

CORPORATE SERVICES SCRUTINY COMMITTEE

Thursday 24 January 2019

Present:

Councillor Sheldon (Chair)

Councillors Warwick, Hannan, Holland, Lamb, Musgrave, Thompson, Vizard and Wood

Also present:

Chief Finance Officer, City Solicitor & Head of HR and Democratic Services Officer (SLS)

In Attendance:

Councillor Peter Edwards

- Leader and Portfolio Holder Growth & City Development

Councillor Ollie Pearson

- Portfolio Holder Support Services

1

MINUTES

The minutes of the meeting held on 22 November 2018 were taken as read, approved and signed by the Chair as correct.

2

DECLARATIONS OF INTERESTS

No declarations of disclosable pecuniary interest were made.

3

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19

In accordance with Standing Order No 19, a member of the public, submitted two questions in relation to budget and financial reports.

A copy of the questions had been previously circulated to Members, and these, together with the appropriate responses from Councillor Edwards, Leader and Portfolio Holder for Growth & City Development, the ensuing debate, and closing remarks from the member of the public are appended to the minutes.

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QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20

In accordance with Standing Order No 20, a question was submitted by Councillor Mrs Thompson.

A copy of the question had been previously circulated to Members, and together with the response from Councillor Edwards, the Leader and Portfolio Holder for Growth & City Development are appended to the minutes.

ANNUAL PAY POLICY STATEMENT

The City Solicitor and Head of Human Resources presented the report on the annual Pay Policy Statement 2019/20, which outlined the annual pay policy for approval by Full Council each financial year in line with legislation. Local Authorities were required by Section 38(1) of the Localism Act 2011 to set out a written statement each financial year relating to:-

- the remuneration of chief officers;
- the remuneration of its lowest paid employees; and
- the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers

The City Solicitor and Head of HR referred Members to the appendix, attached to her report which set out the levels of remuneration for various posts from April 2019. She confirmed that the required report on gender pay gap would be presented to the next meeting of Corporate Services Scrutiny Committee in March. She also responded to a Member's enquiry regarding any union representations on pay policy to the City Council's Joint National Consultative Committee meetings, and confirmed that, whilst there had been no representations at the local level, the average pay increase negotiations and pay deal were negotiated nationally and the unions were involved in that way.

Corporate Services Scrutiny Committee noted the report and recommended Executive and Council to note, and approve:-

- (1) the adoption and publication of the circulated Policy, Report and Appendices in accordance with the legislation; and
- (2) delegated authority be given to the City Solicitor and Head of Human Resources to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

REVENUE BUDGET PROPOSALS 2019/20

The Chief Finance Officer presented the report, which outlined the strategic framework, and the prepared estimates and highlighted issues that would affect the actual setting of the overall level of Council Tax. The report also summarised the overall budget position arising from the information presented to Members in December and the current cycle of Scrutiny Committee meetings. He emphasised the importance of the Council being in a position to set a balanced budget and determine the council tax, in line with the statutory timeframe.

The Chief Finance Officer advised that the City Council was in the final year of a four year agreed local government finance settlement, following the submission of the required efficiency plan. The provisional settlement for 2019/20 was announced in December and, although the final settlement was awaited, it was not anticipated that there would be any significant change. The continuation of the more recent budget strategy of an increase in Council Tax of up to and including £5 would be presented to Members, which along with an estimated collection fund surplus of £96,331 would mean the City Council's Council Tax base would raise an extra £208,000. The Council Tax level was subject to discussion at the Council meeting on 26 February. He also confirmed that, following the Government deferral of any changes to the New Homes Bonus in 2019/20, the provisional award of New Homes Bonus was of £2.518m. The methodology for allocating the New Homes Bonus was

included in the report. He was disappointed to announce that the City Council had been unsuccessful in applying for participation in a further round of a local business rates retention pilot scheme. He responded to a Member who sought information on future opportunities. He advised that all Devon authorities would revert to acting as a pool.

He also reminded Members that, at the forthcoming Council meeting on 26 February, the proposals in the circulated report were for a balanced budget, and should Members wish to offer a further proposal or adjustment they would have to include replacement savings of an equal value.

Corporate Services Scrutiny Committee noted the report.

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CAPITAL STRATEGY AND CAPITAL PROGRAMME - 2019/20 - 2021/22

The Chief Finance Officer presented the report, which sought approval of the Capital Strategy and General Fund and Housing Revenue Account Capital Programmes for 2019/20 and the schemes identified for the following two years.

He provided an overview of the recommendations which required the Council to prepare a three year capital expenditure plan and consider the affordability of its capital investment during all of the year, in which, it would have a financial impact on the authority. The Council should ensure that any borrowing decisions remained affordable, prudent and sustainable and he referred to the adoption of a number of prudential indicators to ensure that remained the case. He referred to the appendices circulated with the report which provided an overview of the General Fund available resources, HRA available resources, the General Fund Capital Programme, the Housing Capital Programme and the Capital Strategy. Members were informed of the new capital bids of £3,284,920m and pre-approved schemes of £36,413,870m for 2019/20, the bulk of which was allocated to the Leisure Complex build project. He also referred to a request being made through Place Scrutiny Committee for two additional bids, the final detail of which would be included in the report to the Executive.

Members were also updated on the Housing Revenue Account (HRA) for 2019/20. The HRA medium term financial plan provided for a Capital Programme of £20.591m, which would be comprised of £11.389m for improvements to the Council's existing housing stock, and £9.202m towards the provision of new homes. The proposed Capital Strategy was included as an appendix to the report and this set out in detail the Council's purpose, aims and the approach to capital investment.

Corporate Services Scrutiny Committee noted the Capital Programme 2019/20 – 2021/22 report and requested Executive and Council to note, and approve:-

- (1) the General Fund Capital Programme for 2019/20 as set out in Appendix 3;
- (2) the HRA Capital Programme for 2019/20 as set out in Appendix 4; and
- (3) the Capital Strategy as set out in Appendix 5.

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TREASURY MANAGEMENT STRATEGY REPORT 2019/20

The Chief Finance Officer presented the report which sought Council approval of the Treasury Management Strategy Report, which also incorporated the Annual

Investment Strategy 2019/20, as required by the Local Government Act 2003. Although there had been no substantial change, the Council was required to approve the Treasury Management Strategy and Investment Strategy before the start of each financial year, to decrease the risk of exposure to financial loss of invested funds and the revenue effect of changing interest rates. He set out the key issues, listed in Section 8 of the circulated report for Members to consider.

Corporate Services Scrutiny Committee noted the Treasury Management report for 2019/20 financial year and recommended approval by Executive and Council.

9

PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES/ INCORPORATING ANNUAL STATEMENT OF MINIMUM REVENUE POSITION

The Chief Finance Officer presented the report on the Prudential Code for Capital Finance in Local Authorities (incorporating the Annual Statement of Minimum Revenue Provision) which advised Members of the proposed 2019/20 Prudential Indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP). The objectives of the code were to ensure within the framework that the capital investment plans of local authorities were affordable, prudent and sustainable. The changes to the Prudential Indicators and MRP report would be incorporated within the Budget Book for approval at Full Council on 26 February 2019.

He highlighted the Capital financing required, the operational boundary and the authorised limit. He also referred to the minimum revenue provision, which is the amount set aside from revenue to meet the repayment of debt principal. He set out the detail of the five options which the Secretary of State considered to be prudent:-

- Regulatory Method
- Capital Financing Requirement Method
- Asset Life (Equal Instalment) Method
- Asset Life (Annuity) Method, and
- Depreciation Method

In response to a Member's question, the Chief Finance Officer explained that the costs associated with the capital programme were built into the medium term financial plan, which overall required savings of £2.4m to be balanced over the medium term. Subject to delivery of these savings, the Chief Finance Officer believed the rising costs were affordable. However, he noted that Members would face difficult decisions in terms of balancing the Medium Term Financial Plan over the next year.

Corporate Services Scrutiny Committee noted the report and requested Executive and Council to approve the adoption of:-

- (1) The Prudential Indicators set out in Appendix A-C; and
- (2) the Annual Statement of Minimum Revenue Provision for the Council.

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ESTIMATES, FEES & CHARGES 2019/20

The Chief Finance Officer presented the report on the proposed Revenue and Capital Estimates and Fees and charges for 2019/20 in respect of Corporate

Services, which would form a proposed annual budget which would be monitored throughout the year, in line with statutory legislation.

Corporate Scrutiny Committee supported the draft Revenue Estimates for 2019/20, the proposed Capital Programme and Fees and Charges for further consideration by Executive on 12 February and Council on 26 February 2019.

(The meeting commenced at 5.30 pm and closed at 6.10 pm)

Chair

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PUBLIC Questions for Corporate Scrutiny Committee – 24 January 2019

<p>Peter Cleasby</p> <p>It is clear from the discussions in Scrutiny Committees on the draft budget for next year that councillors (and members of the public) are having difficulty in working out what the consequences of changes to budget lines are for actual services. For example, at Place Scrutiny Committee on 17 January budget lines 81B&C showed a saving of £540,450 but officers explained that this was a “paper saving” with budgets distributed to other services.</p> <p>In the interests of transparency to which the Council claims it is committed, will this Scrutiny Committee instruct, or ask the Executive to instruct, officers to produce budget papers with a commentary in terms that councillors and the public can easily understand showing which services are being reduced and which increased, rather than relying on descriptions of movements to obscurely described individual budget lines?</p>	<p><u>Response made by Councillor Edwards, Leader & Portfolio Holder for Growth & City Development</u></p> <p>Exeter City Council was committed to being transparent. He had requested the Chief Finance Officer to revise an element of the Estimates sheet, which would set out the movements for each management unit, separating out the amounts that did not impact on the overall Council Taxpayer.</p> <p>The information would be added as an appendix to the General Fund, HRA Estimates and Capital Programme 2019/20 report, which would be considered at the Executive meeting on 12 February and subsequently included within the budget book.</p> <p>The Chief Finance Officer responded to a Member's request for clarification stating that the request, as stated in the Leader's response would be actioned with the information added to the main financial report to the next Executive.</p> <p>Mr Cleasby thanked the Leader for his response and for consideration and action of his request, which he felt would ensure that Members were fully informed.</p>
<p>Peter Cleasby</p> <p>The quarterly statements of Council spending include payments where the recipient's identity has been redacted, in line with the Council's policy on redactions. During 2017 and 2018 fees of just over £152,000 in total were paid to suppliers of consultancy services whose identities were redacted as Personal Data, not as Commercial Confidentiality, so redaction</p>	<p><u>Response made by Councillor Edwards, Leader & Portfolio Holder for Growth & City Development</u></p> <p>The redacted information related to individuals such as landlords, consultants or recipients of council tax refunds and details of their names would be classed personal data.</p> <p>Publishing this information on the council's website was, in effect, publishing the information to the world at large and presented an element of risk. For</p>

justification on the grounds of commercial confidentiality is not involved.	example, an individual may not want information about their personal income made public or they may not want anyone to know that they are working in and around Exeter. In order to comply with the Council's data protection responsibilities, the names have been redacted.
Most of these 69 payments were for services relating to marketing and communications, arts events and venues, and the Museum, and the frequency of redactions has increased significantly since late 2017. The Council's policy on redaction states: "where it is in the public interest to name an individual (e.g. information regarding sole traders and individuals in the public domain) the information will be disclosed unless the individual has specifically objected to its publication".	Although every effort is made to give those individuals receiving a payment the opportunity to object to their details being published, we cannot be certain that everyone has received the notification. He noted the point that the public had a right to know how public funds were spent and this is why the amount and description would be included on the spreadsheet.
Will the Council please provide examples of the reasoning that led officers to conclude that these consultancy payments should be anonymised, and explain how it is in the public interest that the identity of the recipients of the £152,000 of public funds should be kept secret?	The Chief Finance Officer responded to a Member's request for clarification over the publication of such information and whether it was in respect of data protection or if there was another conflict of interest. He added that every effort was made to publish as much information as possible and certainly in relation to the disciplines of expenditure, but it was necessary to redact the name of individuals or payees. He advised that the Council's procurement process included both an internal and external audit check, as part of the necessary value for money audit detail. He would discuss this with the Procurement Team, and it was certainly in no one's interest to publish information on transactions relating to individuals.

MEMBER Question for Corporate Scrutiny Committee – 24 January 2019

Question from Councillor Mrs Thompson

In November when Tithebarn Way was monitored with speed cameras by the Police some drivers were recorded as driving at speeds in excess of 30mph on this road. As this road according to Police was at the time unadopted by Highways, could this pose any risks to the City Council and are there any planning conditions yet to be enforced to meet the standards required by DCC for the road to be adopted?

Response made by Councillor Sutton Portfolio Holder Economy and Culture for Councillor Denham, Portfolio Holder City Transformation

The issue of adopting the road was entirely a matter between the developer and the County Council. There were no relevant outstanding planning conditions, and officers were not aware of any potential risk to the City Council in respect of liability.

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