in an a-political manner.
4. To drive improvement of the Council overall by promoting community well-being and working towards improving the quality of life of Exeter residents.
5. To provide strategic review of corporate policies, plans, performance and budgets.
6. To assist in the joining up of public and other services.
7. To review the effectiveness of budget and service prioritisation.
8. To make an impact on service delivery.
9. To set the Council’s Annual Scrutiny Work Programme.

A Synopsis of the Terms of Reference for the Scrutiny Committees at Exeter City Council

Scrutiny Committee – Economy

The Economy Committee evaluates and monitors the performance of all tourism, economic development, transportation, parking, estates, planning (except purely development control matters), markets and events, leisure and museums and technical (including flooding) services. It also considers draft budget proposals which fall within its remit and reviews strategies and policies emanating from the work and functions of those services which it holds accountable (in accordance with the work plan agreed in consultation with the Council and Executive). Scrutiny Economy also assists in the process for adoption and approval of

the Exeter Local Development Framework and for the preparation of other elements of the Development Plan by the Regional Assembly, Devon County Council and other local authorities.

Scrutiny Committee – Community

The Community Committee works with other agencies on issues such as social inclusion and community safety. It undertakes reviews of appropriate strategies and policies emanating from the work and functions of the community and environment services. It evaluates and monitors the performance of all housing, contracts, community engagement, environmental health (including cleansing), river and canal, parks and open spaces, CCTV/Home Call services and reviews the budget and financial performance within these areas. This Committee also scrutinises the work of the Exeter Community Safety Partnership and monitors the effectiveness of the Council's partnerships with other agencies. Health issues are also scrutinised by this Committee particularly in line with the requirement for an annual review of the Health and Well Being Board.

Scrutiny Committee – Resources

The Resources Committee evaluates and monitors the performance of Human Resources, IT, Business Transformation, Finance and all central and corporate services. It advises Executive on staffing issues including industrial relations, health and safety, equalities and diversity, and draft budget proposals which fall within its remit. It reviews progress made within the Corporate Plan.

Scrutiny Committee – Audit and Governance

The Audit and Governance Committee monitor performance against the internal audit plan, reviews any revisions to the plan and considers any issues arising from the half yearly audit reports. It comments on the scope and depth of external audit work to ensure value for money and commissions work from internal and external audit. In addition to this, the Committee monitor the Council's regulatory framework including the effective development and operation of risk management and corporate governance; the Council's compliance with its own and other published standards and controls; advises the Council on the adoption of Codes of Conduct as well as the hearing and determining of allegations of misconduct. It also approves the Council's Statement of Accounts. The Audit and Governance Committee could be perceived as providing the Council with an "inward looking" scrutiny function.

What has Scrutiny Achieved for the Year 2013/2014?

Besides the continuation of the work scheduled on the existing Scrutiny Work Programme the following was achieved:-

- Appointment of a dedicated Scrutiny Programme Officer – July 2013.
- Instigation of the Scrutiny Annual Work Programme Meeting involving Chairs and Deputy Chairs of the respective Scrutiny Committees, Party Leaders and Portfolio Holders.

- The Ancillary Work Programme Meeting involving Chairs and Deputy Chairs of each Scrutiny Committee to discuss any outstanding issues following the Annual Scrutiny Work Programme Meeting and to ensure matters are initially progressing in the right direction.
- Regular Scrutiny Review Group meetings with Chairs and Deputy Chairs of Scrutiny Committees to ensure a “rolling review” of the Work Programme, Task and Finish Groups and suggested improvements to the existing Scrutiny system.
- Scrutiny Training for all scrutiny committee members (highlighted as a priority).
- Revision of Members’ handbook in relation to Scrutiny.
- Scrutiny induction training for Members incorporated into the Members’ induction training programme as from 2014.
- Financial Reporting Task and Finish Group (Resources).
- Finance training for Members (highlighted as a specific requirement).
- Cost of Living Forum (to include Housing and Wages sub groups) (Economy).
- Procurement Task & Finish Group (Audit and Governance).
- Housing Allocation (Devon Home Choice) Task and Finish Group (Community)
- Involvement with the South West Scrutiny Network (with future provision to host regional meetings at Exeter City Council) and building links with other Local Authority Scrutiny Departments ranging from local level to across the country. This presents an ongoing opportunity to compare and exchange ideas on the effective running of scrutiny which can only benefit Exeter City Council.
- Provision of an Annual Report on Scrutiny so that Members, officers and the general public are kept informed of the effective progress and the continued evolution of scrutiny at Exeter City Council.
- Structured timetabling for Scrutiny 2014/2015:-
 - 25/04/14 : Officer pre-election work programme meeting.
 - (03/06/14 : Full Council Meeting).
 - 12/06/14 : Scrutiny induction training for Members.
 - (17/26th June and 2nd July – Scrutiny cycle).
 - 14/07/14 : Scrutiny Annual Work Programme Meeting 2014.
 - 29/07/14 : Full Council : Task & Finish Group Member nominations to be secured by this date.
 - 01/08/14 : Commence with new Task and Finish Group workload with an aim to complete at least 8 Groups within the 2014/2015 municipal year.




Scrutiny 2013/2014 has been very much about “setting the scene”, reviewing current systems, identifying Members’ priorities and improving what the Council already has in place; providing dedicated officer support for Members as well as coordinating Task and Finish Groups on particular subjects specifically brought to the forefront of the existing workload by Members.

A more in depth review of the work of Scrutiny during July 2013 to April 2014 (outside the scheduled Work Programme) is detailed below, which demonstrates the benefits of specific and targeted investigation and the importance of re-thinking (and continually monitoring) the scrutiny system and function at Exeter City Council, as a whole, to ensure a high standard of scrutiny is achieved and maintained.

Scrutiny Systems Review 2013/2014

The appointment of the Scrutiny Programme Officer presented an opportunity to review the effectiveness of the current Scrutiny system already in place at Exeter City Council and to consider whether or not the existing system could be enhanced and improved. A series of meetings were held with Chairs and Deputy Chairs of the Scrutiny Committees to develop possible improvements to the Scrutiny function which were put forward to Scrutiny Economy, Resources and Community during the January 2014 cycle of meetings.

These suggestions encompassed the following proposals:-

- That a new format of Agendas should be trialled for the next cycle of Scrutiny Committee Meetings. The new style would include three main sections:-
 -  Items for discussion.
 -  Items for Executive (recommendations).
 -  Items for information only (accompanied by a link on the Agenda).
- That unless requested by Scrutiny Chairs, the Chief Executive or the Deputy Chief Executive, Council Officers would not present their reports at Committee ensuring better time management of meetings.
- If Members had questions regarding Officer Reports, they could notify the relevant Officer and Committee Services Officer of these questions in good time prior to the Committee meeting. Members would then have the opportunity to put these questions directly to the Officer at the Committee meeting.
- The Scrutiny Chairs would take a more pro-active role in the Committee Meeting “pre-meet” specifically to decide what should be included within the Agenda and what should be excluded.
- Portfolio Holders’ Reports could be separated out from the Scrutiny Committee Work Programme/Agendas and extra time given prior to the Full Council Meetings for Members to address the Reports and ask questions of the Portfolio Holders. This would seem to present an ideal opportunity as all 6 Portfolio Holders would already be available to attend the Full Council meeting together with all other Members. This would free capacity on the Scrutiny Work Programme and free further time at Scrutiny Committee Meetings for other issues to be debated.
- That this concept could be trialled at the next Full Council meeting for Members’ approval.
- That the Scrutiny Chairs, Deputy Chief Executive, Corporate Manager of Democratic and Civic Support and the Scrutiny Programme Officer review how effective these new changes are, once trialled, and consider Members’ comments and any further changes or improvements which would enhance and improve the Scrutiny process and system at Exeter City Council; and continue to monitor the contents of the Scrutiny Work Schedule.
- That a list of scheduled Members’ Briefings be circulated to all Members as soon as possible detailing Presentation topics and dates.

Members of Scrutiny Economy, Resources and Community considered that as previous proposed changes to Scrutiny had been considered and recommended through a cross party working group, a similar group should be re-established to consider these latest proposals. This was accepted by the Executive and Full Council. It was also considered that the presentation of the Portfolio Holder reports prior to meetings of Full Council would mean an additional time commitment, particularly for working Councillors which could present a

problem. Whilst Members acknowledged these concerns, they also welcomed the opportunity to meet with all of the Portfolio Holders in a more informal setting and to look at further ways to develop the scrutiny process.

The cross party Task and Finish Group is due to be founded and initiated following the Local Elections in May 2014. The Group will then meet to address the recommendations put forward.

The Annual Work Programme Meeting : 25th July 2013

This newly devised meeting presented an opportunity for Members to review, prioritise and adapt the existing Scrutiny Work Programme Schedule and to identify those areas and subjects which they felt were of particular concern and to highlight topics which they felt were of sufficient importance to merit Task and Finish Group investigation. All Members were given the opportunity to comment and provide their suggestions prior to the meeting and these ideas and requests were put forward by the Chairs and Deputy Chairs of the Scrutiny Committees, Party Leaders and Portfolio Holders (at the meeting) for consideration and prioritisation.

Task and Finish Groups

Through the Annual Scrutiny Work Programme Meeting, Councillors identified and prioritised various issues for Task and Finish Group investigation which were not already included on the Scrutiny Work Programme. The Scrutiny Programme Officer arranged, initiated and coordinated these Groups.

Financial Reporting (Scrutiny Resources)

Councillors identified a need for clarity within the current financial reporting format which would enable them to have a better understanding of the reports presented to them and would allow them to more easily identify the key issues upon which they needed to take important decisions.

Membership:-

Cllr Baldwin (Chair)
Cllr Ruffle
Cllr Pearson
Cllr Owen
Cllr Donovan
Mark Parkinson, Deputy Chief Executive
Dave Hodgson, Assistant Director of Finance

Remit:-

1. To review the current regime of reporting financial matters.
2. To review the current presentation of financial reports – can they be presented in a more meaningful and user friendly way?
3. Is there any flexibility to alter the presentation of financial information presented?
4. Can reports be simplified whilst still adhering to current statutory requirements and current Council policy?
5. To provide examples of alternative presentation of financial reporting.
6. To clarify figures relating to budget and spend so that it would be easier for Members to identify issues from financial reports which may need attention (for example,

review of management in a particular area or an increase in need which may lead to a budget review).

7. To enhance and simplify financial reports.

This piece of work linked with Council aims and priorities of ensuring a “well run” Council whilst enhancing accountability and transparency.

The Group identified four main areas of specific interest:-

- Budget
- Spend
- Variance
- Income – is income being generated?

The Assistant Director of Finance produced a list of financial reports and confirmed that there would be more flexibility to alter the monitoring financial reports rather than the Statutory reports. Various reports were reviewed by the Group, which included:-

Treasury Management Strategy, Treasury Management Half Year Update Report, Treasury Management Outturn Report, Prudential Code Indicators, Council Tax Base and NNDR1 Report, Annual Governance Statement, Statement of Accounts, Budget Monitoring Reports – general overview, Budget Monitoring Report (30th June 2013), Scrutiny Committee (Resources) Outturn Report April 2012 to March 2013, Overview of General Fund Report, Outstanding Sundry Debts, Creditor Payments Performance, Overview Report, Revisions to Capital Programme, Capital Monitoring to September 2012

Councillors generally placed great emphasis on accuracy, relevance, clarity and simplicity together with a need for Members’ finance training with the overall priority being that all Members should be able to easily identify the information of high concern and should not feel alienated by the way in which the information was presented.

The views of all Councillors were sought and the Task and Finish Group considered that the following points were of particular importance:-

- Significant over and under-spends need to be highlighted.
- There should be comparisons with similar reporting periods in the previous financial year which would help Councillors see how the current situation equates with final out-turn.
- There should be a more obvious tracking of borrowing.
- That Members’ grasp and understanding of the financial reports should be paramount.
- That there should be less use of jargon which can lead to confusion.

Subsequently, the format of the monitoring financial reports was altered to highlight the key variances in the budget monitoring reports and the areas of budgetary risk. The reports were also refined (where possible) and a “key issues” section (particularly within the Statutory reports) was included for the benefit of Members, which highlighted those areas requiring key decisions. The changes to the financial reports were trialled during the September 2013 cycle of Scrutiny Committee meetings so that all Members would have the opportunity to comment upon the new style of financial reporting. Feedback was obtained from Members who commented that the changes implemented to financial reporting so far were very helpful and made the documents much clearer to understand.

In addition to this the Executive Committee commented that:-

- The new style of financial reporting was much easier to understand.
- It would be helpful to have an analysis available over a preceding 5 year period so that any trends could be identified. It was felt that this would be useful information to have for informal budget meetings.
- It would be helpful if visual (colour) charts could be used to relay trend information so that Members could easily identify differences and fluctuations.

It was also suggested that a glossary of financial terms (limited to one page) should be attached to every financial report which would provide further clarity.

Subsequently, the Treasury Management update report (due for submission to Scrutiny Resources in November 2013 and then to Executive in December 2013) was altered so that borrowing and investment figures were reported in a clearer way to ensure that the borrowing figures in particular, were highlighted. Two specific aspects which were seen as requiring particular clarity were:-

- (a) The physical cash borrowed.
- (b) Accounting classification of the borrowing, for example, fixed assets –v- finance.

Further comments were obtained from Members in relation to the new financial reporting format following the January 2014 cycle of Committee meetings and the subsequent Full Council meeting. Members' comments were positive and all agreed that the change in the format of financial reporting was of great benefit and provided much needed clarity.

In addition to the changes already implemented, the following suggestions received from the Assistant Director of Finance were also considered by the Group in order to achieve further improvement:-

- That the half yearly Treasury Management Report should be simplified and adopt a more tabular form, also trialling the inclusion of trend data.
- A front sheet summary should be attached to the Budget Book in respect of each area and movement in budget which would also set out the changes so that Members could focus on what really has changed and the trend data.
- Fees and charges information should remain the same and the format of reporting/information should remain unaltered.
- A key issues page should be introduced in the form of a covering report, in relation to the Statutory Reports (which cannot be altered in content). This would highlight areas of importance and whereabouts in the main document Members could find the necessary information.
- A clearer explanation would be provided to the Audit and Governance Scrutiny Committee in 2014 in respect of the Statement of Accounts. The main area of importance highlighted to Members was identified as the Auditors' report. If Members were not happy with a particular aspect then they would have the opportunity to say so.

It was agreed that because of the nature of some reports (eg, the annual reports) the changes to the format and style of financial reporting would be a work in progress. The key reports for Members to focus upon should relate to budget monitoring.

As a direct result of this Task and Finish Group, financial reporting at Exeter City Council has undergone a successful review and reports have been adapted to clarify information so that Members can easily identify the key issues upon which they need to concentrate so that they can make well informed key decisions. As a result of this Task and Finish Group it was also highlighted that all Members would benefit from finance training and subsequently training was arranged by the Scrutiny Programme Officer who also ensured that Finance training for Members was incorporated into the Annual Induction Training Programme available to all Councillors as from 2014.

Cost of Living Forum (Scrutiny Economy)
(incorporating Wages and Housing Sub Groups)

The Cost of Living, in specific relation to Exeter, was flagged as a high priority subject for further investigation and of particular cross party interest. The overriding objective was to work with a wide range of partners to establish exactly how the Council might assist Exeter residents, with specific attention to the subject of wages (and implementation of the living wage), housing and affordability. Reliable statistical information and research findings were identified as being of paramount importance to the Forum and its ability to consider strategies and solutions in order to provide recommendations to its parent committee (Scrutiny Economy). With the approval of Executive in March 2014, Marchmont Observatory (Exeter University) in partnership with the Forum, are now conducting a local research programme to provide accurate (statistical) information as part of the next stage of investigation. The Forum's work is ongoing and will stretch across the parameters of the local elections in May 2014 with a focus on concluding what practical, innovative steps can be taken by the Council to tackle the difficulties faced by Exeter residents in relation to the cost of living.

Membership:-

- Cllr R. Denham (Chair for Forum and Wages Sub Group)
- Cllr P. Bialyk
- Cllr L. Robson
- Cllr R. Crew (Chair of Wages Sub Group)
- Cllr T. Wardle
- Cllr Mrs Henson
- Cllr A. Leadbetter
- Cllr S. Brock
- Ms Sue Parr (Job Centre Plus)
- Mr Peter Lacey (Lay Lead at University of Exeter on Infrastructure and the Capital Programme, External Affairs and Corporate Social Responsibility and Environmental Sustainability).
- Mr Steve Barriball representing Citizens Advice Bureau.
- Post Graduate Student (University of Exeter/Science Dept.)
- Mr Mark McSheehy representing South West TUC.
- Mr Simon Bowkett representing Exeter CVS.
- Mr Richard Ball (Assistant Director – Economy)
- Ms Nicola Forsdyke (Housing Options Manager)
- Ms Laura Fricker (Housing Benefits Manager)
- Ms Jayne Hanson (Mobile Benefits Training Officer)
- Ms Dawn Rivers (Community Involvement and Inclusion Officer – Policy)
- Ms Melinda Pogue-Jackson (Policy Officer)

Remit:-

- To gather evidence to establish a baseline on wages and cost of living in the City of Exeter.
- To gather and analyse evidence on the impact that low wages and high relative cost of living has on residents in the City of Exeter (taking a broad perspective on impacts and to include Health and Wellbeing).
- To gather and analyse evidence on particular problems (for example, the impact of students on private sector rents).
- To explore (in partnership with a broad range of stakeholders) strategies and solutions to problems identified following the gathering of evidence for this Forum.

Since its inception, the Forum established that it was crucial to identify the potential benefits of the work it could do together with a clear indication of the positive outcomes that could be achieved. The goal of the Forum was to conduct research and investigations so that this piece of work could be used to:-

- Better inform (through the gathering of evidence and multi agency/organisation participation) the City Council and other agencies involved of the difficulties faced and possible solutions relating to the Cost of Living in direct relation to regional wages in contemplation of existing Policies and any proposed Policy changes.
- Improve and enhance the collaborative effort on a cross agency and organisational basis, against continual reduced funding for the public sector.
- Provide innovative ways in which to tackle the difficulties faced by Exeter residents in direct relation to the Cost of Living and reduced public sector funding.
- Build relationships with cross agency partners, organisations and stakeholders, to provide an opportunity to discuss the issues and provide practical coping strategies and solutions (for example, to discuss with local businesses the Living Wage and associated issues with a view to encouraging local businesses to adopt the Living Wage)

With that said, the Forum was still conscious that just because this topic was of substantial cross party interest and currently generated specific public and media interest, it remained important to justify undertaking this work in line with the Council's existing aims and priorities. This point was addressed at the first meeting of the Forum on the 24th October 2013 where it was agreed that this project did comply with those aims and objectives, particularly:-

- ❖ To enhance Exeter as the regional capital and to work in partnership to improve the quality of life for all people living, working and visiting the City. (Vision 20:20/Community Plan).
- ❖ "Help me get back to financial independence" (Corporate Plan 2012 – 2014).
- ❖ "Help me find somewhere suitable to live" (Corporate Plan 2012 – 2014) – *Affordable Housing/set fair and affordable Council Rents/improve access to affordable private sector tenancies/provide financial assistance to those most in need to make private sector homes fit for habitation, safe and decent.*
- ❖ The Core Strategy - 3.4 (The Sustainable Community Strategy) which states that:- 'Sustainable communities are places where people choose to live and work. They are safe places, offering opportunities for everyone, where the environment is respected and with the housing, amenities, schools, hospitals, and transport links that people need to live well. To become a sustainable city, Exeter must balance the economic, social and environmental aspects of the Community'.

The Economy Projects Officer provided the Forum with a brief presentation of statistical data currently available relating to wages and housing trends. However, the Group soon established that the data was unreliable with issues as to accuracy and did not embrace the specific locality of Exeter. Therefore it was of very limited use, but was the only data available at the present time.

The Forum Members identified a wide range of areas which they proposed should be investigated such as:-

- ✚ How do people feel?
- ✚ Equalities.
- ✚ Underemployment/zero hours and the links to part time work.
- ✚ Wages/low pay.
- ✚ People moving out of affordable housing.
- ✚ Sectors and types of employment (jobs by skill/sector).
- ✚ Affordability of housing by sector – growth of private rented sector/housing association (welfare reform action group).
- ✚ Energy/utilities.
- ✚ Transport.
- ✚ Debt – helping people with financial problems.
- ✚ Management of money.
- ✚ Static wages – Chamber of Commerce data
- ✚ Is our skills agenda keeping up or are people outside the City coming in?
- ✚ Econometrics study.
- ✚ Customer service centre data.
- ✚ “Who lives where?” relative to job type and the impact on communities.
- ✚ Impacts such as mental health issues.
- ✚ Access to affordable credit.
- ✚ People moving out of the City for affordable housing.

Members of the Forum suggested that the next meeting should provide an opportunity to explore the definition of poverty and deprivation in Exeter, what this means and to what extent Exeter is affected. It was also agreed that a representative from the research department at Exeter University should be invited to participate together with a representative from the Chamber of Commerce.

The second meeting of the Forum took place in November 2013. Since the first meeting information had been sourced from The Joseph Rowntree Foundation concerning the definition of poverty and the importance of distinguishing between “relative” versus “absolute” poverty was highlighted. Available research on the Living Wage had also been provided by South West TUC; representatives had been invited from Devon County Council and Exeter University together with an Exeter City Council employee currently in receipt of a low wage and a representative from the Federation of Small Businesses.

The Forum was particularly interested to hear from the Council’s employee to understand what life was like for him and what difficulties he faced as a direct result of receiving a low wage coupled with the cost of living. They could also explore what it would mean to this individual if he were in receipt of the Living Wage and what impact this would have for him and his family. This employee felt that the Living Wage should be pushed forward and implemented as it would benefit everyone on a low wage. He commented that the cost of

living is always rising but his wage, in comparison, has not. His input to the Forum, which demonstrated the practical difficulties of his situation, proved extremely helpful and provided Members of the Forum with first hand information and the opportunity to ask many questions.

It was becoming increasingly apparent that the Forum should concentrate on where the Council as a whole (and its partners) could make a difference to Exeter residents and this would involve prioritising the main areas to be investigated whilst also considering impact and baseline.

The priority areas were identified as **Housing** and **Wages**.

It was agreed that two working “sub groups” would be created from the existing Forum Members to discuss and identify research areas whereupon they would feed back their findings to the main Forum.

The specific (but not exclusive) remit of each sub group was defined as:-

Housing

- ✚ Cost of private sector rental and issues surrounding that.
- ✚ Mortgages and issues around other housing options such as affordable housing.
- ✚ Fees and charges.

Wages

- ✚ Are jobs not paid enough and need to be paid better? (Low wages).
- ✚ Availability of higher skilled jobs? (Higher skilled jobs usually equate to higher paid jobs).
- ✚ Underemployment – zero hours contract.
- ✚ Pressure on employers – the impacts and pressures affecting decision making.
- ✚ The impact that the living wage could have in Exeter.

The Forum concluded that that there was a specific need to encompass an “Evidence Based Review” and to consider Business Rates and costs which formed part of the equation.

The Housing Sub Group

The Housing Sub Group met in December 2013 and identified the following issues for research and consideration:-

- The cost of private sector rental.
- Whether students are influencing private sector rental and whether they are better able to afford the cost?
- Condition of rental properties.
- Should Exeter University build further student accommodation this would have an effect on the private rental sector within Exeter.
- What is the standard of living for the individual who lives in Exeter?

- What makes people decide to live in or out of Exeter when they work in Exeter? It was considered that there could be reasons such as family base or schools for children

The Group considered that it would be important to view the whole picture rather than concentrate on isolated areas only but that accurate and local research was required on which the Forum could confidently recommend a way forward.

It was ascertained that two questions should be considered by the main Forum:-

- (a) How far should we go with the research on Housing?
- (b) How much should the Council consider spending on obtaining that research?

Exeter University representatives agreed to provide research recommendations and a costing which the main Forum could consider. They would also formulate research questions based on the Forum's aims and objectives and the information from meetings so far, so that the Forum Members could identify the important questions and ascertain where the Council and respective organisations could make a difference.

The Group highlighted that the Housing Report (which was due to be placed before the Executive Committee in February 2014) dealt with research as to housing need in Exeter, taking into account investing in new housing and the way forward over the next 10 years in this respect. This was viewed as presenting an ideal opportunity for the Cost of Living Forum to feed into this piece of work.

Reference was made to the Welfare Reform Action Group Report which Devon County Council had produced (and which had been circulated to Forum members).

In summary, the Group agreed that an assessment was required as to:-

- *What the housing need and demand is in Exeter and how they differ.*
- *How do we measure that and how do we use this measurement?*
- *Are we meeting need?*
- *How is housing functioning in Exeter and how can we improve it?*

Wages Sub Group

The Wages Sub Group met in January 2014 and was initially provided with an overview on business rates and reliefs by the Senior Rates Officer. This was of particular benefit given that business rates have the potential to greatly influence the relationship between business and wages and more particularly whether employers are in a position to pay higher wages to their staff.

The Group highlighted that employee costs and fixed premises costs are the main expense for businesses and considered whether it would be possible to use the Living Wage to balance out business rates.

It became apparent that there was a real need to investigate what was happening at the lower end of the wages bracket (ie, the lowest 10% as their earnings have not risen since 2004 based on the statistical information available). Zero hours contracts were also discussed in the context of people being unable to obtain mortgages or satisfy private sector

rental prices and there was a concern that this current situation would not promote economic growth.

The Group agreed that they needed to concentrate their efforts on reviewing the situation for people with no options who were in receipt of the minimum wage. Another area which the Group felt could be influenced was encouraging an environment where more money is generated within the Exeter economy which would be good for businesses and therefore the people of Exeter.

It was recognised that Islington, York and Brighton Councils respectively had carried out a lot of work in persuading their local businesses to implement the Living Wage and it would be helpful for the Forum to hear from representatives of these Councils so that they could explain how they have achieved that.

It was agreed that the provision of the Living Wage really depended upon what employers could currently afford and it was recognised that the current margins for small businesses are very tight. However, when the economy starts to recover, and businesses start to do better, how could Exeter City Council encourage this benefit to be passed through to wages?

Following discussion of these points the Group was able to decide that further information was required in the following areas:-

- ✚ Wages data was essential but needed to be presented in a more “broken down way”.
- ✚ People in both the business community and working individuals should be asked whether zero hours contracts work for them.
- ✚ A need to establish what the real impact is in respect of low pay.
- ✚ Find out what the cost of low pay is to the City, economy and local services.
- ✚ Find out what the counter benefits are of higher pay.
- ✚ Establish what the pro’s and con’s are of the Living Wage, bearing in mind that one aspect to consider is that some companies will say that they can’t afford to pay the Living Wage.
- ✚ What areas can Exeter City Council influence in respect of pay?
- ✚ Employers need to be provided with evidence as to why it would be of benefit to introduce the Living Wage.
- ✚ A need to look at household income in tandem with the Living Wage.
- ✚ Obtain specific data regarding the wages of people who live in the City of Exeter.
- ✚ Survey a section of Exeter residents to find out if they work in Exeter and how many are paid below the Living Wage.
- ✚ Find out what the negative impacts of low pay are on businesses, individual and the public sector.
- ✚ Survey businesses to find out the cost of doing business and their thoughts around wages – particularly paying higher wages.
- ✚ Identify a Council that has already addressed these issues - could they visit the Forum to talk about their experiences and what they have done to resolve the issues?
- ✚ Produce an annual survey on earnings.

At the third meeting of the Forum, Members were able to hear from a representative of the Exeter branch of a national company regarding the Living Wage (which had recently been implemented by the company in its London outlets). The representative explained that the reason why they implemented the Living Wage (in London) was because they discovered that a lot of their staff were working three jobs at once – most people employed by them worked on part time contracts and implementation of the Living Wage was seen as allowing their employees to focus on one job and so that they could afford to eat properly. Feedback from staff in receipt of the Living Wage currently indicates that they are now able to concentrate on the one job and they can afford to look after themselves better. The company have also seen a reduction in the figures relating to sickness absence for employees and staff turnover. However, they hadn't rolled out payment of the Living Wage on a national level because it would prove too expensive. The main reason related to premises costs which currently ran at 26%. Taking this into consideration together with the expense of paying the Living Wage, the concept would fall "out of balance". The company would then be in a position where, if they paid the Living Wage nationally, they would be paying their staff more but wouldn't be able to afford the cost of the premises so shops would have to shut.

The Sub Groups also had the opportunity to report back to the Forum. A recurring theme indicated was a lack of accurate statistical data and further research was required and an issue which both Groups had identified. It had become clear that there were substantial gaps in the information and data currently available to the Forum and it would be unwise to base recommendations upon inaccurate information. In relation to what the Forum could hope to achieve within a reasonable timescale it was evident that a reliable baseline of statistics and information would be required (on a local level) so that trends could be monitored over a period of time. It was agreed that the Forum was ultimately looking for strategies and solutions in line with the key objectives they had set and if targeted, accurate evidence was available, this would allow Members to collectively establish a way forward. It was recognised that the success of Council policy and decision making is reliant upon sound and accurate information so that a balanced and informed view can be reached enabling sound policies to be invoked and good decisions to be reached.

More detailed, accurate and local research information could be achieved with assistance from Exeter University (Marchmont Observatory) and the Forum duly considered the University's research proposal.

The Forum established that the main question to ask was:-

"How much research do we need and what do we want to achieve?"

The main requirements were:-

- ❖ ***To obtain a clear set of indicators that we are confident in - a "Cost of Living dashboard" which can be used to inform policy making and decisions outside of the Forum.***
- ❖ ***To obtain a baseline of information on indicators.***
- ❖ ***To formulate a methodology which may be repeatedly used to collect information so that future trends can be measured.***

The Forum agreed to submit an interim report to Scrutiny Economy Committee requesting a recommendation to Executive for funding for the University research proposal. This research was seen as imperative to the continuation of this piece of work and further progression and ultimately recommendations could not be made without it.

The interim report was placed before Scrutiny Economy Committee on the 6th March 2014 and it highlighted that the results of the research could positively influence Council policy decisions in respect of Housing and Economy by:-

- Encouraging other employers to adopt the Living Wage.
- Driving up economic spend within the City if businesses are persuaded to adopt the Living Wage.
- Persuading employers to pay the Living Wage which could potentially decrease the burden on the State and the tax payer.
- To ascertain if improvements would be possible in respect of the Council's Housing Policy to increase affordability of housing thereby assisting Exeter residents.
- Providing good, reliable statistical information which would provide a sound basis for Council decisions in relation to investment.
- The results of the proposed research could be available to feed into and influence the 2014/2015 Scrutiny Work Programme.

The report recommendation was approved by Scrutiny Economy and on the 18th March 2014 the report was submitted to the Executive Committee which broadly welcomed this initiative. It was therefore resolved that the Executive would approve the research proposal and funding.

The Cost of Living Forum – where next?

The Cost of Living Forum represents an ongoing piece of work with Exeter University beginning their research in June 2014. Once the research has been completed the Cost of Living Forum will meet again to consider the results of the research and what potential impact it has in so far as implications are concerned together with establishing how the Council and its partners can make a direct difference to Exeter residents in respect of housing, wages, living costs and affordability.

Housing Allocation Scheme Task and Finish Group (Scrutiny Community)

The housing allocation system was identified as a priority area for review by Scrutiny Community. It was felt that the current system should be reviewed with consideration given to whether a streamlined and direct system for housing would be preferable to the current system. Exeter City Council could consider what schemes and systems other Local Authorities operated and compare these in order to see what worked well, what didn't and whether Exeter's existing scheme needed changing. Issues identified as causing problems with the current system included multiple bids and how Exeter allocates points. One of the main aims of the review was to ensure that a firm, but fair and robust system was in place which would naturally counteract these issues whilst ensuring that the public held a realistic expectation as to what Exeter City Council could offer.

Membership:-

Cllr Shiel (Chair)
Cllr Mitchell
Cllr Morris
Cllr Hannaford
Cllr Crow
Ms Bindu Arjoon (Assistant Director, Customer Access)
Mr Rupert Warren (Devon Home Choice Coordinator)
Mr Lawrence Blake (Housing Needs Manager)
Ms Sarah Richards (Housing Options Manager)

Remit:-

- Review how the Council allocates social housing stock available.
- What do we want any applicable Policy to achieve for us?
- What is the best model to deliver this objective? Does our current model deliver sufficiently or does the Council need to consider implementing a different model (with consideration given to available resources).

Review of this area would link in with the Councils aims and objectives by:-

- ❖ Meeting Housing Needs (Corporate Plan 2012 – 2014/Message from Leader).
- ❖ “Help me find somewhere suitable to live” (Corporate Plan 2012 – 2014/Our purposes).
- ❖ Ensuring that no-one spends a second night sleeping on the streets. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Preparing and consulting on the Affordable Housing Supplementary Planning Document to guide provision of affordable housing and the introduction of an increased requirement of 35%. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Setting fair and affordable council rents and using increased flexibility to decide how housing is allocated in Exeter. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Bringing privately owned empty homes back into use. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Encouraging the Private Sector Leasing and Extralet schemes to improve access to affordable private sector tenancies and drive up standards in private rental properties. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Improving the Council’s existing housing stock to high energy efficiency and sustainability standards. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ “Providing suitable housing” and “Being a good landlord” in line with Portfolio Holder’s priorities.
- ❖ Ensuring that “The supply of housing should meet the needs of all members of the Community” (Core Strategy: Submission Core Strategy Policy CP5: Meeting Housing Needs : page 35).

The Group first met in December 2013 and it was soon established that it would be helpful to hear from a representative of a similar Authority to talk about their housing allocation scheme and how it worked. Firstly, the Group needed to review how the current housing allocation system worked in Exeter and the Devon Home Choice Coordinator was asked to provide a presentation which would encompass the history of the Devon Home Choice Scheme for the Group.

One aspect to consider was that as part of the Devon Home Choice Scheme, Exeter City Council enjoys a good working relationship with other landlords in Exeter (such as Housing

Associations for instance) and if the Council decided to depart from the Devon Home Choice Scheme that working relationship could be affected and this should be taken into account within the overall context of other issues.

The Group also identified a need for absolute statistics on why people are bidding and why they are turning down properties.

An overview of the Scheme was provided during the second meeting of the Group where it was explained that Devon Home Choice was a choice based scheme where properties were advertised. The Scheme is overseen by a management board consisting of representatives from all 10 Devon Authorities and 6 of the bigger Housing Authorities and if any changes to policy or approach are suggested the Members of the Board are required to take the proposals back to their individual Local Authority/Housing Association for approval.

The Scheme is meant to allow people the freedom to move around Devon but in actual fact it would appear that most people don't want to do that and would prefer to stay within their locality. Applicants can re-apply as many times as they like and bid for up to three properties a week on line. The Scheme is accessible to all which was construed as a potential flaw in itself because anyone could apply and therefore there are thousands currently on the waiting list. Applicants are placed in "Bands" and although Band E reflects those with no housing need, there had previously been a legal requirement to keep this band. However, since the Localism Act was introduced, this legal requirement became obsolete and therefore the Group considered that this was an aspect that could be changed to save Council resources in dealing with people, when in fact they had no discernible housing need nor chance of successfully bidding for a property.

The Group was interested to hear that other local Councils had recently reviewed this situation in respect of their schemes and some had now decided not to register Band E. Other Local Authorities were currently consulting on this issue particularly since the introduction of the Localism Act.

The figures available indicated that Exeter had more "Band B's" than other Authorities because of the way we assess Health and Well Being in connection with other organisations. It was highlighted that Band B contains a lot of people who are looking to move and contains a lot of "under occupiers", whereas Band A individuals were only in Band A for 4 weeks after which time they are actively reviewed to make sure that they are bidding.

Many aspects were discussed by the Group including preference to those who provide a positive community contribution and those people downsizing because of the tax implications.

It became clear that each individual Local Authority that was party to the Devon Home Choice Scheme could set the criteria of what they wanted as long as it was within the parameters of the Scheme. What became increasingly apparent to the Group was that the Devon Home Choice Scheme for Exeter required tailoring to Exeter's needs.

A representative from the Housing Department at Portsmouth Council attended the next meeting and informed the Group that Portsmouth operated a different housing allocation scheme which they devised themselves on the basis that it would primarily take into account the customers' needs which they felt were not being met under the previous scheme.

Portsmouth's current scheme was described as an "informed choice lettings scheme" working on a "triage" system which came into operation from the customer's first point of contact with the Council.

It was extremely beneficial for the Group to hear from the Portsmouth representative as its Members were able to ask a wide range of questions such as:-

- How does Portsmouth deal with the issue of particular people taking advantage of the system – for instance, people who put in multiple bids and refuse consecutive offers for questionable reasons?
- How does Portsmouth deal with the anti social behaviour issues? Are they tougher on these areas?
- Does Portsmouth have a "Band E"?
- Does Portsmouth award extra points for certain people? For instance, Armed Forces personnel or people in employment?
- How does the Portsmouth system work?
- What are Portsmouth's goals?
- How much interconnectivity is there between housing, council tax support and housing options? How far has Portsmouth gone with this aspect?
- Time taken to house people in relation to Portsmouth.
- How did the Welfare Reform affect Portsmouth?
- What measures do managers focus on at Portsmouth with regards to Housing Options?

As a result of the information provided by the Devon Home Choice Coordinator and the representative from Portsmouth Council, the Group was able to ascertain that Exeter City Council needed to:-

- Correct tenants' expectations to ensure a focus on those with higher need.
- Analyse property needs and housing standards and get the right balance which would be key to the success of the system (as the Council is often battling against limited resources and soaring demand).
- Test the implementation of ideas and changes in a "live" environment so that a proven concept is immediately available to ensure that the proposed changes would be sound. In other words, an absolute knowledge of what will happen is required so that the prospects of success are known beforehand, prior to changes being rolled out on a permanent basis.
- Ask the Customer exactly what they need when they come through the door, obtaining as much information as possible at the outset.
- Stem those who take advantage of the system by placing multiple bids and then refuse consecutive offers for questionable reasons.

The Housing Options Manager (working for Exeter City Council but also in connection with Teignbridge District Council) was able to provide the Group with valuable insight into how a local, neighbouring Authority is dealing with the issues which had been identified by the Group in relation to Exeter.

Following the Group's enquiries, the provision of information and Group discussion it was established that the following recommendations be made to the Scrutiny Community Committee for reference to the Executive for approval:-

- ✚ That the current Housing Allocation model (Devon Home Choice Scheme) should be kept and improved rather than replaced.
- ✚ Band E should be removed.
- ✚ A more efficient, fair, firm and cost effective way of managing the offers should be implemented therefore improving and streamlining service delivery and attracting savings – mainly by speaking with individuals face to face or over the 'phone rather than form filling and duplication of work.
- ✚ A culture change is needed within the Council when dealing with applicants. Changes in the way in which individuals are assessed are necessary, ie, the individual should not solely be assessed for their housing band but have their actual needs assessed and should then be directed towards the right Council Department or Organisation that would be in the best position to assist that individual and meet their “real” needs as this may not necessarily equate to a housing need.
- ✚ Drive towards finding the perfect accommodation for that specific individual first time (as per the Portsmouth model). Refusals are time consuming to deal with from a housing management point of view and finding out far more data at the outset along with multiple viewings should reduce the number of refusals.
- ✚ Three refusals should be the maximum allowed for each individual.
- ✚ The proposed changes should be the subject of a 6 week consultation before implementation, and this could be carried out by utilising mainly on line enquiries to stem the cost of the consultation. The consultation would include external partners such as Devon County Council, voluntary sector agencies, individuals who are on the housing register, partner housing associations and members of staff from whom views would be sought as to the proposed changes.
- ✚ There should be a 2 year residency test in order to establish the eligibility to apply for accommodation (in line with the Government's new Statutory guidance in this respect).
- ✚ Change the way in which properties are advertised – this was suggested as a selective measure rather than a blanket proposal and a change in advertising could be used as a tool with which to keep an area “balanced”.
- ✚ Extra points should be made available, for instance, to people if they are able to demonstrate a need to stay in a particular part of the city because it is convenient for work, such as they currently walk or cycle to work, therefore moving would incur extra costs to a low income household, or, in an area/housing complex where there is a high number of long term workless households and the Council needs to help encourage a more balanced and sustainable approach.
- ✚ The Council could amend the current Housing Policy to protect against the concern that an individual could be the subject of

redundancy therefore putting that individual in a “non working” situation which is not of their making and which could, if the Council were not astute, place that individual at a disadvantage for the purposes of the Housing Register.

- ✚ Utilising local lettings plans so that a balance of different individuals with different needs is maintained.

The Assistant Director, Customer Access and the Housing Needs Manager are currently preparing their report encompassing these recommendations.

Procurement Task and Finish Group (Audit and Governance)

The Audit and Governance Committee highlighted Procurement as an area which would benefit from specific review as it was apparent that the current process contained flaws which needed addressing. At present procurement is mostly dealt with on a “department by department” basis which demonstrates a real need to “join up” the areas. The Council needs to be sure that the statutory and legal obligations in respect of procurement are certainly understood by all those dealing with this area. The Legal Services Department and the Housing and Contracts Officer have already carried out work, in the interim, by updating the Council’s contract regulations, but this represented only one aspect of that which required addressing.

At the first meeting of this Group, it became apparent that some progress had already been made as an agreed budget was now in place for a dedicated Procurement Officer. However, that Officer had not been appointed yet and a Job Evaluation exercise was in the process of being set prior to advertisement of the post.

The Group was cautious of progressing this Task and Finish Group because any suggested improvements or changes to the procurement system could not be implemented until a Procurement Officer had come into post. However, the Group was keen to discuss the issues and set a scope.

Two key areas which the Group highlighted as key areas for consideration related to “compliance” and “minimising risk” and it agreed that it may be helpful to look at other Local Authorities to see how they dealt with these issues and the procurement process in general.

Members felt that a more efficient procurement process would potentially maximise the value of contracts entered into by the Council and ensure that the Council is getting the best deal, with the potential to save money in the process.

The Group heard from the Corporate Manager, Legal Services who highlighted points for the Group’s consideration, such as:-

- Part of the role of the Procurement Officer would be to see how the Council can procure goods and services at good value.
- Procurement has to be within a legal framework as the potential litigious and economic risks are high if the Council get it wrong.
- There is an opportunity for the Council to save money on existing contracts.
- The current procurement process could be improved.

- There is a need for a robust training programme for Members and Officers, once a dedicated Procurement Officer is in post. Such training could also be offered within the Induction Training for Members.
- Standing Orders relating to Procurement will need to be the subject of revision and this task will be possible once the Procurement Officer is in post.
- Officers need to work out what the value of the contract is and this is where experience and expertise is currently lacking.
- Effective contract management is required as well as a good procurement process.
- Procurement is a massive area taking into account entering into contracts, the management of those contracts and the relationship with people involved in those contracts both internally and externally.

Following discussions, the Group was able to establish issues which required specific consideration and these related to:-

- Compliance and risk – to minimise the chance of litigation against the Council.
- Value – are we getting the best value out of our contracts?
- Impact of our commissioning decisions.
- Training/member briefing on Procurement.
- Consideration of impact areas.
- Guidelines available for any Service Manager who needs to procure.

The Group also felt that there may be a need to look at commissioning models in order to consider alternative models; to look at how many contracts are outsourced and to review service delivery. As procurement is such a wide ranging subject, the Group identified that it must tailor its review to specific areas. The following questions required answers:-

“What’s out there?”

“What’s acceptable?”

“Are we achieving value for money?”

The Group agreed that it would be helpful to schedule the next meeting once the Procurement Officer was in post as it would be crucial for this Officer to have input into this Group because the Officer would be responsible for implementing changes or improvements to the procurement process.

The Scrutiny Work Programme 2014/2015 : Current Aims, Existing Workload and Target

Following the progress made in respect of the Council’s scrutiny function over the past 10 months and since the appointment of a dedicated Scrutiny Programme Officer, it is now possible to more effectively organise the Scrutiny Work Programme for the year ahead, liaising with Members to identify priority areas for investigation, set tasks, set targets and project some of the existing Task and Finish Group work for the 12 month period ahead.

The following points do not take into account the Task and Finish Group suggestions that will be provided by Members at the Annual Work Programme Meeting (in July 2014), but is designed to provide a flavour of the direction of the Scrutiny Work Programme for the year ahead:-

- Members and Officers to re-assess the existing Scrutiny Work Programme for 2014/2015 through the Annual Scrutiny Work Programme Meeting (14/07/14).
- Members to identify areas for possible Task and Finish Group investigation and prioritise these, particularly against other areas identified during the 2013/2014 programme.
- Scrutiny system changes (already identified) to be implemented subject to Executive and Full Council approval.
- To continue the work of the Cost of Living Forum to identify how Exeter City Council and its partners may improve the quality of life and affordability of living for the residents of Exeter.
- Health and Well Being - to instigate the scrutiny of the Public Health Plans (in line with DLGSG recommendations).
- To instigate scrutiny review of the Housing Revenue Account.
- To conduct a spotlight review of the Council's current twinning arrangement and funding.
- To conduct a spotlight review of Community Patrol and the need for Out of Hours Operatives.
- To continue with the work of the existing Procurement Task and Finish Group.
- To reach and exceed a target of 8 Task and Finish Groups to be completed within the period 1st August 2014 to 30th April 2015.

Possible improvements based on the experiences of 2013/2014

- Task and Finish Group member nominations should be received more quickly. Therefore, nominations will be requested following the Annual Scrutiny Work Programme meeting (scheduled on the 14th July 2014) and will be required by 29th July 2014 (Full Council Meeting). This will enable the Task and Finish Group workload to be structured with the initial Groups commencing from August 2014. This will minimise delay whilst maximising the potential volume of Task and Finish Groups for the period running between 1st August 2014 to 30th April 2015.
- To improve the collaborative working relationship between the Scrutiny Committees and the Executive, inviting Members with a leading role in both Scrutiny and Executive Committees to the regular Scrutiny "rolling review" meetings.
- To encourage Members to utilise "spotlight reviews".

Conclusion and Thanks

Scrutiny is an ever evolving process at both local and national level and improvements to the scrutiny function should be viewed as an ongoing process with continued improvement in mind. The Scrutiny process provides Members with the chance to examine the workings of the Council and get directly involved in the development of Council policy. Through effective scrutiny, Members can ensure that the work of the Council is subject to democratic checks and that the provision and delivery of services is continually improved where possible. It

also presents an opportunity for the views and needs of the local community, stakeholders and local organisations to be taken into account.

Members' suggestions covering all aspects of scrutiny, including topics for potential investigation, are always welcomed during formal scrutiny committee meetings or via direct contact with the Scrutiny Programme Officer or Chairs/Deputy Chairs of the relevant Scrutiny Committees.

Successful scrutiny function depends upon maintaining a good, collaborative working relationship between Members and Officers throughout the Council together with external partners, local people and communities which will serve to maximise the potential benefits in many areas not only for the Council, but more importantly, the residents of Exeter. The Scrutiny Programme Officer would like to take this opportunity to thank all those Members, officers and external organisations who have participated in the Task and Finish Groups and consultations to date.

For further details regarding scrutiny at Exeter City Council please contact the Scrutiny Programme Officer:-

Anne-Marie Hawley (Democratic Services)
anne-marie.hawley@exeter.gov.uk
(01392) 265110

REPORT TO EXECUTIVE

Date of meeting 15 JULY2014

Report of the Corporate Manager, Democratic & Civic Support

Title:- MEMBERS' ALLOWANCES 2014/15

Is this a key decision

No

Is this an Executive or Council function?

Council

1 What is the report about?

To consider the report and recommendations of the City Council's Independent Remuneration Panel in relation to Members' Allowances for 2014/15. This report was previously presented to the Executive on 4 February 2014, but withdrawn to seek comments of other stakeholders.

2 Recommendations

- (1) That the Independent Remuneration Panel's recommendations as set in paragraph 3 above are considered and a recommendation made to Council regarding the Scheme.
- (2) That a detailed survey be undertaken amongst Councillors to ascertain their time commitments whilst undertaking their various member roles;
- (3) That a representative from the South West Assembly together with an Independent Advisor on Members' Allowances be invited to join this Council's Independent Panel on Members' Allowances, to replace two of the existing Panel members; and
- (4) That up to £5,000 be made available to cover any costs associated with the proposed review.

3 Reasons for the recommendation

The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid. The 2003 Regulations permit members' allowances schemes to make provision for an annual adjustment of allowances by reference to a previously agreed index.

4 What are the resource implications including non financial resources

The budget for the scheme of allowances in 2014/15 totals £258,470 and that sum has been included in the estimates for 2014/15, subject to approval by Council on 25 February 2014. The Scheme recommended by the Panel for 2014/15 is attached at Appendix 2 to this report – the above recommendations do not affect the current year's budgetary figure.

5 Section 151 Officer comments

None as detailed in paragraph 4 above

6 What are the legal aspects?

The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid.

7 Monitoring Officer's comments

None

8 Report details

The Panel, comprising four representatives drawn from the business and voluntary sector, met on the 9 January 2014. In developing the Panel's recommendations for the 2014/15 Allowance Scheme, Councillors were invited to submit any comments on general and specific aspects of the allowances scheme for consideration by the Panel. Two councillors took up this opportunity.

The Panel's report is attached at Appendix 1. As for previous years, in arriving at its recommendations, the Panel reflected on the principles and methodology set out in the report of the independent adviser on Members' Allowances submitted to the Council in March 2001. In 2004, this Council, on the recommendation of the Independent Remuneration Panel, agreed that the index in accordance with which the allowances should be adjusted in future years would be the annual local government staff pay award for the previous year.

Following consideration of this principle at its meeting earlier last year, and in recognition of the fact that the Basic and Special Responsibility Allowances had not been increased since 2008/09, the Panel had recommended that these allowances be increased by 1% for the 2013/14 year only. No agreement had, at that point, been made in respect of the annual local government staff pay award offered by the Employers' side for 2013/14, although subsequent agreement was reached for a 1% pay award.

When reviewing the scheme again for 2014/15, the Panel reminded itself of its decision in 2013, and considered that this increase had in effect been given ahead of schedule, and that no further increase should therefore be made this year.

As required by the Regulations, a notice was published in a local newspaper in January 2014, setting out the Panel's recommendations and notifying the public that copies of the report were available for inspection at the Civic Centre and on the Council's web site.

The Independent Remuneration Panel has made the following recommendations to Council in respect of Members' Allowances for 2014/15 that:-

- (1) the basic structure and principles of the current Members' Allowances scheme be retained for 2014/15;
- (2) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained;
- (3) the Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances should continue to be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year; (except for this coming year 2014/15 as

that increase in staff pay had been recognised in the 2013/14 increase in allowances);

- (4) the Travel and Subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate;
- (5) That the existing payment of £7.50 per month contribution toward broadband (one payment per household) be retained until such time as an alternative IT provision was made (this has already been implemented following the roll out to Members of i-pads).
- (6) That the current Dependants' Carers' Allowance scheme be maintained and that the level of allowance, should now match the Living wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19)
- (7) the Panel considered that a sum of £50 be paid to the Independent Persons affiliated to the Audit & Governance Committee Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year.)

Paragraph 4.4 of the Panel's report requests that a survey should be undertaken amongst all councillors seeking their views as to, amongst other things, the number of hours spent on council business, as well as their remuneration in general.

Since the Panel met earlier this year, further consideration has been given to this, and it is suggested that the following also be included in the review:-

- Travelling expenses for Members;
- Subsistence allowances for Members;
- IT consumables for Members;
- Comparisons with other similar councils, as well as our neighbouring authorities as to the content of their Members' Allowances schemes and the allowances which they pay.

To achieve this, and to ensure some new ideas, methodology and local government experience are brought to the Independent Panel, it is considered appropriate that two new members are invited to join the Panel, replacing two of the existing Panel.

To this end, approaches have been made to the South West Assembly and an Independent Advisor on Members' Allowances, both of whom have indicated their willingness to be a part of this Council's Independent Panel.

Due to the specialist nature of the work, as well as the extent of the proposed survey, it is anticipated that costs will be incurred in undertaking this work, and it is requested that a small budgetary provision of no more than £5,000 be made available to cover these costs.

9 How does the decision contribute to the Council's Corporate Plan?

The need for an up to date Scheme of Members' Allowances ensures that the Council supports the democratic process.

10 What risks are there and how can they be reduced

There are no risks with what is being proposed.

11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The adoption of a Scheme of Members' Allowances ensures that all interested persons are aware of the remuneration levels available to Councillors.

12 Are there any other options?

The Council has the ability to not accept the recommendations being put forward by the Panel and propose some of its own. The fact that this report includes a way forward in respect of future reviews, particularly for 2015/16, should give confidence to the Council that the levels of remuneration will be considered against other benchmarks so as to ensure they are applicable.

JOHN STREET, CORPORATE MANAGER DEMOCRATIC AND CIVIC SUPPORT

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

Background papers used in compiling this report:-

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

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2014/15 9 January 2014

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2014/15. The Panel membership comprises:-
- Derek Phillips – business/public sector representative (appointed as Chair of the Panel)
Peter Lacey - business sector representative
Hazel Craddock - voluntary sector representative
Nigel Hillier – business sector representative
- 1.2 John Street (Corporate Manager Democratic and Civic Support), Sarah Selway, Democratic Services Manager (Committees) and Sharon Sissons (Democratic Services Officer) provided the Panel with general advice and support.
- 1.3 The Panel's deliberations related to the following main areas as required by the Local Authorities (Members' Allowances) (England) Regulations 2003:
- (i) the structure of the scheme and the level of basic allowances
 - (ii) special responsibility allowances (including the Lord Mayor's and Deputy Lord Mayor's expenses allowance)
 - (iii) updating of allowances
 - (iv) pensions
 - (v) travel and subsistence allowances
 - (vi) the Dependants' Carers' scheme
 - (vii) co-optees' allowances (including the new Independent Persons affiliated to the Monitoring Officer)

2. Methodology and Framework

- 2.1 The current regulations relating to Members' Allowances are set out in The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003. The Office of the Deputy Prime Minister's Guidance on Consolidated Regulations for Local Authority Allowances was used as a reference for the discussion.
- 2.2 The Panel noted the results of a number of regional surveys of allowances which provided a useful comparator of allowances paid for similar types and sizes of authority. It felt that Exeter City Council remained appropriately placed in terms of the allowances paid to Members within the context of other authorities.
- 2.3 The report of the meeting of the Chairs of Independent Remuneration Panels in the region, which highlighted good practice, was also noted.

3. Members' Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Two Members had sent written replies, and their comments were taken into consideration by the Panel in the course of their review.

The comments included proposals that the panel should recognise the public perception that that at time when so many of Exeter's residents were facing financial challenges that any increase or reduction in the allowance would be 'unethical and cause for deep concern amongst the electorate'. A comment was also made about the allowances being in line with local government pay awards, but that the scheme to pay certain employees of the City Council to bring them up the Living Wage should not be considered in respect of Members' Allowances, the broadband charge should not be increased and the Local Government Pension Scheme should continue to include Elected Members. Three Members also gave a verbal indication that they did not support any increase in their allowance.

4. Structure of Scheme and Basic Allowances

- 4.1 The formula for calculating allowances was developed in 2001 based on the advice of an independent consultant. This was calculated on an assumed number of days work (4 per month) undertaken by Members on Council business, which equated to 32 hours per month. From this was deducted a proportion (one third) of the total number of days to reflect an assumed voluntary element to the work. It was recognised that further survey work should be conducted to obtain more current information and reflect the wide range of duties and workload of Councillors. The Panel considered that alongside this work, some form of performance matrix could be considered to help inform future Review Panel deliberations.
- 4.2 The Panel noted that a review of Scrutiny had taken place, to ensure a better alignment between the responsibilities of the six Portfolio Holders and the management structure following the Council's Management restructure, and reduction in a number of senior officers, last year. The Council had retained the three Scrutiny Committees, but with the demise of the Standards Committee had also introduced an Audit and Governance committee. The Panel considered the ongoing workload of Members. It was noted that a Scrutiny Officer had been appointed to drive the Committee structure forward in a more programmed way.
- 4.3 The Panel discussed at length the need for a fundamental review of the scheme, but nevertheless considered that the present structure of the scheme should continue for the forthcoming year on the current basis.
- 4.4 The Panel did however request that a survey should be undertaken amongst all the Members seeking views as to, amongst other things, the number of hours spent on Council business. This would then form the basis of the Panel's deliberations when meeting to consider the 2015/16 Scheme.

Recommendation 1:

That the basic structure of the current Members' Allowances Scheme be retained for 2014/15.

5. Special Responsibility Allowances

- 5.1 The Panel agreed on the need to keep under review the levels of all Special Responsibility Allowances paid by the Council to ensure that they remained reflective of the responsibilities of the positions. With regard to the current year, the Panel considered that the existing structure and level of the Special Responsibility Allowances remained appropriate at present. The Panel also endorsed the principle that any Member qualifying for more than one Special Responsibility Allowance should be paid the higher allowance only.

Recommendation 2:

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

6. Updating of Allowances

- 6.1 Since 2004, the Panel had reviewed the mechanism by which the allowances were updated annually in line with the annual local government staff pay award for the previous year. It considered that this link with the annual staff pay award as opposed to the Retail Price Index or other factor, remained appropriate, and recognised that it reflected wages in the relevant sector as well as being transparent and easily understood. Furthermore, linking the allowances to the local government staff pay settlement agreed in the previous year also ensured that the additional resources would generally be known in good time for the formulation of the budget.
- 6.2 The Panel discussed the principles established for any increase in Members' remuneration. It was fully aware of the continuing and ever increasing financial challenges currently facing the Council. The Panel recognised the importance of the allowance keeping pace with the cost of living, particularly in wishing to retain and attract new Councillors.
- 6.3 The Panel acknowledged that a 1% increase in Basic and Special Responsibility Allowances was accepted for 2013/14, ahead of the eventual pay award of 1% to local government staff as part of their award in 2013/14. (This increase was not taken up by all Councillors.) The Panel, therefore felt that no further increase should be recommended for the forthcoming year.
- 6.4 It was agreed that the Living Wage of £7.65 would be paid to the lowest paid City Council employees with effect January 2014, however the Panel did not feel that it was appropriate to link any increase with the Members' Allowance.

Recommendation 3:

The Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances should continue to be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year, (except for this coming year (2014/15) as that increase in staff pay had been recognised in last year's increase in allowances);

7. Pensions

- 7.1 The Panel still welcomed the Council's decision in February 2009 to allow Councillors to join the Local Government Pension Scheme (LGPS), with benefits based on both Basic and Special Responsibility Allowances. It was noted that eight Councillors remained members of the scheme.
- 7.2 The Panel was disappointed that the Government had carried out a consultation to remove Councillors' access to the local government pension scheme. The consultation had ended last July, but no information on the decision to close the scheme to Councillors had been published. It had been anticipated that the scheme for Councillors would end in April 2014. The Panel re-iterated their commitment to the principle of membership of the LGPS having been extended to Councillors, and

still supported any measures that might encourage people from across a broad spectrum of the community to consider standing for Council and ultimately further enhance the diversity and quality of Councillors.

8. Travel, Subsistence and other Allowances

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

Recommendation 5:

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

9. Broadband

- 9.1 It was noted that Members could claim a sum of £7.50 monthly (one per household) in respect of broadband charges. This allowance commenced when dial-up connection to the internet was more commonly used. Although broadband was increasingly included in a package of other services, the Panel felt that the payment was no longer so relevant in view of the recent technological advances. A review of IT for Members was being carried out, including a pilot to consider rolling out tablet technology to Members in place of the current laptop and printer. In view of this, and the ability for Council information to be accessible at any location via tablet technology, the Panel felt that, provided the current pilot is a success and tablets are made available to all members, those who took up this option, should be ineligible for receipt of the broadband allowance.

Recommendation

That the existing payment of £7.50, per month contribution toward broadband (one payment per household) be retained until such time as an alternative IT provision was made.

10. Dependants' Carers' Allowance

- 10.1 The Panel noted that Section 7 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions for the payment to Councillors of a Dependants' Carers' Allowance in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred and had specified the particular purposes for which this could be claimed.
- 10.2 The current Dependants' Carers' Allowance Scheme accorded with the regulations and the Panel considered that this remained a good scheme. The Panel had retained the link to the minimum wage, and the understanding that the reimbursement of such

claims was taxed in line with HM Customs and Excise regulations. The Panel had recommended that any claim made under this Scheme should include an uplift of the standard rate of tax. The Panel now took note of the Living Wage level of £7.65, which is now the minimum payable to Council employees, and considers that this element of the allowances should remain consistent with the principle that the council had adopted. It was felt that the standard rate of income tax should be retained. It was noted that the current uptake was very low.

Recommendation 6:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

11. Co-optees' and Independent Member Allowances

- 11.1 The payment of allowances to co-optees has been formalised by Section 9 of The Local Authorities (Members Allowances) (England) Regulations 2003. The Panel considered this should remain unchanged at a flat rate of £25 per meeting.
- 11.2 Following the implementation of the Localism Act 2011 and the subsequent abolition of the Standards regime on 1 July 2012, membership of the Independent Members ceased. New governance arrangements were introduced and included the need to appoint two 'Independent Persons' affiliated to the City Council's Monitoring Officer, who could be consulted in relation to any Member complaint. Two Independent Persons were appointed, and to date had not been called upon.
- 11.3 The Panel considered that the sum, per case, of £50 should continue to be made available for up to four hours work and £100 for four hours and over, per case, payable to each Independent Person (up to a maximum of £500 per person in any one year)

Recommendation 7:

The Panel considered that a sum of £50 be paid to the independent Persons affiliated to the Monitoring Officer for up to four hours work, and £100 for four hours and over, payable to each of the two independent Persons (up to a maximum of £500 per person in any one year.)

Derek Phillips (Chair)
The Independent Remuneration Panel for Exeter City Council
21 January 2014

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EXETER CITY COUNCIL**PROPOSED MEMBERS' ALLOWANCES SCHEME 2014/15**

	2013/14*	2014/15	
	£	£	
Basic Allowance			
Payable to all Councillors	4,474	4,474	
Special Responsibility Allowances**:-			
Leader (basic x 300%)	13,422	13,422	
Other Executive members with portfolios (basic x 150%) (x 5)	6,711	6,711	each
Other Executive members without portfolios (basic x 50%) (x 2)	2,237	2,237	each
Chairs of Scrutiny Committees (basic x 100%) (x 3)	4,474	4,474	each
Chair of Planning Committee (basic x 100%) (x 1)	4,474	4,474	
Chair of Licensing Committee (basic x 50%) (x 1)	2,237	2,237	
Chair of Standards Committee (basic x 25%) (x 1)	1,119	1,119	
* <i>Incorporating a 1% increase proposed by the Independent Remuneration Panel payable with effect from 1 April 2013</i>			
** <i>Any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only</i>			
Lord Mayor's Expenses Allowance	4,474	4,474	
Deputy Lord Mayor's Expenses Allowance ***	1,119	1,119	
*** <i>(25% of Lord Mayor's Expenses Allowance)</i>			

Dependants' Carers' Allowance

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living Wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

Exeter City Council

Dependants' Carers' Allowance Scheme

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living Wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

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

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

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

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

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

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

The actual cost of care will be reimbursed, up to a maximum of £9.19 per hour.

This allowance will be updated in line with the Living Wage adopted by the City council and an additional uplift of the standard rate of tax.

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

21January 2014

REPORT TO EXECUTIVE

Date of Meeting: 15 July 2014

Report of: Assistant Director Housing

Title: Redesign of the Council's Private Rented EXtraLet Scheme

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Executive

1. What is the report about?

- 1.1 The redesign of the Council's private rented EXtraLet scheme in pursuit of the authority's corporate objectives of improving access to affordable private sector tenancies and driving up standards in private rental properties.

2. Recommendations:

- 2.1 The Executive approves the changes to the current direct lettings and in-house management scheme outlined in this report in order to;
- reduce the financial pressures associated with providing an in-house property procurement and management service
 - increase the number of properties brought onto the scheme in a more efficient manner to meet the increasing demand for private rented accommodation for homeless households

3. Reasons for the recommendation:

- 3.1 EXtraLet was set up in 2006 to enable the Council to increase the availability of private sector lettings and reduce the use of temporary accommodation. The scheme assists families who are homeless, or at risk of homelessness, access accommodation in the Private Rented Sector (PRS). The scheme offers a full management service including property maintenance, direct rental payments, and property inspections for a 10% (+ VAT) management fee. A number of incentives are available to encourage enrolment on to the scheme. These include access to Private Sector Renewal Grant (PSRG) to bring property up to a lettable standard, rental payments in void periods, free annual gas safety checks, rent in advance and a rent and damage deposit to the value of six months rent. Landlords are also offered an in-house procurement service to undertake the works required to bring the property up to the required standard.
- 3.2 The current procurement procedure for EXtraLet properties is a costly and resource intensive process which delays property coming on to the scheme. In 2012/13 procurement of EXtraLet properties cost the authority £4,810.38 per property, including staff costs and PSRG. The in-house management function is undertaken by the Sustainable Lettings Team (SLT) who manage repairs, tenant and landlord disputes and collection of rent. SLT address both landlord and tenant matters and

there has been conflict between tenant and landlord issues being managed by the same team and sometimes the same officer. Furthermore, in 2012/13 the cost to the council of the management and responsive maintenance of a family unit was £2,611.95 per property and a HMO unit was £4,542.81. These costs would not apply under the revised scheme.

- 3.3 Increasingly PRS accommodation is being offered to households approaching the Council as homeless and to households who are unlikely to be offered social housing through the Housing Register. The current scheme is not able to adapt to the increase in demand for PRS property due to the constraints of its original design including the considerable time taken to bring property on to the scheme and inflexible nature of the terms of the scheme.
- 3.4 There is an opportunity to realise considerable cost efficiencies in relation to the procurement and management of private sector properties via development and expansion of the scheme. Landlords can access a scheme that will offer both landlord and tenant support services to promote long term housing solutions. It will offer landlords a very competitive product compared to the private market with no additional fees for production of references, credit checks etc offering a scheme which can be tailored to their individual needs. The scheme offers a menu of property services e.g. management inspections, tenancy agreements and safety checks which the landlord can select to suit their property requirements.

4. What are the resource implications including non financial resources.

- 4.1 The revised scheme would offer significant cost savings with the authority offering landlords no in-house property management. There will be no repair responsibilities for the Council with these properties as landlords would be responsible for the management and maintenance of their own properties. Reducing the management requirement for properties will reduce the authority's financial burden associated with these properties.
- 4.2 The incentives and grant package currently offered to landlords would be cut completely and would yield significant cost savings. Landlords will be signposted to low interest loans available through Wessex, where applicable, in order to complete the required works to bring their properties up to a lettable standard.
- 4.3 The authority would no longer receive the 10% EXtraLet management fee or the 10% service fee charged by the Housing Development Team (HDT) for instructing contractors and overseeing works to bring a property up to standard. However, the longer term cost savings offered by savings in repairs and management costs and PSRG of a new scheme would offset this loss of income.
- 4.5 Landlords will pay an initial joining fee to access the new scheme and any additional services accessed (e.g. annual gas safety certificates or management inspections) would be fully recharged to the property owner. The joining fee would cover the cost of the HDT and Private Sector Housing Team (PSHT) completing property inspections and compiling a schedule of work for the landlord. Landlords will be instructing their own contractors to complete works and there will be no additional work in the procurement of properties on to the scheme. This means property can be brought on to the scheme faster and landlords will realise a rental income quicker than under the current procurement process. The modified scheme has been

recently trialled on two landlords who approached the HDT wishing to utilise the EXtraLet scheme. Under the old scheme it took the HDT an average of 118.3 days from the point at which an owner agreed to proceed with a scheme to the property being ready to let. Both trial properties were inspected and ready to let in less than 20 days with landlords completing all works themselves.

- 4.6 Procurement of properties would remain the responsibility of the HDT, working in partnership with the PSH team to complete property inspections. The teams would require no additional staff resources to administer the new scheme.
- 4.7 The tenant and landlord matching service will be administered within the Housing Options team. Prospective tenants will be fully assessed by the Housing Options team to ensure that private rented accommodation is suitable and affordable. Access to financial and support services will be delivered by the agency or charity appointed as part of the tendering process currently being undertaken by the Housing Options Manager. This service will assist with any issues that may arise during a tenancy such as rent arrears, housing benefit problems, legal difficulties and other matters relating to the tenancy.
- 4.8 Implementing a new scheme would require fewer staff resources compared to the current EXtraLet scheme. Staff will be freed up to secure additional landlords on to the scheme and engage with the PRS on a wider scale. The priorities and activities of the Housing Development Team will change and the team will be restructured towards the end of 2014 to reflect this change of emphasis.
- 4.9 Once the revised scheme has been established existing EXtraLet landlords will be requested to transfer to the new scheme. Ideally, the tenant will remain in the property with the landlord taking over the management function. Tenancy agreements under the EXtraLet scheme are already between the landlord and the tenant direct. If landlords do not wish to join the new scheme then there may be potential financial implications for the authority as the EXtraLet Sole Agency Agreement states that properties are to be handed back to landlords in their original condition, in consideration of fair wear and tear. If a property has been damaged by a tenant the authority has to make good the damage and reclaim monies from the tenant. Therefore, there is a potential for short term costs to the authority in the hand back process however this would be significantly outweighed by the long term cost savings offered to the authority by discontinuing the current costly and inefficient EXtraLet scheme. However, this process will be managed appropriately and a phased approach will be taken to ensure that hand backs of properties are kept to a minimum.
- 4.10 The budget for 2014-15 in respect of the Extralet scheme and the cost of proposed new scheme is as follows:

Current Scheme	Proposed Scheme
Expenditure	674,300
Income	<u>611,280</u>
Net Cost	63,020

The proposed initial joining fee of £150 is intended to cover the costs of the scheme completely. Therefore the intention is for a net nil cost scheme.

5. Section 151 Officer comments:

5.1 The proposed new scheme, will deliver a saving to the Council. However it will be important to monitor the impact of the change on the availability of properties to the City Council as any significant reduction in properties will have an adverse impact on the costs of housing homeless families, as temporary accommodation and bed and breakfast are more expensive options.

6. What are the legal aspects?

6.1 The 2011 Localism Act amended the Housing Act 1996 to enable Local Authorities to discharge their homelessness duty to secure accommodation by way of an offer of “suitable” accommodation from the private rented sector. However any such offers of private rented accommodation must be on the condition that;

- The tenancy is for a minimum 12 months.
- The accommodation offered is “suitable” in terms of affordability, size, accessibility and location.
- The applicant is advised of their right to review such an offer. The right to appeal the Council’s decision to the County Court remains.

The authority will have to ensure that there is adequate consideration of the requirements of this legislation.

7. Monitoring Officer’s comments:

7.1 This report raises no issues of concern

8. Report details:

8.1 The current EXtraLet scheme demonstrates too many constraints which don’t allow for the development and expansion necessary to meet current demand for private sector accommodation. These constraints include;

- the time taken to procure EXtraLet property on to the scheme
- no flexibility in the level of property management landlords require to meet their individual needs
- the conflict in the management of landlord and tenant issues by one team
- the financial cost of the incentive and grant package offered to landlords that is no longer sustainable to the authority
- staff and financial resources required in the procurement and management of EXtraLet property which isn’t offset by procurement and management fees.

A revised scheme would enable the authority to access and engage with the sector more efficiently and offer a more cost effective solution in terms of procurement and ongoing management of property.

8.2 The scheme will provide landlords with tenant referrals, tenancy agreements, tenant affordability and suitability assessments, support services, inventories, check-out services and deposit guarantees. Landlords will be required to set rents at the Local Housing Allowance level which is set at the 30th percentile of market rents in order to ensure affordability for tenants and making it competitive to market rents.

- 8.3 The new scheme allows landlords to tailor the scheme to suit their personal needs by offering a basic package with the option to add additional services from a menu of management extras (Appendix 1). Landlords are charged for additional services that they require. The scheme should therefore be cost neutral and be modified to suit all landlords from the first time landlord to the professional. If landlords require a full management service there is the Council's Private Sector Leasing scheme that can be accessed when there is a council need.
- 8.4 The amended scheme will facilitate the Council's ability to discharge its main homelessness duty under the Housing Act 1996, the Homelessness Act 2002 and Localism Act 2011. Sections 148 and 149 of the Localism Act give the Council the ability to discharge homeless duty to the PRS. This legislation allows the local authority to end their main homelessness duty with a PRS offer. We are unable to take advantage of such powers if we do not have the properties available to us. Without a sufficient supply of private rented accommodation the authority cannot operate to the full extent of this legislation.
- 8.5 Alongside the financial benefits to the Council, the welfare benefits to the clients assisted should not be understated. The new scheme offers households a speedier resolution to the uncertainty of homelessness and is preferable to staying in a self-catering room whilst a homelessness application is being considered.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The implementation of a revised scheme will contribute towards the Corporate Plan priorities of;
 - 9.1.1 Meeting housing needs – the revisions to the schemes will mean that more PRS property will be available for our customers to access. A tenant matching scheme will improve the process of identifying suitable and affordable private rented accommodation in the City.
 - 9.1.2 Supporting Exeter's communities and neighbourhoods – PRS properties under the authority's schemes will meet the Decent Homes Standards, will be assessed under the Housing Health & Safety Rating Scheme (HHSRS) and will meet the Devon-wide minimum property standard. Engaging with more PRS landlords will assist in driving standards up across the sector.
- 9.2 The amendments to the current property management scheme will contribute towards the Corporate Plan Purposes of;
 - 9.2.1 Help me find somewhere suitable to live – tenants will have access to a larger selection of decent PRS accommodation across the City. Tenants and landlords will be matched and assessed on suitability of the accommodation for both parties.
 - 9.2.2 Maintain the assets of our city – the revised scheme will act with landlords in order to bring PRS accommodation up to standard. Landlords will have their properties inspected and a minimum standard will be required before a tenant will be referred.

10. What risks are there and how can they be reduced?

- 10.1 The main risk to the authority lies in keeping EXtraLet in its current format. More private rented properties are needed to be delivered to meet existing demand and the scheme is too slow to respond due to the lengthy and costly procurement process. The time taken to bring properties on to the scheme means that tenants are not able to access properties in a timely manner. If our customers are unable to successfully access the PRS the authority may have to purchase alternative provision including costly B&B accommodation. Improving the procurement process will allow more tenants to access private rented properties that are of a good standard. These changes are designed to improve the access to private rented accommodation and should not increase the use of temporary or B&B accommodation.
- 10.2 There is a risk that the revised scheme will not attract the volume of landlords that are required due to the removal of the generous terms of the existing scheme e.g. management service, private sector renewal grant, guaranteed and advanced rental payments and other landlord incentives. The new scheme may not be as attractive to existing EXtraLet landlords however, they would receive a 12% increase to their rental income as they would not be subject to a management fee. For new landlords approaching the Council it offers a competitive product compared to the private market. The rental payments made to landlords would be based on Local Housing Allowance which is set at the 30th percentile of market rents. Rental payments through local housing allowance can also be paid direct to landlords which is an additional incentive.
- 10.3 Many of the landlords who approach the council for a property management service oversee a portfolio of property and the Private Sector Leasing scheme will remain available for inexperienced landlords with no management experience. The Housing Development team have in the past month successfully trialed the new scheme on two landlords who approached the team looking to access the EXtraLet scheme.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

- 11.1 Poor housing conditions have been evidenced as precipitating a range of negative physical and mental health conditions. The revised scheme can help minimise the adverse effects of poor housing across the city and the stress of identifying suitable PRS accommodation. The new scheme will increase the availability and standard of PRS accommodation and reduce the use of temporary accommodation. The scheme will assist families who are homeless, or at risk of homelessness, access accommodation in the PRS and offer support during the term of the tenancy.
- 11.2 Landlords will be assessed on their ability to be fit and proper people in the management of private rented accommodation. Any concerns will be investigated further and landlords not deemed to be fit and proper will not be included under the scheme. This process allows the authority to take reasonable steps to safeguard tenants and their families.

12. Are there any other options?

- 12.1 The scheme could remain as it is but EXtraLet is not cost neutral (as originally envisaged) and is not sustainable to the authority in its current format. The revised scheme addresses all the negatives of the current scheme whilst offering a more flexible scheme for landlords and in turn increases the supply of private rented accommodation.
- 12.2 The authority could discontinue EXtraLet and not offer a private rented access scheme. However, private rented properties are increasingly required to meet the housing needs of homeless people and can provide an effective housing solution for those that are unlikely to gain access to social housing. Working with landlords is essential in obtaining decent and sustainable tenancies for homeless people. It provides an opportunity to build stronger links with local landlords and raise standards of private rented accommodation in the City.

ROGER COOMBES
Assistant Director Housing

Originating Officer: Claire Hope

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392

265275

Appendix 1

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EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE – COMMUNITY AND EXECUTIVE
DATE OF MEETING: 17 JUNE 2014 AND 24 JUNE 2014
REPORT OF: ASSISTANT DIRECTOR CUSTOMER ACCESS
TITLE: REVIEW INTO THE COUNCIL'S POLICY FOR ALLOCATING SOCIAL HOUSING

Report of: Bindu Arjoon

Title: Review into the Council's Policy for Allocating Social Housing

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function? Executive

1. What is the report about?

This report presents the findings and recommendations of the Task and Finish Group convened by the Scrutiny Community Committee to review the Council's allocation of social housing. The group was chaired by Cllr Shiel and other Members included Cllrs Hannaford, Mitchell, Morris and Crow.

2. Recommendations:

The recommendations of the Task & Finish Group are:

- i. To restrict eligibility for housing to those with an evidenced housing need within the policy and thereby removing Band E;
- ii. To remove applications where people do not bid for 12 months or refuse three properties deemed suitable for their needs
- iii. To give additional priority for working households and those who make a contribution to the local community; and
- iv. To only register applicants with a local connection of two year's residence in Devon
- v. To undertake a six week consultation with households on the housing register, partners (housing associations, Devon County Council, neighbouring local authorities, voluntary sector agencies etc) and staff on the recommendations above and report the outcomes of the consultation back to Executive.

3. Reasons for the recommendation:

The Task and Finish Group's deliberations were informed by presentations from officers on the Devon Home Choice (DHC) Scheme, information from other councils, including local ones and feedback from residents.

4. What are the resource implications including non financial resources.

i) If Members agree recommendation at 2 i) above, changes would need to be made to the IT system to ensure that applicants in Band E registered with other authorities in Devon cannot bid on Exeter properties. It is estimated that this would cost Exeter City Council £750.

ii) There is a significant amount of administration that underpins the DHC Scheme. Given that those applicants in Band E have very little chance of securing social housing, there is significant waste work from a systems thinking perspective that is generated by contact between the Council and those applicants. Therefore removing Band E would have a positive impact on staff resources, allowing officers more time to do value work in assisting residents with Housing Need.

iii) Concern has been raised by partner housing associations about what they see as unilateral changes being made by local authorities to the Devon Home Choice policy that was previously common across Devon. The Devon Home Choice Management Board are currently reviewing the Partnership Agreement governing the partnership, but it includes a proposal that if a local authority takes a unilateral decision to exclude any group in their area (such as households in Band E), partner housing associations may consider vacancies as nominations and require the local authority to cover the advertisement cost (£25 per property advertised). Such an approach would only be taken after negotiations between the local and individual housing associations. Based on the costs of lettings from 2013/14, this would equate to a maximum of £6,800 per annum. This would be a pressure on the Housing Needs budget.

5. Section 151 Officer comments:

6. What are the legal aspects?

The Localism Act 2011 has removed the requirement to hold an open register of clients wanting to apply for social housing and allowing local priorities to be added to the assessment criteria. The Housing Act 1996 part VI highlighted reasonable preference criteria which needed to be considered in the allocation of housing. These have not been repelled and will continue to be the main basis of the allocation policy.

7. Monitoring Officer's comments:

8. Report details:

Presented below is the data and narrative relevant to each of the Task & Finish Group's recommendations.

i. Restricting eligibility for housing to those with an evidenced housing need within the policy, thereby removing Band E applicants.

Currently, applicants with no evidenced housing need (e.g. they are assessed to live in a property that is adequate to meet their housing need in terms of property type, size and facilities) are placed in Band E. This Band also includes those with a housing need but who have an income or savings above a certain level, or who have a reduced banding due to significant rent arrears or previous anti-social behaviour.

As at 19 May 2014, there were 2,140 households in Band E. This represented just over half (52%) of all households registered with Exeter City Council.

An analysis of households in Band E registered with Exeter City Council reveals that:

- 42% are renting privately, 33% are renting from a council or housing association, 6% are in temporary accommodation and 5% are property owners.
- The vast majority (81%) of households in Band E reported an annual household income of less than £20,000, with 53% reporting an income of less than £10,000. This suggests that the majority households are either reliant on benefits or in low paid employment.
- For the majority of households in Band E (65%), the main applicant is aged under 45. 10% have a main applicant between 55 and 64, and a further 10% have a main applicant aged 65 or more. There are therefore not large numbers of people in Band E seeking sheltered accommodation, which is sometimes harder to let than general needs accommodation. The age profile is important because some housing associations have expressed concern at the proposed removal of Band E as a higher proportion of sheltered homes for older people are let to applicants.
- The most common reasons given for applying to join the housing register by households in Band E are that their health or wellbeing is being made worse by their current home, that they are struggling to afford their current home or that they need to move to be near to family to give or receive support. (see Appendix One). The applications have been placed in Band E because, on review, housing officers have assessed that they have no housing need. Members may wish to note that households who are struggling to afford their current home are not recognised as a priority within the Devon Home Choice policy, as they are not one of the 'reasonable preference' groups specified in legislation.

Given the demand for a council and housing association home it is unsurprising that only a very small proportion of homes in Exeter have been let to applicants in Band E. Only 6 (1%) of the 616 homes let in Exeter between 1 April 2013 and 31 March 2014, were allocated to households in Band E. The table that follows provides summary details of these properties:

Landlord	Beds	Property Type	Accessibility Details	Sheltered	Let by Direct Match	No. of Bids	Queue Position of successful applicant
Affinity Sutton	3	Maisonette	Max 3 steps	No	No	8	8
Cornerstone	1	Maisonette	General needs	No	No	18	14
Guinness	1	Bedsit	General needs	Yes	No	12	11
Guinness	1	Bedsit	General needs	Yes	No	7	7
Sovereign	1	Maisonette	Max 3 steps	No	No	22	10
Sovereign	2	Maisonette	Max 3 steps	No	No	3	3

It is argued that as Band E applications account for just over half of all active Exeter applications, staff time will be released to manage higher priority cases more proactively if the Council ceases to register Band E households.

The current practice of registering those who have very little chance of ever being housed could be said to raise false expectations. If Members agree not to register applicants with no housing need, housing advice will be offered to these households so that they can make a realistic choice from the limited options available.

Most households will need to look to secure rented accommodation in the private sector. Existing council or housing association tenants could seek a mutual exchange. Those who are struggling to pay their rent will be advised to apply for housing benefit if they are not already in receipt or seek housing advice and financial advice through the Council.

Teignbridge District Council and Torbay Council have agreed to remove Band E following consultations in their areas. This is due to take effect on 6 May 2014.

Concern has been raised by partner housing associations of the changes being made by local authorities to the Devon Home Choice policy that was previously common across Devon. The Devon Home Choice Management Board are currently reviewing the Partnership Agreement governing the partnership, but it includes a proposal that if a local authority takes a unilateral decision to exclude any group in their area (such as households in Band E) partner housing associations may consider vacancies as nominations and require the local authority to cover the advertisement cost (£25 per property advertised). Such an approach would only be taken after negotiations between the local and individual housing associations.

Teignbridge District Council and Torbay Council (who have both agreed changes to the Devon Home Choice policy in their areas, including the removal of Band E households) are currently holding such negotiations with housing associations. The outcomes of these negotiations will inform the proposed consultation and final decision taken on the recommendations set out in this paper.

ii) Removing applications where people do not bid or refuse properties

Analysis of the housing register reveals that just under half of all applicants registered with Exeter City Council have not bid since registering with Devon Home Choice (see the table that follows).

Band	Has not bid	
	No.	%
Band A	0	0%
Band B	134	28%
Band C	115	23%
Band D	372	38%
Band E	1,256	60%
Total	1,877	46%

Concern has been raised that a large amount of staff time and resource has gone into registering applications for households who do not bid.

It is therefore proposed to remove households from the register who have not bid within the previous 12 months, where it is felt that there have been appropriate properties for them to bid for. Households would be contacted to inform them of their removal and to advise them that that they can reapply if they wish to after a reasonable period.

The current Devon Home Choice policy states that:

‘Applicants who refuse a number of homes that they have bid for and been offered will have their case reviewed by the local authority managing their case. They will be offered advice and assistance to take part in Devon Home Choice effectively. If it is found that they continue to refuse what are considered to be suitable homes they will have their priority reduced to the no housing need band (Band E)’

It is proposed that Exeter City Council makes it clear to applicants that if they refuse three homes that are considered to be suitable for them, they will be removed from the housing register. Applicants will have a right of review against any decision to remove them from the register.

iii) Additional priority for working households those who make a contribution to the community

In the National Housing Strategy published Autumn 2011, the government recommended that local authorities consider giving additional priority for social housing to working households and consider offering some priority to those who are contributing to the community.

A recent survey of ECC tenants found that 31% were either working full time (16%) or part time (15%). 7% of ECC tenants reported that they were seeking work, whilst 9% stated that they were not seeking work and another 18% reported that they were unable to work. 35% stated that they were retired.

The Council could choose to prioritise working households for some properties, for example, in areas where it is identified that there is an over-representation of economically inactive households. This can be done by advertising certain properties with a preference for working households, rather than by amending the Devon Home Choice policy.

The Scrutiny Community Committee are invited to comment on whether mechanisms should be explored to prioritise working households for some lettings, and whether this should be targeted on areas where there are a high proportion of economically inactive households.

The Council could also choose to recognise residents who contribute to the local community. The Scrutiny Committee are invited to comment on whether mechanisms for assessing community contribution should be considered within the policy and which activities should be recognised. This is currently being piloted in Teignbridge for residents completing voluntary work or employment within specific rural areas. The Task and Finish group consider that this is a potential area for consultation with the following elements being highlighted as potential qualification for Community Contribution:

- Employment within the area
- Voluntary work (the standard used most commonly is 10 hours per month)
- Ex Services Personnel
- Foster or community carers
- Those engaged in training or apprenticeships.

iv) To only register applicants with a local connection of two year's residence in Devon

The government has issued statutory guidance on 'Providing social housing for local people'. The guidance encourages local authorities, in deciding who qualifies for social housing, to prioritise applicants who can demonstrate a close association with their local area by adopting a residency requirement as part of their qualification criteria. The Government believes that a reasonable period of residency would be at least two years, i.e. only households who had lived in that area for at least two years could join the housing register.

For areas like Devon where local authorities share a common allocation policy, the guidance states that local authorities may wish to adopt a broader residency test which would be met if an applicant lives in any of the partners' districts (e.g. the whole of Devon rather than an individual district). It is suggested in the guidance that such an approach might be particularly appropriate where an established housing market area spans a number of local authority districts, and could therefore help promote labour mobility within a wider geographical area.

Alongside a residency requirement, the guidance suggests that local authorities may want to adopt other qualification criteria to ensure that applicants who are not currently resident in the district/ area but who can still demonstrate a strong association to the local area are able to qualify (e.g. through family association or employment).

Local connection is not one of the factors considered in the current policy when determining whether someone is a qualifying person and can therefore join the Devon Home Choice. However whilst applicants who have no local connection to Devon can register with Devon Home Choice they will have their application restricted to either:

- Band D if they are assessed as having a housing need (whether this be high, medium or low need), or
- Band E if they are assessed as having no housing need

Torbay Council has agreed the introduction of a 5 year residency test to join the Devon Home Choice register in their area. However there are a number of exceptions:

- Tenants of partners landlords living outside Devon (recommended in the guidance)

- Members of the armed forces (who have served within the last 5 years) or their bereaved partners (required by legislation)
- Applicants in Band A and Band B
- Applicants who have worked for 6 months in Devon
- Applicants who have immediate family who have lived in Devon for 5 years

Rather than adopting a unilateral local connection test, it is recommended that Exeter City Council proposes that the Devon Home Choice Management Board agree a change to the Devon Home Choice policy to introduce a 2 year local connection test to Devon as part of the qualification test to join the Devon Home Choice register. This approach is recommended given that more applicants move out of Exeter to other local authority areas where they have no local connection than applicants without local connection moving into Exeter.

9. How does the decision contribute to the Council's Corporate Plan?

This review relates directly to the Council's priority of Help Me Find Somewhere Suitable to Live.

10. What risks are there and how can they be reduced?

As stated above, concern has been raised by partner housing associations to what they see as unilateral changes being made by local authorities to the Devon Home Choice policy that was previously common across Devon. The Devon Home Choice Management Board are currently reviewing the Partnership Agreement governing the partnership, but it includes a proposal that if a local authority takes a unilateral decision to exclude any group in their area (such as households in Band E) partner housing associations may consider vacancies as nominations and require the local authority to cover the advertisement cost (£25 per property advertised). Such an approach would only be taken after negotiations between the local and individual housing associations.

Teignbridge District Council and Torbay Council (who have both agreed changes to the Devon Home Choice policy in their areas, including the removal of Band E households) are currently holding such negotiations with housing associations. The outcomes of these negotiations will inform the proposed consultation and final decision taken on the recommendations set out in this paper.

It will be vital that partner associations are included in the consultation about the proposed changes in Exeter. It is suggested that a special meeting be set up as part of the consultation process with partner housing associations and councillors so that all views can be fully aired and the consequences of any changes fully understood.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The potential changes to the allocation of social housing highlighted in this report do not have any negative impact in terms of gender, ethnicity, sexuality and religion. There is a potential negative impact in terms of disability and age due to the reliance on technology for continued engagement in bidding in Choice Based Lettings. This can be mitigated through the provision of help and support from the Housing Needs Team and through engagement with local support agencies.

The removal of Band E applicants would give capacity for closer working with the households in Band A-D which are in the greatest housing need. This client group includes vulnerable adults, households with safeguarding issues and those with Health and Wellbeing needs.

12. Are there any other options?

There are other methods for allocating council properties which are used in other areas. The Task & Finish Group considered these alternatives but felt that the proposed changes best reflected the aim of the Group to recommend a policy suitable for Exeter as part of the overall Devon Home Choice Policy.

Bindu Arjoon
Assistant Director

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392 265275

Appendix One

Reason for applicants applying to Devon Home Choice

Reason stated on application:	No.
Health or wellbeing made worse by current home	678
Struggling to afford current home	545
Need to move to be near to family to give or receive support	487
Homeless or at risk of becoming homeless	259
Want to live in a particular village within Devon where have a local connection	236
Need to move to a larger home	193
Ready to move from supported accommodation to independent living	162
Want to live in accommodation for older people	161
Current home is in very poor condition	122
Need to move to escape violence (including domestic violence) or harassment	106
Sharing facilities (toilet, bathroom or kitchen) with another household	54
Currently serving or have served in the regular UK armed Forces	48
Council or housing association tenant who wants to move to a smaller home	37
Live on, or above the third floor and have children under 8 years old	35

* Please note that some applicants select more than 1 reason for applying.

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REPORT TO EXECUTIVE AND COUNCIL

Date of Meetings: 15 July 2014 & 29 July 2014

Report of: Assistant Director City Development

Title: CREATION OF AN ADDITIONAL POST OF PROJECT SUPPORT OFFICER IN CITY DEVELOPMENT

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

The report outlines the recent redesign of City Development, issues that have arisen in relation to the level of administrative and technical support from Project Support Officers (PSOs) and recommends the creation of an additional full time PSO post (Grade 4) at a direct cost of about £20,600 per annum including overheads.

2. Recommendations:

That the City Development establishment be increased by a further full time post of Project Support Officer with effect from Council on 29 July 2014 and that budgets be adjusted accordingly.

3. Reasons for the recommendation:

3.1 The City Development team was restructured with effect from 1 May 2014. The objective of the redesign was based upon systems thinking and meeting its purpose of 'Deliver Good Development'. The establishment of 39.24 fte posts (4 vacant) of whom about 10 were administrative/technical staff prior to the review was replaced by 29.5 fte of which 5.3 fte are Project Support Officers who provide technical and administrative assistance to project officers. The change in establishment is about a 45% reduction on 2008.

3.2 The new structure replaced 2.3 fte devoted to Land Charges with 1 fte with the expectation that other PSOs would assist when required. Land Charges is a 'trading account' it should cover its costs and not make a profit in any three year period. The redesign of Land Charges identified a list of seventeen actions that would enable it to be delivered with such reduced staff resources, this list included some items that could be implemented immediately and others that require some time and investment such as data capture of paper record systems. Processes have been redesigned, searches are now done largely by one person at the City Council, previously they required multiple hand-offs between Land Charges, Building Control, Planning, Environmental Health and DCC who all completed parts. During the reorganisation, two of the three Land Charge staff requested, and the Council agreed, voluntary redundancy.

- 3.3** The volume of searches dealt with by Land Charges primarily reflects the buoyancy of the housing market. There was a 30% increase in the volume of searches from 1990 (38 a week) between 2012/13 and 2660 (51 a week in 2013/14). The volume of searches has since further increased and is now about 61 a week. The Land Charges trading account achieve a surplus of £28,000 in 2013/14, primarily due to the higher demand.
- 3.4** The new system of one FTE with support from others is not coping with current demand. One fte can only deal with about 35- 40 searches a week using current record systems. A backlog of searches has built up totalling 294 at 2 July, a delay on searches of about five weeks. This delay is affecting property sales and chains and is seriously impacting on the public, property professions and the reputation of the Council.
- 3.5** A further PSO was devoted to searches when the problem became apparent. Accuracy is vital for search enquiries, it takes a few weeks for the existing Land Charges PSO to train a colleague to a level where their combined output exceeds current demand, in the meantime the backlog continued to increase. The situation has been compounded by other heavy commitments on the PSOs in adapting to a new system and backlogs due to high levels of demand on registration of Building Control and Planning applications.
- 3.6** It is proposed to increase the establishment of PSOs from 5.5 to 6.5 fte to cope with the additional demands on the City Development system. Once the system has stabilised and a longer term assessment can be made, it may be possible to reduce down again towards 6 fte by agreeing to reductions in staff hours. A number of the existing staff have requested to work fewer hours.
- 3.7** It is understood that Teignbridge, an authority with about 10% more properties than Exeter has an establishment of 1.8 fte dealing with searches, this might suggest that an eventual resource of about 1.5-1.8 fte be an appropriate level pending significant progress on the seventeen actions. Peer review suggests that the Council is dealing with searches in the most effective way, the short term level of resources is just insufficient.
- 3.8** The following short term actions have been taken to address the backlog of searches
- 3.9** About 2.5 fte PSOs now devoted to searches to clear the backlog, including an element of reversion to old ways of working using hand offs for those not yet trained in the new processes.
- 3.10** Two temporary agency staff have been recruited to backfill other roles while PSOs are focused on the backlog and to enable the reintroduction of personal searches by appointment.
- 3.11** Unfortunately, there is no quick fix, it will take quite a few weeks to clear the backlog and return to the response time of five working days that applied before May that is also the level of service offered by neighbouring authorities.

4. What are the resource implications including non financial resources.

The cost of an additional PSO at Grade 4 SCP14 will be about £22,650 pa including 30% on costs. The majority of this will be absorbed from extra income within the Land Charges trading account due to high demand. The costs of agency staff will amount to up to £6,400 on the assumption that both stay a maximum period to 5 September when new systems should have bedded in and to cover for staff summer leave. This extra cost will be apportioned between the Building Control fee earning trading account and Planning based upon estimates of time. Planning fee income was £57,000 in surplus at 1st June. It should be noted that the redesign of City Development was expected to save about £200,000 pa on the 2013/14, the saving will now be smaller but still substantial.

The Land Charges PSO is Grade 5, other PSOs are Grade 4, there may be a modest additional cost of more staff time being on Grade 5 duties. Human Resources will also need to advise on recruitment issues relating to any transfers between working in Grade 4 and 5 roles.

5. Section 151 Officer comments:

Land Charges made a trading surplus of £28,000 in 2013/14, which would more than cover the cost of the new post. This did however, offset a trading loss of £28,000 in the previous financial year.

6. What are the legal aspects?

As part of the conveyancing process, solicitors or advisors acting in the proposed purchase of a property undertake searches of the Local Land Charges Register and ask related enquires. A local search is also a requirement of most lending institutions as part of the mortgage process. The local search is in two parts: The first part is called the LLC1 , a legal document which reveals entries that are registered in the Local Land Charges Register, such as planning obligations, financial charges, improvement grants and listed buildings. The Council has a statutory duty to maintain the Local Land Charges Register, which is updated daily to provide accurate responses to search requests. The second part is known as the CON29 Enquiries of a Local Authority. This is a standard form of questions (containing 64 components) agreed between the Law Society and Local Government Association. The form contains comprehensive enquires designed to reveal to intending purchasers information about the property to be purchased. The enquirer also has the opportunity to ask any additional questions that the solicitor or legal advisor considers appropriate.

7. Monitoring Officer's comments:

It is essential that the Land Charges team is appropriately resourced since a failure by the Council to properly record and subsequently declare all the relevant entries is likely to result in legal action (to include claims for compensation) being taken against the Council.

8. How does the decision contribute to the Council's Corporate Plan?

Redesign of City Development is an objective of the corporate plan, a reasonable response time to searches is important to a well run Council and housing and economic development objectives.

9. What risks are there and how can they be reduced?

An inadequate level of PSO resource causes delay to customers and leads to more staff stress. The system remains reliant on the fitness to work of a small number of staff.

10. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

None

11. Are there any other options?

The issue requires a judgement of the level of additional resources that are needed both to deal with the immediate backlog and for the longer term. The use of one extra establishment post that can reduce and two agency staff allows resources to be withdrawn when the situation has stabilised. It would be difficult for existing PSOs to train and supervise any more than two agency staff to address the immediate backlogs.

Assistant Director City Development

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392 265275

REPORT TO EXETER CITY COUNCIL SCRUTINY COMMUNITY COMMITTEE

Date of Meeting: 17th JUNE 2014

Report of: ASSISTANT DIRECTOR PUBLIC REALM

Title: BADGER CULLING POSITION

Is this a Key Decision?

No

One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Executive

1 What is the report about?

- 1.1 To consider the recent e-petition calling for Exeter City Council to prohibit badger culling on Council owned land and to consider the original recommendation in the light of the comments of Scrutiny and the additional information about likely resource implications provided subsequently.

2 Recommendations:

- 2.1 To continue to comply with the Protection of Badger's Act 1992 and put before Executive any future approaches to include council-owned land in a larger culling area.

3 Reasons for the recommendation:

- 3.1 This will allow the opportunity to understand fully the results from the pilot areas.

4 What are the resource implications including non financial resources.

- 4.1 None

5 Section 151 Officer comments:

6 What are the legal aspects?

- 6.1 The duty to comply with the Protection of Badger's Act 1992.

7 Monitoring Officer's comments:

8 Report details:

- 8.1 On 3 January this year, a campaign was launched to protect Exeter badgers from being culled following calls to the Government to extend the cull area to the whole of Devon and Cornwall. An e-petition on the City Council website called for the Council to prohibit the culling of badges on council-owned land and to invest in vaccination programmes locally.
- 8.2 232 signed the following petition which ran to 9 May 2014:

We the undersigned petition the council to prohibit the culling of badgers on council-owned land and invest in vaccination programmes locally. We ask this because we believe culling to be inhumane, inefficient and unscientific. This is

a national issue which will be of direct concern to the people of Exeter when DEFRA 'rolls out' its culling policy in 2014. The object of the petition is to ensure that Exeter's badger population is as safe as possible from slaughter and that the already available injectable badger vaccine against bTB is used in as many cases as possible. We ask this because we believe the culling policy is inhumane (DEFRA's measurement of 'humaneness' is to time the screams of wounded badgers), inefficient (previous culls showed an increase in bTB because of badger movement) and unscientific (the majority of scientific opinion hold that a cull will have 'no meaningful result')

- 8.3 The background is that in December 2011 DEFRA announced that badger culling would be allowed to be carried out by groups of farmers and landowners as part of a science-led and carefully managed policy of badger control. Licences would be issued by Natural England under the Protection of Badgers Act 1992.
- 8.4 Applications for culling licences must meet the following criteria:-
- a) All participating farmers are complying, and for the duration of the licence will continue to comply, with current statutory TB controls.
 - b) Reasonable biosecurity measures are being, and for the duration of the licence will continue to be, implemented by participating farmers on their land. For this purpose 'reasonable measures' means measures that in the particular circumstances are practicable, proportionate and appropriate.
 - c) The application must cover an area of at least 150 square km (Exeter is 47 square km and Devon 6,707 square km).
 - d) The area must be composed wholly of land within an annual routine TB testing area at the time of application (i.e. an area within which cattle are subject to annual testing for TB).
 - e) There must be access for culling to at least 70% of the total land area in the application.
 - f) The size and number of areas of inaccessible land within the application area should be minimised, with at least 90% of the land within the application area either accessible or within 200m of accessible land.
- 8.5 During 2013 Natural England issued licences for two pilot areas (West Gloucestershire and West Somerset) to commence culling. It was proposed that if found to be effective the policy would be rolled out more widely with up to ten licences being granted for different areas each year.
- 8.6 However, in April 2014 DEFRA announced that there would be no further roll out of badger culling this year until full lessons from the pilot areas had been learned.
- 8.7 At present, and despite over thirty areas submitting expressions of interest, only one area (Dorset) appears ready to become an additional cull area if the policy is extended in 2015.
- 8.8 It is important to note that culling will not take place on any land without owner's permission even if that land does form part of a future culling area.
- 8.9 There are a number of badger setts on Council owned and managed land throughout

the Valley Parks. Badgers and their setts are protected under the Protection of Badgers Act 1992 which makes it an offence to kill or take a badger, except under this new licence. The Council's current policy is to deal with any badger issues on ECC land within the legislation, subject to any future implementation of an extension of the cull area.

9 How does the decision contribute to the Council's Corporate Plan?

The Corporate Plan is silent on land management and wildlife protection.

10 What risks are there and how can they be reduced?

10.1 No risk if ECC continue to comply with national legislation. The Council can withhold permission for culling on its land if approached to be part of a larger culling area.

11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 The decision may have some impact on the diverse wildlife environment.

12 Are there any other options?

12.1 Rather than waiting to consider the results of the two pilot areas and any potential application for a future area that included Exeter, Members may wish to adopt a definitive policy on this issue.

Assistant Director Public Realm

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 2.3
01392 265275

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At Community Scrutiny Committee on 17th June Members requested more details on specific issues in relation to the attached report.

Firstly, there are many badger setts throughout the city, some in very urban areas. There are multiple setts in a number of the valley parks as our Countryside Officer estimates below:-

Duryard Valley Park	6 setts
Mincinglake Valley Park	2 setts
Riverside Valley Park	6 setts
Ludwell Valley Park	2 setts
Alphington / Whitestone Valley Park	3 setts

Each sett could have as few as two or three individuals whereas a large sett may have as many as a dozen badgers in the breeding season. A conservative estimate on the total number of badgers on Council land would be in the region of 100.

All of the grazed areas of the valley parks have badger setts either directly in the grazed area or the setts are very close to the fields which the badgers will undoubtedly use as feeding areas.

Each badger bovine TB vaccine costs £20, however, there are additional costs such as £110 for a trap and £375 for the training/qualification to undertake this work. Staff time to carry out the baiting of traps and injections is also a significant cost.

Defra estimate that a vaccination programme is likely to cost £2,250 per square kilometre per year. This has proved to be an under-estimate for recent vaccination programmes run by the Welsh Assembly Government (£3,912 per square kilometre per year) and the National Trust at nearby Killerton (approx £4,000 per square kilometre per year).

The combined size of Exeter's Valley Parks is around 4 kilometres square meaning potential costs of between £9,000 and £16,000 per annum.

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REPORT TO EXECUTIVE

Date of Meeting: 15 JULY 2014

Report of: ASSISTANT DIRECTOR ECONOMY

Title : RUGBY WORLD CUP UPDATE

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

- 1.1 The report updates Executive on progress with preparations for the Rugby World Cup in September/October 2015.

2. Recommendations:

- 2.1 Executive notes and comments upon the contents of this report.

3. Reasons for the recommendation:

- 3.1 Executive wishes to monitor and review the preparations and the City Council's contribution to the event, and the benefits it is intended the tournament will bring to the city.

4. What are the resource implications including non financial resources.

- 4.1 The Council has committed up to £300,000 specifically for the delivery of the Fanzone and of this £50,000 is allocated towards achieving a legacy from the city's involvement in the tournament. There are a number of staff who are committing time to the preparatory work engaged in marketing/promotion, event production and management, volunteer recruitment and training, commercial rights protection and a range of projects aimed at achieving a social, health and well-being legacy from associated activities to the tournament.

5. Section 151 Officer comments:

The Council has committed a budget of £300,000 for the Rugby World Cup, with £10,000 in 2013-14, £70,000 in 2014-15 and £220,000 during 2015-16. To date expenditure totalling £14,587 has been charged against the Rugby World Cup.

6. What are the legal aspects?

- 6.1 The City Council has signed a formal Host City Agreement with ER2015, the organisation set up specifically by the International Rugby Board (IRB) to run the tournament between 18 September and 30 October 2015. The specific roles and responsibilities the City Council has under this agreement, as reported previously to Executive, are summarised in Appendix 1.

6.2 Exeter Rugby Club Ltd have a separate agreement with ER2015 for the three games to be played at Sandy Park.

7. Monitoring Officer's comments:

7.1 The content of this report raises no issues of concern for the Monitoring Officer.

8. Preparations for the tournament update

Provision of Fanzone

8.1 The City Council has committed to providing a Fanzone for the six week duration of the tournament with a capacity of up to 5000 people. The venue has been agreed as Northernhay Gardens, which will include infrastructure providing a stage, large screen, sound, lighting, power, toilets and facilities for concessions for food and drink. An experienced event production company has been commissioned to be responsible for the construction of the Fanzone infrastructure, ensuring that all suppliers submit proof of public liability insurance, method statements, current safety certificates showing equipment is fit for purpose and of a required standard. Where possible and cost effective, local suppliers will be used.

8.2 ER2015 require the Host City to focus the provision of the Fanzone on five key themes:

- Spectator experience
- Connecting with audiences
- Rugby at the heart
- Unforgettable memories
- More than a tournament

The themes are integral to the plans, being pursued and fitting as the basis for achieving benefits for the City. The preparations for and the infrastructure being assembled will provide opportunities for additional events to take place to compliment and add significantly to the excitement and interest generated by the tournament itself.

8.3 There are tight conditions around branding, sponsorship and commercial activity relating to the Fanzone but which still enable the Council to negotiate and secure income from the food and drink concessions, and some merchandising of official clothing and souvenir type products. It is not yet possible to set out specifically the scope and expected returns which can be generated from these activities to offset the costs of provision of the Fanzone to the City Council.

8.4 Detailed planning of the infrastructure and different scale and options for accommodating food and drink concessions as well as main sponsor requirements for space are currently being worked through by the production manager "Whole Nine Yards". A ceiling budget has been set summarised as follows:

Event Production and Management	£27,000
Site infrastructure	£60,000
Stage and Screen	£60,000
Security	£48,000
Toilets	£14,000
Other Costs	£41,000
Total	<u>£250,000</u>

- 8.5 Until full costings, including obtaining competitive quotes for the various elements of the proposed infrastructure has been undertaken it is not yet possible to set out the projected detailed costs of providing the Fanzone. It is intended that estimates will be available by the end of September 2014.
- 8.6 A copy of the production brief used to secure the production manager is attached at Appendix 3.

Marketing

- 8.7 Officers have prepared and agreed communications and marketing strategies with ER2015 with the following objectives:
- Develop and implement successful strategies that are supported by all key stakeholders, including the City Council, Exeter Rugby Club Ltd, local partners, ER2015 and Visit England;
 - Ensure media and profile raising opportunities are maximised from early 2014 through to and including the tournament;
 - Ensure all key audiences are successfully engaged with across all key areas to build early and on-going positive support and participation;
 - Ensure widespread interest and effective engagement with the application process for the local and nationally run RWC volunteer programmes; and importantly
 - Increase day and overnight visitor and spend to Exeter during the Festival of Rugby and Rugby World Cup
- 8.8 Key areas of activity to deliver these objectives include, for example:

Phase 1 throughout 2014 -

- Building awareness and engagement at a local level and giving relevant audiences the right information and resources to maximise the RWC Exeter Host City opportunity through ticketing promotion, press coverage and events to recruit and train volunteers, provision of “toolkits” for schools to promote interest and participation, engaging the business community and using the promotional and PR opportunities presented by team bases (due to be announced imminently)
- Through marketing activity by the Heart of Devon Tourism Partnership, co-ordinated by the City Council, position the city as a rugby destination offering a city break experience surrounded by an outstanding environment
- Support Visit England’s marketing and PR activity and participate financially and proactively in appropriately themed campaigns to attract visitors

Phase 2 – up to 2015 -

- Increased promotional activity with partners at a local, regional and international level (at least with the countries playing at Sandy Park)
- Agree final content of Festival of Rugby programme of events and implement and support promotional activities
- Promotion of Fanzone timetable and events
- Continued promotion of accommodation and travel information

Phase 3 – June to August 2015 -

- Production of visitors welcome programme and information in printed and web format and range of other media
- Continued promotion of Festival of Rugby events programme, provision of travel information, update on Fanzone timetabling and events

Phase 4 – September/October 2015 -

- Fanzone and events programme promotion, travel guidance

- 8.9 Social media will increasingly be used as the current build-up of electronic communication is progressed during 2014 and 2015. Specific Twitter and Facebook accounts are already live and active, and their usage is and are intended to increase substantially. Key websites are already being used and proactively, particularly www.heartofdevon.com and www.visitexeter.com in partnership with many other organisations. Other existing media channels through rugby focussed websites, including of course Exeter Chiefs, are increasing their coverage.
- 8.10 As well as Exeter Host City based activity, extensive coverage including Exeter undertaken by ER2015 and Visit England generating social media, web based and press coverage will increase in the run-up to the tournament, especially after tickets go on sale to the general public from 12 September 2014.

Legacy

- 8.11 Five themes have been identified as the focus for achieving different forms of social health, well being and economic benefit from Exeter's involvement as a Host City:-
1. Increased participation in rugby for all – working with the RFU and Exeter Chiefs to increase involvement in the game at all levels
 2. More opportunities for women/girls to play rugby – working with schools, colleges and clubs to enhance the opportunities for women/girls playing, refereeing, organising and volunteering
 3. Increasing involvement in a wider range of sports and physical activities – linking with National Governing Bodies as well as other providers and local communities to promote other sports to encourage health and well being through active forms of leisure and recreation.
 4. Maximising economic benefits – marketing and promoting Exeter as a great place to live, work and visit with its range of cultural, artistic, sporting and natural attractions
 5. Promoting stronger and supportive communities – working closely with local communities to develop their capacity to deliver a range of social, environmental or economic based activities
- 8.12 Progress with developing these themes is summarised below:-
1. Increased participation
 - Projects to enhance volunteering in rugby clubs to achieve sustainability through improved capacity and expertise in marketing/finance/licensing/commercial activity
 - Increased recruitment to clubs achieved through road-show at Devon County Show
 - Exploration of potential economic and tourism benefits through links with Netherlands clubs
 - Exeter Tag Rugby World Cup to take place in September 2015 with thirty schools signed up by Exeter Community Chiefs with the intention of it generating an annual event with more participating schools and a training programme for teachers to support the development of the event.
 2. Opportunities for women/girls
 - Exeter Women's Rugby Team set up and named Exonians based at Topsham RFC – coached by University of Exeter's women's coach who was a former England player.
 - Exeter College working with Exeter Saracens to set up a girls' rugby club with exchange of skills and coaching with Exonians

3. Increased involvement in sport and physical activity
 - Linking to the work of the Health and Well Being Board to “become the most active city in the South West”
 - First Sport and Well-Being Festival to be held on the Quay on 13 July 2014
 - Park run launching August 2014 – a measured and marked out route along Exeter Quay to operate every Saturday morning targeted at families, runners, tourists and inactive people to participate at all levels with coaching assistance
 - Workplace Challenge launching July 2014 – monthly competitive events between city employers aimed at encouraging fitness to combat employee sickness and enhance well-being

4. Maximising economic benefit:-
 - Working with the business community to achieve economic benefits over and above the increased expenditure by visitors and enhanced image of the city arising from the marketing activity outlined earlier in this report
 - Contact being made through UK Trade and Industry exploring options for inward investment promotion
 - Conference to be held with all business community in September at Sandy Park to generate more business led activity
 - Promotional welcome pack to be produced by local businesses for visitors to the city during the period of the tournament

5. Promoting strong and supportive communities
 - Campaign through local media to engage with local communities to identify the legacy they would prefer
 - Exploring options for partnership working to provide transport to encourage wider use of sporting facilities across the city
 - Exploring creation of an Exeter wheelchair rugby team to compete in the South West league

Volunteers

- 8.13 An additional opportunity for securing a legacy from the event is the creation of a lasting pool of volunteers for further sporting events and cultural activities. ER2015 is recruiting some 300 volunteers for the three match days (and pre-match days) for the games to be played at Sandy Park. Interviews are to be held locally in July and these volunteers will be located at key points around the city, within the city centre and along the last mile to go before the stadium.

- 8.14 For the Fanzone it is planned at this stage to recruit up to 50 volunteers. Whilst some specialised stewards will be required for Fanzone entry points and crowd control, a number of volunteers will be important in and around the Fanzone and in the city centre to provide directions, information and advice and be important “observers” to support qualified security, first-aid and event management personnel. Other roles will include production assistance, translation and tourism advice. Appropriate training and support will be given along with a branded uniform. Arrangements for providing refreshments for volunteers are to be pursued.

Commercial Rights Protection

- 8.15 The Host City Agreement requires that the Fanzone and the area around Sandy Park is free from unauthorised promotional material and selling of related goods during the tournament. A working group led by the City Council has been set up with representatives from the Police, Trading Standards, Highways, City Centre Management, Community Safety and Environmental Health and Licensing. The group will work closely with ER2015 to set up approaches to deal with such activities.

Transport

- 8.16 Devon County Council officers with support from the City Council are leading the working group to address the requirements to ensure and manage efficient and reliable means of access to both Sandy Park and to the Fanzone and adequate parking provision and arrangements for emergency and team vehicles .A Transport Management Plan has been prepared which has been well received by ER2015.

City Dressing

- 8.17 The responsibility and indeed funding of the erection of banners and lamp column flags is being undertaken by Devon County Council. The first requirement is for limited supporting promotional material to be put up during the general ticketing period just before and during September 2014. A much more extensive coverage of such banners and flags will be put up just before and during the tournament itself next year.
- 8.18 City centre businesses are being encouraged to find additional ideas for dressing the city centres as a welcome to visitors and to generate an atmosphere befitting such a large event.

9. Contribution to the City Council's Corporate Plan

- 9.1 Involvement in the Rugby World Cup is and will contribute in a number of ways to the objectives and strategies referenced in the Corporate Plan. For example, as Host City for three games in what is the third largest spectator/media sporting event in the world, Exeter's profile is being raised very significantly in the lead-up to and during the tournament. It will be promoted as a thriving, welcoming and important regional city with an outstanding University, successful and growing economy, and surrounded by an outstanding environment.
- 9.2 The preparations for the games and the associated activities and events generated will involve a great deal of partnership based effort supporting local businesses and community organisations and providing them with a platform for their own efforts to secure a legacy from the event.

10. Risks and how they can be reduced

- 10.1 There are a number of risks at different levels which an event of this scale and complexity would be expected to assess and plan for in preparation for and management of its different activities. The Steering Group set up to co-ordinate and oversee the many difficult elements in methodology are of a high level and are working hand in hand with event specialists for ER2015 who are checking and reviewing the various "Exeter plans" and approach to minimise the risks involved, and supporting actions taken where necessary. There are formal and systematic reviews of all key elements of the programme of events which will make up the whole experience, including regular checking and reviewing of plans and adjustments made.

11. Impact on equality and diversity, health and well-being, young people and vulnerable adults, community safety and the environment

11.1 The objectives of the tournament and approach being taken by ER2015, the Steering Group and officers and partners are designed to promote equality and diversity and encourage activities which encourage healthier life styles and well-being. The projects being pursued under the legacy programme are particularly looking to address these principles. The preparation for and delivery of the Fanzone will be undertaken with the principles of low energy usage, recycling of waste and achieving low food mileage very much in mind. ER2015 are also managing the preparation and operation of Sandy Park whilst being used for these games with the same principles in mind.

12. Other Options

12.1 There are no other options being considered in planning and implementing the delivery of the Host City Agreement. In securing individual elements of the planned activities, the Council's financial procedures for procurement through competitive quotes are being applied. Both production manager and the catering manager were secured through a competitive process.

Richard Ball
Assistant Director Economy

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

**Background papers used in compiling this report:-
Report to Executive 26 November 2013 'Rugby World Cup 2015'**

HOST CITY RESPONSIBILITIES

1.1 As a Host City the City Council has signed a formal Host City Agreement which sets out the specific roles and responsibilities it accepts it has to undertake. These activities are set out below with wording as extracted from the Agreement document.

1.2 Marketing Support

The Host City will provide marketing support to fully assist ER2015 in the promotion of the Tournament, to support ticket sales, to provide visitor information and to work with ER2015 and/or Rugby World Cup Limited (RWCL) partners (broadcasters, sponsors, external marketing partners).

1.3 Provision of Fanzone

The Host City will provide (at its own cost) a Fanzone during the Tournament in accordance with the following principles:

- (i) minimum capacity of 5,000 (unless otherwise approved by ER2015);
- (ii) showing Tournament matches (using RWCL's broadcast feed) and all other content and activity within the Fanzone to be agreed between the Host City and ER2015 but at a minimum shall include big screen(s), a dedicated space in which RWCL Licensees may stage activities, stage area and an area for food and drink suppliers;
- (iii) the Host City shall have the right to appoint third parties to provide food and beverage at the Fanzone and to retain any revenue from it;
- (iv) open for a minimum of ten days (match days at the Venue, all England games including the Tournament opening game, both semi-finals and the final);
- (v) the Host City shall have the right to commercialise the Fanzone only on such days when no Tournament matches are played and only in accordance with the Fanzone Guidelines including, but not limited to, the removal of all Tournament branding and 'look and feel' from the Fanzone on such days;
- (vi) the Host City shall ensure that the Fanzone is clean, safe, well-lit and suitable for the purpose for which it is provided and meets the standard befitting the reputation and stature of the Rugby World Cup, being one of the top five global international sporting events.

1.4 City Dressing

The Host City will make available (free of charge) City Dressing Spaces which, as a minimum, shall be:

- (i) 50 Lamp post banners
- (ii) Electronic variable message signs (wording to comply with Government Guidance)
- (iii) 5 Flag posts
- (iv) Fencing banners
- (v) 4 General banner sites

The City Council is in discussion with the County Council over the provision and funding of the lamp-post banner fittings and the use of the variable message signs.

The Host City will procure that the City Dressing Spaces will have the necessary infrastructure in place to display the relevant signage, banners, flags and other 'look and

feel' (e.g. flagpoles, hanging frames etc) together with all necessary licences, consents and permissions.

ER2015 shall be responsible (at its own cost) for the provision of all signage, banners, flags and other 'look and feel' for display at the City Dressing Spaces.

1.5 Commercial Rights Protection

The Host City shall ensure that the Fanzone is free from unauthorised promotional material and selling of related goods at all times during the Tournament and shall use reasonable endeavours to assist ER2015 to ensure that the area around Sandy Park is also free from such activity.

1.6 Transport Management Support

The Host City will procure that Devon County Council will (using local transport operators) provide an adequate commercial public transport service in terms of quality, efficiency and timing (given the reasonably anticipated requirements of supporters and spectators) to enable team supporters and spectators to attend open training sessions and matches in the Territory, including but not limited to the following activities:

- (i) provision of park and ride schemes;
- (ii) provision of any additional public transport within the Host City as deemed necessary following an assessment of the potential impact of the Matches and the Fanzone;
- (iii) provision of vehicle and cycle parking;
- (iv) way-finding and event travel signage;
- (v) temporary road closures;
- (vi) stewarding and traffic wardens;
- (vii) Police liaison including Team/VIP Police escorts.

The County Council has accepted the responsibility of conducting this area of work.

1.7 City Venue Use by ER2015

The Host City will make available (at its own cost) Host City venues for use by ER2015 for a minimum of eight occasions from Spring 2013 in connection with the promotion and delivery of the Tournament (including one VIP reception per Match staged in the Host City) and the entertaining of guests prior to matches.

1.8 Volunteers Support

The Host City will provide ER2015 with reasonable assistance in relation to ER2015's volunteer programme including:

- (i) assisting ER2015 with the promotion of ER2015's volunteer programme within the city;
- (ii) assisting ER2015 with the identification, procurement and operation of a volunteer centre within the city; and
- (iii) working with ER2015 to integrate ER2015's volunteer programme with any of the Host City's volunteering programmes.

1.9 Accommodation

The Host City to offer 50 hotel rooms. They are offered on the following basis:

- Minimum 3* or 4* hotels on bed and breakfast basis subject to availability
- Hotels within 20 minutes of city centre
- To be used between 1st April 2013 – 10th October 2015

These have been provided for free by the Exeter and Heart of Devon Hotels and Restaurants Association.

1.10 Host City Staff Time

The Host City will be prepared to contribute staff time to making this event as successful as it can within its resources including making available staff to work directly on it during the planning phases.

REPORT TO: Scrutiny Committee Economy and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive – 15 July 2014
Report of: Assistant Director Public Realm
Title: Future of the Waterways

Is this a Key Decision?

Yes

* One that affects finances over £1m or significantly affects two or more wards, This item is on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 This report sets out the latest position with regard to the management of the Estuary, Quay, Basin and Canal and the outstanding draft Harbour Revision Order

2. Recommendations:

- 2.1 That Members be advised that the draft Harbour Revision Order submitted to the Department for Transport in 2008 is no longer viable and should not be pursued. And that an alternative course of action is now required for management of the Estuary, Quay, Basin and Canal
- 2.2 That a review be undertaken of the options open to the Council in respect of the future management of the Estuary, Quay, Basin and Canal, in consultation with users of the Port of Exeter area.

3. Reasons for the recommendation:

- 3.1 To resolve the outstanding draft Harbour Revision Order and to scope an alternative way forward for the future management of the Estuary, Quay, Basin and Canal.

4. What are the resource implications including non financial resources.

- 4.1 None

5. Section 151 Officer comments:

- 5.1 There are no financial implications contained in the report.

6. What are the legal aspects?

- 6.1 The Department for Transport has advised the Council's application for a Harbour Revision Order would not achieve the statutory objects for which Harbour Revision Orders may lawfully be made.
- 6.2 The Council may wish to make representations on the DFT's position.

7. Monitoring Officer's comments:

- 7.1 Members are reminded that Exeter City Council continues as the Harbour Authority for the estuary and Canal. As such it continues to be subject to Statutory and common law duties which can be summarised as follows:

1. To take reasonable care that all who may choose to navigate may do so without

danger to their lives or property.

2. To conserve the harbour so that it is reasonably fit for use as a port and to see that the harbour is in a fit condition for vessels to resort to it.

3. Lighting and buoying responsibilities.

4. To comply with the Port Marine Safety Code

5. To comply with the Health and Safety etc at work Act.

6. To exercise their function with regard to nature conservation and other related environmental considerations.

8. Report details:

8.1 In 2006, the Executive resolved to submit a Harbour Revision Order to the Department for Transport to allow for the Council's interests in the Exe Estuary to be divested to a Trust Port. The draft Harbour Revision Order (HRO) was submitted to the Department in 2008 but has since then been held in abeyance, by them, until very recently.

8.2 In the meantime, a similar HRO application in the North East sought the transfer of the Immingham Humber Oil Terminal from the existing Harbour Authority, Associated British Ports, to a Trust which was to become the new Harbour Authority for the terminal and the landside infrastructure, leaving the remainder of the port with Associated British Ports. The application was rejected by the Marine Management Organisation (successor, in this respect, to the Department for Transport). This decision was upheld at judicial review in 2012 and the applicant accepted the decision and did not to appeal.

8.3 The basis of the decision rested upon the fact that the HRO would not achieve the statutory objects for which HROs could be made and that therefore it could not be lawfully made.

8.4 As a result of this judicial review; in 2014 the Department for Transport finally responded to Exeter City Council's draft HRO. Its view was that, similar to the Immingham case, our application would also not achieve the statutory objects and that; therefore, the HRO could not be lawfully made. Exeter City Council was given leave to make representations on this position. Having regard to the Humber Oil Terminals Trustee decision, it is considered prudent not to appeal and therefore accept the Department of Transport's view. As a result, it is recommended that the HRO should not be pursued any further.

8.5 Given that this is the case and with a view to the pressure on council budgets in the future, we need to reassess the options open to the Council in respect of the future management of the Estuary, Quay, Basin and Canal. Work will be done on this over the next few months in consultation with users of the Port of Exeter area and other stakeholders and the options will be reported back to Members in due course.

9. What risks are there and how can they be reduced?

9.1 No risks are identified in supporting the recommendations in this report

10. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

10.1 No impact is identified in supporting the recommendations in this report

11. Are there any other options?

11.1 The options available for the management of the Estuary, Quay, Basin and Canal will be the subject of a future report.

Roger Crane, Service Manager, Business & Commercial Operations

Sarah Ward, Assistant Director Public Realm

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

Background papers used in compiling this report:-

None

Contact for enquiries: Democratic Services (Committees) Room 2.3, 01392 265275

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REPORT TO: Scrutiny Economy Committee and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive - 15 July 2014
Report of: Assistant Director Economy
Title: Update on Consortium Bid for Major Arts Council Funding
for the RAMM

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Yes

1. What is the report about?

- 1.1 This report outlines the content of RAMM's bid to the Arts Council Major Partner Museum Grants Programme, 2015/16, 2016/17 and 2017/18. The application was submitted on 14 March 2014 in line with the ACE application deadline and following consultation and authorisation from Senior Officers, Portfolio Holders and Deputy Leader.

2. Recommendation:

- 2.1 Scrutiny Committee Economy notes and Executive endorse the contents of this report as an information briefing offering background and a level of detail to Arts Council England's announcement in July of the successful bids as this is likely to draw national media coverage.

3. Reasons for the recommendation:

- 3.1 This is a very significant national announcement since it identifies the core group of larger regional museums that will benefit from major investment from central government (Department of Culture, Media & Sport). These funds are awarded and distributed by Arts Council England (ACE). The funding is focussed on operational (rather than capital) activity and competition to secure a place in the group of Major Partner Museums (MPM) is intense. As part of a peninsula consortium with Plymouth, RAMM has derived huge benefit from being an MPM 2012-15. The funding has enabled a scale of activity and partnership at UK/regional/local levels which has helped the museum to win further awards and a national profile that directly contributes to the local economy by enhancing the city's destination offer and its promotion as a regional centre, offering a rich quality of life attractive to inward investment. (See section 4 for a calculation of RAMM's economic impact). ACE funding has averaged £571,176pa to RAMM over the three year period 2012-15.
- 3.2 This MPM funding has allowed RAMM to fulfil its role as a 'cultural flagship' for the city, the operational funding provided by ACE funding exhibitions, events and activities which make maximum use and deliver maximum public benefit for ECC's capital investment in the building. This would not have been possible without this funding, given the current financial climate facing local authorities. This issue remains a high risk concern if RAMM's 15-18 MPM application is unsuccessful. Loss of MPM funding would have a very dramatic effect on RAMM's public facing and 'back of house' activity. Services and staffing would need to be downsized and remodelled to fit much reduced budgets. This exercise would bring with it a reputational challenge, given residents' expectations of RAMM are now very high. There would also be implications for key indicators such as visitor numbers and corporate hire of spaces.

3.3 A negative impact would also be felt regionally as RAMM and Plymouth Museum both serve populations in a much wider hinterland.

4. What are the resource implications including non financial resources?

4.1 A successful bid brings additional financial resources to the City Council. This significant 'leverage' return on ECC's museum expenditure of £2,323,984 in 2013-14 generates £539,838 ACE income plus £148,215 additional funds from other sources. At present it is not possible to specify the precise level of the 15-18 funding as ACE will on 1 July provide an 'in principle' agreement to MPM 15-18 funding. There follows thereafter a period in which it will work with successful applicants to agree programmes of work and associated funding. There is an iterative process which will be concluded by March 2015 in time for the start of the funding period.

4.2 Levels of 15-18 funding are expected to show some variance from that received in 12-15 as ACE has received reductions in its own funds for distribution and may also consider enlarging the MPM group from the current 16 members. As an indication only, funding received by RAMM from ACE in the 12-15 periods were 12-13 £635,191; 13-14 £539,838; 14-15 £538,500. ACE is itself also subject to the outcome of the Government's Comprehensive Spending Review so will only be in a position to agree funding levels for 15-16 with successful applicants. The following two years 16-17 and 17-18 will be 'in principle' totals, dependent on the Comprehensive Spending Review settlement.

4.3 An unsuccessful bid will also have resource implications with 'scaled back' services and reduced income generating capacity (corporate hires/ other project funding); diminished ability to collaborate in partnership, to reach breadth and range of audiences, and a consequent impact on the role the museum is able to play within the city as a complement to its retail and tourism offer. The current annual economic impact of the Museum has been calculated as £7.4 million by city visitors who included RAMM as part of their trip to Exeter or £2.3m for visitors for whom RAMM was the principal reason for their visit to Exeter.

4.4 ACE regards their investment in Major Partner Museums as partnership funding, sitting alongside that of governing bodies (in our case the local authority's revenue support). ACE label their funding as 'additionality'. It is not permitted to use the funding for subsidy or replacement purposes and ACE have a number of checking and monitoring mechanisms in place to prevent this happening.

4.5 The commitment and ambition of governing bodies with regard to their museum is one of the assessment criteria used by ACE to select MPMs. Exeter City Councils' understanding of culture as a driver for economic development and the prosperity and quality of life of the local community, lends its MPM application particular strength.

4.6 ACE recognises and understands the financial challenges facing local authorities, but at the same time in sifting a large number of competitive applications, will be assessing the financial commitment of its prospective partners. It expects to see an appropriate level of partnership funding and requests sight of outline organisational (revenue) budgets for 2015-16, 2016-17 and 2017-18.

5. Section 151 Officer comments:

The funding generated helps to offset almost a fifth of the Museums annual expenditure. In the current financial environment the Council would not be in a position to offset the loss of funding leading to a substantial reduction in the Museum provision.

6. What are the legal aspects?

- 6.1 The Council will be required to enter into a Funding Agreement with the Arts Council for England. Funding is conditional on a number of factors including delivery of an agreed Programme of Activities with detailed outputs, along with a business plan (showing how programme will be delivered and how effectively the organisation is managing its affairs). Quarterly monitoring and annual reporting against nationally set performance indicators will form part of the agreement. The funding agreement may also have requirements around achieving particular targets, for instance around reaching specific audiences; diversity and sustainability. These conditions will be agreed and specified during the period that follows ACE's announcement on 1 July. Although these conditions may vary in detail from those applying to the 2012-15 programme, RAMM's experience of meeting these requirements means it has the systems in place to fulfil these aspects of the agreement.
- 6.2 The Funding Agreement is likely to be in line with that for 2012-15 which gives Arts Council England absolute discretion to withhold or demand repayment of all or part of the grant should the Council breach the terms and conditions of its Funding Agreement.

7. Monitoring Officer's comments:

- 7.1 Given the conditional nature of any funding offer which may be made, it is recommended that Legal Services scrutinise and approve any funding agreement to be entered into by the Council.

8. Report details:

8.1 Background

- 8.1.1 This report describes RAMM's bid as part of the MPM Peninsula Consortium to the Arts Council England's Major Partner Museum Programme.
- 8.1.2 The Major Partner Museum Grants Programme is administered by the Arts Council England distributing sector specific funding from the Department of Culture, Media and Sport. The programme runs in parallel to a similar but separate scheme making grants available to arts organisations. These are known as National Portfolio Organisations.
- 8.1.3 Through its museum programme the Arts Council wishes to enter into strategic partnerships with other funders to help deliver a shared vision and drive some long term positive outcomes for public benefit and the development of the museums sector as a whole. In its largest scale funding, its Major Partner Museum Programme, the Arts Council aims to build a network of leading museums able to consolidate the success of the programme to date while working to achieve transformational change for the future.
- 8.1.4 In selecting participants from across England, ACE is seeking to identify institutions and governing bodies that share its ambitions and understanding of culture's role in the lives of communities, individual and local/regional economies. With a limited MPM membership this represents a very significant strategic opportunity for Exeter and the peninsula within a national context. Operationally the investment offers increased capacity and potential for development and so supports the City Council's corporate ambitions for a successful and prosperous future for the city.

8.2 Funding to museums

- 8.2.1 The Arts Council England offers a tiered arrangement of museum funding with the differing levels appropriate to institutions of varying scale, capacity and track record. The MPM Programme is the upper tier, awarding significant funding over a three year period against an agreed and monitored programme of activity. RAMM's participation in the current MPM programme brings with it funding of £635,191 12/13, £539,838 13/14, and £538,500 14/15.
- 8.2.2 ACE funding is revenue funding for operational activity. ACE regard it as 'partnership funding'. Its purpose is to deliver 'additionality' and it cannot be used as replacement or backfilling funding. Partners are required to provide an 'open book' approach to their accounts.

8.3 Partnership with Plymouth

- 8.3.1 RAMM acquired its MPM status in 2012, the first round of programme funding 2012-15. It is an MPM in conjunction with Plymouth City Museum & Art Gallery (Plymouth City Council), a partnership which has been forged over many years close working. Together the two museums are known as the MPM Peninsula Consortium. The museums share much in common but also reflect the distinctive histories and current context of their varying home cities; differences which are complementary and put together deliver a regional presence and powerful geographic and demographic reach in the South West. Across the country there are sixteen MPMs mainly concentrated in the 'core cities' (large urban areas) but a few like Exeter/Plymouth formed as a consortium. In the South West there are currently two MPMs, Exeter/Plymouth and Bristol. Looking forward Plymouth is about to embark on its own capital project to create a Plymouth History Centre which will unite museums, archive and film holdings in a new £23.5m building. A Heritage Lottery Fund application received approval at the end of May signalling the start of this project.

8.4 MPM Programme 2015-18

- 8.4.1 The second round of MPM Programme funding 2015-18 requires museums to re-apply in an open application process regardless of current status. Previous success is no guarantee of renewed funding. Competition is intense: at least five bids have been submitted from the South West. Building on the strength and track record of the consortium relationship the Plymouth/RAMM partnership has again submitted a bid. Applicant guidance was issued on 7 January 2014 leading to an intensive ten week period of work before the submission deadline of 17 March 2014. Applications are now in assessment and outcomes of 'intention to fund' will be announced on 1 July 2014. Between July 2014 and March 2015 the ACE will finalise funding agreements between itself and successful applicants. This process includes producing a business plan for 2015-18. The new funding stream comes on stream in April 2015.

8.5 The Assessment Process

- 8.5.1 ACE assessment of applications is a two stage process. In the first stage the ACE will

- Assess the quality of the application's contribution to ACE goals (these are described in section F of this report)
- Make a risk assessment of applicant's capacity for management, leadership, governance and financial resilience.

8.5.2 In the second stage the ACE will make an assessment of how a museum or consortium fits into a nationally balanced Major Partner Museum portfolio and the priorities of the programme. This includes:

- Leadership. ACE expects Major Partner Museums to show leadership beyond the individual museum. They are required to demonstrate and support best practice as well as promoting excellence across the sector. Leadership may be within a geographical area or in an area of expertise with national relevance.
- Resilience. Organisations need to show their ability to anticipate and adapt to economic, environmental and social change.
- Geographical Spread. In selecting its portfolio the ACE will consider the reach of its funding across the UK.
- Risk. ACE will consider the level of financial risk to its investment across the portfolio of museums.

8.5.3 Other assessment considerations include local authority partnership, which is important to ACE decisions. Councils demonstrating their commitment to culture will be able to present a stronger case for MPM investment. Identification of culture as an Exeter City Council priority linked to economic development (i.e. quality of life factors, attracting inward investment and driving the visitor economy) is a strength. Exeter's approach is one shared by Plymouth City Council, lending coherence and consistency to our consortium application.

8.6 ACE Strategic Goals

8.6.1 The Major Partner Museum process is shaped around ACE's five strategic goals which form the basis of its 10 year Strategic Framework. These are:

- Excellence is thriving and celebrated in the arts, museums and libraries
- Everyone has the opportunity to experience and be inspired by the arts, museums and libraries
- The arts, museums and libraries are resilient and environmentally sustainable
- The leadership and workforce in arts, museum and libraries are diverse and appropriately skilled
- Every child and young person has the opportunity to experience the richness of arts, museums and libraries

8.6.2 ACE guidance explains the interrelationship of the goals by highlighting goals 3 & 4 as 'goals that help achieve our mission' – 3 (Resilience) and 4 (Leadership and Diversity). These provide the basis for the ACE's mission which is 1 Excellence, 2 Audience Reach and 5 Children and Young people's access to cultural engagement.

8.7 Consortium Application for Funding 15/16 – 17/18

8.7.1 The Consortium's bid reflects the guidance outlined above in 8.6.2.

8.7.2 In **Goal 1** the application focuses on the content which provides the foundation for the development of programmes, audience development and partnerships. 'Content' is derived from the collections which in the case of both consortium partners are rich and of high quality. Both museums are home to Designated collections. The character of the collections help shape partnerships, whether this is locally through related community activities, university research projects or nationally, via collaborations with for instance, the British Museum or internationally through research, exhibitions or placements.

- 8.7.3 In Exeter ACE investment in excellence will allow us to supplement the staff team and create internal capacity for RAMM to respond to opportunities identified through the Collections Review and initiatives such as the Rugby World Cup Host City and First World War Centenary. It will support RAMM's flourishing partnership with the University of Exeter and enable it to extend conservation and care of the collections.
- 8.7.4 In **Goal 2** the application recognised that Plymouth and Exeter are complementary cultural and economic nodes for the region, together including many types of destination offer, from traditional heritage to contemporary arts. Plymouth and Exeter are geographical and cultural foci, driving the visitor economy and region's skills base, giving the Consortium a broad and diverse audience reach. Both cities have recognised the importance of their cultural assets to current and potential residents, tourists and the economy and this is reflected by their own investment.
- 8.7.5 Both museums already attract a breadth of visitors but will continue to undertake initiatives designed to both reflect the diversity of their communities and draw in underrepresented groups, by working in partnership with health, well being and youth sectors. Volunteer development is part of Goal 2. Collaborating as part of city festivals is a way of widening distribution of services as well as forging cultural linkages. Both museums wish to strengthen the connections between heritage collections and their practice of contemporary artists (also forms part of ACE's cultural portfolio). They will work with partners in the two cities to do this.
- 8.7.6 In Exeter ACE investment will support the exhibitions and events programme; strengthen the internal team in important areas of exhibition development, design and technical capacity, marketing, front of house. It will also support work with practising artists, hard to reach groups and the digital development of RAMM's services.
- 8.7.7 **Goal 3** is about resilience. The consortium is built on strong foundations: the two museums have worked together for over 13 years and have robust systems in place to support this bid. The application recognises the realities of the financial situation facing local government. Both councils see museum as cultural catalysts for economic development, supporting place making and identity, stimulating the creative economy, driving tourism and attracting inward investment from other cities. The 2015-18 MPM plans are closely aligned to the two local authorities strategic plans and those of the LEP.
- 8.7.8 Networks and partnerships are central to consortium's work creating a reach across the peninsula which reflects their cities influence as economic drivers for this part of the region. They both have productive relationships with national partners and their City Universities. Both museum plan to review their business models with the intention of developing them to increase the range of income streams available to support their work. This will be an emphasis of Goal 3 2015-18.
- 8.7.9 In Exeter RAMM will in 2014/15 be using the Business Survival Toolkit; Creative Choices (developed by Creative & Cultural Skills; Cultural Leadership Programme, Design Council, Crafts Council and Heritage Lottery Fund) as a framework for reviewing its position, developing and discussing options for future direction. This will be an intensive process supported by engagement of Senior Elected Members who will be actively involved in analysing issues, making decisions and ensuring strategic 'fit'. It will inform the work of following years.

- 8.7.10 **Goal 4** focuses on leadership and diversity. The Consortium's collaborative approach with partners means that it operates as part of network at many levels from the international to local. Regionally the consortium works with the wider museums sector to share the best practice, knowledge and skills that are expected of MPM's. Somerset Museum is a key partner for RAMM, extending the reach of the Consortium eastwards. Locally, collaboration includes acting as a 'key player' in each city's cultural partnership.
- 8.7.11 Workforce development is a priority for both cities cultural groupings, as a way of developing and retaining the talent essential to growing emergent creative sectors. A series of Gateway Seminars open to new graduates, emerging artists and creative practitioners to learn about working in the cultural setting of their own city are planned.
- 8.7.12 This Goal also supports the development of skills and knowledge around the priorities identified in MPM planning i.e. tourism, marketing, data collection, customer relationship management and income generation. It also includes maintaining specialist in house knowledge through participation in museum sector networks.
- 8.7.13 In Exeter in addition to the Gateway Seminars described, RAMM will host a Graduate Business Placement from the University. In their first year they will focus on creating and testing a 'case study' template that can be rolled out for use in Exeter's wider cultural sector. RAMM will also continue to strengthen its work and innovation around working with artists. It will host a national Arts Council Curators Day on 9 October 2014. It will continue its work with volunteers 'refreshing' its volunteer toolkit for wider cultural sector use and sharing its experience of Investors in Volunteers Accreditation to assist partners. RAMM is already supporting the development of the Host City Rugby World Cup Volunteer Programme.
- 8.7.14 **Goal 5** is about supporting child and young people's engagement with the richness of arts, museums and libraries. The consortium's collections and programmes provide a catalyst for inspiration and encouragement for this key group. Whilst Plymouth as a LEA has strong links with formal learning thorough schools, Exeter's work is principally about holiday/weekend activities and not curriculum centred. Interestingly, RAMM's audience research consistently shows the top three ways visitors describe RAMM as 'educational', 'family friendly' and 'high quality'. RAMM and Plymouth both support the ACE Arts Award and Artsmark schemes which enable young people to engage with artists and creative practitioners.
- 8.7.15 In Exeter partnerships will continue to be critical to maintaining the museum's reach to children and young people in 15-18. This will include partners such as the Exeter East and Mid Devon Youth Offending Team, the local Youth Inclusion and Support Panel to reach hard to reach groups. We will also continue our collaboration with city festivals such as Extreme Imagination (children's literature), Exeter Poetry Festival and Animated Exeter to help broaden and strengthen the city's family offer.

8.8 Conclusion

- 8.8.1 RAMM has benefited enormously through its MPM status 12-15. Between April 2012 and March 2015
- Through the consortium partnership with Plymouth, it delivers strategic impact in the peninsula, strengthening the relationship between the two local authorities
 - Through delivery of enhanced services and activity it enables RAMM to maximise the benefits of its capital development and investment by Exeter City Council and Heritage Lottery Fund

- These enhanced services and activities are a significant contribution to the city's cultural and destination offer, which is a driver for economic development. Partnership with ACE through this programme sits squarely within the City Council's strategic plans and aspirations
- Its membership of the small group of MPMs brings with it a national profile and opportunities which benefit the city and the region
- It delivered financial leverage to the Council's revenue investment in RAMM at a scale of per annum, £2.22m ECC funding: £538k ACE funding (average figures)

8.8.2 Continued MPM investment will enable RAMM (within the Consortium) to develop and grow as a cultural flagship.

8.8.3 An unsuccessful bid will require a review of RAMM's capacity and reworking of its medium term ambitions. Other ACE funding streams will be open for application although these are smaller scale and project based. In the event of an unsuccessful application it will be important to consider positioning the Consortium for the bidding process 2018 onwards.

8.8.4 The results of this round 15-18 are expected 1 July.

9. How does the decision contribute to the Council's Corporate Plan?

- 9.1 The MPM application contribution to the 'building of a stronger sustainable city' through leverage of additional funding based on the City Council's revenue expenditure on the Museum. ECC spend of approx £2.22m drawing in ACE funding of approximately £538k. A leverage ratio of 4:1, local authority funding to external finance.
- 9.2 Specifically the funding will support commitments under 'Provide great things for me to see, do and visit' namely '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'.
- 9.3 MPM investment supports the Museum's contribution to the city's offer as a retail and visitor destination with an economic impact of £7.4m (or £2.3m when it is the principal reason for a city visit). This positively impacts on the local economy contributing to 'Help me run a successful business in Exeter'.
- 9.4 As an existing MPM, the museum is well placed to contribute to the special 'quality of life' that the city is able to offer in its promotions designed to attract inward investment, new business and skilled workers.
- 9.5 The museum's targeted work with specific audience groups and partnership with city groups means it is also able to foster a sense of community identity and cohesion. Inclusion is implicit in 'Enable me to have my say and be heard'.

10. What risks are there and how can they be reduced?

- 10.1 A national programme with a fixed overall budget, combined with intense competition for available resources, makes an unsuccessful bid high risk. However the Consortium's past experience of partnership working provided a strong foundation to its preparation and planning of the bid. Careful and considered work was undertaken to demonstrate past track record and to inform proposals shaped to deliver both ACE Strategic Goals and the priorities of the two local authorities. In constructing the application we have sought to minimise risk, however some factors lie beyond our influence i.e. competition from other towns and cities; the ACE process of 'national balancing' of its portfolio.

- 10.2 The ACE view of the MPM Programme as partnership funding with local authorities means that aligning the two sets of organisational priorities within the planning process has been very important. Failure to do so would have created a flaw within the application and inherent risk. Careful referencing to ECC's Corporate Plan and key actions, together with discussions with Senior Elected Members has ensured a good fit between local priorities and those of the external funder.
- 10.3 The bidding process entails provision of a level of detail which requires thorough planning and costing for the three year period. This exercise reduces the likelihood of unanticipated risks as the proposals identify all key activities within the three year period. These are given more detail in the Programme of Activities agreed with the ACE ahead of each financial year.
- 10.4 Quarterly monitoring undertaken by the Consortium and separately in conjunction with the ACE, ensures that developing risks to the programme are identified and addressed at an early stage. An Annual Survey also provides an opportunity to highlight developing risks to the programme or partnership.
- 10.5 An unsuccessful bid carries major risks for the City Council, requiring a remodelling of its museum services, curtailment of its partnership activities and reworking of its medium term ambitions. Although the Museum would be able to apply to other ACE programmes these project funds would not be at the same level or permit similar levels of profile and aspiration. This would damage the city's cultural leadership role within the region, the effects of which would be magnified because of the partnership alliance with Plymouth. A consequence would be to diminish the influence of the peninsula in the South West.
- 11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**
- 11.1 Within the community RAMM and its varied programme occupies an almost unique position, providing a civic space where people of every socio-economic background and education can come together to share the same experience of exhibitions and activities. This gives the museum an important role in helping to forge a sense of community identity and cohesion. People visit RAMM as 'Home to a Million Thoughts' for many reasons but often as an educational or social activity which enhances an individual sense of well being or connection. In feedback from audience research visitors top three words for describing RAMM are 'family friendly, educational and high quality'. This appreciation makes RAMM an important contributor to the city's retail and visitor destination offer, with an economic impact assessment showing the museum as supporting the local economy between £7.4m and £2.3m (see section 5).
- 11.2 Increasing both the number and range of people experiencing and engaging Arts Council funded activities is central to their Strategic Goal 2. There is a close fit with ECC's concern around equality and diversity; health and well being and through current 2012-15 MPM funding RAMM has been able to undertake a number of projects in association with community groups that deliver against these objectives. These were showcased in the 'Collaboration in Practice' seminar held in November 2013 and we would look to continue similar work in 15-18, subject to funding.
- 11.3 Work with children and young people forms part of the Arts Council's Strategic Goal 5 and with the funding RAMM would intend to continue its informal learning activities, families programme and work with hard to reach groups.

12. Are there any other options?

12.1 The application has been submitted and outcome is now expected on 1 July 2014.

Camilla Hampshire, Museums Manager

Richard Ball, Assistant Director Economy

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

REPORT TO: Scrutiny Committee Economy and Executive
Date of Meeting: Scrutiny Committee Economy - 26 June 2014
Executive - 15 July 2014
Report of: Assistant Director Economy
Title: Exeter Economic Development Strategy

Is this a Key Decision?

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Implementation of the Exeter Economic Development Strategy is a key decision and is within the forward plan of key decisions.

Is this an Executive or Council Function?

Executive

1.0 What is the report about?

1.1 To seek approval and comment from members on the new Economic Development Strategy for Exeter, based on the draft knowledge Economy Strategy, which was adopted by Scrutiny Committee Economy – 14 November 2013. The strategy also takes into account the contribution and impact other adopted city strategies have on the economy of Exeter.

2.0 Recommendation:

2.1 That Scrutiny Committee Economy support and Executive approve the Exeter Economic Development Strategy, as summarised in this report.

3.0 Reasons for the recommendation:

3.1 Development of the city's knowledge economy has been an ongoing priority for the City Council and a number of partners including the University of Exeter, Met Office, Devon County Council and the Exeter Chamber of Commerce & Industry. The city's economy has proved resilient throughout and after the economic downturn, but there is no room for complacency.

3.2 The 'knowledge economy' is a term that is growing in use. It refers to sectors where the commodity produced is not steel, coal or vegetables but is knowledge. The University of Exeter, The Met Office and South West Water would be good examples of local organisations within the knowledge economy.

3.3 The aim of the updated Economic Development Strategy is to address issues within the city particularly related to low average wages, low productivity and to respond to changes and opportunities to focus the economy following the recession. Exeter has higher than average proportions of people employed in public services, business services, retail and wholesale activity. The Economic Development Strategy will assist in a managed change to a knowledge economy to provide additional and different employment opportunities following reductions in jobs, particularly within the public sector.

3.4 The focus of the strategy is on improving the skills, qualifications and employability of the residents of the city, supporting business growth and investment, achieving the right conditions to attract inward investment and business relocations, providing a safe and welcoming city and facilitating improvements to the various aspects of the city which contribute to its much valued quality of life.

4.0 What are the resource implications including non financial resources?

4.1 The Economic Development Strategy will be implemented within existing financial and non-financial resources. The Economy Unit will work closely with the Exeter Growth Board and where appropriate local partners to implement the strategy. The intention is also to bid for funding through the Heart of the South West Local Enterprise Partnership, other agencies and the Regional Growth Fund to implement actions from the strategy, as and where appropriate.

5.0 Section 151 Officer comments:

5.1 There are no additional financial implications contained within the report.

6.0 What are the legal aspects?

6.1 None

7.0 Monitoring Officer's comments:

7.1 None

8.0 Report details:

8.1 The previous Economic Development Strategy covered the wider economic region of Exeter and the Heart of Devon, encompassing the local authority areas of East Devon, Exeter, Mid Devon and Teignbridge and the period 2008 - 2013. The strategy was adopted at the beginning of the economic downturn and unfortunately could not predict changes in the economy locally, regionally and nationally. The vision, which was adopted by the Exeter & the Heart of Devon Economic Partnership, was that:

"The Exeter and the Heart of Devon Economic Partnership will promote sustainable economic growth enabling the sub-region to take its place as the third largest focus of high value employment in the region".

8.2 The strategy gave the City Council and its partners focus and direction in the development of Exeter, which has resulted in developments including the Exeter Science Park and the city being at the embryonic stages of developing as a knowledge economy. Over the previous 10 years and since the previous economic development strategy was adopted, the city has weathered and performed well during and after the recession and has naturally positioned itself at the start of an important change in its economy. The city still has some areas that need addressing and developing through a proactive approach such as, low average wages, low productivity and improving the skills profile of residents of the city.

8.3 Ideally, an economically successful and vibrant city comprises of the following aspects:

- high levels of economic success and knowledge based activity
- a diverse industry base including distinctive specialist niches
- one or more high level research and education based institutions that have a mutually beneficial relationship, leading to economic activity built on research strengths and the retention of graduates
- strong communications infrastructure
- good transport links within and to other cities, including air, rail, road and cycle networks
- public and private sector institutions working together
- strategies to ensure that all communities benefit from the economic success

- 8.4 Some of these aspects are already established within Exeter and some are in need of development. The key to Exeter's future success will be working in collaboration and in partnership with a wide range of businesses and institutions based in Exeter and the Heart of Devon, plus further afield.
- 8.5 Implementation of the Economic Development Strategy will assist in Exeter having a successful knowledge economy, with a vibrant cultural economy for the benefit of residents, business and workers living outside of the city. The Strategy is intended to make a direct contribution to Exeter City Council's mission statement, which is primarily about growing businesses and creating jobs - "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".

9.0 Current economic position

- 9.1 In February 2014 the Office for National Statistics (ONS) published figures which showed that national Gross Domestic Product (GDP) in Quarter 4 2013 increased by 0.6%, with continued momentum predicted. The increase was largely down to more positive business and consumer confidence.
- 9.2 From The Bank of England Inflation Report (February 2014), the UK economy grew by 1.9% in 2013, the strongest annual growth rate for six years. Much of that expansion was driven by consumer spending, as lifting uncertainty and easing credit conditions prompted households to reduce their rate of saving. That brightening in the economic environment also prompted a revival in the housing market, with housing transactions in 2013 Q4 up more than 25% on a year earlier.
- 9.3 In contrast, business investment has remained subdued. The recovery in output has not been matched by a material pickup in productivity growth. The Monetary Policy Committee expects a gradual recovery in productivity growth. As demand picks up, some businesses should be able to redeploy staff to more productive activities.
- 9.4 Knowledge based industries are likely to generate the economic growth for the future, but an important point is that the Exeter economy is a strongly performing economic area with some valuable knowledge assets. Feedback from consultation with the business community indicated that Exeter is at an embryonic stage of developing its knowledge economy and has some valuable assets to draw on most notably The Met Office, The University of Exeter, South West Water and the Royal Devon & Exeter Hospital.
- 9.5 A recently published research report by Liverpool John Moore's University 'UK city-regions in growth and recession: How are they performing at home and abroad?' explores the economic contribution the UK city-regions make to national and international economic competitiveness. Exeter is included in the report and is classified as an intermediate city region, along with cities such as Brighton & Hove, Bournemouth, Glasgow, Newcastle-upon-Tyne, Cardiff, Manchester, Nottingham, Sheffield, Ipswich, Norwich and Plymouth. Being compared as an 'intermediate city region' shows the growth the city has achieved, how we are out-performing larger cities within the UK and the economic impact we have on the South West and national economy.
- 9.6 Prior to the economic downturn Exeter performed extremely well and outperformed many leading cities in the UK. During the downturn, as with other cities, this performance has not continued - GVA has reduced as well as the number of employees (jobs). Post the economic downturn Exeter has continued to grow, but not to the extent prior to the recession, as shown in the table below. The reduction in the number of employees during 2008 – 2011 is above the national average and is a result of the reduction in public sector workers within the city.

9.7 One area of concern is the low levels of productivity (Gross Value Added (GVA) per hour worked) within the city, 2.3% below the national average. Having employees work longer hours is rarely the answer to increase productivity, it also costs more. The key is having employees working more efficiently and effectively with the correct skills, tools and operational efficiency required to do the job, which boosts productivity and the bottom line. Increasing productivity within Exeter will make businesses more competitive, cut payroll costs, increase profit margins and give room for expansion, growth and investment.

GVA per capita % change 1997 – 2008 Exeter: 73.6% UK: 63.2% Plymouth: 50.8% Bristol: 58.6% Cambridge: 70.1%	GVA per capita % change 2008 – 2011 Exeter: 3.6% UK: 1.8% Plymouth: -1.6% Bristol: 2.0% Cambridge: 1.0%
Total GVA % change 1997 – 2008 Exeter: 90.2% UK: 71.8% Plymouth: 56.6% Bristol: 74.4% Cambridge: 89.5%	Total GVA % change 2008 - 2011 Exeter: 4.6% UK: 4.18% Plymouth: 0.7% Bristol: 5.8% Cambridge: 5.8%
Total employees % change 1997 – 2008 Exeter: 29.8% UK: 12.3% Plymouth: 15.9% Bristol: 15.6% Cambridge: 15.9%	Total employees % change 2008 – 2012 Exeter: -2.9% UK: -2.6% Plymouth: -4.3% Bristol: -3.5% Cambridge: -2.3%
No comparison data	GVA (productivity) per hour worked 2008 – 2011, % point change relative to UK Exeter: -2.3% Plymouth: -2.4% Bristol: 1.2% Cambridge: -1.7%
Total population change 1997 – 2008 Exeter: 8.9% UK: 6.0% Plymouth : 2.6% Bristol: 7.9% Cambridge: 10.2%	No comparison data

9.8 The employment contribution of individual sectors within the city is shown in the table below, showing a national comparison employed in that particular sector. This information is the most up to date perspective of the distribution of employment for Exeter. The largest employers (with over 1,000 employees) are the police, Devon County Council, Royal Devon & Exeter Hospital, The University of Exeter, The Met Office and EDF Energy. These organisations will be employing people from not just Exeter, but from the wider travel to work area.

9.9 The collection of employment the data revealed that there is not yet a critical mass in key knowledge economy sectors, although there are a number of key players within and surrounding the city, as previously mentioned within this report.

Industry	Exeter	Exeter %	England %
Human health activities	9,500	11.1%	7.0%
Retail trade	8,500	10.0%	10.2%
Education	8,000	9.3%	9.5%
Public administration & defence	7,900	9.2%	5.0%
Legal and accountancy	4,000	4.7%	2.1%
Food and beverage	2,900	4.7%	5.4%
Services to buildings and landscape	2,700	3.3%	2.2%
Wholesale trade	2,600	3.2%	3.1%
Wholesale and retail trade and repair to motor vehicles	2,400	3.0%	4.2%
Employment agencies	2,200	2.8%	1.8%
Telecommunications	1,900	2.6%	3.1%
Residential care	1,900	2.3%	0.8%
Other professional, scientific and technical	1,700	2.2%	2.6%
Specialised construction	1,500	2.0%	0.5%
Real estate	1,500	1.8%	2.5%

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- 9.10 The table below highlights the percentage increase in the qualifications of the residents of Exeter over the previous 10 years, compared to the rest of the South West and England. The influx of the Met Office, blur, ATASS and the expansion of The University of Exeter and the Royal Devon & Exeter Hospital has assisted and contributed to the increase in qualifications held, especially at NVQ 3 and 4. The Exeter & the Heart of Devon Employment & Skills Board are working in partnership with a wide range of businesses, educational establishments and training providers to develop the skills and qualifications of the local workforce to improve their chance of gaining a better job within the city and to attract business relocations and investment in the city.
- 9.11 The development of the knowledge economy and the increase in businesses relocating and setting up in Exeter will aid in the increase in qualifications held across all NVQ levels. The increase in qualifications held will help in improving the average wage of people living in the city, with more disposable income becoming available there will be less pressure on the public purse through benefits claimed.
- 9.12 The creation of high value employment opportunities, attracting and retaining highly skilled workers and graduates, and capitalising on existing strengths and assets are especially important as the city continues to strengthen its economy. Encouragingly, Exeter is outperforming the South West and England in terms of % increase in qualifications in the previous 10 years.

	NVQ 4 and above	NVQ 3 and above	NVQ 2 and above	NVQ 1 and above
2004	19,600	38,500	48,800	58,700
2013	28,100	49,000	63,400	70,600
% increase Exeter	43.37%	27.27%	29.92%	20.27%
% increase South West	31.66%	19.42%	16.62%	8.59%
% increase England	34.87%	19.23%	16.75%	10.33%

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- 9.13 The increase in qualifications held goes hand in hand with the increase in the gross annual salary of the residents of Exeter. Over the previous ten years Exeter has outperformed the South West and England in terms in % growth in salary, but is below the South West and England average, as shown in the table below. In May 2014 the Regional Salary Guide was

published by national recruitment agency Reed and revealed that the majority of sectors employed in Exeter earn more a year than if they were based in Plymouth.

	Exeter	South West	England
2004	£19,073.60	£20,638.80	£21,907.60
2013	£23,561.20	£25,225.20	£26,941.20
% increase	23.53%	22.37%	22.98%

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- 9.14 The table below breaks down the full range of economically active and inactive residents of the city, 2013 is the latest available data for all areas shown. The recession and from 2008 onwards had an effect on the city in terms of the number of people claiming out of work benefits.
- 9.15 The recent reduction in the number of jobs will be related (but not wholly) to the reduction in employment within the public sector. The rise in the economically inactive needs to be taken with some caution, as this also includes the rise in student numbers at The University of Exeter, who play a very important role in sustaining a culturally vibrant and modern city.
- 9.16 National initiatives to get people back into employment, training and apprenticeships through Jobcentre Plus as well as through Exeter & the Heart of Devon Employment & Skills Board are having an impact on the city.

	Economically active	Economically inactive	Total out of work claimants	JSA Claimants
2013	60,000	19,400	9,430	1,960
2012	61,700	18,800	9,870	2,320
2011	63,400	17,000	9,610	2,080
2010	66,300	12,900	9,780	2,130
2009	65,100	13,700	9,800	2,190
2008	62,500	18,100	8,710	1,050
2007	59,400	21,500	8,790	1,210
		Student, looking after family, sick, retired, discouraged, wants a job and doesn't want a job	Employment & Support Allowance, incapacity benefit, lone parent, carers, disabled and JSA claimant	

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- 9.17 The new Economic Development Strategy takes into account the contribution and impact other city strategies have on the economy of Exeter. The impact these three strategies have on the city play a direct role in why a business would choose to relocate or invest in Exeter and why someone chooses to live in the city – an outstanding quality of life offering. These strategies have been approved at previous Economy Scrutiny Committees and can be found on www.exeter.gov.uk These three strategies are:

9.17.1 A city centre strategy for Exeter 2013 – 2022: Building on a decade of change – delivering a competitive and attractive city centre August 2013

The new city centre strategy builds on the success and achievements of the previous city centre strategy, which spanned the period of the most significant change for the city centre in 30 years, with major development and inward investment taking place. The city centre offers an abundance of opportunities for growth, local employment, wealth and social interactions that are invaluable to the city. The focus of the action plan is around encouraging more visitors, maximising their dwell time in developing the night-time economy and ensuring the experience all city centre users (visitors, residents and business) receive is varied and first class. The five aims of the strategy are combined into three areas:

- A vibrant, sustainable, resilient competitive city centre; offering attractions for all
- A welcoming and safe night time environment
- A clean, well maintained and safe environment – to give a better first impression

Delivery of some the action plan is dependant on a successful Business Improvement District (BID) vote, due to take place spring 2015.

9.17.2 Exeter Cultural Action Plan November 2014: Engaging, empowering, energising culture in Exeter

Exeter has a rich and rapidly developing cultural scene. The city is home to an extensive range of cultural organisations and festivals. Together, their activities deliver important economic, social and education benefits with culture helping to define Exeter's special character and enhance its quality of life. The action plan is a living document which is co-owned by the Exeter Cultural Partnership and the City Council, ensuring that culture is embedded in plans and strategies that will shape the city. After a wide and comprehensive consultation period with the cultural sector four key areas of development emerged, which form part of the action plan:

- develop a vibrant cultural economy – Exeter as a cultural destination
- developing cultural opportunities and experiences
- enabling a wide and diverse engagement in the cultural sector
- build a stronger, more confident cultural sector

9.17.3 Exeter Visitor Strategy 2012 – 2016

The Visitor Strategy is intended to bring many positive economic benefits to the city in sustaining and creating quality jobs within the visitor economy, through public and private sector investment. The strategy also focuses on the promotion of existing visitor facilities and recent capital developments to increase visitor numbers and spend to the city – such as RAMM, Exe Estuary Trail, Quay Climbing Centre, plus the cultural and retail offer. Working in partnership with the industry within Exeter and the Heart of Devon is key to successfully implementing the visitor strategy. There are four areas of work which form the visitor strategy:

- Support investment in the visitor economy
- Develop existing facilities and the visitor experience to provide year round employment
- Raise skills levels within the workforce
- Targeted marketing of the city and the Heart of Devon locally, regionally and nationally

10.0 Exeter Economic Development Strategy

10.1 At Scrutiny Economy 14 November 2013 the Exeter Knowledge Economy Strategy was presented to members and subsequently adopted. The new Economic Development Strategy for Exeter will be based upon the Knowledge Economy Strategy, it's vision, findings and actions, but will take into account a number of other adopted and complementary strategies for Exeter as mentioned above and listed within Appendix 1. Relevant actions from each strategy will form part of the annual work programme for staff within the Economy Unit.

10.2 There are key drivers to establishing a successful knowledge economy:

- **creating the physical requirements** – having the architecture and accommodation that businesses and workers require
- **building on what's there** – recognising the city's existing strengths and weaknesses and playing to these

- **‘smart specialisation’** – focussing on the range of economic specialisms for which there are credible opportunities
- **high skill organisations** – organisations that rely on productivity through high quality jobs and highly skilled people
- **an acclaimed education sector** – linking closely with the city and businesses, supported by good education institutions helping all individuals develop their skills
- **distinctive ‘knowledge city’ offer** – a distinctive offer for knowledge intensive businesses and workers who are considering investing, working and living in the city, supported by a diverse cultural offer
- **strong connectivity within and outside the city/region** – good communications infrastructure combined with quick links both within and to cities via air, rail and road
- **strong leadership** – around an economic vision, supported by networks and partnerships

10.3 Exeter has the foundation for growing a knowledge-based economy and has a number of these key drivers already in place. It is at the beginning of a shift in the economy towards this area. Working in partnership with key businesses and institutions within the city will provide a secure platform to ensure all of these drivers are in place to develop a strong and vibrant knowledge economy.

10.4 Exeter has strengths in a number of knowledge economy sectors and those sectors where there are both strengths and opportunities for securing growth and investment have been identified as:

Big Data	This is a term for the collection of data sets whose size is beyond the ability of typical data software tools to capture, store, manage and analyse.
Climate change	This area will be looking at the business opportunities around business adaptation and mitigation against climate change.
Health	Opportunities to present the University of Exeter as a centre in expertise in the areas of big data and health, working alongside the Royal Devon & Exeter Hospital and the medical school - focusing on: diabetes, cardiovascular risk & aging, neurology, mental health and environmental & human health.
Water	Developing Exeter as a centre of innovation for the water industry, due to its existing assets combined with the over arching expertise in big data, risk management and climate change adaptability.
Agri-tech	Agricultural technology (agri-tech) addresses the tools and machinery that are used primarily or entirely in order to support agriculture, horticulture and the industry. Having the Food Security and Land Research Alliance based at the University of Exeter is an area of differentiation for the city.

10.5 Some of these sectors are closely integrated with each other and cannot be developed in isolation, for example, using large and complex data sets to tackle climate change and issues relating to climate change may impact on crop yield and water supply. The return of the expertise held in our key knowledge institutions indicates that Exeter is a location that can really offer applied possibly multi-disciplinary solutions and as such, solutions that are potentially most commercially relevant. This ‘applied solution’ and business opportunity approach is also important in ensuring that the recommended knowledge economy sectors

are broad strands of related activity and shouldn't be a tight definition whom activity should be limited. The development of supply chains will be a key priority to enable local investment opportunities, plus encouraging business relocations to Exeter.

10.6 The consultants (Mickledore) who researched and coordinated the development of the Knowledge Economy Strategy recommends that a vision is created, which will provide an overall direction for work carried out by the City Council and its partners – ***'to make Exeter the best-known city in the South West of England for innovation'***. Mickledore also recommend two objectives are adopted, that within 5 years of the strategy being adopted results in the establishment of:

- 75 new companies established within the Exeter area
- 2,000 new jobs created, linked to the sectors identified

10.7 To achieve the above objectives and to further develop and establish the knowledge economy within Exeter, based on attracting and growing science and technology organisations, research and development and creating high quality employment opportunities in the city, a number of actions and work areas will be developed. The table below covers a broad area of actions to be implemented, a detailed breakdown is listed within the Knowledge Economy Strategy document.

<ul style="list-style-type: none"> • Develop sector development plans for each of the five knowledge economy sectors 	<ul style="list-style-type: none"> • Work with The Met Office to secure the location for the new super computer
<ul style="list-style-type: none"> • Strengthen existing institutions to support research and innovation within the knowledge economy 	<ul style="list-style-type: none"> • Investigate funding opportunities to develop and support the knowledge economy within Exeter
<ul style="list-style-type: none"> • Promotion of Exeter for inward investment and business relocations, based around attracting knowledge economy related businesses and institutions 	<ul style="list-style-type: none"> • Develop propositions for each of the knowledge economy sectors to attract new investment through UK Trade & Investment (UKTI) and the Local Enterprise Partnership
<ul style="list-style-type: none"> • Work with businesses and institutions within the knowledge economy sector in Exeter to develop local supply chains and their customer base 	<ul style="list-style-type: none"> • Work with suppliers and providers of super fast broadband to ensure comprehensive roll out across Exeter, including all business parks current and planned
<ul style="list-style-type: none"> • Work with the Exeter & the Heart of Devon Employment & Skills Board to up-skill the residents of Exeter to ensure a ready supply of local labour 	<ul style="list-style-type: none"> • Develop business support activities and initiatives to assist in establishing new knowledge businesses within Exeter
<ul style="list-style-type: none"> • Timetable future developments so that these can be maximised for regional, national and international PR opportunities 	<ul style="list-style-type: none"> • Map and develop commercial opportunities within knowledge economy institutions based within Exeter

11.0 How does the decision contribute to the Council's Corporate Plan?

11.1 The following actions from the Council's Corporate Plan are key to the delivery of the Economic Development Strategy and form part of the annual work programme and service improvement plan for the Economy Unit:

Help me run a successful business

- 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, 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

Provide great things for me to do

- 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 & Drink in Northernhay Gardens
- Work with the Exeter Cultural Partnership to prepare a Cultural Strategy to develop the breath and quality of activity in the city

Help me get back to financial independence

- Continue to work with Exeter & the Heart of Devon Employment & Skills Board to promote investment in training provision for employers and progress projects which support local people to take advantage of job opportunities
- Work with local partners to explore how we can join up services to help residents to find or get back into employment

12.0 What risks are there and how can they be reduced?

12.1 The strategy necessarily relates to the true Exeter economy which goes beyond its administrative boundaries. Many of the actions are required to be implemented in collaboration with the business community, working together with key stakeholders and regulatory authorities and agencies to ensure effective delivery and development of a knowledge based economy for Exeter. The relevance and approach of the strategy has been carefully developed and consulted upon with the aim of improving the likelihood of success. Risks remain in the ability and capacity of important contributory organisations to give sufficient time and resource. The successful model to date using the Exeter and Heart of Devon Growth Board as the focus and driving force behind the implementation of the strategy will be the main route to support successful implementation

13.0 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

13.1 Implementation of the Strategy will have a positive impact on residents and the business community of Exeter and the Heart of Devon, in terms of developing training and high worth employment opportunities related to the development of the knowledge economy, improvements to the quality of life in Exeter and providing a variety of business support opportunities for new and existing businesses in Exeter.

13.2 Work through the Exeter & the Heart of Devon Employment & Skills Board and JobCentre Plus will address skills and qualifications of young people in providing opportunities through training, employment and apprenticeships.

13.3 A number of key areas of work will be monitored on a monthly, quarterly and or annual basis to determine the success of the implementation of the Economic Development Strategy and how Exeter is performing in terms of attracting new business and investment to the city. The

Economy Unit will monitor a wide range of KPI's on the economy; including, but not limited to:

Number of investment enquiries through the Exeter Commercial Property Register	Number of businesses assisted, set up and jobs created through Exeter Business Support
Number of jobs safeguarded and created, and conversions from the above enquiries	Number and type of residents claiming JobSeeker allowance
Number of new companies established within the Exeter area, linked to the knowledge economy sectors	Number of new jobs created within the Exeter area, linked to the knowledge economy sectors identified
Number of vacant sites & premises listed on the Exeter Commercial Property Register	Average salary for a resident of Exeter, and workplace
Qualification levels of residents of Exeter	Employment by occupation and earnings of residents of Exeter
Exeter Chamber of Commerce & Trade 'How's Business' survey	Number of job vacancies listed on Universal JobMatch website
Number of Park & Ride and Exeter City Council car park tickets sold	Number of hits, page views and average time spent on: www.exeter.gov.uk/business www.investinexeter.co.uk www.heartofdevon.com
Number of visitors to RAMM, St Nicholas Priory, Underground Passages, Information Centre, Quay House Visitor Centre and Red Coat Guided Tour	City centre footfall figures (Princesshay & Guildhall shopping centres) at least but with wider measurements being explored

14.0 Are there any other options?

14.1 Adoption of the knowledge economy strategy has been the subject of previous committee reports, as the way forward for the city.

Victoria Hatfield, Economy & Tourism Manager

Richard Ball, Assistant Director

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

Background papers used in compiling this report:-

Scrutiny Committee – Economy

7 March 2013

5 September 2013

14 November 2013

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

APPENDIX 1

A city centre strategy for Exeter 2013 – 2022: Building on a decade of change – delivering a competitive and attractive city centre August 2013

Aim 1 – a sustainable, resilient and competitive city centre

Aim 2 – a vibrant centre which offers attractions for all

Aim 3 – a welcoming and safe evening and night time environment

Aim 4 – A better first impression

Aim 5 – A clean, well maintained and safe environment

Exeter Cultural Action Plan November 2014: Engaging, empowering, energising culture in Exeter

Vision:

The cultural city of choice – that is distinctive and recognisable, where culture is recognised as essential for quality of life.

Strategic Aim:

To develop Exeter as a culturally vibrant city

Goals:

- To develop a vibrant cultural economy – Exeter as a cultural destination
- To develop cultural opportunities and experiences
- To enable wide and diverse engagement with the cultural sector
- To build a stronger, more confident cultural sector

Exeter Visitor Strategy 2012 – 2016

Aim:

Further develop the visitor economy in order to create and safe-guard employment, through the promotion and development of existing and new visitor facilities, including the Royal Albert Memorial Museum focusing on the strengths of Exeter as a regional cultural centre. The intention is to increase employment and visitor expenditure by a minimum of 5% within the lifetime of the strategy.

Priority 1 - Encourage and support market led investment in the visitor economy in Exeter; encompassing retail, food & drink, the arts, visitor attractions, accommodation and transport

Priority 2 - Develop the visitor experience within Exeter to make the most of existing assets, individually and jointly and so that the sector provides year round jobs and contributes to a vibrant economy

Priority 3 - Raise skill levels of the existing visitor workforce and prepare those with the potential for entering employment in the sector

Priority 4 - Develop more effective and targeted visitor marketing of Exeter locally, regionally, nationally and internationally

Priority 5 - Build on work already undertaken to further develop the Heart of Devon Tourism Partnership, to secure additional funding, implement additional marketing of the area and broaden its business development activities

REPORT TO: SCRUTINY COMMITTEE RESOURCES, EXECUTIVE, COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Report to: Executive - 15 July 2014
Council - 29 July 2014
Report of: Assistant Director Finance
Title: Capital Monitoring 2013/14 and Revised Capital Programme for 2014/15 and Future Years

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise members of the overall financial performance of the Council for the 2013/14 financial year, in respect of the annual capital programme.

To seek approval of the 2014/15 revised capital programme, including commitments carried forward from 2013/14.

2. Recommendations:

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

(i) **The overall financial position for the 2013/14 annual capital programme.**

(ii) **The amendments and further funding request to the Council's annual capital programme for 2014/15.**

3. Reasons for the recommendation:

Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.

Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.

In order to manage the risks associated with capital programming the annual capital programme is updated every three months to reflect any cost variations, slippage or acceleration of projects.

4. What are the resource implications including non financial resources

The financial resources required are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of the Capital Programme as at 31 March 2014 ahead of inclusion in the Council's annual Statement of Accounts.

6. What are the legal aspects?

The capital expenditure system is set out in the Local Government and Housing Act 1989.

7. Monitoring Officer's comments:

The Monitoring Officer has no issues to raise on the content of this report.

8. Report Details:

CAPITAL MONITORING STATEMENT TO 31 MARCH 2014

8.1 Revisions to the Capital Programme

The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee - Resources on 19 March 2014. From that report schemes totalling £1.610 million within the 2013/14 capital programme have now been deferred and are included within the 2014/15 budgets.

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 19 March 2014	16,264,960	
Budget Deferred to 2014/15 & Beyond at Quarter 3	(1,610,440)	Approved by Executive 1 April 2014
Overspends/(Underspends) reported at Quarter 3	(141,190)	
Storage of Archives	65,000	S106 funding
Paris Street Roundabout	25,760	S106 funding
Wessex Home Improvement Loans	28,500	Repayment of loans
National Cycle Network	25,350	Contribution from Devon County Council
Sports Facilities Refurbishments	9,950	Contribution from Parkwood towards the underlay at Isca bowls
Northbrook Watercourse	11,000	Contribution from Devon County Council
Disabled Facilities Grants	12,730	Contributions from Housing Associations
HRA Acquisition of Social Housing	136,150	Delegated powers 9 December 2013
Other	650	
Revised Capital Programme	14,828,420	

8.2 Performance

Capital expenditure in the year amounted to £11,829,575, a reduction of £2,998,845 on the planned figure of £14,828,420.

The actual expenditure during 2013/14 represents 79.8% of the total approved for the revised Capital Programme, which means £2.5 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.

Appendix 2 shows the overall position for those schemes which span more than one financial year.

8.3 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.

During the financial year, the cost of the Council's IT developers, engineers and surveyors have been treated as capital expenditure, based upon timesheet information.

Several large capital schemes have required a high commitment in staff time, including the:

- Installation of Photo Voltaic panels and other energy saving projects
- Continuation of the replacement of J Based legacy systems
- Delivery of the kitchen and bathroom replacement programmes and re-roofing of Council dwellings

The total value of staff time charged to capital schemes for 2013/14 amounted to £194,100.

8.4 Capital Financing

The capital expenditure in 2013/14 of £11,829,575 was financed as follows:

	General Fund £	HRA £	Total £
Housing Revenue Account (Revenue)		5,607,605	5,607,605
HRA Major Repairs Reserve		809,353	809,353
Capital Grants & Contributions	807,037	213,971	1,021,008
Capital Receipts	1,304,182	821,651	2,125,833
Revenue (New Homes Bonus etc)	366,344		366,344
Borrowing	1,899,432		1,899,432

4,376,995	7,452,580	11,829,575
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The available capital resources for the General Fund for 2013/14 are £2.478 million. Total General Fund capital expenditure is £4.377 million of which £1.899 million will be funded from borrowing. The available capital resources for the HRA for 2013/14 are £13.294 million. Total HRA capital expenditure is £7.453 million leaving £5.841 million to be carried forward into 2014/15. Appendix 3 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next three years.

The value of actual capital receipts received in the last quarter in respect of the General Fund and the HRA are:

	General Fund £	HRA £
Balance as at 31 December 2013	1,370,231	2,494,460
New Receipts	39,998	473,561
Less HRA Pooling		(88,499)
Balance as at 31 March 2014	1,410,229	2,879,522

8.5 Expenditure Variances

The main variances and issues concerning expenditure that have arisen since 31 December are as follows:

Scheme	Estimated Overspend / (Underspend) £	Reason
Re-pointing	(17,599)	From 2014-15 these works have been re-classified as revenue expenditure in

		accordance with proper accounting practice. The unspent balance will therefore not be carried forward in the capital programme.
Communal Areas	(36,705)	Further significant spend of this budget is pending the outcomes of a prioritisation process for the next phase of improvements to communal areas including the provision of new flooring, doors and glazing. The budget for 2014-15 is considered sufficient for the next phase of works.
Electrical Re-wiring	(113,002)	A worst case scenario was adopted for the cost of electrical re-wires, whereby it was considered that a high proportion of electrical tests would identify a full property re-wire in accordance with health and safety regulations. However, a saving has occurred due to a lower number of necessary re-wires.
Central Heating Programme	(61,074)	A saving has occurred following a lower than anticipated number of system replacements as recommended through the routine inspection regime.
Boiler Replacement Programme	(60,729)	A saving has occurred following a lower than anticipated number of boiler breakdowns during the Winter months.

8.6 Schemes to be Deferred to 2014/15 and Beyond

Schemes which have been identified since 31 December as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13/14 Budget £	Budget to be Deferred £	Reason
Play Area Refurbishments	353,410	131,210	Schemes at Bull Meadow, Crossmead and Cowick Barton will now be undertaken in 2014/15
Refurbishment and Upgrade of Paddling Pools	149,720	27,460	Most of the work was completed in 2013/14 with the remainder being carried out in early 2014/15
Warm Up Exeter	168,530	163,650	This will provide grants to householders for solid wall insulation. The tendering process has now been completed and the new scheme will be launched in June.
Private Sector Renewal Scheme	224,480	159,080	Fewer properties have been taken on to the scheme in 13/14 than in previous years. The scheme is to be reviewed to

			consider options that increase supply, reduce scheme management costs and to offer smaller amounts of repayable grants so it could cover more properties
Temporary Accommodation Purchase	300,000	300,000	The need for temporary accommodation is being reviewed as part of the work around the "community hub" and following the outcome of care contracts awarded by DCC. Until this has been completed it is unlikely that this budget will be used.
Grant to the Red House Hotel	165,000	85,000	The final instalment of this grant is scheduled to be paid in July.
Canal Basin and Quayside	158,650	79,840	A new boat trailer has been ordered to improve the operation of winter boat storage
Exhibition Way Bridge Maintenance	45,000	39,980	Progress has been delayed while access agreements are negotiated with Network Rail
Replacement of Car Park Pay & Display Machines	230,000	47,770	This project was delayed by the bad weather in January and March
Replace Running Track at Exeter Arena	375,000	368,000	Work was started in late March and is expected to complete in late July
RAMM Development	125,570	105,400	Some payments will not be required until 2014/15
Storage of Archives	65,000	64,230	It is expected that this work will be completed by the Autumn
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	62,430	ECC have been advised that the foundations would have to be much more substantial than envisaged and that additional ground investigations were needed to determine this: this work was recently completed. We are currently awaiting the agreement of the designer and manufacturer.
Heavitree Environmental Improvements	22,880	22,880	No land owners have agreed to have trees planted on their land
Energy Saving Projects	285,380	180,170	The installation of two Photo-Voltaic projects has been delayed: <ul style="list-style-type: none"> RAMM – proceeding well but taking time as Planning/Listed Building Consent has had to be sought

			<ul style="list-style-type: none"> Phoenix – delayed due to discussions regarding leasehold and PV ownership
COB Wave 2 – Newport Road	185,350	95,990	It was previously reported that works on site were hoped to commence in January 2014. However, following the tendering process it was necessary to undertake a value engineering exercise to realign costs with approved budgets and this has resulted in a minor delay.
COB Wave 2 – Whipton Methodist Church	222,670	64,800	
COB Wave 2 – Bennett Square	163,280	73,030	
St Loyes Design Fees	10,340	45,000	Design works to progress the Extra care scheme are pending the appointment of a project manager and other key consultants.

8.7 Achievements

The following schemes have been completed during the final quarter of 2013/14:

- ### Play Area Refurbishments

The project at Beacon Avenue (Chaucer Grove) has been completed. Children can enjoy a new basket swing; an exciting climbing and multi-play structure and a unique 'climbing tarantula' which consists of a trampoline within a series of climbing ropes. Cradle seat swings, a play house and some springy animals have also been provided for younger children.

Work has also been completed at Sylvan Heights. Two separate mini play spaces have been provided and each aims to target children of slightly different ages. A new basket swing, an exciting rope climbing structure and a naturalistic balancing trail through the trees have been provided for children aged six to 12 years, whilst a set of cradle swings, a spinning disc roundabout, a spring see-saw, a mini climbing net and a play train have been provided for the under 5s.

- ### Canal Basin & Quayside

A new boardwalk has been constructed around 60 Haven Road, improving accessibility around the basin.

- ### Canal Bank Repairs and Strengthening

This work averted the real potential of serious and widespread flooding and property damage. That the council released the money prematurely saved a large area of Exminster Marshes.

- ### Topsham Rugby Club Improvements

New changing facilities make the premises suitable for female players and children. The Council is helping the club to access further external funding to take full advantage of the legacy from the Rugby World Cup.

- **Bury Meadow Landscaping**
The new park gates were installed in 2013. The park was entered in the RHS “It’s Your Neighbourhood” scheme, and helped the combined St Davids entry to secure a Silver Pennant award. The interpretation panel has since been installed to complete the project.
- **Exeter Community Garden**
Now known as the Mulberry Garden, it was entered in the RHS “It’s Your Neighbourhood” scheme, and helped the combined St Davids entry to secure a Silver Pennant award.
- **Verney House Window Replacement**
The window replacement project has been completed which will improve the energy performance of the building.
- **Communal Door Entry System**
Seven new systems have been installed to replace defective systems
- **Energy Conservation**
39 Photo Voltaic panel systems have been fitted to new roofs

8.8 Capital Programme 2014/15 (Appendix 4)

The revised Capital Programme for 2014/15, after taking into account the carried forward requirements from 2013/14 as well as additional approvals and other changes, now totals £24,180,130.

In addition to adding the carry forwards from 2013/14, the 2014/15 approved budget has also been increased for the following changes:

Description	£	Approval/Funding
Approved Budget	21,515,800	
2013/14 Budget Deferred to 2014/15 & Beyond at Quarter 4	2,505,850	
Disabled Facility Grants	15,180	Additional grant funding
New grants funded from the New Homes Bonus	135,800	Approved by Executive 18 March 2014
Upgrade to Capita system	7,500	Revenue contribution to capital outlay
Revised Programme 2014/15	24,180,130	

9.0 Further Funding Request

9.1 New Fire Walls (£19,000)

The councils current firewalls have reached end of life and are no longer eligible for software upgrades, revisions and patches. As part of the councils ongoing commitment to data security these now need to be replaced, we also have to strengthen our security to adhere to the new PSN guidelines. Part of this will require the council to implement a dual firewall walled garden architecture, something we cannot achieve with our current equipment.

10. How does the decision contribute to the Council's Corporate Plan?

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

13. Are there any other options?

No

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries: Democratic Services (Committees), Room 2.3, (01392) 265115

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2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
COMMUNITY & ENVIRONMENT				
KEEP PLACE LOOKING GOOD				
Play Area Refurbishments	353,410	222,199	131,210	(1)
Replacement of Flowerpot Skate Park	232,530	244,170	(11,640)	0
Refurbishment and Upgrade of Paddling Pools	149,720	122,264	27,460	4
Parks Improvements	25,170	13,442	11,730	2
Neighbourhood Parks & Local Open Spaces	16,840	8,820	8,020	0
Improvements to Cemetery Roads & Pathways	4,000	4,000		0
Public Toilet Refurbishment	990	0		(990)
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY				
Vehicle Replacement Programme	430,960	428,694		(2,266)
HELP ME FIND SOMEWHERE TO LIVE				
Disabled Facility Grants	351,920	328,002	23,920	2
Warm Up Exeter/PLEA Scheme	168,530	4,882	163,650	2
Renovation Grants	5,530	5,527		(3)
Wessex Loan Scheme	376,340	360,729	15,610	(1)
Glencoe Capital Works	4,960	1,066	3,890	(4)
Private Sector Renewal Scheme	224,480	65,403	159,080	3
The Haven	162,060	186,017	(23,960)	(3)
Temporary Accommodation Purchase	300,000	0	300,000	0
Grant to the Red House Hotel	165,000	80,000	85,000	0
Grant to St Petrocks	10,050	10,050		0
WELL RUN COUNCIL				
Local Authority Carbon Management Programme	9,200	9,203		3
Council Buildings - Solar Panels	68,750	68,760		10
COMMUNITY & ENVIRONMENT TOTAL	3,060,440	2,163,228	893,970	(3,242)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
ECONOMY & DEVELOPMENT				
KEEP PLACE LOOKING GOOD				
Canal Basin and Quayside	158,650	78,805	79,840	(4)
Exhibition Way Bridge Maintenance	45,000	5,015	39,980	(5)
John Lewis Car Park Refurbishment	2,330	200	2,130	0
King William Street Car Park (formerly Leighton Terrace Car Park) Resi	96,000	90,328		(5,672)
Replacement of Car Park Pay & Display Machines	230,000	182,229	47,770	(1)
Canal Bank Repairs & Strengthening	40,000	29,121	10,880	1
Topsham Lock Leak	33,990	33,989		(1)
Northbrook Flood Alleviation	11,130	13,000	(1,870)	0
National Cycle Network	102,670	99,472	3,200	2
Security Measures for Riverside Valley Park	1,900	1,780		(120)
PROVIDE GREAT THINGS FOR ME TO SEE & DO				
Replace Running Track at Exeter Arena	375,000	7,000	368,000	0
Sports Facilities Refurbishment	54,950	27,494	27,460	4
RAMM Development	125,570	10,095	105,400	(10,075)
RAMM Off Site Store	6,860	6,859		(1)
Storage of Archives	65,000	772	64,230	2
DELIVER GOOD DEVELOPMENT				
Newcourt Community Hall (S106)	20,000	5,664	14,340	5
Newtown Community Centre	11,580	11,584		4
Topsham Rugby Club Improvements	50,000	50,000	0	0
Exeter Community Centre Garden	340	336		(4)
Newcourt Community Association Centre	34,880	1,506	33,370	(4)
Exe Water Sports Association (Grant Towards Build)	10,000	37,758	(27,760)	(2)
Exwick Ark (Grant Towards Conversion)	50,000	50,000	0	0
Devonshire Place (Landscaping)	5,000	0	5,000	0
Bury Meadow (Landscaping)	11,940	11,943		3
Ride On (Set Up Workshop/Bike Hire)	5,000	5,000	0	0
Exeter Community Centre Garden - Phase 2	16,990	16,990	0	0
St James Forum (Queens Crescent Garden)	2,500	1,900	600	0
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)	5,000	5,000	0	0
Citizens Advice Bureau (Building Improvements)	2,500	0	2,500	0

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
Cowick Street Environmental Works	167,440	167,436		(4)
City Centre Enhancements	35,150	12,931	22,220	2
Well Oak Footpath/Cycleway	61,370	60,627	740	(3)
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	7,067	62,430	(3)
Heavitree Environmental Improvements	22,880	0	22,880	0
Central Station Environmental Works	185,000	185,000	0	0
Works at Central Library		20,000	(20,000)	0
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park	559,570	559,568		(2)
WELL RUN COUNCIL				
Verney House Window Replacement	60,000	44,959		(15,041)
137 Cowick Street	2,850	2,851		1
ECONOMY & DEVELOPMENT TOTAL	2,738,540	1,844,280	863,340	(30,921)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
RESOURCES				
WELL RUN COUNCIL				
Server and Storage Strategy	32,000	15,066		(16,934)
Security Compliance for GCSx & PCI DSS Authentication Module	21,110	8,918	12,190	(2)
PC & Mobile Devices Replacement Programme	10,130	3,077		(7,053)
Corporate Network Infrastructure	10,910	11,048		138
Mobile Iron Software	22,000	12,505	9,490	(5)
PARIS Income Management System Upgrade	25,000	24,545		(455)
Upgrade of E-FIMS to v4.1	25,000	20,911	4,090	1
eTendering System	5,300	0	5,300	0
Invest to Save Opportunities	15,000	0	15,000	0
Energy Saving Projects	22,000	21,916		(84)
Capitalised Staff Costs	285,380	105,208	180,170	(2)
	261,000	146,293		(114,707)
RESOURCES TOTAL	734,830	369,487	226,240	(139,103)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
HRA CAPITAL				
MAINTAIN OUR PROPERTY ASSETS				
Adaptations	630,000	619,136		(10,864)
Rendering of Council Dwellings	275,670	241,289	18,500	(15,881)
MRA Fees	389,030	385,128		(3,902)
Communal Door Entry System	10,000	10,144		144
Environmental Improvements - General	41,000	43,587		2,587
Programmed Re-roofing	300,000	284,688	15,310	(2)
Energy Conservation	120,960	120,558	400	(2)
Smoke Detector Replacements	0	1,772	(1,770)	2
LAINGS Refurbishments	290,280	263,425	26,850	(5)
Kitchen Replacement Programme	2,297,830	2,263,121	34,710	1
Bathroom Replacement Programme	867,990	863,139	4,850	(1)
Other Works	61,670	84,554	(22,880)	4
Repointing	50,000	32,401		(17,599)
Fire Precautionary Works to Flats	282,330	275,243	7,090	3
Communal Areas	86,530	23,185	26,640	(36,705)
Structural Repairs	27,380	12,993	14,390	3
Fire Alarms at Sheltered Accommodation	127,820	112,522	15,300	2
Replacement Concrete Canopies	48,690	45,979		(2,711)
Flood Prevention Works	10,000	0	10,000	0
Rennes House Structural Works	10,000	24,163	(14,160)	3
Electrical Re-wiring	560,000	422,368	24,630	(113,002)
Central Heating Programme	413,150	317,889	34,190	(61,071)
Boiler Replacement Programme	370,000	262,391	46,880	(60,729)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
<i>HELP ME FIND SOMEWHERE TO LIVE</i>				
Acquisition of Social Housing	347,640	347,637		(3)
St Loyes Design Fees	45,000	0	45,000	0
COB Wave 2 - Rennes Car Park	50,000	56,650	(6,650)	0
COB Wave 2 - Newport Road	185,350	89,359	95,990	(1)
COB Wave 2 - Brookway (Whipton Methodist Church)	222,670	157,874	64,800	4
COB Wave 2 - Bennett Square	163,280	90,248	73,030	(2)
Phase 3 Professional Fees	10,340	1,135	9,200	(5)
HRA TOTAL	8,294,610	7,452,580	522,300	(319,730)
TOTAL CAPITAL BUDGET	14,828,420	11,829,575	2,505,850	(492,995)

2013/14
CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

	Total Capital Budget to end of 2013/14	Total Spend to 31 March 2014	2013/14 Budget to be Carried Forward to 2014/15	2013/14 Programme Variances Under ()
	£	£	£	£
COMMUNITY & ENVIRONMENT				
KEEP PLACE LOOKING GOOD				
Replacement of Flowerpot Skate Park	248,410	260,047	(11,640)	(3)
Refurbishment and Upgrade of Paddling Pools	214,550	187,094	27,460	4
HELP ME FIND SOMEWHERE TO LIVE				
Glencoe Capital Works	20,000	16,103	3,890	(7)
WELL RUN COUNCIL				
Council Buildings - Solar Panels	216,910	216,922	0	12
COMMUNITY & ENVIRONMENT TOTAL	699,870	680,166	19,710	6
ECONOMY & DEVELOPMENT				
KEEP PLACE LOOKING GOOD				
Canal Basin and Quayside	1,870,710	1,790,865	79,840	(4)
DELIVER GOOD DEVELOPMENT				
Newtown Community Centre	20,000	20,000	0	(0)
Exeter Community Centre Garden	50,000	50,000	0	(0)
Cowick Street Environmental Works	221,320	221,313	0	(7)
Well Oak Footpath/Cycleway	87,360	86,617	740	(3)
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park	727,120	727,115	0	(5)
WELL RUN COUNCIL				
137 Cowick Street	153,090	153,086	0	(4)
ECONOMY & DEVELOPMENT TOTAL	3,129,600	3,048,996	80,580	(24)
HRA CAPITAL				
HELP ME FIND SOMEWHERE TO LIVE				
COB Wave 2 - Newport Road	191,580	95,588	95,990	(2)
COB Wave 2 - Brookway (Whipton Methodist Church)	223,070	158,274	64,800	4
COB Wave 2 - Bennett Square	164,030	90,998	73,030	(2)
St Loyes Design Fees	277,830	232,844	45,000	14
Phase 2 St Andrews Road	9,570	9,574	0	4
HRA TOTAL	866,080	587,278	278,820	18
CAPITAL AND PROJECT BUDGET TOTAL	4,695,550	4,316,440	379,110	(0)

APPENDIX 3

GENERAL FUND	2013-14 £	2014-15 £	2015-16 £	2016-17 £	Future Years £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	0					0
GF Capital Receipts	800,048	460,000				1,260,048
GF Capital Receipts from the Canal Basin Redevelopment	410,231					410,231
Revenue Contributions to Capital Outlay	75,540					75,540
Disabled Facility Grant	294,717	305,183	290,000	290,000	290,000	1,469,900
Regional Housing Capital Grant	45,824	315,587				361,411
New Homes Bonus	290,804	370,670	120,000			781,474
Other - Grants/External Funding/Reserves/S106	560,399	126,993				687,392
Total Resources Available	2,477,563	1,578,433	410,000	290,000	290,000	5,045,996
GENERAL FUND CAPITAL PROGRAMME						
Capital Programme	6,533,810	7,844,470	3,391,760	1,866,430	489,290	20,125,760
Overspends/(Savings)	(173,265)					(173,265)
Slippage	(1,983,550)	1,983,550				0
Total General Fund	4,376,995	9,828,020	3,391,760	1,866,430	489,290	19,952,495

ESTIMATED SPEND IN YEAR	4,376,995	6,879,614	5,322,638	2,324,029	1,049,219	19,952,496
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UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	2,477,563	1,578,433	410,000	290,000	290,000	5,045,996
Less Estimated Spend in Year	(4,376,995)	(6,879,614)	(5,322,638)	(2,324,029)	(1,049,219)	(19,952,496)
Borrowing Requirement	1,899,432	5,301,181	4,912,638	2,034,029	759,219	14,906,500
Uncommitted Capital Receipts	0	0	0	0	0	0

APPENDIX 3

HOUSING REVENUE ACCOUNT	2013-14 £	2014-15 £	2015-16 £	2016-17 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward					1,263,927
Major Repairs Reserve Brought Forward					2,269,804
Other HRA Sales	97,171	176,000	0	0	273,171
RTB sales	1,518,426	750,000	500,000	350,000	3,118,426
Major Repairs Reserve	2,323,273	2,356,390	2,356,390	2,356,390	9,392,443
Revenue Contributions to Capital	5,607,605	6,438,286	4,829,774	7,852,550	24,728,215
External contributions from utility company	213,971	0	0	0	213,971
HCA funding	0	0	0	700,000	700,000
Commuted sums	0	300,000	1,490,225	2,009,775	3,800,000
Total Resources available	9,760,446	10,020,676	9,176,389	13,268,715	45,759,957
CAPITAL PROGRAMME					
HRA Capital Programme	7,452,580	10,335,364	7,477,274	8,357,732	33,622,950
St Loyes Extracare Scheme		373,058	1,490,225	4,129,592	5,992,875
Overspends / (Savings)					0
Slippage - September		1,659,617			1,659,617
Slippage - December		1,303,769			1,303,769
Slippage - March		477,216			477,216
Total Housing Revenue Account	7,452,580	14,149,024	8,967,499	12,487,324	43,056,427
UNCOMMITTED CAPITAL RESOURCES:					
Usable Receipts Brought Forward	1,263,927	2,057,869	1,050,665	1,050,665	1,263,927
Major Repairs Reserve Brought Forward	2,269,804	3,783,728	662,584	871,474	2,269,804
Resources in Year	9,760,446	10,020,676	9,176,389	13,268,715	42,226,226
Less Estimated Spend	(7,452,580)	(14,149,024)	(8,967,499)	(12,487,324)	(43,056,427)
Uncommitted Capital Resources	5,841,597	1,713,249	1,922,139	2,703,530	2,703,530
WORKING BALANCE RESOURCES:					
Balance Brought Forward	6,290,296	5,963,219	4,853,583	5,727,067	6,290,296
HRA Balance Transfer - Surplus/(Deficit)	(327,077)	(1,109,636)	873,484	(1,849,451)	(2,412,680)
Balance Carried Forward	5,963,219	4,853,583	5,727,067	3,877,616	3,877,616
Balance Resolved to be Retained	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	2,963,219	1,853,583	2,727,067	877,616	877,616
TOTAL AVAILABLE CAPITAL RESOURCES	8,804,816	3,566,832	4,649,206	3,581,146	3,581,146

Notes; further £1,207,125 required from HRA in 2017/18 re St Loyes, excludes £280k re 7 Hill Lane, demands identified from stock condition surveys, increased budget for wider Rennes House site development, requirements for resolving damp ingress, COB Wave 3 etc

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
COMMUNITY & ENVIRONMENT				
KEEP PLACE LOOKING GOOD				
Play Area Refurbishments	131,210	43,820		175,030
Replacement of Flowerpot Skate Park	(11,640)	12,000		360
Flowerpot Skate Park Lighting		35,000		35,000
Heavitree Pleasure Ground Tennis Courts		40,000		40,000
Topsham Recreation Ground Refurbishment and Upgrade of Paddling Pools	27,460			27,460
Parks Improvements	11,730			11,730
Neighbourhood Parks & Local Open Spaces	8,020			8,020
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY				
Vehicle Replacement Programme		426,000		426,000
HELP ME FIND SOMEWHERE TO LIVE				
Disabled Facility Grants	23,920	320,000	15,180	359,100
Warm Up Exeter/PLEA Scheme	163,650			163,650
Wessex Loan Scheme	15,610			15,610
Glencoe Capital Works	3,890			3,890
Private Sector Renewal Scheme	159,080			159,080
WHIL Empty Properties		194,000		194,000
The Haven	(23,960)	87,940		63,980
Temporary Accommodation Purchase	300,000			300,000
Grant to the Red House Hotel	85,000			85,000
COMMUNITY & ENVIRONMENT TOTAL	893,970	1,158,760	15,180	2,067,910

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
ECONOMY & DEVELOPMENT				
KEEP PLACE LOOKING GOOD				
Canal Basin and Quayside	79,840			79,840
Exhibition Way Bridge Maintenance	39,980			39,980
John Lewis Car Park Refurbishment	2,130			2,130
Replacement of Car Park Pay & Display Machines	47,770			47,770
Canal Bank Repairs & Strengthening	10,880			10,880
Northbrook Flood Alleviation Scheme	(1,870)	200,000		198,130
Major Flood Prevention Works		3,000,000		3,000,000
National Cycle Network	3,200			3,200
Repair to Turf Lock Gates		150,000		150,000
PROVIDE GREAT THINGS FOR ME TO SEE & DO				
Replace Running Track at Exeter Arena	368,000	375,000		743,000
Sports Facilities Refurbishment	27,460	56,430		83,890
RAMM Development	105,400	278,600		384,000
Storage of Archives	64,230			64,230
Livestock Market Electrical Distribution Boards		55,000		55,000
Wonford Community Centre Boiler		14,250		14,250

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
DELIVER GOOD DEVELOPMENT				
Newcourt Community Hall (S106)	14,340	14,900		29,240
Newtown Community Centre		34,870		34,870
Newcourt Community Association Centre	33,370			33,370
Exe Water Sports Association (Grant Towards Build)	(27,760)	40,000		12,240
Devonshire Place (Landscaping)	5,000	20,000		25,000
Alphington Village Hall (Repairs & Extension)		50,000		50,000
St Thomas Social Club (New Roof)		25,000		25,000
St James Forum (Queens Crescent Garden)	600	7,500		8,100
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)		10,000		10,000
Citizens Advice Bureau (Building Improvements)	2,500	7,500		10,000
St Sidwells Community Centre		40,000		40,000
Newtown Community Centre			50,000	50,000
Wear United			50,000	50,000
Alphington Church			16,000	16,000
Exeter City Football in the Community			19,800	19,800
City Centre Enhancements	22,220			22,220
Well Oak Footpath/Cycleway	740			740
Paris Street Roundabout Landscaping & Sculptural Swift Tower	62,430			62,430
Heavitree Environmental Improvements	22,880			22,880
Ibstock Environmental Improvements		3,240		3,240
Works at Central Library	(20,000)	20,000		
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park Loan		1,000,000		1,000,000
ECONOMY & DEVELOPMENT TOTAL	863,340	5,402,290	135,800	6,401,430

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
RESOURCES				
WELL RUN COUNCIL				
Security Compliance for GCSx & PCI DSS	12,190			12,190
PC & Mobile Devices Replacement Programme			65,000	65,000
Corporate Network Infrastructure	9,490			9,490
Windows 7 Upgrade		65,000	(65,000)	
Capita Upgrade			7,500	7,500
PARIS Income Management System Upgrade	4,090			4,090
Upgrade of E-FIMS to v4.1	5,300			5,300
eTendering System	15,000			15,000
Invest to Save Opportunities		100,000		100,000
Energy Saving Projects	180,170	1,210,000		1,390,170
Capitalised Staff Costs		261,000		261,000
RESOURCES TOTAL	226,240	1,636,000	7,500	1,869,740

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
HRA CAPITAL				
MAINTAIN OUR PROPERTY ASSETS				
Adaptations		630,000		630,000
Rendering of Council Dwellings	18,500	305,000		323,500
MRA Fees		35,280		35,280
Communal Door Entry System		10,000		10,000
Environmental Improvements - General		30,000		30,000
Programmed Re-roofing	15,310	50,000		65,310
Energy Conservation	400	70,000		70,400
Smoke Detector Replacements	(1,770)	430,000		428,230
LAINGS Refurbishments	26,850	270,000		296,850
Kitchen Replacement Programme	34,710	2,614,000		2,648,710
Bathroom Replacement Programme	4,850	1,160,000		1,164,850
Other Works	(22,880)	75,000	(7,500)	44,620
Fire Precautionary Works to Flats	7,090	270,000		277,090
Communal Areas	26,640	165,000		191,640
Structural Repairs	14,390	265,000		279,390
Fire Alarms at Sheltered Accommodation	15,300			15,300
Flood Prevention Works	10,000	10,000		20,000
Property Entrance Improvements		20,000		20,000
Rennes House Structural Works	(14,160)	450,000		435,840
Automatic Doors - Faraday House		15,000		15,000
Bridespring/Mincinglake Road Works		36,000		36,000
Common Area Footpaths/Wall Improvements		150,000		150,000
Higher Barley Mount Improvements		34,000		34,000
Lift Replacement - 98 Sidwell Street		50,000		50,000
Replacement of Lead Water Mains		25,000		25,000
Communal Garden Retaining Walls		55,000		55,000
Soil Vent Pipe Replacement		20,000		20,000
Electrical Central Heating		35,000		35,000
Capita Upgrade			7,500	7,500

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
Electrical Re-wiring	24,630	875,000		899,630
Central Heating Programme	34,190	320,000		354,190
Boiler Replacement Programme	46,880	503,750		550,630
<i>HELP ME FIND SOMEWHERE TO LIVE</i>				
Acquisition of Social Housing		904,580		904,580
St Loyes Design Fees	45,000	20,000		65,000
COB Wave 2 - Rennes Car Park	(6,650)	155,080		148,430
COB Wave 2 - Newport Road	95,990	927,570		1,023,560
COB Wave 2 - Brookway (Whipton Methodist Church)	64,800	1,084,790		1,149,590
COB Wave 2 - Bennett Square	73,030	938,470		1,011,500
Phase 3 Professional Fees	9,200			9,200
Phase 3 St Andrews Road		10,230		10,230
COB Land Purchase		300,000		300,000
HRA TOTAL	522,300	13,318,750		13,841,050
TOTAL CAPITAL BUDGET	2,505,850	21,515,800	158,480	24,180,130

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REPORT TO: SCRUTINY COMMITTEE- RESOURCES, EXECUTIVE AND COUNCIL

Date of Meeting: Scrutiny Committee Resources - 2 July 2014

Executive - 15 July 2014

Council - 29 July 2014

Report of: Assistant Director Finance

Title: Overview of Revenue Budget 2013/14

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To advise Members of the overall financial position of the HRA & General Fund Revenue Budgets for the 2013/14 financial year and to seek approval for the General Fund working balance, HRA working balance, a number of supplementary budgets and the creation of new earmarked reserves.

2. Recommendations:

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

2.1 That the net transfer of £3,419,871 to Earmarked Reserves as detailed in paragraph 8.3.6 is approved.

2.2 That supplementary budgets of £267,310 be approved as detailed in paragraph 8.3.8

2.3 That Earmarked Reserves at 31 March 2014 be noted;

2.4 That the Council Tax account and collection rate be noted;

2.5 That the outstanding sundry debt, aged debt analysis and debt write-off figures be noted;

2.6 That the creditor payments performance be noted;

2.7 By taking into account the overall financial position of the Council, the General Fund working balance at 31 March 2014, be approved at £3,364,639;

2.8 That the Housing Revenue Account working balance at 31 March 2013 is approved at £5,963,219 and the Council Own Build working balance is approved at £103,512.

3. Reasons for the recommendation:

3.1 To formally approve the Council's end of year financial position and carry forward any budgets that were not spent but the funding is still required.

4. What are the resource implications including non financial resources.

4.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 8.3.7, 8.2.1 and 8.2.4 respectively.

4.2 A request for supplementary budgets totalling £249,460 has been included in the report.

5. Section 151 Officer comments:

5.1 The report represents the financial position as at 31 March 2014. In respect of the year, whilst there are some areas of the Council that have struggled to remain within budget, the overall position in respect of the General Fund is positive, with a small addition to the working balance. The earmarked reserve to assist with funding the leisure complex now stands in excess of £2 million.

6. What are the legal aspects?

6.1 There are no legal issues raised by this report.

7. Monitoring Officer's comments:

This report raises no Monitoring Officer issues.

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2013/14
	£	£	£
General Fund	267,700	(274,293)	(6,593)
HRA	(879,760)	1,206,837	327,077
Council own Build Houses	(34,070)	4,056	(30,014)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The Outturn Statement shows a reduction in the working balance of £327,077 to stand at £5,963,219. This is a significant variance from the proposed addition to the balance of £879,760 at the start of the year.

Movement	2013/14
Opening HRA Balance, as at 01/04/13	£6,290,297
Deficit	(£327,077)
Balance, as at 31/3/14	£5,963,220

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Repairs and Maintenance Programme	£974,245	<ul style="list-style-type: none"> As reported to this committee during the year, this is due to a rise in the number of reactive repairs reported during the financial year. An overspend occurred in respect of repairs to void properties which reflects an increased number of empty properties along with a higher proportion of properties requiring more extensive work.

8.2.3 The Major Repairs Reserve is 'ring fenced' for capital works. After transfers, the balance on the Major Repairs Reserve will stand at £3,783,724 at 31 March 2014.

Movement	2013/14
Opening Major Repairs Reserve, as at 1/4/13	£2,269,804
Revenue monies set aside during 2013/14	£2,323,273
Amount used to finance capital expenditure during 2013/14	(£809,353)
Balance, as at 31/3/14	£3,783,724

8.2.4 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 2013-14 have resulted in a net surplus of £30,014, which will be transferred to the COB working balance.

Movement	2013/14
Opening Council Own Build, as at 01/04/13	£73,498
Surplus	£30,014
Balance, as at 31/3/14	£103,512

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show an overall underspend of £22,256 against a revised budget of £12,248,020. The main variances are:

8.3.2 Scrutiny Committee Community – (An overspend in total of £159,794)

Management Unit	Over / (Underspend)	Detail
Environmental Protection	63,870	<ul style="list-style-type: none"> • Redundancy costs arising from the deletion of the posts of Environmental Health Manager and two Environmental Health Assistants. • Underspends on supplies and services budgets (equipment, kennelling and publications). • Support service recharge in respect of Legal Services less than budget.
Health & Safety, Licensing & Commercial	(67,833)	<ul style="list-style-type: none"> • Income from licensing exceeded the budget • Saving on pay and agency staff budgets. • Support service recharge in respect of Information Technology, Legal Services and Human Resources less than budget.
Grounds Maintenance	89,611	<ul style="list-style-type: none"> • Cost of dealing with illegal campers partially offset by additional income and cost savings. • Arboricultural costs exceeded the budget. • Rents received exceeded the budget. • Underspend on the AIM priorities budget in respect of works at Rougemont Gardens, budget carry forward required.
SHS – Advisory Services	445,057	<ul style="list-style-type: none"> • Void and reactive repairs costs exceeded budget partially offset by recharge of costs. • Additional expenditure on homeless prevention initiatives. • Salary budgets – savings due to vacancies • Year end figure in respect of income received from Housing Benefits significantly less than previously reported • Surplus on Devon Home Choice – transferred to earmarked reserve.

Management Unit	Over / (Underspend)	Detail
SHS – Housing Development	(60,300)	<ul style="list-style-type: none"> • Additional consultants fee expenditure offset by a transfer from earmarked reserves and S106 income. • Additional income from recharge of costs for time officers spend on Housing Revenue Account related work. • Support Service Recharges less than budget.
Street Cleaning	(101,604)	<ul style="list-style-type: none"> • The implementation of the Living Wage has had a material impact in this service. • Overtime budget underspent and saving on expenditure on replacing litter bins.
Recycling	(100,297)	<ul style="list-style-type: none"> • The implementation of the Living Wage has a material impact in this service. • Additional superannuation and agency staff costs. • Following the agreement of a new contract for the sale of some recyclates, the income from sale of recyclates exceeded the budget. • Savings have been achieved on haulage costs.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £200,738)

Management Unit	Over / (Underspend)	Detail
Property & Estates Services	(100,772)	<ul style="list-style-type: none"> • Additional income from property portfolio - High Street, Guildhall and Commercial Road offset by a shortfall at South Street, Cowick Street and Paris Street. • Underspend on utilities and sub contractor budgets, offset by additional insurance costs. • Asset Improvement & Maintenance (AIM) budgets in respect of lease properties underspent. A budget carry forward request in respect of works at Bradninch Place required.

		<ul style="list-style-type: none"> • Building Control Reserve – surplus transferred to the earmarked reserve. • Additional income from Land Charges fees and street naming. • Redundancy costs arising from the deletion of the Building Control Manager, Land Charges and Records Officer and Assistant Land Charges and Property Records Officer posts. • Support Service recharges less than budget.
Planning Services	116,100	<ul style="list-style-type: none"> • Planning fee income – significantly less than budget. • Salary savings – saving on salary budget due to non-recruitment to vacant posts • Redundancy costs arising from the deletion of Planning Office Manager and Technical Officer posts. • Support Service recharges less than budget. • Revenue contribution – Contribution to Cowick Street Environmental works capital scheme. • Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework. • Reserve – transfer from earmarked reserve to cover additional expenditure.
Major Projects	(86,685)	<ul style="list-style-type: none"> • Budget saving - The bus and coach station project has not progressed as anticipated in the period which has substantially reduced the need for consultancy advice.
Leisure Facilities	(92,021)	<ul style="list-style-type: none"> • Underspend on AIM service & maintenance and reactive repair budgets. • The annual contractual increase on utility costs was less than the budgets which resulted in an underspend.

Management Unit	Over / (Underspend)	Detail
Markets & Halls	(223,185)	<ul style="list-style-type: none"> • Additional income from events and sales of food and drink at the Corn Exchange. • Additional income at Livestock Centre - income sources which exceeded the budget were boardroom hire, auctioneers fees, car parking, open air markets and lettings. • Additional Expenditure – Event promotion at Corn Exchange and additional expenditure on food and drink at venue (offset by additional income). • Underspends on sub contractor and AIM budgets. An AIM budget carry forward is required in respect of the electrical works at the Livestock Centre
Museums Service	98,899	<ul style="list-style-type: none"> • Costs incurred in respect of RAMM redevelopment legal claim, the costs will be met by a transfer from the earmarked reserve. • The costs associated with the sale of Rougemont House have resulted in a budget overspend. • NNDR in respect of RAMM – appeal with Valuation Office. • Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer. • Electricity and water budgets at RAMM exceeded the budget, partially offset by underspend on gas budget. • Premises maintenance budgets at RAMM overspent.

8.3.4 Scrutiny Committee Resources – (An underspend in total of £179,926)

Management Unit	Over / (Underspend)	Detail
Democratic Representation	(109,901)	<ul style="list-style-type: none"> • A budget was created for Business Transformation that was unspent this year, so the balance of £29,770 has been requested to be carried forward. • Savings have been made in nearly all central support services so the recharges to Democratic Representation have reduced.
Revenue Collection/Benefits/ Customer Service Centre	(332,704)	<ul style="list-style-type: none"> • There was a net additional reduction in the cost of Housing Benefit payments to claimants based on a reduced caseload, performance up to the threshold limit and overpayments recovery. The overall variance represents 0.49% on the original budget of £43.36m. • Grant received for Local Welfare Support has been used to fund our administration costs. • There were redundancy costs and reduced income from court fees that have lead to a small increase in the cost of Council Tax collection. • The cost of upgrading IT systems was funded by increased grant funding. • Vacancies in the Customer Service Centre resulted in operational savings with further savings resulting from reductions in central support services costs across the management unit following their respective service reviews.
Corporate	65,237	<ul style="list-style-type: none"> • The senior management at officer level was reviewed from three positions to two from 1st June 2013 with a resulting redundancy that will be funded by savings being made from 2014-15 onwards. • A refund was received from the abolition of the Audit Commission, thereby reducing the Audit fees paid by the Council.

Management Unit	Over / (Underspend)	Detail
Unapportionable Overheads	222,250	<ul style="list-style-type: none"> • The approved cost of pension fund contributions following redundancies – the individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made. • Employer’s past service pension fund contributions have been underrecovered, with the overall estimated impact on General Fund services being shown in this management unit during the budget monitoring process until being recharged back to the services of the Council at the year-end. • There was an overall credit balance on central support services and unallocated A.I.M. and miscellaneous income.
Corporate Civic Centre Services	(113,250)	<ul style="list-style-type: none"> • The installation of solar panels at the Civic Centre has reduced energy costs. • The repair and maintenance costs at the Civic Centre (AIMS) was underspent. • Central support services were underspent. • Some of the external postage work is now undertaken by an external supplier and is charged direct to services rather than through the central franking machine.
IT Services	(89,109)	<ul style="list-style-type: none"> • A vacancy within the team, savings in software and system maintenance and reduced print usage has resulted in an overall underspend. • More of the work undertaken by IT staff was capitalised resulting in less of a cost to the revenue services throughout the Council. • Central support services were underspent.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid / Investment Gain	(153,419)	<ul style="list-style-type: none"> • Continued low rates of interest have lowered the cost of borrowing; • Better than forecast cashflow position has increased the level of interest received. • An investment gain has been recognised in respect of the sale of the fund held in Landsbanki.
Revenue Contribution to Capital	366,344	<ul style="list-style-type: none"> • Virtually all the projects funded by revenue relate to those projects approved for funding from the New Homes Bonus and are covered by a transfer from Earmarked Reserves.
Minimum Revenue Provision	79,066	<ul style="list-style-type: none"> • The Council's underlying need to borrow is lower than anticipated resulting in a lower requirement to set aside funds for the repayment of this debt. However following the sale of the funds held in Landsbanki, the Council has made a voluntary repayment to write off the amount remaining, which had originally been capitalised. This is offset by the investment gain above.
Business Rates	(1,687,646)	<ul style="list-style-type: none"> • The new Business Rates scheme shows additional income to the Council of £1,787,646 against the budget of £100,000. • However this is due to the figures being based, as required, on the start of year projections. The final figures demonstrate an actual additional income of £457,069 with the balance having to be repaid to the Collection Fund in 2014-15. • It is proposed therefore that the difference is to be placed in an Earmarked Reserve to be repaid as required (see 8.3.6 below)

8.3.6 Earmarked Reserves

Five new Earmarked reserves are being proposed:

Earmarked reserve	Amount	Detail
Natura 2000	57,020	<ul style="list-style-type: none"> To fund mitigation works on the impacts of new housing development on sites of European ecological significance.
Neighbourhood Planning	36,553	<ul style="list-style-type: none"> To fund any initiatives to prepare neighbourhood plans for communities, such as that adopted for St James ward.
Insurance	223,000	<ul style="list-style-type: none"> To set aside an amount to cover any potential future issues in respect of claims against the Council that are not covered by our insurance policy.
Redundancy	250,000	<ul style="list-style-type: none"> To set aside funds to support the necessary reduction in costs in future years.
NNDR Deficit	1,330,577	<ul style="list-style-type: none"> The new Business Rates scheme runs a Collection Fund similar to that run for Council Tax. The Council's accounts are based on the original estimates and therefore show a large surplus, much of which will have to be repaid to the Collection Fund next year. It is proposed therefore to set this amount aside.

During 2013/14 there has been an overall net contribution to Earmarked Reserves of £3,419,871 as shown in Appendix C.

Movement	2013/14
Opening Balance, as at 01/04/13	£3,020,661
Net additions	£3,419,871
Balance, as at 31/3/14	£6,440,532

8.3.7 General Fund Balance

During 2013/14 there has been an overall net contribution to the General Fund Balance of £6,593. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

Movement	2013/14
Opening Balance, as at 01/04/13	£3,358,047
Surplus	£ 6,593
Balance, as at 31/3/14	£3,364,640

8.3.8 Supplementary Budgets

There is a small requirement for supplementary budgets in 2014/15 as 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 £267,310, identified in Appendix D are approved in 2014/15. Of the total above, £80,000 relates to the HRA.

- 8.3.9 In addition an additional budget is requested to fund the Parking review for the Council. This will identify the future parking needs of the City and will also identify the parking needs of the new leisure complex. The budget required is £90,000.

8.4 COUNCIL TAX

- 8.4.1 As at 1 April 2013, arrears amounted to £2.554m, the movements during 2013/14 were as follows:

	£m	£m
Arrears at 1 April 2013		2.554
Add:		
2012/13 debits raised net of discounts, benefits and transitional relief	51.076	
Less:		
Payments received	(51.176)	
Refunds and change in pre-payments	0.527	
Write-offs	<u>(0.084)</u>	-
Arrears at 31 March 2014		<u>£2.897</u>

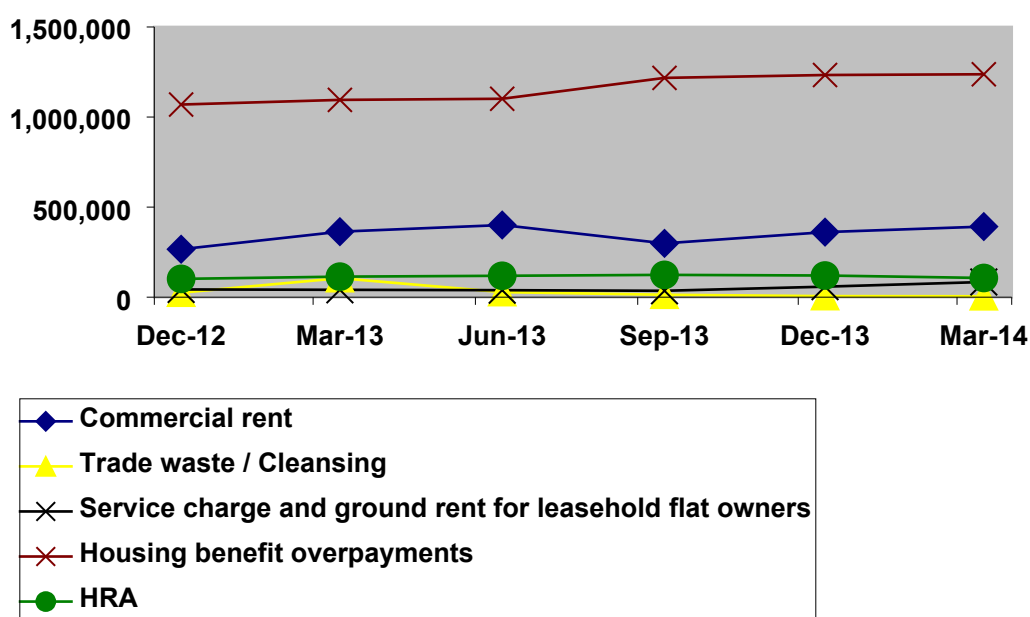
- 8.4.2 Against the arrears of £2.897m, a bad and doubtful debt provision of £855,000 has been provided, calculated in accordance with the appropriate accounting guidelines.
- 8.4.3 The 'In-Year' collection rate has decreased in comparison with the previous year. The collection rate for 2013/14 was 96.5% compared with 97.3% in 2012/13. This is due to the move from Council tax Benefit to the Local Council Tax Support Scheme, which means some individuals who use to pay no Council Tax now have to pay at least 20%. The Collection Rate is in line with the target set.

8.5 OUTSTANDING SUNDRY DEBT

8.5.1 An aged debt analysis of the Council's sundry debts is shown in the table below.

Age of Debt	March 2013	March 2014
Up to 29 days (current)	£1,104,106	£1,425,531
30 days – 1 Year	£ 941,024	£1,360,144
1 – 2 years	£ 381,736	£465,665
2 –3 years	£ 192,661	£219,889
3 – 4 years	£ 155,925	£107,701
4 – 5 years	£ 59,427	£92,602
5 + years	£ 186,878	£174,446
Total	£3,021,756	£3,845,978

8.5.2 Of the outstanding debt, the graph below sets out the main services and debt trends for debt over 30 days old:



8.6 DEBT WRITE-OFFS

8.6.1 The following amounts have been written-off during 2013/14:

	2013/14	2012/13
• Council Tax	£83,940	£187,044
• Business Rates	£366,058	£401,209
• Sundry Debt	£138,915	£37,602
• Housing Rents	£ 72,921	£ 10,004

8.7 CREDITOR PAYMENTS PERFORMANCE

8.7.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 95.69% for 2013/14 compared with 94.79% for 2012/13.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 This is a statement of the financial position at the end of the 2013/14.

10. What risks are there and how can they be reduced?

10.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Team and Members.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 Not applicable

12. Are there any other options?

12.1 Not applicable

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

HOUSING REVENUE ACCOUNTS BUDGET MONITORING 2013-14

APPENDIX A

APRIL 2013 TO MARCH 2014

Code	Approved Annual Budget	2013-2014 Outturn	Variance To Budget	Variance To Budget
	£	£	£	%
85A1 Management	2,758,140	2,863,035	104,895	3.8
85A3 Sundry Lands Maintenance	265,330	280,894	15,564	5.9
85A4 Repairs Fund Contribution	4,879,230	5,853,475	974,245	20.0
85A5 Revenue Contribution to Capital	5,719,880	5,607,605	(112,275)	(2.0)
85A6 Capital Charges	2,186,900	2,323,273	136,373	6.2
85A8 Rents	(18,624,000)	(18,532,506)	91,494	(0.5)
85B2 Interest	1,934,760	1,931,300	(3,460)	(0.2)
85B4 Variance in Working Balance	879,760	(327,077)	(1,206,837)	(137.2)
Net Expenditure	0	0	0	
Working Balance	1 April 2013	31 March 2014		
	<u>6,290,296</u>	<u>5,963,219</u>		

COUNCIL OWN BUILD SITES

Code	Approved Annual Budget	2013-2014 Outturn	Variance To Budget	Variance To Budget
	£	£	£	%
H006 Rowan House	(6,260)	(8,696)	(2,436)	38.9
H007 Knights Place	(45,620)	(36,958)	8,662	(19.0)
H008 Interest	7,530	4,855	(2,675)	(35.5)
H009 Capital Charges	10,280	10,785	505	4.9
Variance in Working Balance	34,070	30,014	(4,056)	(11.9)
	0	0	0	
Working Balance	1 April 2013	31 March 2014		
	<u>73,498</u>	<u>103,512</u>		

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**GENERAL FUND
2013/14 REVENUE OUTTURN - SUMMARY**

APPENDIX B

	Annual Budget	Supplementary Budgets	Revised Annual Budget	Year End Outturn	Variance to Budget Q4	Variance to Budget Q3
	£	£	£	£	£	£
SCRUTINY - COMMUNITY	9,961,200	46,750	10,007,950	10,167,744	159,794	215,050
SCRUTINY - ECONOMY	(762,310)	273,110	(489,200)	(689,938)	(200,738)	(27,180)
SCRUTINY - RESOURCES	5,717,220	141,840	5,859,060	5,679,134	(179,926)	100,500
Senior Management Restructure	(100,000)		(100,000)	0	100,000	100,000
less Notional capital charges	(3,029,790)		(3,029,790)	(2,931,176)	98,614	0
<u>Service Committee Net Expenditure</u>	11,786,320	461,700	12,248,020	12,225,764	(22,256)	388,370
Net Interest	140,000		140,000	79,872	(60,128)	(47,000)
Investment gain	0		0	(93,291)	(93,291)	0
Local Services Support Grant	(502,618)		(502,618)	(502,618)	0	0
New Homes Bonus	(2,204,830)		(2,204,830)	(2,204,830)	0	20,000
Minimum Revenue Provision	1,358,000		1,358,000	1,437,066	79,066	(31,080)
Revenue Contribution to Capital	0		0	366,344	366,344	0
MMI Payment	0		0	5,858	5,858	0
<u>General Fund Expenditure</u>	10,576,872	461,700	11,038,572	11,314,165	275,593	330,290
Transfer To/From(-) Working Balance	0	(267,700)	(267,700)	6,593	274,293	(322,923)
Transfer To/From(-) Earmarked Reserves	2,442,865	(194,000)	2,248,865	3,419,871	1,171,006	111,215
<u>General Fund Net Expenditure</u>	13,019,737	0	13,019,737	14,740,629	1,720,892	118,582
Formula Grant	(7,811,885)		(7,811,885)	(7,845,131)	(33,246)	(30,582)
Council Tax Freeze Grant	(118,420)		(118,420)	(118,420)	0	0
Council Tax Support Grant	(598,243)		(598,243)	(598,243)	0	0
Pooling of Business Rates	(100,000)		(100,000)	(1,787,646)	(1,687,646)	(88,000)
<u>Council Tax Net Expenditure</u>	4,391,189	0	4,391,189	4,391,189	0	0
Working Balance	March 2013	£ 3,358,047		3,364,640	March 2014	

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	01.04.2013	Movement	31.03.2014
PRINCESSHAY/MAJOR PROJECTS	(19,458.80)		(19,458.80)
PARTNERSHIP	(15,017.25)		(15,017.25)
CONSERVATION	(2,338.96)		(2,338.96)
VEHICLE LICENSING	(36,641.58)	(8,610.00)	(45,251.58)
S 57 GRANTS	(19,613.00)		(19,613.00)
SURE START	(20,000.00)		(20,000.00)
BUILDING CONTROL	(68,321.28)	(79,392.43)	(147,713.71)
LOCAL DEV FRAMEWORK	(74,558.13)	10,674.56	(63,883.57)
ROMAN	(2,495.09)	2,495.09	0.00
ADULT LEARNING CENTRE	(2,333.36)	2,333.36	0.00
MALLINSON	(134,075.59)		(134,075.59)
OLD MILL	(5,498.86)		(5,498.86)
BOTTLE BANK	(42,468.08)		(42,468.08)
ISCA BOWLS	(32,446.22)		(32,446.22)
PLAY EQUIPMENT	(22,470.00)		(22,470.00)
EMPTY HOMES	(14,808.17)	14,808.17	0.00
SHIP	(7,438.00)		(7,438.00)
HOUSING ASSESSMENT	(9,299.51)	8,055.00	(1,244.51)
EXWICK LAND	(27,034.75)		(27,034.75)
Climate Change	(6,709.04)		(6,709.04)
DEVON HOME CHOICE	(70,097.54)	(33,451.22)	(103,548.76)
LLC - PERSONAL SEARCHES	(34,355.83)		(34,355.83)
Homeless reserve	(44,000.00)	44,000.00	0.00
Strategic Review reserve	(139,999.77)	15,057.00	(124,942.77)
Habitat Assessment	(45,094.19)	4,492.50	(40,601.69)
Green Travel	(31,473.09)		(31,473.09)
AFU Archiving	(56,287.95)	18,952.93	(37,335.02)
Countryside Grants	(14,500.43)		(14,500.43)
Grass Cutting	(30,000.00)		(30,000.00)
EBAC	(9,964.45)	(8,547.20)	(18,511.65)
Museum of the Year	(100,000.00)		(100,000.00)
RAMM Legal Costs	(500,000.00)	51,817.00	(448,183.00)
Exe Harbour Review	(5,000.00)	5,000.00	0.00
Natura 2000	0.00	(57,020.00)	(57,020.00)
Neighbourhood Planning	0.00	(36,552.69)	(36,552.69)
Contractors	0.00	(223,000.00)	(223,000.00)
Redundancy Reserve	0.00	(250,000.00)	(250,000.00)
New Homes Bonus	(1,376,862.60)	1,376,862.60	0.00
NHB - Local Community Infra	0.00	(325,224.30)	(325,224.30)
NHB - MI & Unallocated	0.00	(1,837,800.00)	(1,837,800.00)
NHB - Committed to Pool	0.00	(440,156.94)	(440,156.94)
NHB - Committed - Unalloc/MI	0.00	(344,087.38)	(344,087.38)
NNDR Deficit	0.00	(1,330,577.00)	(1,330,577.00)
	(3,020,661.52)	(3,419,870.95)	(6,440,532.47)

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Funded by

Resources

Systems Review	Earmarked Reserve	29,770
Uncommitted grant funds	General Fund Balance	4,650
PR Consultant	General Fund Balance	13,200
		<u><u>47,620</u></u>

Community and Environment

AIM Carry Forward	General Fund Balance	10,130
		<u><u>10,130</u></u>

Economy & Development

Bus & Coach Station Site	New Homes Bonus	45,000
City Centre BID	New Homes Bonus	21,850
AIM Carry forward	General Fund Balance	62,710
		<u><u>129,560</u></u>

General Fund Total187,310

External painting to dwellings	HRA Balance	80,000
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HRA Total80,000**Overall Total**267,310

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REPORT TO: SCRUTINY COMMITTEE – RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Executive - 15 July 2014
Council - 29 July 2014
Report of: Assistant Director Finance
Title: Treasury Management 2013-14

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To report the overall performance for the 2013-14 financial year and the position regarding investments and borrowings at 31 March 2014.

2. Recommendations:

That Scrutiny and Executive support, and Executive recommend to Council the Treasury Management report for the 2013-14 financial year.

3. Reasons for the recommendation:

It is a statutory requirement for the Council to publish regular reports on Treasury Management to Council. This includes an annual Treasury Management Strategy and half yearly report and a year-end report as a minimum.

4. What are the resource implications including non financial resources

The report is an update on the overall performance in respect of treasury management for the 2013-14 financial year. Therefore, there are no financial or non financial resource implications.

5. Section 151 Officer comments:

Officers have complied in full with the Treasury Management Strategy for 2013-14. All investments and borrowing have been undertaken within the parameters set by Council.

6. What are the legal aspects?

It is a statutory requirement for the Council to publish regular reports on Treasury Management to Council. This includes an annual Treasury Management Strategy and half yearly report and a year-end report as a minimum.

In February 2012 the Council adopted the updated *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to report on its performance at the end of each financial year.

7. Monitoring officer Comments

This report raises no issues for the Monitoring officer.

8. Report Details:

8.1 Final Net Interest Position

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

	Estimate		Actual	Variation
	£		£	£
Interest paid	125,000		78,410	(46,590)
Interest earned				
Temporary investment interest	(36,000)		(59,693)	(23,693)
Other interest earned	(1,750)		(1,134)	616
Less				
Interest to HRA	46,020		46,642	622
Interest to s106 agreements	8,250		12,470	4,220
Interest to Trust Funds	2,250		3,175	925
Lord Mayors Charity	500		0	(500)
GF interest received	19,270		1,460	(17,810)
GF Net interest paid	<u>144,270</u>		<u>79,870</u>	<u>(64,400)</u>
Investment Gain – General Fund	0		(93,291)	(93,291)

8.2 The other interest earned relates to car loan repayments. An investment gain of £93,291 has been made in respect of the sale of the outstanding monies held in Landsbanki. This gain has been used to pay off the amount of debt outstanding when the original loss was capitalised.

8.3 The HRA earned £46,642 interest on its balances. This is calculated on the following:

- HRA working balance;
- The balance of funds in the Major Repairs Reserve.

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. Interest of £1,979,563 has been charged to the HRA to cover the interest payment. Additionally £5,292 has been charged on the borrowing used to fund the Council's Own Build properties.

9 Investment Interest

Interest rates remain at record low levels and indications are that they will remain at this level for the foreseeable future. This has caused borrowing rates from other Local Authorities to remain around 0.5% – 0.6% for one year money. This has reduced the cost of borrowing to the Council significantly. Additionally, the investment that remains held in Iceland has benefitted from a relatively high rate of interest (over 4%) and a favourable foreign exchange rate. This has meant significantly higher than budgeted investment income for the year.

9.1 Landsbanki

The Council has successfully completed the sale, at auction, of its outstanding monies in Landsbanki.

9.2 **Glitnir**

Glitnir repaid in full the funds invested during 2011-12. However the proportion that was repaid in Icelandic Krona remains invested in Iceland owing to currency controls that restrict the movement of Krona out of Iceland. The money is currently invested at 4.2% and during the year has earned £18,038 interest and gained £2,091 in Foreign Exchange movements taking the total value of the investment to £447,516.

10 **Borrowings**

The Council has had to borrow temporarily for cashflow purposes throughout the year and incurred interest of £83,703 during the year. Of this £5,292 has been allocated against the Council Own Build scheme (HRA). Interest rates have remained very low throughout the year. At 31 March 2014, the Council had £18m of short term borrowing, an increase of £3m over last year.

- 10.1 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 are £1,979,563.

11 **Future Position**

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 0.5% for up to 1 year. Borrowing over 25 years through the Public Works Loans Board costs around 4.16% for a loan repayable on maturity, or 3.38% for a loan with equal repayments of the loan principal throughout the term of the loan. The Council has applied for the Government's new certainty interest rate, which is 0.2% lower than the normal PWLB rates; this is offered in return for us setting out our borrowing plans for the forthcoming year.

- 11.1 The internal investment strategy had been tightly restricted to UK only banking operations meaning that it was difficult to invest. The Council has placed short term investments (1 month) with foreign owned banks which meet the credit ratings included in the Council's treasury management strategy.
- 11.2 The Council opened two Money Market Funds which are AAA rated and offer around 0.35% - 0.40%, and has a number of call accounts which offer between 0.40% and 0.50% for the average annual balance.
- 11.3 We will also lend to other Local Authorities and the Debt Management Office. However the rates received are between 0.25% and 0.35%, which will continue to have an adverse impact of the interest earned by both the General Fund and the HRA. Appendix 1 details investments and borrowings as at 31 March 2014.
- 11.4 Since 1 April 2014 the Council has opened an additional Money Market Fund account with Blackrock which provides a return in the region of 0.40% and opened a call account with Handelsbanken which offers a return of 0.50%.

12 **How does the decision contribute to the Council's Corporate Plan?**

Treasury Management supports the Council in generating additional funds for investing in Services, whilst minimising the amount of interest paid on borrowings. It does not in itself contribute to the Council's Corporate Plan.

13 **What risks are there and how can they be reduced?**

The council uses treasury management advisors who continually provide updates on the economic situation, interest rates and credit ratings of financial institutions. They also provide a counterparty list which details the financial institutions which meet the council's treasury management strategy.

14 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?

No impact.

15 Are there any other options?

No.

David Hodgson, Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries:

Democratic Services (Committees), Room 2.3, (01392) 26115

Investments and Borrowings as at 31 March 2014**Investments****Money Market Funds**

		<u>£</u>	<u>£</u>
IGNIS Asset Management	Sterling Liquidity Fund	3,000,000	
CCLA	Public Sector Deposit Fund	<u>500,000</u>	
			3,500,000

Call Accounts

Barclays Bank	FIBCA Account	3,000,000	
Bank of Scotland	Instant Access	<u>2,000,000</u>	
			5,000,000

Local Authority

Fife Council	Short term lending	<u>3,000,000</u>	
			3,000,000
	Total investments as at 31 March 2014		<u><u>11,500,000</u></u>

Borrowings**Short term****Local Authority**

		<u>£</u>	
Leicester City Council		5,000,000	
Hull City Council		5,000,000	
Leicestershire County Council		<u>8,000,000</u>	
			18,000,000

Long Term

Public Works Loan Board (PWLB)		<u>56,884,000</u>	
			56,884,000
	Total borrowings as at 31 March 2014		<u><u>74,884,000</u></u>

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REPORT TO: SCRUTINY COMMITTEE RESOURCES, EXECUTIVE and COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Executive - 15 July 2014
Council - 29 July 2014
Report of: Human Resources Business Manager
Title: Local Government Pension Scheme (LGPS) Discretions

Is this a Key Decision?

No

Is this an Executive or Council Function?

This report is a matter for full Council.

1. What is the report about?

The aim of this report is to set out and agree the LGPS employer discretions which the Council is required to publish. It deals with the inclusion of new discretions in respect of changes to the LGPS which came into effect on 1 April 2014, and provides for a review of existing discretions.

2. Recommendation:

That Scrutiny Resources Committee notes and Executive recommend that the Council approve and Publish the Employer Discretions Policies contained in Appendices A and B attached to this report in accordance with the requirements of the LGPS Regulations.

3. Reasons for the recommendation:

The documents attached set out the minimum employer discretion policies the Council is required in law to publish. The existing discretions have been refreshed to ensure there is greater consistency in the Council's approach, and any new discretion requirements mirror those previously agreed. These new policies do not significantly change existing provisions but do add further clarity.

4. What are the resource implications including non financial resources.

The basis of the proposed Council discretions is that agreement to requests will not place a financial cost on the Council. The exception to this provision is where it can be demonstrated there are exceptional hardship / compassion grounds. This provision is incorporated into exiting policy discretions.

5. Section 151 Officer comments:

There are no additional financial implications arising from this report.

6. What are the legal aspects?

Employer members of the LGPS are required to set out a written policy in respect of certain discretions afforded to them in various LGPS Regulations. As a result of changes to the LGPS, Employers are required to review and publish their discretions by 1 July 2014.

7. **Monitoring Officer's comments:**

There are no new implications arising from this report.

8. **Report details:**

All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pensions Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

The policy must be published and kept under review. A copy of the employer's published policy statement must be sent to the Pension Fund administering authority (Peninsula Pensions). Any Amendments to the policy must also be sent to Peninsula Pensions within one month of the amendment.

There are many discretions in the current regulations, together with more extant from the previous regulations. However, there are only a handful where there is a requirement for the employer to have a written policy statement and these are covered in the attached appendices, together with our discretions in respect of redundancy and efficiency of the service compensation as approved in 2009.

The Council's existing written policy has been revisited, and some existing discretions have been amended to ensure a consistent approach. New discretions mirror the approach set out in the Council's existing policies. The general principles adopted in the drafting of the attached proposed policies are:

- 8.1 **Augmentation / additional pension** – in line with existing policies the Council does not apply this discretion
- 8.2 **Flexible Retirement** – the Council continue to operate a case by case approach taking account of business case, efficiency, cost to the Council and ability of the Council to reduce the employee's grade/hours.
- 8.3 **Access to Pension for deferred LGPS members between 55 and 59 inclusive** – the changes to the scheme from April 2014 now provide unfettered access to active members upon retirement from age 55 (there is no longer employer consent required). The member suffers an actuarial reduction making this unfettered access of no cost to the employer. To mirror this, it is proposed the Council's discretion be amended to provide for unfettered access providing the deferred member was not dismissed (save for redundancy) from the Council and that there is no cost to the Council (unless the request is made on and meets exceptional hardship/compassion grounds).
- 8.4 **Waiving of actuarial reduction / Switch on of the 85-year rule** – It is proposed that all discretions which provide for an unreduced pension are only considered in cases of exceptional hardship/compassion.

9. **How does the decision contribute to the Council's Corporate Plan?**

These attached policies support a well run Council and our compliance with statute.

10. What risks are there and how can they be reduced?

There are no new implications arising from the recommendations.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

Consideration has been given to the impact upon differing groups and a full assessment is not required.

12. Are there any other options?

The Council could choose to be either more generous or more restrictive with the discretions, but those recommended are considered to be a balanced and pragmatic approach, and reflective of past practice and policy.

Caroline Hall
Human Resources Business Manager

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

Background papers used in compiling this report:-

Guidance notes on employer discretions policy issued by Peninsula Pensions

Contact for enquires: Democratic Services (Committees) Room 2.3, 01392 265115

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APPENDIX A

Discretions policy

The Local Government Pension Scheme Regulations 2013 (*prefix R*)

The Local Government Pension Scheme (Transitional Provisions & Savings) Regulations 2014 (*prefix TP*)

The Local Government (Early Termination of employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (*prefix C*)

Employer name: Exeter City Council

Policy effective from: _____

Regulation R9(1) & R9(3)	Policy decision
<p>Contribution Rates</p> <p>An employer needs to determine how the rate of employee contributions will be calculated.</p>	<p>The employee contribution rate will be re-assessed annually using the previous tax year's pensionable earnings. Amendments will be made during the year if there is a material change to their pensionable earnings. For new employees the rate will be determined based on expected annual pensionable pay for the scheme year.</p>
Regulation R16(2)(e) & R16(4)(d)	Policy decision
<p>Shared Cost Additional Pension Scheme</p> <p>An employer can choose to pay for or contribute towards a member's Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC)</p>	<p>The Council does not apply this discretion.</p>
Regulation R30(6) & TP11(2)	Policy decision
<p>Flexible Retirement</p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Requests for flexible retirement are considered on the basis of the individual merits of each case taking account the business case, cost to the Council and ability to reduce hours and/or grade of the employee.</p> <p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>

Regulation R30(8)	Policy decision
<p>Waiving of actuarial reduction</p> <p>Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members benefits paid on the grounds of flexible retirement.</p> <p>Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age</p> <p>Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60.</p>	<p>These discretions will only be considered on the grounds of exceptional hardship / compassion.</p>
RegulationTPsch2,para 2(2)&2(3)	Policy decision
<p>Power of employing authority to 'switch on' the 85 Year Rule</p> <p>An employer can choose whether to "switch on" 85 year rule for members who voluntarily retire on or after age 55 and before age 60.</p> <p>An employer can also choose to waive, on compassionate grounds, the actuarial reduction applied to benefits for a member voluntarily drawing benefits on or after age 55 and before age 60.</p>	<p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>
Regulation R31	Policy decision
<p>Power of employing authority to grant additional pension</p> <p>An employer can choose to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500* per annum)</p> <p>(* the figure of £6,500 will be increased each April under Pensions Increase orders)</p>	<p>The Council has chosen not to apply this discretion and therefore granting of additional pension is not allowed.</p>

Regulation C5 & C6	Policy decision
<p>Compensation regulations</p> <p>An employer has the ability to base redundancy payments on an actual weeks pay where this exceeds the statutory weeks' pay limit.</p> <p>An employer has the ability to award compensation of up to 104 weeks' pay to employees whose termination is by reason of redundancy or efficiency of service.</p>	<p>A weeks pay for redundancy calculations will be based on the employees actual pay and not capped at the statutory maximum.</p> <p>The compensation payment will be calculated on the statutory number of weeks pay due multiplied by 2, not exceeding 60 weeks pay. The compensation payment will be inclusive of statutory redundancy pay.</p>

These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.

Signed on behalf of: _____

Signature of authorised officer: _____

Date: _____

Print name of authorised officer: _____

Job title: _____

APPENDIX B

Discretions policy

The Local Government Pension Scheme Regulations 2008

(Benefits, Membership and Contributions)

Employer name: EXETER CITY COUNCIL

Policy effective from: _____

Regulation B12	Policy decision
<p>Power of employing authority to increase total membership of active members</p> <p>An employer may agree to increase the total membership of an active member who is leaving on grounds of redundancy / efficiency on or before 31st March 2014. The maximum award (including additional membership in respect of different employments) must not exceed 10 years.</p> <p>An employer may also agree to award augmented service to a member up to 6 months after they have left employment provided that their termination of employment was on redundancy/efficiency grounds and date of leaving was before 1st April 2014.</p> <p>NB This is a time limit discretion which expires on 30th September 2014 for those whose employment is terminated on 31st March 2014.</p>	<p>The Council has chosen not to apply this discretion and therefore no increase in service or augmentation of service is allowed.</p>
Regulation B18	Policy decision
<p>Flexible retirement</p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Requests for flexible retirement are considered on the basis of the individual merits of each case taking account the business case, cost to the Council and ability to reduce hours and/or grade of the employee.</p> <p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>

Regulation B30	Policy Decision
<p>Choice of early payment of pension</p> <p>B30(2) Employers can also allow the early payment of deferred benefits to former members of the LGPS between the ages of 55 and 59.</p> <p>Please note where a deferred member left the LGPS before 1 April 2008 the employer policy under the 1997 Regulations will apply.</p> <p>B30A(3) Employers may also grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60.</p> <p>B30(5) & B30A(5) In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>This discretion will only be used where the deferred member was not dismissed from their employment (save for redundancy) and there is no cost to the Council (unless the request is being made on and meets exceptional hardship / compassion grounds).</p> <p>These discretions will only be considered on the grounds of exceptional hardship / compassion.</p>

These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.

Signed on behalf of: _____

Signature of authorised officer: _____

Date: _____

Print name of authorised officer: _____

Job title: _____

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of the Local Government Act 1972.

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