

EXECUTIVE

Date: Tuesday 11 February 2020

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 John Street, Corporate Manager Democratic & Civic Support on 01392 265106.

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

Membership -

Councillors Bialyk (Chair), Sutton (Deputy Chair), Foale, Ghusain, Harvey, Morse, Pearson, Williams, Wright and Wood

Agenda

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

1 Apologies

To receive apologies for absence from Committee members.

2 Minutes

To approve and sign the minutes of the meeting held on 14 January 2020.

(Pages 5 -
16)

3 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.

4 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the

press and public be excluded from the meeting during consideration of item 14 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1,2, 3 and 4 of Part I, Schedule 12A of the Act.

5 **Questions from Members of the Public**

To receive questions relating to items on the Agenda from members of the public and responses thereto.

Details of questions should be notified to the Corporate Manager Democratic and Civic Support at least three working days prior to the meeting. Further information about speaking at a committee can be found here: [Speaking at a Committee](#)

6 **Public Spaces Protection Order Renewal**

To consider the report of the Director (JY).

(Pages 17
- 26)

7 **General Fund / HRA Estimates and Capital Programme 2020/21**

To consider the report of the Chief Finance Officer.

(Pages 27
- 64)

8 **Capital Strategy 2020-21**

To consider the report of the Chief Finance Officer.

(Pages 65
- 72)

9 **The Prudential Code for Capital Finance in Local Authorities (Incorporating the Annual Statement of Minimum Revenue Provision)**

To consider the report of the Chief Finance Officer.

(Pages 73
- 92)

10 **Treasury Management Strategy Report 2020/21**

To consider the report of the Chief Finance Officer.

(Pages 93
- 106)

11 **Annual Pay Policy Statement 2020/21**

To consider the report of the City Solicitor & Head of HR.

(Pages
107 - 118)

12 **Gender Pay Gap Report**

To consider the report of the City Solicitor & Head of HR.

(Pages
119 - 124)

13 **Future of Northbrook Approach**

To consider the report of the Director (DB).

(Pages
125 - 144)

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.

14 Business Case for the Review of Staff Structure in Housing Tenancy Services

To consider the report of the Director (BA).

(Pages
145 - 182)

Date of Next Meeting

The next scheduled meeting of the Executive will be held on **Tuesday 10 March 2020** 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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EXECUTIVE

Tuesday 14 January 2020

Present:

Councillor Bialyk (Chair)
Councillors Sutton, Foale, Ghusain, Harvey, Morse, Pearson, Williams, Wright and Wood

Councillors in attendance under Standing Order 44:

Councillor K. Mitchell speaking on items 7 and 17 (minutes 5 and 16 below)
Councillor D. Moore speaking on items 6, 7 and 14 (minutes 4, 5 and 12 below)
Councillor J. Moore speaking on item 15 (minute 13 below)
Councillor R. Branston speaking on item 17 (minute 16 below)

Also present:

Chief Executive & Growth Director, Director (DB), Director (J-PH), City Solicitor & Head of HR, Chief Finance Officer, City Surveyor, Growth & Commercialisation Manager and Democratic Services Officer (MD)

1 MINUTES

The minutes of the meeting held on 10 December 2019 were taken as read, approved and signed by the Chair as a correct record.

2 DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interests were made.

3 QUESTIONS FROM MEMBERS OF THE PUBLIC

Six questions were received from members of the public, which related to Minute 13, with five members of the public in attendance.

Question received from Aimee Beckett

Question
The plan on page four of the Clifton Hill Opportunity Paper shows a road that comes to an abrupt halt with no turning circle. Can you confirm there is no intention to extend the road beyond the area currently proposed?
Response
The Council Leader explained that the plan in the report was an indicative notional layout of the site and that the exact layout of the housing and roads was yet to be developed, and would be done during the design stage. There was no intention to develop roads beyond the redline boundary shown on the plan contained within the report. It was intended that access routes were maintained and the existing access road outside the redline boundary serving the Golf Driving Range and Ski Slope would connect to a road in the new development.

Supplementary Question
No supplementary question was asked.

Question received from Ginny Russell

Question
The open area of green space between the sports centre and access road to the ski centre / golf range is mowed at regular intervals. To encourage existing wild flowers, will Exeter City Council stop mowing the whole area and leave most uncut, with only one or two paths of mown grass between wild areas?
Response
The Council Leader stated that the Council was keen to see this area enhanced for wildlife and biodiversity by reducing mowing and increased planting of wild flowers. The local community would be engaged with, about what they would like to see for this piece of open green open space and to develop a more biodiversity focused management plan. The Council had every intention to consult with the local community.
Supplementary Question
Was biodiversity on the agenda for this Council in terms of managing urban spaces in Exeter?
Supplementary Response
The Council Leader provided assurance that biodiversity was key factor and that the Council was fully committed for Exeter to be carbon neutral by 2030 and important work was being undertaken. The Council was working with its partners to tackle the constraints faced by the Council to address the climate crisis and would continue to engage with communities.

Question received from Emily Mclvor

Question
The land at Clifton Hill currently used as a golf range could be enhanced to promote biodiversity, create a haven for wildlife and provide an amenity for Newtown and Exeter. What is being done to ensure this publicly owned open space can be enjoyed by the community at the earliest opportunity?
Response
The Council Leader explained that the Golf Driving Range was operated under a contract and lease arrangement and that the City Council would review potential future uses of the land when that arrangement was closer to coming to an end. The interests of the existing contractor/ tenant would need to be given due consideration as part of that process together with other alternatives uses, including public access.
Supplementary Question
The proposed development goes outside of the existing building footprint and should this happen, the community would get back golf driving range as it is the largest area of open space and needed to be kept.

Supplementary Response
The Council Leader stated that the Council was committed to saving the green open space. With regard to the driving range there was a contract and lease in place and the Council would review what was to happen when those came to an end at the proper time. However there were no intention by the Council to build on the land.

Question received from Moragh Mason

Question
The area of development outlined on page 3 of the Clifton Hill Opportunity Paper shows the trees behind the sports hall; will you confirm these trees will not be felled and that the brambles surrounding them, front and back, will be retained as these provide invaluable nesting areas for birds?
Response
The Council Leader confirmed that it was not the intention to fell the trees located between the sports centre and open space behind (the line of trees located along the edge of the redline boundary). Exeter City Living had already consulted with ecology experts on the scheme and were looking to manage ecology on site in a proactive and positive manner.
Supplementary Question
Will the brambles be left over for birds nesting? If they are removed it would take several years to grow back.
Supplementary Response
The Council Leader stated that Exeter City Living had consulted with experts and were looking to manage site in a responsible way. The Council would have control on the site and were committed to biodiversity and would not be removing anything unnecessarily.

Question received from Dr E Westland

Question
Can you confirm that the whole of the Clifton Hill site beyond the red lines on the photograph of the Development Area (Clifton Hill Opportunity Paper, para 2.0) will be kept in public ownership for the foreseeable future?
Response
The Council Leader explained that the land beyond the red lines had not been identified for disposal and would remain in Exeter City Council ownership, with no plans to change anything else on the remaining site.
Supplementary Question
When you consult with the local community on the future use of the site will there be an option to provide the community a voice on its use?
Supplementary Response
The Council Leader explained that the Council actively engaged with

communities within the city, and would do so for the green space behind the former leisure centre.

Question received from Raymond Edwards (Not in attendance)

Question

Could the Council reassure members and users of the green space, golf range and ski slope that access, parking and utilities/services will be fully maintained throughout the development period?

Response

The Council Leader stated that it was the intention for access to the green space, golf range and ski slope to be maintained during the development period, as would the provision of utilities and services, which would be subject to potential minor disruption. The parking outside of the redline boundary should be unaffected by the development, however any parking currently located within the redline boundary plan contained within the report would not be maintained.

4

COMMERCIAL STRATEGY

The Executive received the report on the Commercial Strategy which detailed the process to determine the viability of commercial projects and achieve the Council's aims and aspirations for commercialisation. The strategy would ensure that there was an open and transparent process in place to develop commercial ideas.

The focus of the work was on providing an increase to funding through the services delivered by the Council through a phased approach. The first phase addressed cost recovery and market testing, while the second phase focussed on delivering surplus from commercial activity and providing a delivery model for the service. It was highlighted that any additional funding would require approval from Members.

Particular reference was made to the first stage of the work and whether it met the evaluation criteria. If it did not meet the criteria, the work would need to be amended or discontinued and all work would undertake an Equality Impact Assessment.

Specific mention was made to the development of the Exeter City Services brand to be launched later in the year and that the ideas for work currently included commercial trade waste, commercial properties and ground maintenance.

Councillor D. Moore, having given notice under Standing Order No. 44, spoke on this item. She commented on the commercialisation of Council property and given the Council's need to reduce the external spending, whether the Executive would be reviewing the current business case for the new leisure centre and the intention for a third party to deliver the new leisure centre contract. She commented on the need to generate income to support the Council's core services and that stopping free car parking on Thursday evenings should be considered in order to save £35,000 a year.

During the discussion, the following points were raised:-

- Members were pleased with the strategy, especially with limited public sector resources, as it would support services and was essential in generating additional income;
- Members commended the professionalism and work of the officers involved and noted that it provided an opportunity to achieve the aims and objectives of the Council and support the priorities of residents;
- The strategy met the Carbon Neutral targets set by Exeter City Council;
- The loss of car parking charges would need to be evaluated while maintaining a level of support to local businesses.

RECOMMENDED that Council approve:-

- (1) the adoption of the Commercial Strategy; and
- (2) Strategic Management Board (SMB) being authorised to approve whether a commercial project continues.

5 **ENVIRONMENTAL ENFORCEMENT PILOT SCHEME RESULTS AND FUTURE OPTIONS**

The Executive received the report which provided a summary of the results from the recent year-long environmental enforcement pilot project and provided available options for permanent environmental enforcement solutions. The results also provided steps to address issues including parking and illegal camping.

Particular reference was made to the environmental enforcement trial which had primarily been undertaken in the city centre with the results being progressed internally. The scheme would also provide additional resources and flexibility for environmental enforcement officers in the work they undertake.

Councillor D. Moore, having given notice under Standing Order No. 44, spoke on this item, requesting the Executive to provide further responsibility to both current and new enforcement officers in conjunction with the Highway's Authority, to take action against vehicles idling under the Road Traffic regulations in order to support air quality in the city. She further enquired about the definition of illegal camping and whether fines would be applied to homeless sleepers or travellers covered by the Equalities Act.

Councillor K. Mitchell speaking under Standing Order No. 44, welcomed the report and enquired on expanding the remit for Environmental Enforcement Officers to include vehicle idling, which was a growing issue in several wards. He sought assurance that communities outside of the city centre would also be covered and whether fly tipping would be addressed as part of the officer responsibilities.

During the discussion, the following points were raised:-

- The report identified that there had been more offences recorded in the city centre, which would be the major area focus for environmental issues;
- It was important to raise income through the process to cover the costs of officers to support keeping the city clean;
- Residents and visitors needed to be encouraged to support the process by keeping the city clean and tidy;
- The focus of the scheme was on littering, illegal parking and illegal encampments on Council land. The remit of the work could potentially be expanded, once appropriate powers were made available;
- Air quality and carbon dioxide emissions would be continually monitored; and

- Homeless residents were not included under illegal encampments and would not receive fines.

RECOMMENDED that Council approve:-

- (1) the recruitment of an additional Civil Enforcement Officer (Response) post (1 x FTE) at Grade F; and
- (2) the inclusion of environmental enforcement work alongside the duties of the existing Civil Enforcement Officer (Response) team (3 x FTEs).

6

FLOOD PROTECTION SCHEMES 2019 - 2022

The Executive received the report which sought funding support to deliver flood protection schemes at three locations in the city, as detailed in the report. The proposed flood schemes would help protect City Council houses and land, improve resilience to communities as well as protecting legally protected habitats against future climate change. The Council's contribution would generate substantial extra grant funding from Devon County Council and the Environment Agency, through partnership funding.

Particular reference was made to the 55 homes that would be protected by the Northbrook Flood Scheme, the 64 homes and 15 businesses in Topsham Ferry Road and the Strand Flood scheme, all of which would be protected.

During the discussion, Members considered the investment to be beneficial to protect homes in the city.

RECOMMENDED that Council approve:-

- (1) the contribution of £100,000 towards the £970,000 Northbrook Flood Scheme currently being delivered by Devon County Council;
- (2) the contribution of £80,000, towards the estimated £800,000 budget to deliver the Topsham Ferry Road & Strand Flood protection scheme, from the Exeter City Council capital spend, the remainder comprising of contributions from other parties (primarily Environment Agency and Devon County Council); and
- (3) the estimated £500,000 budget for the embankment repairs to Bowling Green Marsh, with recoverable costs made from the Environment Agency throughout the project.

7

STRUCTURAL INSPECTION PROGRAMME OF EXETER CITY COUNCIL BRIDGES

The Executive received the report which sought funding to carry out an accelerated programme of inspections of all 27 bridges owned by Exeter City Council and to maintain a continuous programme of inspections in the future. The 27 bridges were previously inspected by an experienced engineer, but such inspections had ceased following cuts to local authority budgets. Regular inspections of the bridges would allow unsafe structures to be identified and repaired before they posed a significant risk to the public.

It was noted that the re-instatement of such inspections would bring the backlog of inspections up to date.

RECOMMENDED that Council approve:-

- (1) an additional budget of £150,000 to span the financial years for 2020-21 and 2021-22 to allow for the completion of the programme of Principal Inspections for all Exeter City Council owned bridges; and
- (2) an additional ongoing annual budget of £40,000, commencing in 2022-23, to fund a rolling programme of regular bridge inspections to be in line with the Design Manual for Roads and Bridges, which would involve inspections on a principal (six-yearly) and General (two-yearly) interval basis.

8

HOUSING RENTS AND SERVICE CHARGES 2020-21

The Executive received the report which set out the proposed increase to Council house rent, garage rent and service charges with effect from 1 April 2020 that would not override a landlord's statutory requirement to complete the four year social rent reductions.

Particular reference was made to the 1% social rent reductions made by the Council over the past four years, and that it was now permitted to apply the new central government policy to make a 1% increase above CPI for 2020/21. The increase to the charges would support additional maintenance, the Capital Programme and support the management of existing properties for tenants.

During the discussion, the following points were raised:-

- The 1% reduction left the Council with a deficit of £8 million but had only equated to 75p less rent per week for tenants. The increase would also put the Council back to its 2016 budgetary position; and
- The increase would provide support for staffing, spending on maintenance and would support the Council's HRA budget.

RECOMMENDED that Council approve:-

- (1) the increase of Council dwelling rent by 2.7% from 1 April 2020;
- (2) the increase of garage rent by 2.7% from 1 April 2020; and
- (3) service charges remaining at their existing levels with the exception of charges specified below from 1 April 2020:-
 - (a) 5.9% increase in emergency light testing in line with routine testing costs and additional installations;
 - (b) 2% decrease in respect of the Older Persons' property service charge due to vacant posts;
 - (c) 0% increase in water charges in respect of Magdalen Gardens in line with contract prices;
 - (d) 5% decrease in respect of door entry systems in line with system maintenance costs; and
 - (e) 5% increase in fire alarm charges to reflect the contract for weekly fire alarm testing.

9

2020/21 BUDGET STRATEGY AND MEDIUM TERM FINANCIAL PLAN

The Executive received the report which provided a strategic overview of the budgetary position for the 2020/21 financial year and beyond, the potential level of available resources and the proposals to ensure that a balanced budget was achieved. The Council was required to set a balanced budget and Council Tax prior to the start of the financial year.

Particular reference was made to there being a one year business rate retention roll over in 2020/21 which would support the Council to spend on services. To support a balanced budget a £5 a year, an increase in Council Tax would be proposed, although it was for Members to determine the rate of Council Tax. The proposal would keep the reserves above the £3 million level as set by the Section 151 Officer. It was highlighted that the Government was committed to a fair funding review and intended to implement it in 2021/22.

Members noted that the New Homes Bonus settlement amount for 2019/20 was a one year figure only and would likely be phased out over the medium term financial plan period. The new business rate retention scheme would reset business rates back to its baseline and would mean, within the next three years, there would be a need for £3.7 million reductions.

During the discussion, the following points were raised:-

- The £5 Council Tax increase for Band D equated to less than 10p a week, but Council Tax was also set by other authorities;
- When the Government undertakes a review they create a consultation paper which Exeter City Council would respond to. Going forward there was likely to be a phased approach for resetting business rates but there would be a one-off complete reset back to the baselines of the business rates in 2021-22.

RECOMMENDED that Council:-

- (1) note the contents of the report; and
- (2) approve the proposals to establish a balanced revenue budget and capital programme.

10

COUNCIL TAXBASE AND NNDR 1 2020/21

The Executive received the report which set out the 2020/21 Council Tax base in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012. The report also sought approval to delegate the Council's estimate of Business Rate Income (NNDR1) for the next financial year to the Chief Finance Officer.

Members were advised that the amount calculated for the Council as its tax base for the year 2020/21 would be 37,348, which was an increase of 360 over the figures for 2019/20 and equated to a 1% increase.

RESOLVED that:-

- in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Exeter City Council as its tax base for the year 2020/21 shall be 37,348; and
- responsibility to approve the Council's NNDR1 return by 31 January 2020 be delegated to the Chief Finance Officer (Section 151 Officer).

11

NEW PERFORMANCE VENUE AND REDEVELOPMENT OF THE CORN EXCHANGE

The Executive received the report which provided an overview of the feasibility studies for a new multipurpose venue for Exeter City Centre and the refurbishment of The Corn Exchange. The report examined the cost, programming and potential funding sources for a new 1,200 seat and 2,400 standing multipurpose venue as

part of the CityPoint development, following the commission of a report in 2019 about the size, location and 25 year business plan. The outline projected capital cost for the build was £61.97million and did not include the cost of a fly tower and it was highlighted that there would be no sources of funding.

Particular reference was made to the refurbishment of The Corn Exchange, which was considered as an alternative option, having identified the projected cost for the initial concepts for CityPoint and there being no alternative funding routes available. Members noted that there had been interest received from the Private Sector which could be brought back to Members for future consideration.

During the discussion, the following points were raised:-

- In the current financial climate, the cost was not viable, but there were opportunities at the Corn Exchange that could be considered; and
- The Council would continue to be proactive and seek out partners, for future consideration, however there were still good venues located around the city

Following the discussion, Councillor Sutton moved and was seconded by Councillor Morse to amend the second recommendation and was voted for unanimously.

RESOLVED that Members:-

- (1) note that there was a 'low likelihood' of externally funding a £61.91million multipurpose venue;
- (2) support the premise and the ambition for the redevelopment of the Corn Exchange and request the matter be put before scrutiny to explore funding sources; and
- (3) note the progress made for a privately funded commercial theatre for the city, and that any future positive developments would be brought back to Council.

12

MINUTES OF THE LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

The minutes of the Leisure Complex and Bus Station Programme Board meeting held on 4 September 2019 were submitted.

Councillor D. Moore, having given notice under Standing Order No. 44, spoke on this item. She enquired about whether a review would be held on Sidwell Street bus shelters and improvements to facilities, orientation and security for coach users. She highlighted the importance of having a clause in the tender documentation to ensure that the toilets would be kept free for use in the bus station.

Members noted that contents of the minutes had been agreed and the options available had been considered.

RESOLVED that the minutes of the Leisure Complex and Bus Station Programme Board meeting held on 4 September 2019 be received and, where appropriate, adopted.

13

LOAN TO EXETER CITY LIVING FOR CLIFTON HILL DEVELOPMENT

The Executive received the report which outlined an opportunity paper submitted from Exeter City Living to progress a residential development at Clifton Hill to develop 44 new homes. The report identified the loan required, the sales value,

development costs and the projected profit. The report also included the details of the current value of the land and the forecast costs.

Members were informed that the loan was for the purchase of the site, the design and development of the 44 new homes and subsequent roads and infrastructure. Members noted that the building of a residential development, rather than student accommodation meant there would be an under-value in excess of £2 million which would require the approval of the Secretary of State.

Councillor J. Moore, having given notice under Standing Order No. 44, spoke on this item. She spoke on the green space at Clifton Hill and the commitment to reversing the unpopular decision to sell the land. She expressed concern that a large area of the green space to the side of the former sports centre was also reserved for development. She requested that assurances be given so that the community could trust in the Council's plans for the wider site. Councillor J. Moore commented on a survey conducted by campaigners on how the community would like to see the land used, which showed the interest for an inner city nature reserve on the land currently occupied by the golf driving range and whether the Council would commit for the land to be kept for community use. She noted that the proposal to sell the land to Exeter City Living was more satisfactory than the original proposal but would only provide 25% affordable homes, and whether the number of homes could be revisited and on the necessity for the allocated car-parking space.

During the discussion, the following points were raised:-

- Members had listened to the community's desire that no student accommodation should be built;
- By not disposing of the land on the open market, the Council would not be able to secure best consideration for the land. The level of the indicative undervalue would require the Council to obtain approval from the Secretary of State;
- The development of the site was a strategic challenge. The Council needed to ensure it received the best outcome before the Planning Committee considered any future planning application for the scheme and would include carbon neutral issues;
- There was a requirement for the Council to meet the demand for 600 new dwellings every year in conjunction with the commitment to being a Carbon Neutral city. The proposal would ensure that there would be high quality housing on the land. The Development Company was designed to support the development in the city and set a standard for environmental performance; and
- The Council and Exeter City Living would continue to consult and engage with communities on the development.

Following the discussion, Councillor Morse moved and was seconded by Councillor Bialyk to amend the recommendation and was voted for unanimously.

RECOMMENDED that Council approve, a loan to Exeter City Living of £15,643,478 to enable Exeter City Living to progress with the purchase of Clifton Hill and development of 44 new homes in the city.

14

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 the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of the Act.

LOAN TO EXETER CITY LIVING FOR CLIFTON HILL DEVELOPMENT

The meeting was moved to Part 2, following a vote by Members, to be presented with the financial element of the opportunity paper from Exeter City Living to progress a residential development at Clifton Hill, which contained information of a commercially sensitive nature. Members discussed the borrowing process for Exeter City Living and future investments to develop affordable homes.

Councillor K. Mitchell spoke on this item under Standing Order No. 44. He welcomed the development of homes over student accommodation and commended the Leader of the Council for overturning the decision to sell the land. He considered the land adjoining the former leisure centre to be green open space but stated that the Council would need to monitor the progress of the development.

During the discussion, the following points were raised:-

- The development of 44 homes would be built to Passivhaus standards;
- There would be a focus on maintaining the green space on the retained land and that the Council would be working with the Devon Wildlife Trust for any environmental impacts;
- The proposal was a first step in developing quality and affordable homes for residents and would provide them with a better living environment;
- Exeter City Living also required the means to make a profit to continue to develop better quality homes;
- Decisions for new homes were made to support residents and provide better living conditions, but the Council understood the desire for not building on green spaces;
- The decision was not easy and given that the Council was not receiving value for the site, unity from Council Members was needed.

CLIFTON HILL SITE

The Executive received the report which reviewed the Council decision of the 26 February 2019, which was to dispose of the whole of the Clifton Hill site. The report provided alternative disposal proposals, a review of the statutory implications of the propositions and made recommendations for the disposal of part of the site.

Since the Council's original decision it had been recognised that the green space, golf driving range and ski slope provided an important civic amenity to both the local and the wider community of Exeter and consequently the site disposal plan had been revised.

Councillor R. Branston, having given notice under Standing Order No. 44, spoke on this item. He discussed the report which he considered to be concise and detailed, and noted that the Council could dispose of land but that Secretary of State consent would be required for a disposal at the indicative level of undervalue. The Council was in a position to provide quality housing through Exeter City Living, while carrying out the Government Strategy to build affordable homes and supporting the Council's goal for being a carbon neutral city and supporting green open spaces for a better quality of life for residents. It was important that the Council showed how it was united on working with communities and its commitment for saving green open spaces and confirmed that he supported the recommendations.

During the discussion, the following points were raised:-

- Should the Secretary of State refuse to give consent for the disposal at an under-value, the decision to reverse the disposal would stand, however Members would need to decide on how to proceed.

RECOMMENDED that Council:-

- (1) set aside the decision to sell the Clifton Hill site for a mixed residential development made by the Executive on 12 February 2019 and Council on 26 February 2019;
- (2) authorise the City Surveyor to progress the disposal of a reduced site to Exeter City Living Ltd on detailed terms to be agreed; and
- (3) agree that should the disposal to Exeter City Living Ltd not be agreed within three months of the Executive meeting, the City Surveyor be authorised to dispose of the revised site for the best consideration that can reasonably be obtained, subject to all necessary steps being taken to ensure that it is not used for purpose-built student accommodation.

(The meeting commenced at 5.30 pm and closed at 8.05 pm)

Chair

The decisions indicated will normally come into force 5 working days after publication of the Statement of Decisions unless called in by a Scrutiny Committee. Where the matter in question is urgent, the decision will come into force immediately. Decisions regarding the policy framework or corporate objectives or otherwise outside the remit of the Executive will be considered by Council on 21 January 2021.

REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of:

Director (JY)

Title: Public Spaces Protection Order Renewal

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council Function

1. What is the report about?
 - 1.1 The current Public Spaces Protection Order 2017 (PSPO) is due to expire on the 20 June 2020. This report describes the impact of the order and recommends extending the order for a further three years.
2. Recommendations:
 - 2.1 That the Executive supports and Council Resolves to renew the Public Space Protection Order, on the existing boundaries defined by the attached map (Appendix A), with the restrictions (contained in Appendix B), for a further period of 3 years from the commencement date of 20 June 2020.
 - 2.2 Executive recommends that Council Resolves to continue the current policy of funding received by the Council from fixed penalty notices issued for a breach of any PSPO to be ring-fenced for initiatives to address anti-social behaviour and that this funding continue to be administered through the Exeter Community Safety Partnership.
3. Reasons for the recommendation:
 - 3.1 There is continued justification for the Order based upon data and intelligence from Devon & Cornwall Police, the Council, and the Exeter Community Safety Partnership, together with information from complaints made by the public to the Council. From this information it is clear that whilst the PSPO has had an impact since its introduction in 2017, the prevalence of persistent and problematic anti-social behaviour continues to be relatively high in the area of the Order.
 - 3.2 Data from Police logs and from the Exeter Business against Crime Partnership provides evidence that anti-social behaviour complaints are of such a volume that they continue to have or are likely to have a detrimental effect on the quality of life of those in the locality, i.e. residents, workers and visitors within the PSPO area. These anti-social activities are continuing at a level that is unreasonable and justifies the continuing restrictions of the Order.
 - 3.3 Under the PSPO control measures are used which address the anti-social behaviour without necessarily criminalising a perpetrator in breach of the Order. This could not be easily achieved without the PSPO and there are no known alternative or more effective control measures currently available. Since the introduction of the PSPO in

2017 the order has been applied in conjunction with other interventions, so it can be used to engender positive behaviour change by offering the option of a restorative or positive alternative to a penalty fine such as an Acceptable Behaviour Contract (ABC).

- 3.4 Where the PSPO control measures fail to improve behaviour it is used to demonstrate to the courts that every opportunity has been given to modify behaviour before resorting to other tools under the Anti-Social Behaviour, Crime and Policing Act 2014 such as Injunctions and Criminal Behaviour Orders.
4. What are the resource implications including non-financial resources.
 - 4.1 Operationally, the Police will continue to be the principal agency enforcing the PSPO powers on the ground. The number of Fixed Penalty Notices (FPNs) issued and the resultant income (estimated £3,700 to date) is expected to continue be small, and any income from FPNs will be ring-fenced for use by the Exeter Community Safety Partnership to support Community Safety initiatives within the City. Therefore any intervention and enforcement costs in pursuit of breaches of the Order will continue to be met by existing Police and/or Council resources.
5. Section 151 Officer comments:

There are no financial implications contained in this report for Council to consider.
6. What are the legal aspects?
 - 6.1 The provisions relating to PSPO powers fall under the Anti-Social Behaviour, Crime and Policing Act 2014. Section 60 of the Act provides that a PSPO may be extended (section 60 (2)) 'if satisfied on reasonable grounds that doing so is necessary to (a) prevent occurrence or recurrence after that time of the activities identified in the order, or (b) an increase in the frequency or seriousness of those activities after that time'.
 - 6.2 The extension may only be for a maximum period of 3 years but Section 60 (4) provides that it may be extended under section 60 more than once.
 - 6.3 Officers are satisfied that there are sufficient grounds to extend the current PSPO for a further 3 years to prevent occurrence and reoccurrence of the prohibitions outlined in the current order.
7. Monitoring Officer's comments:

In order to extend the order, members need to be satisfy themselves that there is Reasonable grounds to extend the order as set out in paragraph 6.1 above.
8. Report details:
 - 8.1 The Anti-Social Behaviour, Crime and Policing Act 2014 introduced powers to tackle anti-social behaviour, including Public Spaces Protection Orders. Public Spaces Protection Orders (PSPOs) are intended to deal with a particular nuisance or problem in a particular area that is detrimental to the local community's quality of life, by imposing conditions on the use of that area which apply to everyone. They are designed to ensure the law-abiding majority can use and enjoy public spaces, safe from anti-social behaviour.
 - 8.2 These orders are flexible and can be applied to a much broader range of issues, with local authorities having the ability to design and implement their own prohibitions or

requirements where certain conditions are met. These conditions centre on the impact to the quality of life in the locality, persistence, and whether the impact makes the problem behaviour unreasonable.

- 8.3 The Exeter PSPO was introduced in from 20 June 2017. On introduction an initial three month transition period *was adopted for those conducting first time transgressions*. The Police were still able to use dispersal power during this period.
- 8.4 From the adoption of the PSPO until the end of 2019, the following uses of the powers have taken place:
- 37 Fixed Penalty Notices issued for street urination.
 - 128 people have been dispersed using the powers.
 - 13 prosecutions have been taken for breaches of the PSPO prohibitions.
 - 1 caution was also issued for a breach of PSPO prohibition
 - The powers of surrendering alcohol are used on a daily basis by officers, however records are not kept of the use of this prohibition as most people are voluntarily surrender.
- 8.5 Exeter, much like other towns and cities nationally, has a persistent and recurring issue of anti-social behaviour in the City centre, particularly in the summer months. There is support from the Police and the Police and Crime Commissioner's Office for the continuation of the PSPO (see Appendix 1).
- 8.6 The Police reported 2066 antisocial behaviour logs in the PSPO areas in 2017; 2036 in 2018 and 1761 in 2019 and whilst this shows a year on year reduction in logs not all concerns are logged with police. The Exeter Business against Crime (EBAC) partnership recorded 1193 incidents of anti-social behaviour in 2017 within the PSPO area, 1320 in 2018 and 1678 in 2019.
- 8.7 Under the Act, in deciding upon the making or extending of a PSPO the Council must have particular regard to the rights of freedom of expression and freedom of assembly set out in Articles 10 and 11 of the Convention under section 21(1) of the Human Rights Act 1998. In terms of the joint protocol on enforcement and positive/restorative pathways for the PSPO, and the training that takes place, the importance of these two freedoms is made explicit. In addition, both the protocol and training have regard to Article 1 of the First Protocol of the Human Rights Act 1998 (protection of property) in relation to the surrendering of intoxicants to authorised persons, contained within the PSPO.
- 8.8 In practical terms, this means that the application of the PSPO is not used to restrict a lawful Trade Union picket, an organised peaceful protest, a religious assembly, or someone preaching in a public space. Nor is it used to confiscate alcohol from someone who had just made a purchase from an off-licence with the intention of taking that purchase home for consumption.
9. How does the decision contribute to the Council's Corporate Plan?
- 9.1 The main contribution of the designation of a PSPO is to reduce problematic anti-social behaviour in the City Centre, and in so doing it supports the corporate priorities of 'promoting active and healthy lifestyles' and 'building great neighbourhoods'.

9.2 In achieving this, it is necessary to work with partners who make up the Community Safety Partnership to ensure that any Order is effectively implemented alongside other interventions.

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

10.1 Any legal challenge presents a risk to the Authority. The legislation supporting implementation of the new Orders states that “interested persons” may challenge the validity of any Order in the High Court. This means that the Council could face a challenge against its decision to make the Order. An application of this nature must be made within six weeks beginning on the day the Order is made or varied. The grounds upon which a challenge could be made are:

- that the local authority did not have the power to make the order or variation, or to include particular prohibitions or requirements imposed by the order (or by the order as varied);
- that a requirement under this part of the legislation was not complied with in relation to the order or variation.

The High Court has the power to suspend, quash, amend or uphold the order

10.2 This risk has been mitigated by the Council adhering to the provisions of the Act with regard to the formulation, consultation and implementation process of an order, in response to evidence of continuing and unreasonable anti-social behaviours occurring in the City Centre area encapsulated within the proposed PSPO boundary.

10.3 There is also a risk that public expectations will be raised by this Order that agency resources cannot fully meet; the Order is unlikely to remove the issues in total, but can act to support and augment other initiatives. The inclusion of a positive/restorative option in the crafting of a fixed penalty notice will be an innovative use of the legislation by the Council in helping to change negative behaviours, reduce re-offending and help readily engage the support of partner agencies.

10.4 Continuation of this Order could lead to problem-displacement. Officers from the Council, Police, and other agencies have continually reviewed this and believe that the area of the proposed Order is sufficiently large to minimise any acute problems arising from any displacement.

11. Equality Act 2010 (The Act)

11.1 Under the Act’s Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people’s needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from

reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.
- 11.4 In recommending this proposal potential impact has been identified on people with protected characteristics as determined by the Act and an Equalities Impact Assessment has been included in the background papers for Member's attention.
12. Carbon Footprint (Environmental) Implications:
 - 12.1 No direct carbon/environmental impacts arising from the recommendations.
13. Are there any other options?
 - 13.1 Not renewing the PSPO – the current PSPO could be left unchanged for a period ending 20 June 2020. This option is not being put forward due to the need to continue tackling issues relating to anti-social behaviours taking place in the City Centre.
 - 13.2 Consult on a new PSPO with changed prohibitions and / or boundaries - this option is not being recommended at this time as it would require extensive research and consultation that could not be completed prior to the 20 June 2020. Should partners identify a need for consideration of changes or expansion this will need to be subject to a separate process?

Director: Jo Yelland

Author: Simon Lane, Service Lead – Environmental Health and Community Safety

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

Background papers used in compiling this report:-

- Highways Act 1980
- Anti-Social Behaviour, Crime & Policing Act 2014

Contact for enquires:

Democratic Services (Committees)

Room 4.36

01392 265275

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The Anti-social Behaviour, Crime and Policing Act 2014 The Public Spaces Protection Order – Exeter City Council 2017

Exeter City Council ('the local authority') being satisfied that the conditions set out at section 59 (2) and (3) of the Anti-social Behaviour, Crime and Policing Act 2014 ('the Act') are met and upon the following activities being carried on in a public place within the local authority's area: (i) the use of intoxicating substances, (ii) urinating, (iii) aggressive begging, (iv) acting in a manner that causes or is likely to cause a member of the public to suffer harassment alarm or distress, and upon the local authority having undertaken the necessary consultation and the necessary publicity and the necessary notification as required by section 72 (3) of the Act **HEREBY MAKES** by virtue of section 59 of the Act a Public Spaces Protection Order ('PSPO') in the following terms:

Any person within the PSPO area [being the area edged black on the map at Schedule One] whilst situated in the street or other public space where the public have access without payment shall:

- A. Surrender any intoxicating substance* in their possession to an authorised person** when requested to do so by that authorised person, if:**
- (a) they are found to be ingesting, inhaling, injecting, smoking or otherwise using an intoxicating substance or substances, or,**
 - (b) they are in possession of such intoxicating substance or substances with the intent of using such intoxicating substance within this area, or,**
 - (c) the authorised person has reasonable grounds to believe that such person is using or intends to use the intoxicating substance or substances within the said area.**

**Intoxicating Substance is given the following definition (which includes alcohol and 'new psychoactive substances') 'substances with the capacity to stimulate or depress the central nervous system'. Exemptions shall apply in cases where the substances are used for a valid and demonstrable medicinal use, given to an animal as a medicinal remedy, are cigarettes or vaporisers (tobacco products), or are food stuffs regulated by food safety legislation, or where the use of the intoxicating substance when alcohol falls within the curtilage of a premises licenced for the sale and consumption of alcohol, and within the operating hours of such. Section 63 (1) and (2) of the Act provides that where a constable or an authorised person reasonably believes that a person is or has been consuming alcohol or intends to consume the alcohol in breach of this prohibition, that constable or authorised person may require the person not to consume the alcohol or to surrender the alcohol or container for alcohol to that constable or authorised person. Upon being provided with evidence that the constable or authorised person has the appropriate authorisation, a person who fails to comply with the requirement of the constable or authorised person shall commit an offence and is liable on summary conviction to a fine not exceeding level 2 on the standard scale. A constable or an authorised person may dispose of anything surrendered in whatever way he or she thinks appropriate.*

***An authorised person shall be a Police Constable, Police Community Support Officer or authorised Exeter City Council Officer, who must be able to present their authority upon request.*

B. Not urinate in a street* or public open space.

**The term 'street' includes any road, footway, beach or other area to which the public have access without payment. It also includes a service area as defined in Section 329 of the Highways Act 1980. Other areas will include parks and retail car parks to which the public have access to without payment. Exemptions shall apply where authorised temporary public urinals/toilets have been provided in accordance with any specification issued by Exeter City Council and with its agreement.*

C. Not carry out aggressive begging*.

**Aggressive begging is defined as behaviour that a reasonable person would regard as intimidating and which is designed to cause a member of the general public to offer money to a person not known to them. Exeter City Council would define that behaviour as: (1) clearly intimidating, i.e. through the use of threatening language or gestures, or (2) intimidating by being passive aggressive, such as standing or sitting in close proximity (i.e. within 5 metres) of a cash machine or pay station either singly or in a group of two or more ie where people expect privacy and/or feel vulnerable with their money, bank cards, wallets or purse on display.*

D. Not behave (either individually or in a group of two or more people) in a manner that has caused or is likely to cause a member of the public to suffer harassment, alarm or distress by that behaviour.

E. Persons within this area who breach Prohibition D while in a group shall when ordered to do so by an authorised person disperse either immediately or by such time as may be specified and in such a manner* as may be specified.

**The manner specified by the authorised person may include a requirement not to re-enter a defined zone within the PSPO area until a certain time, which shall be no later than 6 hours from the time that an authorised person orders persons in a group to disperse.*

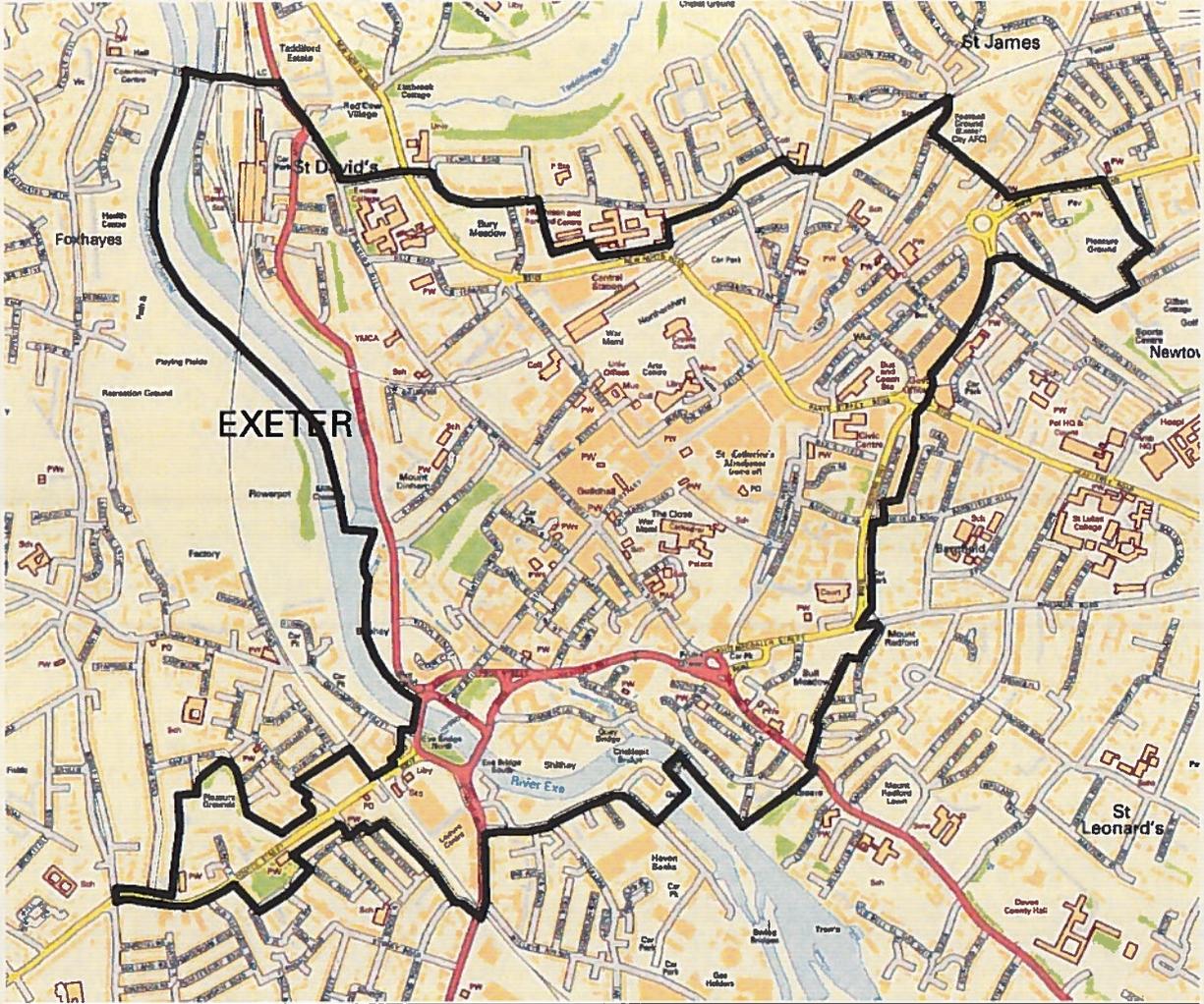
- It is an offence for a person without reasonable excuse to do anything that the person is prohibited from doing by the PSPO or to fail to comply with a requirement to which the person is subject under the PSPO. By virtue of section 67 (2) of the Act a person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 3 on the standard scale or a Fixed Penalty Notice may be issued by virtue of section 68 (1) of the Act up to a current maximum of £100.
- The PSPO shall come into operation on the 1st June 2017 and shall have effect for a period of 3 years.
- Any person who lives in the area of the PSPO or who regularly works in or visits that area may apply to the High Court to question the validity of the PSPO if that person believes that the authority did not have power to make the order or that a requirement in the Chapter of the Act relevant to the PSPO was not complied with. This application under section 66 of the Act must be made within six weeks of the date the PSPO is made.

The Common Seal of Exeter City Council
was hereunto affixed
in the presence of:



20th April 2017

SCHEDULE ONE



REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of: Chief Finance Officer

Title: General Fund / HRA Estimates and Capital Programme 2020/21

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?
 - 1.1 To propose the General Fund revenue estimates for 2020/21 and to recommend the Band D level of Council Tax for 2020/21. This report also includes the proposed Capital Programme for 2020/21 and future years, and the proposals in respect of the Housing Revenue Account.
2. Recommendations:
 - 2.1 It is recommended that:
 - 2.1.1 The Council's overall spending proposals in respect of both its revenue and capital budgets are recommended to Council for approval;
 - 2.1.2 The council tax for each Band be recommended to the Council as set out in section 8.20.3 subject to Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority confirming their Band D levels respectively;
 - 2.1.3 When the actual council tax amounts for Devon County Council, Devon and Cornwall Police and Crime Commissioner and the Devon and Somerset Fire Authority are set then the revised council tax levels be submitted to Council on 25 February 2020 for approval;
 - 2.1.4 Members note the Statement given by the chief finance officer as required under Section 25 of the Local Government Act 2003.
3. Reasons for the recommendation:
 - 3.1 To ensure that the Council is in a position to set a budget and determine the Council Tax for the City of Exeter in line with the statutory timeframe.
4. What are the resource implications including non financial resources.
 - 4.1 The report sets out the proposed budgets for 2020/21. Details of the resource implications are set out in section 8.
5. Section 151 Officer comments:
 - 5.1 The proposed budget will achieve the requirement to maintain a minimum balance in excess of £3 million. The Medium Term Financial Plan is reliant on substantial

reductions being delivered for the 2021/22 budget and beyond. It is imperative that Members maintain a strong financial discipline to ensure that the reductions already proposed are delivered and that additional reductions are identified to deliver a balanced medium term financial plan.

- 5.2 The proposed capital programme aligns with the Medium Term Financial Plan and the revenue implications have been built into both the General Fund and HRA budgets.
- 5.3 The report also sets out the proposed HRA income and expenditure for 2020-21. There is a budgeted deficit of £3.322m, which is in line with the HRA's medium Term Financial Plan. The budgeted deficit is substantially higher than 2018-19, due to the extent of planned capital investment for 2020-21 and the level of revenue contributions required towards financing the planned capital investment.
- 5.4 It is important to remember that Council is legally responsible for setting a balanced budget each year and for taking action when there are adverse movements in the projected financial position during the year. Therefore, if a decision is taken to add additional expenditure or remove a proposed reduction, then Council must identify how that will be funded.
6. What are the legal aspects?
 - 6.1 As part of the budget and the Council Tax fixing process, the Council is required by the Local Government Finance Act 1992 to make various specific calculations and decisions:-
 - (a) it must calculate its budget requirement in accordance with Section 32 of the Act;
 - (b) it must calculate the City Council element of the Council Tax - first for Band D and then for all bands - in accordance with Sections 33 to 36;
 - (c) it must set the overall Council Tax for each band in accordance with Section 30.
7. Monitoring Officer's comments:
 - 7.1 Legislation does not prescribe how much the minimum level of reserves should be. The Section 151 officer is tasked with recommending the minimum level of reserves required as part of the budget setting process having regard to elements of risk in the Council's finances. Section 25 of the Local Government Act 2003 requires the S.151 officer to report on the adequacy of the Council's financial resource.
 - 7.2 The Monitoring officers comments are intended to assist all members of the Council in consideration of the complex legal background to their budgetary and Council Tax decisions and in particular to set out the legal factors and requirements which Members of the City Council need to consider in reaching decisions on the budget and Council Tax.
 - 7.3 In coming to a decision in relation to the revenue budget and the council tax, the City Council and Councillors have the following legal duties:
 - a. To act in accordance with their statutory duties and responsibilities;
 - b. To act reasonably; and
 - c. To have careful regard to their fiduciary duty to its rate payers and Council tax payers.
 - 7.4 The City Council has a clear legal duty to set a balanced budget. A resolution not to set a Council tax would be unlawful so would be a resolution to set a Council tax which deliberately did not balance the budget.

7.5 When making a decision, councillors are reminded of the obligation to act reasonably and in accordance with the principals set down in the Wednesbury case. This means that councillors are required to take into account all relevant considerations and ignore any irrelevant considerations. Put simply, it would be unlawful for the Council to come to a view which is unreasonable in the sense that it is so irrational that no reasonable authority could have reached it.

7.6 The meaning of fiduciary duty is more difficult to define but can be summarised as a duty to conduct administration in a business-like manner with reasonable care, skill and caution and with due regards to the council's rate payers. When discharging their fiduciary duties councillors will need to consider the following:

- a. Prudent use of the council's resources, including the raising of income and the control of expenditure;
- b. Financial prudence both long and short term;
- c. Striking a fair balance between the interest of the council tax payers on the one hand and the community interest and adequate and efficient services on the other hand;
- d. Acting in good faith with a view to complying with statutory duties and exercising its statutory powers for the benefit of the community.

7.7 Restriction on voting

Members' attention is drawn to the provisions of S.106 of the Local Government Finance Act 1992 which applies to members where:

- (a) They are present at a meeting of full Council, the Executive or Committee and at the time of the meeting an amount of Council tax and has remained unpaid for at least 2 months and
- (b) Any budget or Council tax calculation or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

7.8 In these circumstances, any such members shall at the meeting and as soon as practical after its commencement disclose the fact that S.106 applies to them and shall not vote on any question concerning budget setting.

7.9 Failure to comply with these requirements is a criminal offence unless such member can prove that they did not know S.106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at that meeting.

8. Report details:

8.1 Local Government Finance Settlement 2020-21

8.1.1 The Government confirmed in the Spending Review that the changes proposed to the Business Rates Retention scheme were being delayed for a year and that a 1 year settlement would follow. The final settlement for 2020/21 was announced in January and the figures in the Medium Term Financial Plan have been updated. The settlement rolled over last year's figures and added an amount for inflation.

8.2 Business Rates

8.2.1 The Government have delayed the implementation of the Business Rates retention reform and the review of the formula that underpins it. This has meant that the reset, expected in 2020/21 has been put back a year. This is positive news for Exeter as we benefit from being significantly above our baseline needs. The review is expected to be implemented in 2021/22, which will have a significant, negative impact on our resources.

8.3 Council Tax

8.3.1 The medium term financial plan is based upon an assumption that under the council tax referendum threshold, Shire District councils will be allowed increases of less than 2% or up to and including £5, whichever is higher. The Government has confirmed that for 2020/21 District Councils may increase Council Tax by less than 2% or £5 without triggering a referendum. Exeter's budget strategy for next year assumes that council tax will increase by £5, which, along with the estimated surplus on the collection fund of £109,657 and increase in the taxbase will raise an extra £255,863. It is of course for Council to determine the level of Council Tax and Members are reminded that in order to set a balanced budget, reductions or alternative funding must be identified if a lower amount is proposed.

8.4 Key Assumptions

8.4.1 An overall allowance of £470,490 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	2.0%
Pay – Increments	0.5%
Electricity	0%
Gas	0%
Oil	2.5%
Water	0.0%
Insurance	0%
Rates	2.5%
Fuel	3.0%
General Inflation	0.0%
Income (excluding Car Parks)	3.0%

8.4.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added. The pay award for 2020/21 has not yet been agreed. An estimate of 2% has been included within budgets.

8.4.3 The medium term financial plan includes the impact on interest earned from the Council borrowing, long term, £49.5 million. This has had a positive impact on the Council and should provide sufficient cash to deliver projects currently in the capital programme.

8.5 Further Issues To Be Considered

8.5.1 Before the Council can finalise its revenue budget for next year there are a number of issues that require further consideration as follows: -

- Equality Impact Assessment
- New Homes Bonus
- Future spending pressures and review of the medium term financial planning process
- The level of reserves and balances

8.6 Equality Impact Assessment

8.6.1 Equality Impact Assessments (EQIA) form part of the Council's decision making process and are a tool to help the Council identify what effect or possible effects its work may have on different groups of people. All local authorities have a legal responsibility to assess their policies and functions, and to set out how they will monitor any possible negative impact on equality target groups. The Council needs to consider the impact on equalities of all new and reviewed Council strategies, policies, projects, services or functions, budget decisions and restructures. By anticipating the

consequences of its actions on equality groups the Council can make sure that, as far as possible, any negative consequences are eliminated, minimised or counterbalanced by other measures, and opportunities for promoting equality are maximised. As part of this process any revenue savings proposals will be assessed for any potential equality issues and where an EQIA is required, this will need to be reported back to the Executive.

8.7 New Homes Bonus

8.7.1 The Government have indicated that whilst New Homes Bonus will be payable again this year, the 2020-21 element of the allocation will be for one year only. This indicates that New Homes Bonus is coming to an end. Whilst this will lead to an award of £2.490 million for 2020/21, this will roughly halve in 2021/22 and then reduce by a further 50% in 2022/23 before ending the following year. As the Council requires £1.9 million to meet its current obligations, this will require significant reductions over the next three years.

8.7.2 To date the Council has received New Homes Bonus of £23.162 million over the period 2011/12 to 2019/20 and has been notified that it will receive a further £2.490 million in 2020/21. The methodology for using the New Homes Bonus has the following impact:-

Year	Top Slice (revenue) £000's	Community Projects £000's	Major Projects /Debt Reduction £000's	Unused / Projects £000's	Revenue £000's	Total £000's
2011/12	-	-	-	389	-	389
2012/13	120	361	601	241	-	1,323
2013/14	120	286	1,757	42	-	2,205
2014/15	120	286	2,372	-	-	2,778
2015/16	120	286	3,123	-	-	3,529
2016/17	159	150	2,000	923	1,000	4,232
2017/18	164	150	1,500	783	1,000	3,597
2018/19	164	150	1,150	127	1,000	2,591
2019/20	25	150	1,000	149	1,194	2,518
2020/21	25	189	802	374	1,100	2,490
Total	1,017	2,008	14,305	3,028	5,294	25,652

8.8 REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)

8.8.1 An updated Medium Term Financial Plan (MTFP) is set out in Appendix 3. The MTFP currently indicates that significant reductions are required from 2021-22 to 2023-24 to address the loss of business rates growth and New Homes Bonus. The reductions required total £3.7 million and whilst the funds will be redistributed across Local Government, there is no certainty at this stage that the Council will receive more than its share under the formula grant system, which will be substantially lower and has been built in to the medium term financial plan. Furthermore, the Government intends to introduce a new formula resulting from the fair funding review currently being undertaken and the move to 75% business rates retention.

8.8.2 The amount of savings required in the period could vary significantly based on the results of the fair funding review and any changes to the distribution of growth introduced in the move to 75% business rates retention. Additionally there are further uncertainties and factors that could affect the future financial position. These include: potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital

programme commitments. Any additional revenue costs / reduced income streams that are not currently identified within the medium term financial plan will have to be met from further savings and will require careful consideration from members.

8.9 **BALANCES AND RESERVES**

8.9.1 The Council's current policy is such that the minimum level of the General Fund Balance will remain above £3 million. As the Council faces great uncertainty in the medium term over funding it is prudent to hold reserve levels at this level to offset sudden losses of income or unexpected expenditure. The latest estimated position of the General Fund Balance is that it will be £5.105 million as at 31 March 2021, equivalent to 30.8% of Exeter's net revenue budget. The Council's revised medium-term financial plan (Appendix 3) indicates that the General Fund Balance will reduce to £3.646 million by the end of 2023/24.

8.9.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2020/21 includes a net transfer from earmarked reserves of £307,000. This is broken down as shown below:-
Transfer (from)/ to reserves:

	2019/20 £'000
Transfers to Reserves	
New Homes Bonus	63
	63
Transfers from Reserves	
New Homes Bonus	(174)
NNDR Pilot	(99)
Other	(4)
Transformation	(37)
Sports	(56)
	(370)

8.10 REVENUE ESTIMATES 2020/21 (APPENDIX 4)

8.10.1 Service Committee Expenditure for 2020/21 is £13,309,220 which is £612,290 higher than the current year.

8.10.2 In addition there are other items to take into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £527,000 for net borrowing in respect of the overall cash balances, £1,350,000 towards repaying debt in respect of the Council's capital programme, New Homes Bonus grant and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2020/21 is planned to be £14,066,810, an increase of £1,929,110 compared to 2019/20.

8.10.3 Attached at Appendix 5 is a breakdown of the movements for each management unit removing the amounts that have been removed or added, but that don't actually impact on the Council Tax. This is either because they have been transferred to / from another part of the budget or because there is a statutory override, which means that the costs are removed elsewhere in the budget.

8.11 COUNCIL TAX BUDGET REQUIREMENT 2020/21 (APPENDIX 6)

8.11.1 As stated above, the Government is setting the referendum trigger for District Councils at above £5 or 2%, whichever is higher. The budget has been set on the basis of a £5 increase, although this is ultimately a Member decision. It should be noted that in the Government spending calculations, they have assumed that all

District Councils will raise their Council Tax by £5 and have set the spending reductions accordingly.

8.11.2 When all the Government Grant funding is taken into account the resultant net expenditure to be financed from council tax is £6,087,190 (as indicated in Appendix 4), an increase of £255,870 compared to 2019/20.

8.11.3 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2019/20. For next year it is estimated that the collection fund will have a surplus (£109,657), which will be used to fund part of the expenditure to be financed from Council Tax.

8.11.4 After taking into account the surplus and the taxbase of 37,348, the proposed band D council tax for 2020/21 is £160.05, which means that the council tax would increase annually by £5.00 or 3.22%. An increase of 1.99% would reduce the Council Tax requirement by £71,503, which would have to be taken from reserves.

8.12 HOUSING REVENUE ACCOUNT (HRA) (APPENDIX 7 & 8)

8.12.1 Since April 2012, the Council's HRA is expected to be self-financing. Thus all income collected locally from rents, service charges and other sources are kept at a local level to deliver housing services to tenants and to maintain the housing stock.

8.12.2 Since April 2012 each local authority had a limit on the amount of borrowing it could have for the purposes of the HRA, called the 'debt cap'. For Exeter City Council, the debt cap was £57,882,413.

The HRA debt cap was formally removed on 29 October 2018, as a result local authorities are now able to borrow for housebuilding in accordance with the Prudential Code.

The HRA have identified the first four new build schemes that will be financed using the new borrowing freedoms, which will deliver 100 new homes into the HRA by summer 2022 at a cost of £18m. These schemes are reflected in the proposed HRA capital programme.

8.12.3 In October 2017, the government announced its intention to set a long term rent policy in respect of annual rent increases on both social rent and affordable rent properties of up to CPI plus 1% from 2020, for a period of 5 years.

The new policy on rents for social housing comes into effect from 1 April 2020. It does not override landlords' statutory requirement to complete the four year social rent reductions as required by the Welfare Reform and Work Act 2016.

The Council implemented the required social rent reductions of 1% rent cuts in each of the last four years (2016/17, 2017/18, 2018/19 and 2019/20). It is therefore permitted to apply the new policy of increasing rents by CPI plus 1%, which equates to 2.7% for 2020/21.

For 2020-21 this will result in an average increase of £2.01 per week, over 52 weeks, per property.

8.12.4 The proposed budgets for 2020-21 indicate that a total of £3,321,605 will need to be taken out of the HRA Working Balance in order to meet the budgeted deficit. The impact on the HRA Working Balance is set out below.

Movement on HRA Working Balance	£
Estimated HRA Working Balance, as at 1/4/20	9,608,040
Budgeted Deficit for 2020-21	(3,321,605)
Balance resolved to be retained (HRA contingency)	(4,000,000)

Total Forecast Balance Available, as at 31/3/21	2,286,435
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8.13 CAPITAL PROGRAMME RESOURCES (APPENDIX 9)

8.13.1 Historically, the annual capital programme was financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme. This also has an ongoing impact on the Council's revenue budget. The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities developed by CIPFA. A separate report to this meeting of the Executive sets out the Council's Prudential Indicators for approval by members.

8.13.2 The following capital resources are available for General Fund (£3.450m) and Housing (£28.807m) in 2020/21. The Capital Programme totals £26.786 million in respect of the General Fund and £27.789 million for the HRA. The borrowing requirement for the General Fund is £21.827 million and is £7.378m for the HRA. Appendix 9 sets out the forecast use of the resources available for the General Fund and the Housing Revenue Account and the likely amounts of borrowing that will be necessary to fund the capital programme in the future.

8.14 GENERAL FUND CAPITAL PROGRAMME (APPENDIX 10)

8.14.1 The proposed capital programme is set out in Appendix 10. The programme for 2020/21 totals £26.786 million.

8.15 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME (APPENDIX 10)

8.15.1 For 2020/21, the HRA medium term financial plan provides for a capital programme of £27.789 million. This comprises capital investment of £13.894 million for improvements to the Council's existing housing stock and £13.895 million towards the provision of new council homes.

8.15.2 The HRA Capital Programme will be funded by:

HRA Capital Finance	£
Major Repairs Reserve	8,337,382
Revenue Contribution to Capital	5,246,550
Capital Receipts	4,261,590
Commuted sums	2,565,710
Borrowing	7,378,000
Total HRA Capital Financing 2020/21	27,789,232

8.16 ITEMS NOT INCLUDED IN THE GENERAL FUND BUDGET THAT WILL REQUIRE FURTHER CONSIDERATION BY COUNCIL

8.16.1 There are a number of issues that have been highlighted late, which have not been included in the budget, but will require further consideration by Council. A report to Council will be required seeking additional funding for the following issues:

- A capital Fund to potentially allow the new Leisure operator to borrow funds to meet their obligations under the new Leisure Operator Contract, which will be

awarded on a full repair lease. This is expected to be cost neutral for the Council;

- A further requirement for a capital budget to address structural problems at the Riverside Leisure Centre in order to complete the project;
- A revenue budget to undertake the next stage of developing a detailed business case for the future provision of leisure at Wonford and Exeter Arena.

8.17 RISK ASSESSMENT

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

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

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

8.17.3 As part of the general budget-setting process the Council needs to also consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage the potential risks.

8.18 STATEMENT OF THE ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

8.18.1 There is a requirement under Section 25 of the Local Government Act 2003 that requires the chief finance officer of a local authority to formally report to its members on the robustness of the estimates and the adequacy of its reserves when it is considering its budget and council tax.

8.18.2 I have already outlined above in this report the key assumptions that have been made in the budget proposals for next year including an assessment of the risks and mitigating factors. As the Chief Finance Officer for this Council I therefore consider that the budget estimates for 2020/21 that have been prepared are both robust and achievable.

8.18.3 The Council's current policy is such that the minimum level of the General Fund Balance will be £3 million. In the current financial climate, with uncertainty regarding the new financing of Local Government and taking into account the potential level of financial risk facing the Council in the medium term, it is proposed to maintain reserves at this level. The latest estimated position of the General Fund Balance is that it will be £4.265 million as at 31 March 2020, equivalent to 28.6% of Exeter's net

	2019/20	2020/21	Change	
	£	£	£	%
Devon County Council	1,286.19	x,xxx.xx	xx.xx	x.xx
DCC Adult Social Care	98.10	xx.xx	x.xx	x.xx
OPCC Devon and Cornwall	212.28	xxx.xx	xx.xx	x.xx
Devon and Somerset Fire Authority	86.52	xx.xx	x.xx	x.xx
Total Precept	1,683.09	x,xxx.xx	xx.xx	x.xx

revenue budget. The Council's current medium-term financial plan indicates that the use of the General Fund Balance will be measured and be £3.646 million by the end of 2022/23, although further savings of £3.7 million are required to deliver this.

8.18.4

The Council's financial strategy recognises the need to maintain a General Fund Balance to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting this minimum amount of £3 million the following have been taken into account: -

- The size of the authority;
- The volatility of some income and expenditure budgets;
- The risks faced by the Council with regard to funding unforeseen events;
- The financial risks inherent in partnerships, outsourcing deals and as accountable body for external funding.

8.18.5 The Council's estimated revenue Reserves are as follows: -

<u>Earmarked</u>	31/03/2019	31/03/2020	31/03/2021
	£'000	£'000	£'000
Total Earmarked Reserves	9,247	6,762	6,455
<u>Non-Earmarked</u>			
General Fund Balance	4,395	4,265	5,105

8.19 PRECEPTS

8.19.1 Devon County Council, the Office of the Police and Crime Commissioner Devon and Cornwall (OPCC Devon and Cornwall) and the Devon and Somerset Fire Authority will all precept separately upon the council tax payers in Exeter. The County Council, OPCC Devon and Cornwall and Devon & Somerset Fire Authority will meet on the 20th, 7th and 18th February respectively. The precepts will be tabled at the Council meeting for approval.

8.20 FINAL POSITION

8.20.1 Based upon the recommendations above the aggregate requirements of Exeter City Council, Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority will result in a council tax for the City of Exeter for 2020/21 of £x,xxx.xx per Band D property.

8.20.2 This is an overall increase of £xx.xx (x.xx%) on the amount of £1,838.14 levied for 2019/20.

8.20.3 The detailed figures are: -

Band	Exeter £	DCC £	Police £	Fire £	Total £
A	106.70	xxx.xx	xxx.xx	xx.xx	x,xxx.xx
B	124.48	xxx.xx	xxx.xx	xx.xx	x,xxx.xx
C	142.27	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
D	160.05	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
E	195.62	x,xxx.xx	xxx.xx	xx.xx	x,xxx.xx
F	231.18	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx
G	266.75	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx
H	320.10	x,xxx.xx	xxx.xx	xxx.xx	x,xxx.xx

9.
How
does
the
decision

contribute to the Council's Corporate Plan?

9.1 The budget underpins the Corporate Plan by determining the amount of funds available to the Council to deliver its priorities.

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

10.1 The key risks are set out in section 8.16 above

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

11.4.1 The report sets out the financial parameters for the Council. Any decisions regarding specific changes in the level of service provided will be the subject of a future report

12. Carbon Footprint (Environmental) Implications:

12.1 No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

13.1 Not applicable.

Dave Hodgson, Chief Finance Officer

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

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FORMULA GRANT DECREASES - DEVON AUTHORITIES

Authority	Grant	Grant	Yearly Decrease %	Grant	Yearly Decrease %	Grant Decrease 2018/19 - 2020/21	
	2018/19 £m	2019/20 £m		2020/21 £m		£m	%
Devon	121.019	101.542	(16.1%)	103.197	1.6%	(17.822)	(14.7%)
Plymouth	72.436	66.932	(7.6%)	68.023	1.6%	(4.413)	(6.1%)
Torbay	41.612	38.440	(7.6%)	39.066	1.6%	(2.546)	(6.1%)
East Devon	2.873	2.625	(8.6%)	2.667	1.6%	(0.206)	(7.2%)
Exeter	4.842	4.429	(8.5%)	4.501	1.6%	(0.341)	(7.0%)
Mid Devon	2.683	2.178	(18.8%)	2.213	1.6%	(0.470)	(17.5%)
North Devon	3.571	2.959	(17.1%)	3.007	1.6%	(0.564)	(15.8%)
South Hams	2.182	1.897	(13.1%)	1.928	1.6%	(0.254)	(11.6%)
Teignbridge	3.685	3.339	(9.4%)	3.394	1.6%	(0.291)	(7.9%)
Torrige	3.110	2.473	(20.5%)	2.513	1.6%	(0.597)	(19.2%)
West Devon	1.958	1.622	(17.2%)	1.648	1.6%	(0.310)	(15.8%)

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REVENUE SPENDING POWER CHANGES - DEVON AUTHORITIES

Authority	Core Spending Power Change					
	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	£m	%
Devon	520.6	533.9	552.0	590.9	70.3	13.5%
Plymouth	191.0	186.5	198.4	211.4	20.4	10.7%
Torbay	113.3	115.1	119.1	127.7	14.4	12.7%
East Devon	15.5	15.1	15.3	15.5	0.0	0.0%
Exeter	14.1	13.0	12.8	13.2	(0.9)	(6.6%)
Mid Devon	10.1	9.5	9.8	10.2	0.1	1.0%
North Devon	10.7	10.9	11.0	11.8	1.1	10.3%
South Hams	9.7	9.3	9.9	10.2	0.5	5.2%
Teignbridge	15.2	14.4	14.5	14.6	(0.6)	(3.9%)
Torrige	8.7	8.3	8.1	8.1	(0.6)	(6.9%)
West Devon	7.5	7.2	7.3	7.3	(0.2)	(2.1%)

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MEDIUM TERM REVENUE PLAN (2018/19 - 2023/24)

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	
Resources							
Revenue Support Grant	62	365	371	379	386	394	
Business Rates Income (assumed by Government)	4,842	4,064	4,130	4,507	4,637	4,770	
Business Rates growth	2,619	2,135	2,039	0	0	0	
Business Rates pooling / pilot benefit	954	150	150	0	0	0	
NNDR Deficit to Cover	(1,090)	(473)	389	0	0	0	
CIL income	474	325	901	901	901	901	
New Homes Bonus	2,591	2,518	2,490	1,127	678	0	
Council Tax	5,623	5,831	6,087	6,226	6,479	6,736	
Likely resources	16,075	14,915	16,557	13,140	13,081	12,801	
Expenditure							
Service expenditure							
Committee expenditure base budget	12,852	12,975	12,697	13,309	11,852	11,340	
Inflation	500	602	470	500	500	500	
Potential increase in service costs	568	1,083	2,343	(233)	188	135	
Budgeted reductions	(945)	(1,963)					
Supplementary Budgets	12,975	12,697	15,510	13,576	12,540	11,975	
Net Interest	2,313	2,476					
Forecast Committee movements	(215)	77	527	484	468	461	
RCCO	(2,150)	33					
Repayment of debt	701	1,665	838	0	0	0	
Additional repayment of debt	608	582	1,188	1,897	2,002	2,063	
	423	0	162	0	0	0	
Other funding	14,655	17,530	18,225	15,957	15,010	14,499	
Contribution to/ (from) earmarked reserves	1,717	(2,485)	(307)	(532)	(132)	(197)	
Contribution to/ (from) balances - Other	(297)	(130)	840	(561)	(597)	(301)	
	1,420	(2,615)	533	(1,093)	(729)	(498)	
Further reductions required				(1,300)	(1,200)	(1,200)	(3,700)
Potential reductions identified			(2,201)	(424)	0	0	
Total Net Budget	16,075	14,915	16,557	13,140	13,081	12,801	
							(3,700)
Opening General Fund Balance	4,692	4,395	4,265	5,105	4,544	3,947	
Closing General Fund Balance	4,395	4,265	5,105	4,544	3,947	3,646	
Balance as a percentage of budget	27.3%	28.6%	30.8%	34.6%	30.2%	28.5%	

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	2019-20 Budget	2020-21 Budget	Change
	£	£	£
Chief Executive & Growth Director	2,694,930	2,838,330	143,400
Communities Health, Well Being, Sport & Leisure	5,118,705	7,169,710	2,051,005
Strategic Housing, City Development, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates, Democratic Services	5,674,040	5,738,010	63,970
Communications, Tourism & Culture	2,729,185	3,186,780	457,595
Environment and City Management	(627,990)	(1,467,760)	(839,770)
Chief Finance Officer	2,166,980	2,331,450	164,470
City Solicitor & Head of HR	816,010	828,030	12,020
less Notional capital charges	(5,874,930)	(7,315,330)	(1,440,400)
Service Committee Net Expenditure	12,696,930	13,309,220	612,290
Net Interest	216,000	527,000	311,000
New Homes Bonus	(2,517,780)	(2,489,740)	28,040
Revenue Contribution to Capital	0	838,000	838,000
Minimum Revenue Provision	1,738,020	1,350,000	(388,020)
General Fund Expenditure	12,133,170	13,534,480	1,401,310
Transfer To/(From) Working Balance	173,530	1,024,330	850,800
Transfer To/(From) Earmarked Reserves	(169,000)	(307,000)	(138,000)
General Fund Net Expenditure	12,137,700	14,251,810	2,114,110
Formula Grant	(4,429,000)	(4,501,000)	(72,000)
CIL income	(95,380)	(900,620)	(805,240)
Business Rates Growth	(1,782,000)	(2,763,000)	(981,000)
Council Tax	(5,831,320)	(6,087,190)	(255,870)
	0	0	0
Working Balance	March 2019	March 2020	
	3,189,145	4,213,475	

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SUMMARY OF BUDGET CHANGES

	BASE ESTIMATE 2019/2020	INFLATION	NEW PROPOSALS RECURRING	NEW PROPOSALS NON- RECURRING	BUDGET TRANSFERS	DEPRECIATION ADJUSTMENTS	OTHER ADJUSTMENTS	NEW ESTIMATE 2020/2021	EXPLANATION
Chief Executive & Growth Director									
86A6 CENTRAL SUPPORT	290,700	6,840	0	0	0	0	15,730	313,270	Increase due to change in superannuation rate, new salary grading structure and removal of the Brexit Grant income from Budget.
86B6 IT SERVICES	1,742,430	(850)	(57,000)	0	(41,900)	0	101,830	1,744,510	Contractual obligations and new budget to fund remote access
86B7 STRATEGIC MANAGEMENT	661,800	16,270	0	50,000	0	0	52,480	780,550	Increase due to a combination of costs for a Commercial Development Manager, money for Advanced Certification and change in superannuation rate and new salary grading structure
Net Cost	2,694,930	22,260	(57,000)	50,000	(41,900)	0	170,040	2,838,330	
Communities, Health, Well Being, Sport & Leisure									
81A1 ENVIRONMENTAL PROTECTION	180,500	2,470	0	0	106,180	0	36,460	325,610	Increase due to change in superannuation rate and new salary grading structure
81A3 LICENCING, FOOD, HEALTH & SAFETY	562,850	8,230	(58,000)	0	(83,360)	(3,560)	21,840	448,000	Increase due to change in superannuation rate and new salary grading structure
83C3 LEISURE & SPORT	3,550,660	1,550	0	0	(76,520)	1,422,250	36,950	4,934,890	One off payment already approved by Council
83C7 ACTIVE & HEALTHY PEOPLE	140,910	4,710	0	30,000	138,845	0	623,355	937,820	Additional contracts all funded by Neighbourhood CIL or NHB
83C8 ST SIDWELLS POINT	178,520	1,850	0	0	0	0	(81,980)	98,390	One off budget forming part of the St Sidwells Point project has now come to an end
86B9 GRANTS/SOCIAL INCLUSION	505,265	2,190	(173,800)	0	(333,655)	0	425,000	425,000	New grants programme all funded by Neighbourhood CIL or NHB
Net Cost	5,118,705	21,000	(231,800)	30,000	(248,510)	1,418,690	1,061,625	7,169,710	
Strategic Housing, City Development, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates, Democratic Services									
81C2 HOUSING NEEDS & HOMELESSNESS	1,090,880	33,620	0	0	0	2,010	(9,050)	1,117,460	Reduction in Devon Home Choice expenditure
81C5 SUNDRY LANDS MAINTENANCE	89,980	0	0	0	0	0	0	89,980	No significant changes
81E1 GF HOUSING - PROPERTY	195,340	9,200	0	0	0	0	(24,840)	179,700	Reduction in Private Sector Leased properties and Extralet properties due to handing back to landlords
83A9 BUILDING CONTROL	51,180	(3,450)	0	0	0	0	(640)	47,090	No significant changes
83B5 PLANNING SERVICES	458,180	10,720	0	0	0	0	20,450	489,350	Increase due to change in superannuation rate and new salary grading structure
86A1 REVENUES, BENEFITS & CUSTOMER ACCESS	1,937,910	67,080	(34,400)	0	103,250	0	35,210	2,109,050	Increase due to change in superannuation rate and new salary grading structure
86A2 ELECTIONS & ELECTORAL REG	372,490	7,310	0	0	0	0	1,890	381,690	No significant changes
86A4 CIVIC CEREMONIALS	207,090	4,380	(4,600)	0	60,000	3,890	5,940	276,700	No significant changes
86A5 DEMOCRATIC REPRESENTATION	595,100	13,590	(42,960)	0	0	0	70,040	635,770	Increase due to rise in Member allowances in accordance with agreed plans. Other increases due to change in superannuation rate and new salary grading structure
86B5 CORPORATE SUPPORT	675,890	12,070	(310,000)	0	0	2,700	30,560	411,220	Increase due to a combination of a reduction in recharges for use of the Civic Centre and, change in superannuation rate and new salary grading structure
Net Cost	5,674,040	154,520	(391,960)	0	163,250	8,600	129,560	5,738,010	
Communications, Tourism & Culture									
83A5 CULTURE	172,640	1,180	0	0	241,460	0	180	415,460	Grants moved here from Jo Yelland to JP Hedge.
83A6 TOURISM	114,990	1,260	54,000	0	0	0	(2,940)	167,310	No significant changes now that establishment has been updated through 'recurring' proposals.
83B9 MARKETS & HALLS	(454,080)	(25,570)	0	0	0	8,120	4,140	(467,390)	No significant changes.
83C2 MUSEUM SERVICE	2,281,630	41,930	0	0	33,450	14,330	23,960	2,395,300	Transfer covers facilities management from Corp Prop (Air Handling Units). Service staffing cost increases are to be managed.
83C9 VISITOR FACILITIES	189,330	150	0	0	0	0	16,390	205,870	Prices upped significantly every 3 years (last=19-20), not annually by inflation, so net annual changes are 'stepped'.
86A8 COMMUNICATIONS	424,675	5,920	0	0	10,000	0	29,635	470,230	Staff awards transferred here from HR, Service includes no-cost minor restructure bringing external consultants in-house. 'Other adjustment' is mainly support service recharge no longer required, which is balanced elsewhere.
Net Cost	2,729,185	24,870	54,000	0	284,910	22,450	71,365	3,186,780	

Environment and City Management									
81A4 PUBLIC SAFETY	230,320	560	(52,000)	0	135,750	(130)	4,850	319,350	Superannuation approx £6k.
81A6 PARKS & GREEN SPACES	1,612,580	23,510	(84,400)	0	4,870	(5,760)	38,920	1,589,720	Superannuation £16k; Supplementary budgets not carried to 20/21 £24k
81B2 CEMETERIES OPERATIONAL	69,110	2,420	0	0	0	0	5,350	76,880	No significant changes
81C3 AFFORDABLE HOUSING DEVELOPMENT	0	3,380	0	0	0	0	(3,380)	0	No significant changes
81D2 DOMESTIC REFUSE COLLECTION	2,051,000	49,240	0	0	(5,150)	0	30,680	2,125,770	No significant changes. 'Other adjustments' are primarily impact of pension costs @ 17.6% and changes within teams.
81D4 STREET CLEANING	1,521,810	37,360	(27,000)	0	0	(2,850)	30,300	1,559,620	Superannuation £18k; Supplementary budgets not carried to 20/21 £37k. Motor fuel budget reduced by (£10k). Extra income for Park and Ride (£4k), other internal recharges (£4k)
81D5 PUBLIC CONVENIENCES	370,980	3,030	0	0	0	4,450	(2,050)	376,410	No significant changes
81D6 CLEANSING CHARGEABLE SERVICES	(320,570)	(21,910)	0	0	(426,200)	0	36,090	(732,590)	MRF Commercial Work (material bought-in for sorting & recycling) moved here from Recycling. Also includes net contribution of (£38k) from new University of Exeter contract.
81D7 EXTON ROAD OVERHEADS AND FLEET	205,850	3,860	0	0	(109,510)	(1,670)	1,690	100,220	Environment Admin Team (CO44) no longer charged here after EH restructuring. SFS Fleet contract should bring savings over 7 years (Fleet Management & Maintenance below).
81D8 RECYCLING	131,970	32,260	0	0	456,330	0	22,730	643,290	MRF Commercial Work moved to Cleansing Chargeable Services - Recycling is now only material collected from Exeter.
83A1 CORPORATE PROPERTY - ESTATES	(2,725,010)	7,620	(920,000)	0	(60,000)	18,620	(25,870)	(3,704,640)	Extra rents £(26k)
83A3 PARKING SERVICES	(6,090,070)	36,700	(257,500)	0	(97,490)	12,060	127,520	(6,268,780)	Superannuation £8k. Car park income increase £100k not included. Cash collection budget missed last year £14k - offsets £11k saving in Waterways re marine contract
83A4 GROWTH & COMMERCIALISATION	240,170	3,850	0	0	0	0	135,480	379,500	Commercial Manager post funded £32,530 from T408 Transformation Reserve (bal here as funding not yet fully identified). Includes M314 Exeter City Futures for 20-21 funded from reserve
83B4 ENGINEERING SERVICES	538,630	5,180	(39,000)	0	0	(30,010)	51,340	526,140	Supplementary budgets not carried to 20/21 £37k; £15k released from other savings to part fund Project Co-ordinator
83B8 MAJOR PROJECTS	30,000	0	0	0	0	400	0	30,400	
83C1 WATERWAYS	289,430	2,090	28,000	0	0	(4,450)	(5,790)	309,280	£5k re superannuation; (£11k) saving re marine consultancy contract - offsets addl costs in car parking cah collection £14k
83C5 CORPORATE PROPERTY - ASSETS	1,118,200	10,390	0	0	(67,500)	0	8,470	1,069,560	£6k re superannuation
83C6 CORPORATE PROPERTY - ENERGY	97,610	2,550	0	0	20,790	0	11,160	132,110	Support service recharges (within CP and to Housing) reduced £11k.
Net Cost	(627,990)	202,090	(1,351,900)	0	(148,110)	(9,340)	467,490	(1,467,760)	
Chief Finance Officer									
86A3 CORPORATE	(34,120)	(6,380)	0	0	0	0	1,030	(39,470)	No significant changes
86A7 UNAPPORTIONABLE OVERHEADS	1,515,180	6,900	0	0	0	0	38,190	1,560,270	Increase in backfunding due to adverse revaluation results
86B1 FINANCIAL SERVICES	566,260	15,450	(15,000)	15,600	0	0	12,280	594,590	Increase due due to change in superannuation rate and new salary grading structure.
86B2 INTERNAL AUDIT	96,930	2,750	0	0	0	0	270	99,950	No significant changes
86B8 PROCUREMENT	22,730	4,860	107,000	0	0	0	(18,480)	116,110	This is due to an increase in support services recharges for Procurement futher reduced by increases in pay lines. There was also a reduction in the procurement officer post to apprenticeship pay.
Net Cost	2,166,980	23,580	92,000	15,600	0	0	33,290	2,331,450	
City Solicitor & Head of HR									
86B3 HUMAN RESOURCES	600,660	10,000	0	0	(10,000)	0	19,290	619,950	Increase due due to change in superannuation rate and new salary grading structure. This also caused a rise in the Apprenticeship Levy charge
86B4 LEGAL SERVICES	215,350	12,170	0	0	0	0	(19,440)	208,080	Reduction largely due to an apprentice removed from budget
Net Cost	816,010	22,170	0	0	(10,000)	0	(150)	828,030	
TOTAL	18,571,860	470,490	(1,886,660)	95,600	(360)	1,440,400	1,933,220	20,624,550	

**EXETER CITY COUNCIL
2020/21 COUNCIL TAX - SUMMARY**

APPENDIX 6

	2019/20		2020/21	
Council Tax Base	36,988		37,348	
	Total Expenditure £	Band D Council Tax £	Total Expenditure £	Band D Council Tax £
General Fund Budget	5,831,320	157.65	6,087,204	162.99
Collection Fund (Council Tax) Surplus	(96,331)	(2.60)	(109,657)	(2.94)
TOTAL	5,734,989	155.05	5,977,547	160.05

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2020/21 HRA ESTIMATES

	2019/20 BUDGET £	2020/21 BUDGET £	CHANGE £
Management	5,307,265	5,248,915	(58,350)
Sundry Land Maintenance	759,610	699,810	(59,800)
Repair & Maintenance Programme	6,775,670	7,207,570	431,900
HRA SERVICE PROVISION EXPENDITURE	12,842,545	13,156,295	313,750
Revenue Contribution to Capital	2,500,000	5,246,550	2,746,550
Capital Charges	3,224,210	3,513,540	289,330
Net Interest	1,815,330	1,893,360	78,030
HRA EXPENDITURE	20,382,085	23,809,745	3,427,660
Dwelling Rents	(18,250,000)	(18,700,000)	(450,000)
Service Charges	(1,085,570)	(1,081,000)	4,570
Other	(659,700)	(707,140)	(47,440)
HRA NET EXPENDITURE	386,815	3,321,605	2,934,790
Transfer to / (from) HRA Working Balance	(386,815)	(3,321,605)	(2,934,790)
TOTAL NET HRA BUDGET	0	0	0

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MEDIUM TERM REVENUE PLAN - HOUSING REVENUE ACCOUNT (2019/20 - 2023/24)

	2019'20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Resources					
Rents	18,250	18,700	18,700	19,392	20,109
Service Charges	1,054	1,048	1,081	1,116	1,153
Other	692	704	707	707	707
Inflation on income	-	36	727	754	782
Likely resources	19,996	20,488	21,215	21,969	22,751
Expenditure					
HRA expenditure base budget	12,655	13,176	13,156	13,257	13,658
Inflation on expenditure	-	254	116	120	122
Repairs & Maintenance Programme uplift	-	-	67	305	162
New non-recurring budgets	-	-	32	-	-
New recurring budgets	-	10	-	-	-
Remove non-recurring budgets	-	(284)	(114)	(24)	-
Depreciation	3,553	3,514	3,514	3,514	3,514
Revenue Contribution to Capital Outlay	2,500	5,247	4,000	2,900	3,050
Net interest	1,705	1,893	2,264	2,295	2,295
	20,413	23,810	23,035	22,367	22,801
Other Funding					
Contribution to / (from) HRA Working Balance	(417)	(3,322)	(1,820)	(398)	(50)
Total Net budget	-	-	-	-	-
Opening HRA Working Balance	10,025	9,608	6,286	4,466	4,068
Closing HRA Working Balance	9,608	6,286	4,466	4,068	4,018

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GENERAL FUND AVAILABLE RESOURCES

GENERAL FUND	2019-20 £	2020-21 £	2021-22 £	2022-23 £	2023-24 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Capital Receipts Brought Forward	5,374,625					5,374,625
GF Capital Receipts	69,155	0	0	0		69,155
Revenue Contributions to Capital Outlay	1,665,000	939,572	697,900	553,900		3,856,372
Disabled Facility Grant	1,121,799	720,000	720,000	720,000	720,000	3,281,799
New Homes Bonus	90,967	0	0	0		90,967
Community Infrastructure Levy	2,957,205	0	0	0		2,957,205
Other - Grants/External Funding/Reserves/S106	946,361	848,705	0	0		1,795,066
Total Resources Available	12,225,112	2,508,277	1,417,900	1,273,900	720,000	17,425,189
GENERAL FUND CAPITAL PROGRAMME						
Capital Programme	59,354,080	26,786,260	4,676,900	823,900	823,900	91,641,140
Total General Fund	59,354,080	26,786,260	4,676,900	823,900	823,900	91,641,140
UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	5,374,625	3,450,594	1,000,000	1,000,000	1,000,000	5,374,625
Resources in Year	6,850,487	2,508,277	1,417,900	1,273,900	720,000	12,770,564
Less Capital Receipts to carry forward	(3,450,594)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Less Spend in Year	(59,354,080)	(26,786,260)	(4,676,900)	(823,900)	(823,900)	(92,465,040)
Borrowing Requirement	50,579,562	21,827,389	3,259,000	(450,000)	103,900	75,319,851

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HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
	£	£	£	£	£	£
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward						10,552,213
Major Repairs Reserve Brought Forward						14,255,232
Other HRA Sales	497,500	962,000	0	0	0	1,459,500
RTB sales	1,500,000	750,000	750,000	750,000	750,000	4,500,000
Surrender back to DCLG - pending investment in replacement affordable housing		0	(216,144)	0		(216,144)
Major Repairs Reserve	3,553,210	3,513,540	3,513,540	3,513,540	3,513,540	17,607,370
Revenue Contributions to Capital	2,500,000	5,246,550	4,000,000	2,900,000	3,050,000	17,696,550
External contributions	625,308	0	0	0	0	625,308
Grant funding - Estate Regeneration Funding	391,456	0	0	0	0	391,456
Grant funding - Zero Energy Buildings Project	216,000	0	0	0	0	216,000
Commuted sums	2,790,651	2,565,710	0	0	0	5,356,361
Borrowing	2,397,500	7,378,000	4,584,500	1,000,000	0	15,360,000
Total Resources available	14,471,625	20,415,800	12,631,896	8,163,540	7,313,540	87,803,846
CAPITAL PROGRAMME						
HRA Capital Programme	20,084,795	19,049,232	12,467,426	9,420,170	8,760,210	69,781,833
HRA Capital Programme - New Build	3,425,000	8,740,000	4,835,000	1,000,000		18,000,000
Total Housing Revenue Account	23,509,795	27,789,232	17,302,426	10,420,170	8,760,210	87,781,833
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	10,552,213	5,992,299	3,442,709	2,226,065	16,065	10,552,213
Major Repairs Reserve Brought Forward	14,255,232	9,776,976	4,953,134	1,499,248	1,452,618	14,255,232
Resources in Year	14,471,625	20,415,800	12,631,896	8,163,540	7,313,540	62,996,401
Less Estimated Spend	(23,509,795)	(27,789,232)	(17,302,426)	(10,420,170)	(8,760,210)	(87,781,833)
Uncommitted Capital Resources	15,769,275	8,395,843	3,725,313	1,468,683	22,013	22,013
WORKING BALANCE RESOURCES:						
Balance Brought Forward	10,025,355	9,608,040	6,286,435	4,466,424	4,068,297	10,025,355
HRA Balance Transfer - Surplus/(Deficit)	(1,336,415)	(3,321,605)	(1,820,011)	(398,127)	(50,102)	(6,926,260)
Quarter 2 forecast underspend	919,100					919,100
Balance Carried Forward	9,608,040	6,286,435	4,466,424	4,068,297	4,018,195	4,018,195
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Uncommitted HRA Working Balance	5,608,040	2,286,435	466,424	68,297	18,195	18,195
TOTAL AVAILABLE CAPITAL RESOURCES	21,377,315	10,682,278	4,191,737	1,536,980	40,208	40,208

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GENERAL FUND - CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS

GENERAL FUND - CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS						
SCHEMES	NEW BID	2020/21	2021/22	2022/23	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Chief Executive & Growth Director						
Annual Contribution to Strata		53,900	53,900	53,900	53,900	Contribution to Strata led projects
Idox System for Planning		90,010				
Land Charges		5,390				
Cemeteries		6,150				
Financial Management	NEW	172,150				
Street Scene and Other Asset Management	NEW	88,900				
Finance System Upgrade	NEW	35,000				
Idox systems upgrades	NEW	15,000				
TOTAL		466,500	53,900	53,900	53,900	
Communities, Health, Well Being, Sport & Leisure						
Leisure Centre Essential Enhancements		1,041,600	-			To provide essential enhancements to existing leisure facilities.
Leisure Complex - Build Project		18,366,210	14,000			To develop a new leisure complex and swimming pool on part of the bus station site to replace Pyramids.
Bus Station Construction		3,119,030	25,000			To redevelop Exeter's Bus and Coach Station.
Disabled Facility Grants		720,000	720,000	720,000	720,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes.
TOTAL		23,246,840	759,000	720,000	720,000	
Environment and City Management						
Parks Infrastructure		100,000				To ensure public safety in parks and open spaces. Works include resurfacing parking areas and repairs to steps, railings and gates.
Cemeteries & Churchyards Infrastructure Improvements		20,000	20,000			To provide adequate and safe access to graves. Works include improvements to path and road layout and surfacing improvements and provision of suitable parking.
Energy Saving Projects		1,945,380				The core aim for all projects is to reduce risk to the Council from the rapidly changing energy markets. The projects will address security of supply, mitigate the impact of inevitable increased energy costs, and bring income to the council.
Outdoor Leisure Facilities		115,350				To provide facilities at Omaha Drive.

GENERAL FUND - CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS

SCHEMES	NEW BID	2020/21	2021/22	2022/23	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Repair Canal Bank at M5		26,890				To re-strengthen and raise canal banks at this known vulnerable location.
Replacement of Mallison Bridge (Exeter Quay)		317,600				The current bridge has been identified as requiring replacement by DCC engineers. Opportunity to replace with a flatter, wider, 'fit for use' bridge to cater for heavy use.
Purchase of Harbour Patrol Vessel for Exe Estuary		20,000				Purchase of RHIB type vessel for Harbour Patrol purposes in order to comply with Port Marine Safety Code requirements to deter speeding and monitor the use of the Estuary as part of ECC's Safety Management System.
Repairs to Turf Lock Pier Head		73,500				Stabilisation work to Turf Lock Pier Head by providing rock protection on the seaward side and making good displaced masonry slabs in other areas.
Repairs to Salmonpool Bridge		25,000				To refurbish and re-deck Salmonpool Bridge to prevent the bridge deteriorating to a dangerous standard and to maintain access over the canal and ensure the cycle network is not compromised.
Repair to Walls at Farm Hill		60,000				To ensure stability and integrity of structures.
Bank Repairs & Stabilisation to Watercourses		20,000				To ensure stability and integrity of watercourses at Pinhoe, Monkerton and Northbrook to prevent bank slips/blockages that could result in localised flooding in populated areas.
Waste Infrastructure		259,200	144,000			To reduce on-street presentation of domestic and commercial rubbish. Infrastructure to consist of communal domestic waste collection points in selected streets, 'Recycle on the Go' bins in the city centre and communal trade waste facilities.
Improved recycling containers			2,150,000			To provide recycling containers to implement kerbside-sort recycling collection, incorporating glass and food waste collection.
Enhance the Materials Reclamations Facility			1,500,000			To provide necessary improvements to the Materials Reclamation Facility and ensure adapted for the planned improvements to rubbish collection.

GENERAL FUND - CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS						
SCHEMES	NEW BID	2020/21	2021/22	2022/23	Future Years	What the scheme is trying to achieve
		£	£	£	£	
Capitalised Staff Costs		50,000	50,000	50,000	50,000	To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers and surveyors.
TOTAL		3,032,920	3,864,000	50,000	50,000	
Communications, Tourism & Culture						
Council Signage Improvement		40,000				A phased replacement of council signage across the city.
TOTAL		40,000	0	0	0	
TOTAL CAPITAL PROGRAMME		26,786,260	4,676,900	823,900	823,900	
New Bids		311,050	0	0	0	
Pre-Approved		26,475,210	4,676,900	823,900	823,900	
TOTAL CAPITAL PROGRAMME		26,786,260	4,676,900	823,900	823,900	

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HOUSING - CAPITAL PROGRAMME 2020/21 AND FUTURE YEARS

DESCRIPTION	2020-21	2021-22	2022-23	2023-24	Total
	£	£	£	£	£
INVESTMENT IN EXISTING STOCK					
1 Adaptations	560,820	560,810	560,000	560,000	2,241,630
2 Balcony Walkway Improvements	108,710	108,720	108,000	108,000	433,430
3 Bathroom Replacements (inc. Communal)	912,500	912,500	912,500	912,500	3,650,000
4 Boiler Replacement Programme & Central Heating	944,680	947,140	948,800	949,620	3,790,240
5 Common Area Footpath & Wall Improvements	159,370	159,364	159,370	159,370	637,474
6 Communal Area Improvements - New Flooring	100,000	100,000	100,000	100,000	400,000
7 Communal Door and Screen Replacements	208,070	208,070	208,070	208,070	832,280
8 Door Replacements (inc. Outbuildings)	416,000	416,000	416,000	416,000	1,664,000
9 Electrical Central Heating	15,000	15,760	15,000	15,000	60,760
10 Electrical Rewires - Communal	223,350	230,050	236,950	244,060	934,410
11 Electrical Rewires - Domestic	321,870	331,530	341,480	351,720	1,346,600
12 Estate Improvements	50,000	50,000	50,000	50,000	200,000
13 Fire Risk Assessment Works	344,830	344,830	344,830		1,034,490
14 Fire Safety Storage Facilities	183,780	150,000	150,000	150,000	633,780
15 Kitchen Replacements (inc. Communal)	1,147,500	1,147,500	1,147,500	1,147,500	4,590,000
16 LAINGS Refurbishments	2,375,382	0	0		2,375,382
17 Lift Upgrades	80,000	80,000	80,000	80,000	320,000
18 Reroofing - Flats	400,000	250,000	250,000	250,000	1,150,000
19 Reroofing - Houses (outbuildings, chimney, gutters, downpipes, fascia)	1,423,300	1,423,300	1,423,300	1,140,000	5,409,900
20 Porch Canopies	59,070	59,070	59,070	59,070	236,280
21 Rennes House Structural Works	2,500,000	2,513,975	0		5,013,975
22 Soil Vent Pipe Replacement	36,000	36,000	36,000	36,000	144,000
23 Structural Repairs	173,700	173,300	173,300	173,300	693,600
24 Window Replacements	1,150,000	1,150,000	1,150,000	1,150,000	4,600,000
Sub total - Investment in Existing Stock	13,893,932	11,367,919	8,870,170	8,260,210	42,392,231
PROVISION OF NEW COUNCIL HOMES					
25 Social Housing Acquisitions - Section 106	490,000	99,507	50,000		639,507
26 Social Housing Acquisitions - Open Market	1,000,000	1,000,000	500,000	500,000	3,000,000
27 St Loyes Extracare Scheme	3,665,300	0	0		3,665,300
28 Council House Building Programme - Bovemoors Lane	1,400,000				1,400,000
29 Council House Building Programme - Hamlin Gardens	3,140,000	835,000			3,975,000
30 Council House Building Programme - Vaughan Road	4,200,000	4,000,000	1,000,000		9,200,000
Sub total - Investment in the Provision of New Homes	13,895,300	5,934,507	1,550,000	500,000	21,879,807
Total HRA Capital Programme	27,789,232	17,302,426	10,420,170	8,760,210	64,272,038

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REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of: Chief Finance Officer

Title: Capital Strategy 2020-21

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?
To approve the Capital Strategy.
2. Recommendations:
It is recommended that Council approve the Capital Strategy as set out in Appendix 1.
3. Reasons for the recommendation:
The aim of the capital strategy is to ensure all elected members fully understand the long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
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:

The Capital Strategy sets out the overarching objectives under which capital expenditure decisions are taken. It should provide the background information to ensure that decisions taken align with the Council's objectives.
6. What are the legal aspects?
The capital expenditure system is framed by the Local Government and Housing Act 1989.
7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.
8. Report details:
The capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

The proposed Capital Strategy is attached at Appendix 1.

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

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

10. 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.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Carbon Footprint (Environmental) Implications:

No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

No

Dave Hodgson, Chief Finance Officer

Author: Kayleigh Searle

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

Background papers used in compiling this report:-

None

Contact for enquires:

Democratic Services (Committees)

Room 4.36

01392 265275

EXETER CITY COUNCIL
CAPITAL STRATEGY 2020/21

1. Introduction

- 1.1. This capital strategy sets out how, when the City Council considers often-competing calls for investments, it takes account of stewardship, value for money, prudence, sustainability and affordability in a long term context, and gives due consideration to both risk and reward and impact on the achievement of the Council's priority outcomes. It is part of the Council's integrated operational, revenue, capital and balance sheet planning.
- 1.2. As local authorities become increasingly complex and diverse, it is vital that Councillors and senior Officers are fully informed about the long term context in which investment decisions are made and about all the financial and operational risks to which the authority is exposed. With local authorities having increasingly wide powers around commercialisation and more being part of group arrangements or combined authorities, it is increasingly important for Councils to look outside their own individual authority and take into account the residual risks and liabilities all around them.
- 1.3. This capital strategy covers both the General Fund and the Housing Revenue Account, supporting service provision and linking with the Council's Corporate Strategy and Medium Term Financial Strategy. It provides a framework for the development of the three year capital programme.

2. Purpose and Aims

- 2.1. The Prudential Code for Capital Finance in Local Authorities was updated by the Chartered Institute of Public Finance and Accountancy in December 2017. The framework established by the Prudential Code supports local strategic planning, local asset management planning and proper option appraisal.
- 2.2. The objectives of the Prudential Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.
- 2.3. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.
- 2.4. The Prudential Code sets out that in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy. The capital strategy should set out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

2.5. The purpose of this capital strategy is to help achieve the strategic priorities of the Corporate Plan, which are to:

- Provide services and developments that build on Exeter's growth and success and meet local communities' aspirations, and so help deliver the emerging Exeter Vision 2040.
- Focus on three strategic programmes that address the current, major challenges facing the city:
 - Tackling congestion and accessibility
 - Promoting active and healthy lifestyles
 - Building great neighbourhoods
- Provide value-for-money services despite continuing central government budget reductions.
- Lead a well-run Council.

These priorities contribute to developing the Exeter Vision for 2040, which at the time of writing (November 2019) is:

"By the time they are an adult, a child born in Exeter today will live in a city that is inclusive, healthy and sustainable – a city where the opportunities and benefits of prosperity are shared and all citizens are able to participate fully in the city's economic, social, cultural and civic life."

3. What is Capital Expenditure?

3.1. An understanding of what constitutes capital expenditure is fundamental to realising the benefits that an authority can obtain under the Prudential framework. Unless expenditure qualifies as capital it will normally fall outside the scope of the framework and be charged to revenue in the period that the expenditure is incurred. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

There are three ways in which expenditure can qualify as capital under the framework:-

- The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with 'proper practices'.
- The expenditure meets one of the definitions specified in regulations made under the 2003 Local Government Act.
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

4. Approach to Capital Investment

4.1. The Council's approach to capital investment is fundamental to the Council's financial planning processes. It aims to ensure that:

- Capital expenditure contributes to the achievement of the Council's strategic plan.
- An affordable and sustainable capital programme is delivered.
- Use of resources and value for money is maximised.
- A clear framework for making capital expenditure decisions is provided.
- A corporate approach to generating capital resources is established.
- Access to sufficient long term assets to provide services are acquired and retained.
- Invest to save initiatives to make efficiencies within the Council's revenue budget are encouraged.
- An appraisal and prioritisation process for new schemes is robust.

5. Governance Arrangements

5.1. Capital Programme Approvals

The Authority's constitution and financial regulations govern the capital programme as set out below:

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's Constitution.
- The expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards.
- The Capital Programme approved by Full Council as part of the Council's annual budget report sets the capital funding availability for the Council, the prioritisation of funding and the schemes receiving entry into the Capital Programme.
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.
- Any agreements (such as section 106) which contractually commit to procure capital schemes will need to follow the same approval process as other capital expenditure before it can be formally incorporated into the capital programme.

Full Council:

- Approves the capital programme as part of the Annual Budget Report within the strategic boundaries set by the Council.
- Approves capital schemes into the approved capital programme to enable commencement of delivery and schemes to start to incur expenditure.

6. Funding Streams

Exeter City Council's Capital Programme is funded from a mix of sources including:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allowed the Council to undertake unsupported borrowing. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated. This type of borrowing has revenue implications for the Council in the form of financing costs.
- **External Grants** – The largest capital grant received by Exeter City Council is the Better Care Fund payment administered by Devon County Council.
- **Section 106, Community Infrastructure Levy (CIL) and External Contributions** – Elements of the capital programme are funded by contributions from private sector developers and partners.
- **Revenue Funding** – The Council can use revenue resources to fund capital projects on a direct basis and this funding avenue has been used in the past. However, the impact of austerity on the Council's revenue budget has reduced options in this area and therefore the preference is for Invest to Save options to be adopted where feasible.
- **Capital Receipts** – The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

The size of the Capital Programme will be influenced by funding sources and financing costs. The main limiting factor on the Council's ability to undertake capital investment is whether the revenue resource is available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

The Council is required to set aside a Minimum Revenue Provision (MRP) in respect of capital expenditure previously financed by borrowing. To reduce risk and minimise cost on the General Fund, it has been decided to defer borrowing where possible, however some targeted long term borrowing will be undertaken in 2020-21, where the costs will be offset against future income streams.

7. Stewardship of Assets

The Council's Asset Management Plan sets out the condition of its assets and the arrangements for managing these effectively. The Council's Corporate Property Strategy enhances these arrangements, including increasing the awareness that efficient use of property is an important element of maximising the value obtained from the Council's overall resources.

8. Service Objectives

The option appraisal of proposed capital schemes overseen considers, amongst other factors, the following:

- How the proposal help achieve the objectives and priorities set out in the Council's Strategic Plan 2018-2021.
- How the proposal will help achieve objectives set out in Departmental Strategic Plans.
- The service improvements and other anticipated benefits expected to be delivered from the investment.

9. Monitoring

- Capital budget holders are responsible for providing quarterly forecasts to the Finance Team. Any slippage, acceleration, underspends or overspends on schemes is identified as soon as possible.
- All forecasts are collated by the Finance Team and reported to the Executive and Council on a quarterly basis

CHIEF FINANCE OFFICER
DECEMBER 2019

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REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of:

Chief Finance Officer

Title: The Prudential Code for Capital Finance in Local Authorities (Incorporating the Annual Statement of Minimum Revenue Provision)

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?
To set out the proposed 2020/21 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).
2. Recommendations:
That the Executive recommends to Council to approve the adoption of:
 - i. The Prudential Indicators set out in Appendix A-C
 - ii. The Annual Statement of Minimum Revenue Provision for the Council
3. Reasons for the recommendation:
With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self-regulation. This means that Councils are free to borrow for capital investment where the borrowing is affordable. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes. The Prudential Indicators / MRP report will be incorporated within the Budget Book for approval at the full Council meeting as per the statutory requirement.
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:

The report is a statutory requirement that sets the repayment of debt policy and the prudential indicators. This includes the overall borrowing limits within which the section 151 Officer operates. These indicators align with both the proposed capital programme, the medium term financial plan and the new build aspirations within the HRA.

6. What are the legal aspects?
With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self-regulation. More detailed information is set out in paragraph 3 above.
7. Monitoring Officer's comments:
This report raises no issues for the Monitoring Officer.
8. Report details:
- 8.1 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.
- 8.2 Key issues to consider
Appendix C summarises the prudential code indicators for the Council and of particular importance are:
- The Capital Financing Requirement - demonstrates the amount that the Council has an underlying need to borrow, regardless of whether that amount has actually been borrowed
 - The Operational Boundary - this sets the amount of borrowing that the Council intends to keep within over the period covered by the indicators
 - The Authorised Limit - the maximum that the Section 151 officer is allowed to borrow to cover the Operational Boundary and day to day cashflow needs. The Council is not allowed to exceed this amount of borrowing without first authorising an increase to the limit.
- 8.3 Lifting of the HRA Borrowing Cap
Since April 2012 each local authority had a limit on the amount of borrowing it could have for the purposes of the HRA, called the 'debt cap'. For Exeter City Council, the debt cap was £57,882,413.

The HRA debt cap was formally removed on 29 October 2018, as a result local authorities are now able to borrow for housebuilding in accordance with the Prudential Code.

Sites have been identified for the development of new council housing in order to make use of this new flexibility and to contribute to local housing delivery and further investigations by officers for further new sites are ongoing.

ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION

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

Minimum Revenue Provision (MRP) is an amount set aside from revenue to meet the repayment of debt principal. It is in effect a replacement for depreciation that you would normally expect to see within a Company's Accounts. Under the old Regulations this was 4% of principal outstanding for the General Fund and no

requirement to set aside MRP in the Housing Revenue Account. In local government accounting depreciation is charged and then reversed out so it does not affect the level of Council Tax, however MRP is charged to the General Fund and therefore does affect levels of Council Tax.

The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant."

The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 10 below:

- (a) Regulatory Method;
- (b) Capital Financing Requirement Method;
- (c) Asset Life (Equal Instalment) Method;
- (d) Asset Life (Annuity) Method; and
- (e) Depreciation Method

Key issue to consider

Section 11 sets out the proposed policy for MRP, which matches the amount set aside against the useful life of the assets. The only exception to this is the writing off of historic debt which is being undertaken over 50 years.

MRP OPTIONS

Regulatory Method

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

Capital Financing Requirement Method

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

Asset Life (Equal Instalment) Method

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

Asset Life (Annuity) Method

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

Depreciation Method

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

MINIMUM REVENUE PROVISION POLICY 2020/21

The Council's MRP policy is to match borrowing against specific capital investment and adopt either the Asset Life (Equal Instalment) or the Asset Life (Annuity) method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. They are also simple to operate and gives certainty in each year as to the level of charge for principal.

The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. The total capital financing requirement at the end of 2019/20 is likely to be approximately £143.3m. The MRP for 2020/21 will be calculated based on the capital financing requirement at the end of 2019/20 using the varying periods of repayment. The MRP charge for 2020/21 will be approximately £1.188 million. For the avoidance of doubt, it is proposed to use both options from 2016/17 onwards, depending on the asset being financed. However, unless there is a good reason, for not doing so, all borrowing will adopt the Asset Life (Annuity) method.

MRP Overpayments

A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in future years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total VRP overpayments will be £5.02 million.

9. 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.
10. 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.
11. Equality Act 2010 (The Act)
 - 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
 - eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
 - foster good relations between people by tackling prejudice and promoting understanding.
 - 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
 - 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Carbon Footprint (Environmental) Implications:
No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?
No

Dave Hodgson, Chief Finance Officer
Author: Kayleigh Searle

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
None

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265275

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General Fund Prudential Indicator Calculations

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

General Fund Capital Expenditure

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

Director	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Chief Executive & Growth Director	123	719	467	54	54
Communities, Health, Well Being, Sport & Leisure	6,777	28,006	23,247	759	720
Environment and City Management	1,409	3,291	3,033	3,864	50
Strategic Housing, Planning, Housing Needs & Homelessness, Customer Services, Welfare Reform, Revenues, Benefits & Business Rates	146	128			
Communications, Tourism & Culture	181	59	40		
Chief Finance Officer	2,200	27,150			
Total General Fund Capital Expenditure	10,836	59,353	26,787	4,677	824

General Fund Financing costs

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Interest payable with respect to short term borrowing	441	442	350	350	350
Interest payable under 'irredeemable' long term liabilities	0	551	1,196	1,177	1,158
Interest and investment income	(581)	(916)	(1,019)	(1,043)	(1,040)
Replacement for Minimum Revenue Provision (England and Wales)	608	582	1,188	1,897	2,002
Voluntary contribution to financing costs in respect of short-life assets	423	0	162	0	0
Total General Fund Financing Costs	891	659	1,877	2,381	2,470

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

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Financing costs	891	659	1,877	2,381	2,470
Net revenue stream	13,010	11,875	12,875	11,089	11,456
Ratio of financing costs to net revenue stream %	6.8%	5.5%	14.6%	21.5%	21.6%

General Fund Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual General Fund Capital Financing Requirement at 31 March 2019

	£'000
Property, Plant and Equipment	151,395
Investment Properties	40,144
Heritage Assets	22,643
Intangible Assets / Other Long term Assets	6,502
Revaluation Reserve	(88,758)
Capital Adjustment Account	(95,199)
General Fund Capital Financing Requirement 31 March 2019	36,727

Estimated General Fund Capital Financing Requirement at 31 March 2020

Estimate of General Fund Capital Financing Requirement 31 March 2019	36,727
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	49,320
Estimate of General Fund Capital Financing Requirement 31 March 2020	86,047

Estimated General Fund Capital Financing Requirement at 31 March 2021

Estimate of General Fund Capital Financing Requirement 31 March 2020	86,047
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	20,777
Estimate of General Fund Capital Financing Requirement 31 March 2021	106,824

Estimated General Fund Capital Financing Requirement at 31 March 2022

Estimate of General Fund Capital Financing Requirement 31 March 2021	106,824
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(1,362)
Estimate of General Fund Capital Financing Requirement 31 March 2022	105,462

Estimated General Fund Capital Financing Requirement at 31 March 2023

Estimate of General Fund Capital Financing Requirement 31 March 2022	105,462
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(1,454)
Estimate of General Fund Capital Financing Requirement 31 March 2023	104,008

HRA Prudential Indicator Calculations

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

HRA Capital Expenditure

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
MAINTAIN OUR PROPERTY ASSETS	4,115	9,989	13,894	11,368	8,870
HELP ME FIND SOMEWHERE SUITABLE TO LIVE	2,082	13,944	13,895	5,935	1,550
Total HRA Capital Expenditure	6,197	23,933	27,789	17,303	10,420

HRA Financing costs

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,980	2,056	2,425	2,456	2,456
Interest and investment income	(303)	(185)	(185)	(185)	(185)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total HRA Financing Costs	1,677	1,871	2,240	2,271	2,271

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

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Financing costs	1,677	1,871	2,240	2,271	2,271
Net revenue stream	18,522	18,250	18,700	19,390	20,100
Ratio of financing costs to net revenue stream %	9.1	10.3	12.0	11.7	11.3
Negative for a debt free authority	%	%	%	%	%

HRA Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual HRA Capital Financing Requirement at 31 March 2019

Description	£'000
Property, Plant and Equipment	267,806
Investment Properties	0
Revaluation Reserve	(67,163)
Capital Adjustment Account	(142,761)
Actual HRA Capital Financing Requirement 31 March 2019	57,882

Estimated HRA Capital Financing Requirement at 31 March 2020

Estimate of HRA Capital Financing Requirement 31 March 2019	57,882
Estimate of change in Property, Plant and Equipment	23,933
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(21,535)
Estimate of HRA Capital Financing Requirement 31 March 2020	60,280

Estimated HRA Capital Financing Requirement at 31 March 2021

Estimate of HRA Capital Financing Requirement 31 March 2020	60,280
Estimate of change in Property, Plant and Equipment	23,933
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(16,555)
Estimate of HRA Capital Financing Requirement 31 March 2021	67,658

Estimated HRA Capital Financing Requirement at 31 March 2022

Estimate of HRA Capital Financing Requirement 31 March 2021	67,658
Estimate of change in Property, Plant and Equipment	27,789
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(23,205)
Estimate of HRA Capital Financing Requirement 31 March 2022	72,242

Estimated HRA Capital Financing Requirement at 31 March 2023

Estimate of HRA Capital Financing Requirement 31 March 2022	72,242
Estimate of change in Property, Plant and Equipment	17,303
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(16,303)
Estimate of HRA Capital Financing Requirement 31 March 2023	73,242

Limit on indebtedness

The HRA borrowing cap was limited to £57,882k, but the cap was formally removed on 29 October 2018 so Local Authorities can now borrow for housebuilding.

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Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYTotal Actual / Estimates of Capital Expenditure

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Total General Fund Capital Expenditure	10,836	59,353	26,787	4,677	824
Total HRA Capital Expenditure	6,197	23,933	27,789	17,303	10,420
Total Actual / Estimates of Capital Expenditure	17,033	83,286	54,576	21,980	11,244

Total Actual / Estimates of Financing Costs

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Total General Fund Financing Costs	891	659	1,877	2,381	2,470
Total HRA Financing Costs	1,677	1,871	2,240	2,271	2,271
Total Actual / Estimates of Financing Costs	2,568	2,530	4,117	4,652	4,741

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

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

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund Ratio of Financing Costs to Net Revenue Stream	0.1	0.1	0.1	0.2	0.2
HRA Ratio of Financing Costs to Net Revenue Stream	9.1	10.3	12.0	11.7	11.3

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund Capital Financing Requirement	36,727	86,047	106,824	105,462	104,008
HRA Capital Financing Requirement	57,882	60,280	67,658	72,242	73,242
Total Actual / Estimates of Capital Financing Requirement	94,609	146,327	174,482	177,704	177,250

Authorised Limit

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

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

Description	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	230,000	230,000	230,000
Other long term liabilities	0	0	0
Authorised Limit	230,000	230,000	230,000

Prudential Indicator Calculations**Operational Boundary**

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

Description	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Borrowing	210,000	210,000	210,000
Other long term liabilities	0	0	0
Operational Boundary	210,000	210,000	210,000

The Authorised Limit and the Operational Boundary have been increased to include capacity to enable the establishment of a HRA development programme following removal of the debt cap.

Actual External Debt

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

Description	2018/19 Actual £'000	To be repaid	
		within 12 months	after 12 months
Actual borrowing as at 31 March 2019	69,064	10,099	59,035
Actual long term liabilities as at 31 March 2019	0	0	0
Actual External Debt as at 31 March 2019	69,064	10,099	59,035

Prudential Indicator Calculations
PRUDENTIAL INDICATORS OF PRUDENCE

Gross Debt and Capital Financing Requirement

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

Description	£'000
Total Capital Financing Requirement at 31 March 2019	94,609

2019/20 Estimated Change in Capital Financing Requirement	
Capital expenditure	83,286
Application of useable capital receipts	(8,551)
Application of capital grants/contributions	(18,647)
The replacement for MRP	(582)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2019/20	55,506

2020/21 Estimated Change in Capital Financing Requirement	
Capital expenditure	54,576
Application of useable capital receipts	(6,712)
Application of capital grants/contributions	(18,047)
The replacement for MRP	(1,188)
Additional voluntary contributions	(162)
Total Estimated Change in Capital Financing Requirement 2020/21	28,467

Prudential Indicator Calculations

2021/22 Estimated Change in Capital Financing Requirement	
Capital expenditure	21,980
Application of useable capital receipts	(1,967)
Application of capital grants/contributions	(14,894)
The replacement for MRP	(1,897)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2021/22	3,222

Capital Financing Requirement:	
Opening Balance 2018/19	94,609
Estimated Closing Balance 2021/22	181,804
This is an increase over the three years of	87,195

Operational Boundaries to Exposure to Interest Rate Risks

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

Description	2019/20 £'000	2020/21 £'000	2021/22 £'000
Total projected interest payable on borrowing	3,971	3,983	3,964
Total projected interest receivable on investments	(1,204)	(1,228)	(1,225)
Net Interest	2,767	2,755	2,739
Upper limit - fixed rates = 100%	(1,204)	(1,228)	(1,225)
Upper limit - variable rates = 20%	(241)	(246)	(245)

This means that the Chief Finance Officer will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

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

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

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

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

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

Investments

Description	At 31/3/2019 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Long-term investments	5,931	5,931	5,931	5,931
Short-term investments	20,063	43,000	0	0
Cash and cash equivalents	30,782	15,000	5,000	5,000
Total Investments	56,776	63,931	10,931	10,931

REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of:

Chief Finance Officer

Title: Treasury Management Strategy Report 2020/21

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?
To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2020/21, as required under section 15(1)(a) of the Local Government Act 2003.

2. Recommendations:
That Executive recommend to Council the adoption of the new Treasury Management Strategy and delegations contained therein.

3. Reasons for the recommendation:
The Council adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes, which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Authority Investments requires the Council to approve an investment strategy before the start of each financial year.

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments. Non-financial investments are covered in the Capital Strategy which is presented in a separate report to this Committee.

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

4. What are the resource implications including non financial resources.
Treasury Management is carried out by the Finance team of the Council, with advice procured from a specialist advisor. Prudent Treasury Management supports the Council's financial position by generating interest on investments / deposits and seeking to minimise the amount of interest paid on borrowing.

5. Section 151 Officer comments:

The strategy sets out the parameters under which the section 151 Officer and his team can operate. The Strategy aligns with the assumptions set out in the Council's MTFP and will enable good management of the Council's cash position throughout the year.

6. What are the legal aspects?

In February 2012 the Council adopted the updated *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year. Adoption of the Code is required by regulations laid under the Local Government Act 2003.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

Key issues to be considered

This is a statutory Strategy recommended for adoption by full Council. The key issues to be considered are:

- Investments in the CCLA – LAMIT fund have been made and details of the dividend yield are included in paragraph 3.1 of Appendix A attached to this report.
- Section 4.3 sets the limits on the value of investments to be held by any one institution and the type of institution that can be used.
- The maximum limit to be lent to any one organisation in respect of Property Funds was approved in December 2017, the maximum to be lent to any one organisation for this type of investment is £10m.
- All other limits on the value of investments to be held by one institution remains at £5m (other than the UK Government).
- Section 3 of Appendix A attached to this report, sets out the current levels of borrowing and investments, along with the estimated changes and the financial impact for the year on both the General Fund and HRA.
- Sections 5 and 6 set out the planned strategy for the year, which Council must be satisfied meets their objectives and is in line with the level of risk they are comfortable to take.

9. 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.

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

The investment limits are designed to reduce risk as far as possible, however with any investments there is a risk of default. The Council minimises this risk by imposing limits on where cash can be invested based on credit ratings from the two main rating agencies and setting monetary and time limits on investments. Investments tend to be in immediate access accounts, or short term (less than three months).

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;

- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

11.4.1 The report is for information only

12. Carbon Footprint (Environmental) Implications:
No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?
No

Dave Hodgson, Chief Finance Officer
Author: Kayleigh Searle

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-

None

Contact for enquires:
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EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2020/21

1. Introduction

- 1.1. The Council's strategy is based on the requirements of the MHCLG's Guidance on Local Government Investments ("Guidance") and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").

2. Economic Context

- 2.1. GLOBAL OUTLOOK. The trade war between the US and China on tariffs is a major concern to financial markets and is depressing worldwide growth. Concerns are focused on the synchronised general weakening of growth in the major economies of the world. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

UK. Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 back up to +0.4% and quarter 4 expected to come in around zero. Political and Brexit uncertainty have dampened growth in 2019.

Inflation. The Consumer Price Index (CPI) measure of inflation fell to 1.5% in October and November and is likely to remain between 1.5% and 2% over the next two years. If there was a no deal Brexit though, it could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.

2.2. Interest rate forecasts

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link Asset Services forecast to March 2023.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

While the general election in December 2019 has provided political certainty leading to implementation of the UK leaving the EU on 31 January 2020, there is still much uncertainty on what sort of trade deal may be agreed by the end of 2020 and its likely impact on the UK economy. The interest rate forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until these remaining uncertainties over the likely type of Brexit become clear. If there was a no deal exit, it is likely that Bank Rate would be cut in order to support growth. However, if growth was to flag significantly in any event, the MPC could also cut Bank Rate in 2020.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

3. Current and Expected Treasury Portfolios

3.1. Investments

The Council's current investments as at 20 December 2019 was as follows:

Fixed Term Deposits - Current

Amount	Investment	Interest rate	Date Invested	Maturity Date	No. of Days
5,000,000	Slough Borough Council	1.10%	03/04/19	01/04/20	364
3,000,000	Blaenau Gwent County Borough Council	0.90%	24/05/19	13/03/20	294
3,000,000	Blackpool Borough Council	0.95%	31/05/19	10/02/20	255
3,000,000	Thurrock Council	0.87%	31/07/19	30/06/20	335
3,000,000	Salford City Council	0.87%	13/08/19	11/08/20	364
5,000,000	London Borough of Southwark	0.67%	04/09/19	19/02/20	168
5,000,000	Warrington Borough Council	0.85%	01/10/19	29/09/20	364
2,000,000	Thurrock Council	0.88%	11/10/19	13/07/20	276
3,000,000	Standard Chartered – Sustainable deposit	0.85%	16/10/19	16/04/20	183
3,000,000	Barclays Green 95 day notice account	0.95%	18/10/19	95 days from notice date	Min: 95
5,000,000	Fife Council	0.85%	25/10/19	23/10/20	364
5,000,000	London Borough of Barking and Dagenham	0.90%	25/10/19	27/04/20	185
3,000,000	Lancashire County Council	0.95%	02/12/19	30/11/20	364
3,000,000	Goldman Sachs	0.97%	16/12/19	16/06/20	183

The Barclays Green account is linked to projects in pursuit of the transition to a lower carbon economy and as such counts towards the Council's Green agenda and can be included in a sustainability clause in the audited accounts.

The Standard Chartered Sustainable deposit guarantees that investment is referenced against sustainable assets aligned to the United Nations' Sustainable Development Goals (SDGs).

Property Funds

Amount	Investment	Dividend Yield
£5,000,000	CCLA – LAMIT Property Fund	4.35%

Note: Dividend yield as at 30 September 2019

Money Market Funds

Amount	Investment	Interest rate*
£10,000,000	Amundi Asset Management	0.73%
£10,000,000	Federated Investors	0.73%
£10,000,000	Aberdeen Standard Investments	0.73%
£nil	CCLA - The Public Sector Deposit Fund	0.72%
£nil	Black Rock Asset Management	0.69%

3.2. Borrowings

The Council's long term borrowing is currently £110.684 million (£53.8 million General Fund and £56.884 HRA) and there is currently no short-term borrowings. Details of current loans are set out below.

- 3.3. The Council made a one-off payment on 28 March 2012, to buy itself out of the HRA subsidy system. The final settlement figure of £56.884 million was confirmed in February 2012. The amount was borrowed from the Public Works Loans Board over a 50 year period and is repayable on maturity at the end of the loan term. The interest rate was 3.48% fixed for the term of the loan.
- 3.4. The Public Works Loan Board (PWLB) long-term borrowing rates fell during the period, prompting a decision on 26 September to borrow in readiness for the on-going capital programme. This was a timely decision as there was an announcement on 9 October to increase the interest rates offered on new PWLB loans by 1% with immediate effect.

Existing loans

Amount	Lender	Interest rate	End date
£56,884,000	PWLB maturity (HRA)	3.48%	28/03/2062
£2,200,000	PWLB 25 year annuity	2.34%	11/01/2044
£2,150,000	PWLB 25 year annuity	2.08%	04/04/2044
£4,650,000	PWLB 30 year annuity	1.61%	26/09/2049
£8,800,000	PWLB 35 year annuity	1.71%	26/09/2054
£36,000,000	PWLB 50 year annuity	1.80%	26/09/2069

3.5. Expected changes

The future cash flow forecast includes planned borrowing of £21.83 million as part of the 2020/21 General Fund capital programme and £7.38 million for the HRA capital programme. The decision of whether to take external long-term borrowing will be made in light of current and forecast interest rates and the decision is delegated to the section 151 Officer and Leader of the Council.

3.6. Budget implications

The net budget for interest payments in 2020/21 is £527,000 in respect of the General Fund and £2.24m in respect of the HRA. The HRA covers the interest costs relating to the long term borrowing of £56.9 million and the interest on any future expected borrowings directly related to the HRA. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4. Investment Strategy

4.1. The Council holds surplus funds, which represent income received in advance of expenditure plus balances and reserves held. Both the CIPFA Code and the MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

4.2. Specified Investments

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

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

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

In-house investment	Monetary limit ¹	Time limit
UK owned banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£4m each	12 months
Foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1	£3m each	9 months
UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1	£3m each	6 months
Money market funds ² and similar pooled vehicles holding the highest possible credit ratings (AAA)	£10m each	3 months
Property Funds	£10m each	3 months
UK Central Government	no limit	12 months
UK Local Authorities ³		
Upper Tier	£5m each	12 months
Lower Tier	£5m each	12 months

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

² as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

³ as defined in the Local Government Act 2003

4.4. The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million, with the exception of Property Funds where the limit is £10m. For an individual bank, the limit is £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5. Non specified Investments

No non specified investments will be made by the Council.

4.6. Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £3 million per country. Only banks that are domiciled in the UK but are owned in another country will be used and need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

4.7. Liquidity management

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

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

4.8. Credit ratings

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

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

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

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

4.9. Other information on the security of investments

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

4.10. Other information on the security of investments

Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating

agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

4.11. Investment instruments

Investments may be made using any of the following instruments:

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

5. Planned investment strategy for 2020/21 – In-House

- 5.1. The cash flow forecast will be used to divide surplus funds into three categories:
- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
 - Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
 - Long-term – cash not required to meet cash flows, and used primarily to generate investment income.
- 5.2. The Council's in-house managed funds are based on the likely cash-flow position. Investments will be made to ensure that cash flow is protected and borrowing is minimised. However, on occasion, money has been invested for a longer period up to 364 days. These are funds which are not required for day-to-day cash management purposes.
- 5.3. The Council will seek to utilise money market funds (Aberdeen, Blackrock, Federated, Amundi and CCLA) and use short-dated deposits to ensure liquidity of assets for day-to-day cashflow. Although these are essentially cash, a monetary limit in line with the banks credit rating is retained on the accounts. The Council can also make use of the Government's Debt Management Office to ensure the highest possible security for cash. Additionally, the Council will hold a balance on its general account to cover any payments due. On occasion, where significant payments are to be made, there may be in excess of £3 million in this account.

6. Borrowing Strategy

- 6.1. The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31 March 2020 is expected to be £146.3 million, and is forecast to rise to £174.5 million by March 2021 as capital expenditure is incurred.
- 6.2. The maximum expected long-term borrowing requirement for 2020/21 is:

	£m
Borrowed in prior years	53.8
Not borrowed in previous years	35.6
Long term borrowing (HRA)	56.9
Forecast increase in CFR	28.2
TOTAL	174.5

- 6.3. Despite taking out new borrowings during the year, the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the

Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and to mitigate exposure to counterparty risk.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to any change in circumstances.

- 6.4. To reduce risk and minimise cost on the General Fund, it has been decided to defer borrowing where possible, however some targeted long term borrowing will be undertaken in 2020-21, where the costs will be offset against future income streams.
- 6.5. In addition, the Council may borrow for short periods of time (normally up to two years) to cover cash flow shortages.
- 6.6. If borrowing is required advice will be sought from the treasury management advisors in order that the most cost effective form of borrowing can be secured.
- 6.7. Sources of borrowing

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

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

- 6.8. Debt instruments

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

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

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

- leases
- Private Finance Initiative.

- 6.9. Borrowing strategy to be followed

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

If required, the council may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in a later period.

7. Policy on Use of Financial Derivatives

- 7.1. Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).
- 7.2. The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

7.3. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.4. Derivative counterparties

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

7.5. In reality, whilst the Council is required to include the above policy, the only type of transaction used is the forward deal, which means the Council agrees to borrow funds at a set price for a set period, in advance of the date the loan is actually taken. This is done to ensure the availability of funds at the time that they are needed.

8. Treasury Management Prudential Indicators

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

9. Other Matters

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

9.2. Investment consultants

The Council contracts with Link Asset Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers. The services received include:

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

The quality of the advisory service is monitored by the Chief Finance Officer.

9.3. Investment training

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

9.4. Investment of money borrowed in advance of need

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the

borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

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

9.5. The Treasury Management Role of the Section 151 Office

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe (say 20+ years – to be determined in accordance with local priorities.)
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;

- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

10. Investment Reports

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

CHIEF FINANCE OFFICER
DECEMBER 2019

REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of:

The City Solicitor & Head of HR

Title: Annual Pay Policy Statement 2020/21

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?
To set out the council's annual Pay Policy Statement 2020/21 which must be approved by Full Council each financial year in line with legislation.
2. Recommendations:
That Executive recommends to Council to approve:
 - (i) The attached Policy, Report and Appendices be adopted and published in accordance with the legislation.
 - (ii) Delegated authority be given to the City Solicitor & Head of HR to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.
3. Reasons for the recommendation:
Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a statutory Pay Policy Statement each financial year commencing in 2012/13 and thereafter each subsequent financial year. The Secretary of State for Communities and Local Government issued further guidance in early 2013. The Equality Act 2010 (Specific Duties and Public Authorities) regulations 2017.
4. What are the resource implications including non financial resources.
There are no new resource implications created as a result of the revisions to the Pay Policy Statement.
5. Section 151 Officer comments:
There are no financial implications for Council to consider within this report.
6. What are the legal aspects?
 - (a) Local Authorities are 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
- The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers

(b) The Equality Act 2010 (Specific Duties and Public Authorities) regulations 2017 requires local authorities who employ over 250 or more employees to produce a gender pay gap report.

- Compare the difference in pay between females and males.

7. Monitoring Officer's comments:

This report has been prepared in order that the Council complies with its statutory reporting requirements.

8. Report details:

In line with statutory requirements, the Council's Pay Policy Statement has been reviewed and updated for 2020/21 for approval by full Council prior to publishing on the Council's website.

The revised policy and appendix take into account the following changes:

- The increase in the nationally determined living wage (Grades A) in November 2019 which comes into effect at Exeter City Council on 1 April 2020 (paragraph 3.2)

The appendix will/may require amending once the pay negotiations have been completed for 2020/21.

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

The attached Statement supports 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. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and

new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because

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

12. Carbon Footprint (Environmental) Implications:
No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?
No

Baan Al-Khafaji, City Solicitor & Head of HR

Author: David Knight

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

Background papers used in compiling this report:-

None

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Exeter City Council

Pay Policy Statement 2020/21

1 Purpose and scope of the Policy

- 1.1 Section 38 (1) of the Localism Act 2011 (Part 1, Chapter 8, Sections 38 to 43) requires English and Welsh local authorities to produce a statutory pay policy statement each financial year.
- 1.2 The Act requires that a relevant authority must approve, through Full Council, a pay policy statement for the following financial year and this must set out the authority's policies for the financial year relating to:
 - (a) the remuneration of its chief officers, (see Appendix 1)
 - (b) the remuneration of its lowest-paid employees (see Section 4 and Appendix 1), and
 - (c) the relationship between:
 - (i) the remuneration of its chief officers (Section 4 and Appendix 1), and
 - (ii) the remuneration of its employees who are not chief officers (see Section 4 and Appendix 1)
- 1.3 The statement must state:
 - (a) the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and (see Section 3)
 - (b) the authority's reasons for adopting that definition. (see Section 3)
- 1.4 The statement must include the authority's policies relating to:
 - (a) the elements of remuneration for each chief officer, (see Section 2 and 5 and Appendix 1)
 - (b) remuneration of chief officers on recruitment, (see Section 5 and Appendix 1)
 - (c) increases and additions to remuneration for each chief officer, (see Section 5)
 - (d) the use of performance-related pay for chief officers, (see Section 5)
 - (e) the use of bonuses for chief officers, (see Section 5)
 - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and (see Section 5)
 - (g) the remuneration of chief officers who return to local authority employment (See Section 5)

- (h) the publication of and access to information relating to remuneration of chief officers. (see Section 6)
- 1.5 This policy also takes into account “Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012” and the letter from the Secretary of State to leaders of local authorities and chairs of fire and rescue authorities of 20 February 2013 which advocate:
- (a) Publishing the ratio between the highest paid employee and the median average earnings across an organisation (Section 4, Appendix 1)
 - (b) Explaining the approach to the setting and publication of fees for chief officers in respect of local election duties (Section 5)
 - (c) Setting out the policy for the remuneration of chief officers who return to Local Authority employment where the chief officer was a previously employed chief officer who left with a severance payment and applies to come back as a chief officer under an employment contract or contract for services (Section 5)
 - (d) Setting out the policy in respect of the employment of individuals and Chief Officers in receipt of a Local Government Pension Scheme pension, including pension abatement arrangements (Section 5)
 - (e) Full Council having the opportunity to approve salary packages and the cost of severance packages of £100,000 or more (Section 5)
- 1.6 In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time providing value for money to the residents of Exeter.
- 1.7 Exeter City Council already works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors and is open and transparent and complies with equal pay legislation.
- 1.8 This Statement complies with the requirements of the Localism Act 2011 and the statutory guidance issued by Communities and Local Government in ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act’ which was issued on 17 February 2012.

2 Definition of Chief Officers

- 2.1 The posts which are defined as ‘Chief Officers’ for the purposes of this Statement are those scheduled in the Local Government and Housing Act 1989 under sections 4(1), 5(1), 2(6, 7 and 8) together with other members of the councils Strategic & Senior Management. For Exeter City Council this term includes:

- Chief Executive and Growth Director (Head of Paid Service Section 4(1))
- Directors x 6 to include (4 Non-Statutory Officers Section 2 (7a)) and 2 Statutory Officers Section 2 (6d))
- Corporate Managers x3

2.2 The post of Chief Executive & Growth Director is made on terms and conditions of employment agreed by the Joint National Council for Chief Executives and supplemented by local terms and conditions of employment agreed by Exeter City Council.

2.3 All the remaining posts are made on the terms and conditions of employment agreed by the Joint National Council for Chief Officers and supplemented by terms and conditions of employment agreed by Exeter City Council.

2.4 With the exception of the Chief Executive and Growth Director all Chief Officer posts as defined in this Statement are subject to job evaluation using HAY. The remuneration of the Council's Chief Officers is set out in Appendix 1.

3 Definition & Remuneration of Lowest Paid

3.1 All posts which are not designated as Chief Officers in accordance with this Statement, and with the exception of apprentice roles, are subject to job evaluation using the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

3.2 The Council has adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Real Living Wage as its minimum spinal column point, and the Living Wage of £9.30 / hour from 1 April 2020 equates to Grade A of the Council's pay scale. The Living Wage is determined nationally in or around November each year. The Council applies any uplift to the living wage from 1 April in the year following the increase.

3.3 The Council therefore defines its lowest paid employees as those on Grade A of the Council's pay scale. The Council has adopted this definition as it can be easily understood.

3.4 The Council has 16 grades (excluding Apprentice) on its existing pay scale for employees not designated as Chief Officer in this Statement. With the exception of Grades A, B and C each Grade provides for incremental progression of either 3 or 5 scale points subject to satisfactory service. Increments are applied on the 1 April each year (or on the 6 month anniversary of the employee's appointment if the appointment falls between October and March inclusive, with subsequent increments applying from 1 April each year) until the postholder reaches the maximum of the grade.

4 Relationship between Remuneration

4.1 The Hutton Review of Fair Pay in the Public Sector outlined that the most appropriate metric for pay dispersion is the multiple of Chief Executive to

median earnings. Whilst not a requirement of this Statement, tracking this multiple as recommended in the Code of Recommended Practice for Local Authorities on Data Transparency will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce.

- 4.2 The Council also publishes as part of this Statement the relationship between its Chief Executive and lowest paid employee. Both of these pay multiples are set out in Appendix 1.
- 4.3 Through this policy the pay multiple of the Chief Executive and Growth Director will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual full time salary payable to the Chief Executive and Growth Director be greater than 10, this will be reported to full Council for consideration.

5 Chief Officer Remuneration

- 5.1 The Joint Negotiating Committee has previously emphasised that ‘it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.’
- 5.2 Salaries for chief officers operate on the basis of fixed pay points and are therefore not subject to a salary scale providing for incremental progression. New appointments will be made to the appropriate pay point in force at the time of the appointment. These fixed pay points will be agreed through an accountable and transparent process. Salary levels will be consistent with similar organisations which aim to pay according to median salaries. There will be due regard to balance the need to ensure value for money but enable Exeter City Council to recruit and retain high quality chief officers in the context of national, regional and local labour markets.
- 5.3 In determining any future changes to the remuneration package for appointments to Chief Officer posts as defined in this Statement, the Leader of the Council will take independent pay advice. The Leader will then, in consultation with the Chief Executive and Growth Director, except in relation to the pay of the Chief Executive and Growth Director, make recommendations which will be subject to the approval of full Council.
- 5.4 The Leader of the Council, in consultation with the Chief Executive and Growth Director, except in relation to the remuneration package of the Chief Executive and Growth Director, may recommend to full Council changes to the remuneration package following an annual review. Any changes to the remuneration packages will be subject to full Council approval.
- 5.5 Salary increases for Chief Officers defined in this Statement in relation to cost of living will be made in line with increases agreed by the Joint National Council’s for Chief Officers and Chief Executives as appropriate.

- 5.6 At present, there are no additional payments made to chief officers in relation to performance related pay or the use of bonuses.
- 5.7 Any termination payments to chief officers on ceasing office will comply with Exeter City Council's Organisational Change and Local Government Pension Scheme Employer Discretions Policies which are subject to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended and in force at the time. All such payments are equally applicable to all employees.
- 5.8 The Employer Discretions Policy and severance payments (which include redundancy / efficiency compensation, pension strain and pay in lieu of notice) in excess of £100,000 are subject to approval at Full Council. No additional payments will be made to Chief Officers without express approval by Full Council.
- 5.9 A chief officer appointment (under an employment contract or contract for services) will not be offered to any former chief officer in receipt of a severance payment, except in circumstances where they left employment as a result of being made redundant from their previous Chief Officer role, without the approval of Full Council.
- 5.10 Exeter City Council will not enter into employment or service contracts with any persons in receipt of a local government pension within 12 months of the termination date of their previous employment without the approval of Full Council. Employees of the Council who are also in receipt of a local government pension may have their pension abated in accordance with legislation / policy as enacted / determined by the relevant pension administrator.
- 5.11 The Council's Policy on Market Supplements applies to all posts at the Council, including Chief Officers. Evidence based market supplements will be subject to periodic review to ensure they continue to be justifiable. No Chief Officer is currently in receipt of a Market Supplement.
- 5.12 Additional payments are made by Central Government to officers (including the Returning Officer) carrying out additional duties at Parliamentary, European and other national elections and referendums. These payments are set nationally and are not within the scope of this Statement. Payments to the Returning Officer and other officials for duties in relation to City Council elections are linked proportionately to these national rates.

6 Transparency & Publication of Data

- 6.1 This Statement aims to ensure that the process for setting pay at a senior level is transparent fair and consistent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.
- 6.2 The Council will publish its Pay Policy Statement on the Exeter City Council website alongside information related to the Council's management structure. Further information relating to the remuneration of Chief Officers is published in the Council's annual Statement of Accounts.

7 Equality Impact Considerations

- 7.1 The principles of equal pay are integral to this policy and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:
- Like work where the woman and the man are doing the same job
 - Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
 - Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

8 Related Policies/Strategies, Procedures and Legislation

- 8.1 Exeter City Council pay and reward policies and procedures are operated within the framework of JNC and NJC terms as nationally negotiated and agreed and supplemented by local agreements. The Council applies the national framework for job evaluation and works within equality and equal pay legislation in order to apply all pay related issues in a fair, consistent and transparent way.
- 8.2 Key policies/procedures/strategies and legislation include:
- Exeter City Council Pay and Reward Policies, frameworks and local agreements
 - Equal Pay Legislation
 - Equality Act 2010
 - Localism Act 2011
 - Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012
 - Local Government Act 1972
 - Local Government & Housing Act 1989

1. Levels and elements of remuneration for each chief officer role as at April 2020

Post title	Full time Remuneration
Chief Executive and Growth Director	£116,744
Directors x 6	£72,828 - £83,232
Project Director	£75,000
Corporate Manager x 3	£60,622

2. The FT remuneration of the lowest paid employee

Post title	Full time Remuneration
MRF Operative	£17,942

3. The multiplier of the remuneration of the chief officer based upon taxable earnings:

Post Title	Full time Remuneration
Annual median pay of all employees	£23,836
Pay multiple of Chief Executive and Growth Director to median	4.90
Pay multiple of Chief Executive and Growth Director to lowest paid FT employee	6.51

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REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

REPORT TO COUNCIL

Date of Meeting: 25 February 2020

Report of:

The City Solicitor & Head of HR

Title: Gender Pay Gap Report

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 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires local authorities who employ over 250 or more employees to produce a gender pay gap report.

1.2 The Act requires that an authority must report on the following information: (see Appendix 1)

- Their mean gender pay
- Their median gender pay gap
- Their mean bonus gender pay gap
- Their median bonus gender pay gap
- Their proportion of males receiving a bonus payment
- Their proportion of females receiving a bonus payment
- Their proportion of males and females in each quartile pay band

1.3 Calculations:

- Mean average involves adding up all of the numbers and dividing the result by how many numbers were in the list.
- Median average involves listing all of the numbers in numerical order. The median is the middle figure.

1.4 Exeter City Council does not operate any bonus schemes.

1.5 The relevant or snapshot date is the key date on which the calculations must be made. The relevant date is 31st March 2019. It is also the date from which an employer has a year to publish their gender pay report.

2. Recommendations:

This report will be reviewed annually to track the relationship between both females and males earnings.

The Council will publish its Gender Pay Gap Report on the Exeter City Council website, as well as on the centrally held database on gov.uk.

Findings and Observations

- The average rate of pay for females is higher than males across the Council.
 - The difference has increased since last year from 2.25% to 5.25%.
 - There are over 2.5 times more males in the lower quartile of earnings than females.
3. Reasons for the recommendation:
The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 requires local authorities who employ over 250 or more employees to produce a gender pay gap report.
 4. What are the resource implications including non-financial resources.
There are no new resource implications created as a result of the revisions to the Gender Pay Gap Report.
 5. Section 151 Officer comments:
There are no financial implications for Council to consider within this report.
 6. What are the legal aspects?
The Equality Act 2010 (Specific Duties and Public Authorities) regulations 2017 requires local authorities who employ over 250 or more employees to produce a gender pay gap report.
 - Compare the difference in pay between females and males.
 7. Monitoring Officer's comments:
The Council continues to buck the national trend with average rate of pay for females being higher than males across the Council.
 8. Report details:
The relevant date for the Gender Pay Gap Report is 31st March 2019. The results of the report need to be published before 31st March 2020.
 9. How does the decision contribute to the Council's Corporate Plan?
The attached Statement supports 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. Equality Act 2010 (The Act)
 - 11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:
 - eliminate discrimination, harassment, victimisation and any other prohibited conduct;
 - advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
 - foster good relations between people by tackling prejudice and promoting understanding.
 -
 - 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
 - 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex

and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because:

Although not directly connected to the gender pay gap the principles of equal pay are integral to this report and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:

- Like work where the woman and the man are doing the same job
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
- Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

12. Carbon Footprint (Environmental) Implications:
No direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?
No

Baan Al-Khafaji, City Solicitor & Head of HR
Author: David Knight

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-
None

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Exeter City Council

Gender Pay Gap Report 2019

1. Gender Pay Report (31st March 2019)

Results (hourly rates to 2 decimal places)

Mean Female Pay	£14.02
Mean Male Pay	£13.32
Mean Gender Pay Gap	-5.25%

Median Female Pay	£12.36
Median Male Pay	£10.90
Median Gender Pay Gap	-13.39%

Mean Female Bonus Pay	£0.00
Mean Male Bonus Pay	£0.00
Mean Gender Pay Gap	0.0%

Median Female Bonus Pay	£0.00
Median Male Bonus Pay	£0.00
Median Gender Pay Gap	0.0%

Number of Females receiving Bonus Pay	0
Number of Males receiving Bonus Pay	0
Proportion of Females receiving Bonus Pay	0.0%
Proportion of Males receiving Bonus Pay	0.0%

Quartile	Female	Male
Lower	27.12%	72.88%
Lower Middle	48.53%	51.47%
Upper Middle	61.43%	38.57%
Upper	47.21%	52.79%

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REPORT TO EXECUTIVE

Date of Meeting: 11 February 2020

Report of:

The Director, Environment & City Management

Title: Future of Northbrook Approach

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 Early in 2019 Exeter City Council considered proposals to dispose of the North Brook Approach Golf Course. Following large scale support for the area to remain a publically accessible greenspace, the council made a commitment not to dispose of the site nor to build on it.

1.2 This report recommends a partnership between the City Council and Devon Wildlife Trust, to consult with local residents and community groups on a vision for the area as a 'Wild Arboretum'. This will transform the area into a tree studded park, enriched with wildflowers, newly planted trees (including a community orchard) together with new wetlands, ponds and pools to enhance biodiversity.

1.3 The proposals for the partnership and consultation are included in Appendix 1.

2. Recommendations:

That Executive approves the proposal for a joint partnership between Exeter City Council and Devon Wildlife Trust to consult on the future of North Brook Approach.

3. Reasons for the recommendation:

3.1 The Northbrook Approach site occupies a crucial strategic location which links two of the city's most significant greenspaces, Ludwell and Riverside. The site performs a critical function for the movement of wildlife and it also represents a potential natural infrastructure connection for people to move between parks and could provide traffic-free routes into the Quayside areas, Marsh Barton and the city centre beyond.

3.2 A wide range of organisations have indicated their interest in the future of the land. A joint approach by Exeter City Council and Devon Wildlife Trust will ensure that communities are placed at the heart of future decisions regarding this important space.

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

The consultation exercise would involve input from officers in both the Exeter City Council Communications Team and from Devon Wildlife Trust staff for the online and social media aspects. Additional representation from both organisations would be required at a range of community events.

5. Section 151 Officer comments:

There are no additional financial implications arising specifically from this report, however any proposals that arise from the consultation may require financial consideration. As such any proposals would require a further report to Council, prior to their implementation.
6. What are the legal aspects?

None identified.
7. Monitoring Officer's comments:

This report raises no issues from the Monitoring Officer.
8. Report details:

The detailed report 'Northbrook Approach and Riverside and the Ludwell Valley Parks, Joint Proposal for the Future' is attached to this paper as appendix 1. The proposed consultation approach is included as appendix 2.
9. How does the decision contribute to the Council's Corporate Plan?
 - 9.1 The strategic location of Northbrook Approach means that enhancing the biodiversity and green infrastructure of the site contributes strongly three of our key priorities in the 2018 -2021 strategy and the principles contained within the Liveable Exeter Garden Villages vision. They are:
 - 9.2 Tackling Congestion and Accessibility. The potential for this site to link up existing green, traffic free travel routes, provides opportunities for people to move into the Quayside, Marsh Barton, the City Centre and the wider city. Making sustainable green travel options more attractive and accessible can only help to promote alternatives to car use.
 - 9.3 Building Great Neighbourhoods. The quality of the local environment directly impacts the quality of life for residents. While Exeter has always ranked very highly as a great place to live in comparison with other cities in the UK, this site offers a great opportunity to further enhance our natural environment and open up the green space to greater public use. The proposal for an 'ideas and learning hub' also offers immediate opportunities for environmental education.
 - 9.4 Promoting Active and Healthy Lifestyles. The link that Northbrook provides between Riverside and Ludwell Valley Park provides a great opportunity to enhance facilities to encourage people to walk and cycle. The green link will open up the possibility of longer recreational walking and cycling routes and the enhancement of the greenspace will encourage more people to visit and enjoy it.
 - 9.5 The importance of the Northbrook Approach and the links with Ludwell and Riverside Valley Parks must also be viewed in the context of the Liveable Exeter Garden Villages vision. The higher density development with a reduced reliance on the use of the private car means that the quality of our green spaces and the active and green travel links they provide, gain even greater significance. Northbrook provides the strategic link to enable greater connectivity between our greenspaces.
10. What risks are there and how can they be reduced?

No risks identified as a result of undertaking a joint consultation on the future of Northbrook Approach area.
11. Equality Act 2010 (The Act)

- 11.1 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because Public and Community consultation will be undertaken in advance of any development
12. Carbon Footprint (Environmental) Implications:
- 12.1 This proposal will contribute to our ambitions to increase biodiversity and to become carbon neutral by 2030 in the following ways...
- By linking up existing, traffic free travel routes, which provides opportunities for people to move into the Quayside, Marsh Barton, the City Centre and the wider city. This will help to make sustainable green travel options more attractive and accessible and help to promote alternatives to car use;
 - By increasing biodiversity including enhanced tree planting, a community orchard and wild flower planting; and
 - By restoring the Northbrook to a more natural state to reduce flood risk and improve the aquatic environment.
13. Are there any other options?
Exeter City Council could undertake a public consultation on its own but considering our long term relationship with Devon Wildlife Trust around their management of the Valley Parks and their considerable experience with community engagement and enhancing biodiversity, that would seem to be a missed opportunity.

David Bartram, Director
Author: David Bartram

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

Background papers used in compiling this report:-

None

Contact for enquires:

Democratic Services (Committees)

Room 4.36

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Appendix 1: Northbrook Approach and Riverside and the Ludwell Valley Parks

Joint proposal for the Future

January 2020



Northbrook Approach Golf Course July 2019

Produced by: Devon Wildlife Trust, Cricklepit Mill, Commercial Road, Exeter, EX2 4AB
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1. Background

Early in 2019 Exeter City Council considered proposals to dispose of the Northbrook Approach Golf Course. There was a groundswell of support for the Northbrook site to remain as an accessible greenspace and as a result the Council decided that the site would not be sold. The golf course (formerly operated by Legacy Leisure) has now been closed, but no plans have yet been made for the future of the site.

Devon Wildlife Trust and Exeter City Council (ECC) and other partners have worked closely since 2008 to deliver the Exeter Wild City programme. Notable achievements include establishing 40 community wildflower meadows around the city since 2012; installing a swift tower at the Paris Street roundabout in 2015; several tree-planting projects including the Big Tree Plant (more than 3.5k trees involving 2.5k people) and wins for wildlife incorporated into the award winning Residential Design Guide.

In May 2019, Devon wildlife Trust (DWT) took on the management of the six Valley Parks totalling more than 140 hectares in Exeter, under a 30 year lease from the Council, and we are now working in partnership to ensure these greenspaces are enhanced, enjoyed and valued by communities. The largest and best known of the Valley Parks are Ludwell and Riverside, together totalling nearly 100 hectares. DWT aims to increase people's engagement with these greenspaces by attracting new sources of funding, skills and resources to unlock their potential for more people to have an outstanding experience, in a diverse variety of ways. With greater support from people and communities, DWT will care for these special places and encourage wildlife to thrive with year round stunning natural scenes.

The Valley Parks are critical to help us to deliver on our joint vision of Exeter as a national leader in urban greenspace provision. Our vision is for a nature recovery network of thriving and connected green and blue spaces around the city – for people and wildlife.

The Northbrook Approach site occupies a crucial strategic location in the cultural and ecological landscape. It provides a green corridor between two of the city's most significant greenspaces, Ludwell and Riverside. The site's strategic role was identified in the 2016 Riverside and Ludwell Masterplan* as performing a critical function for the movement of wildlife. It also represents a potential natural infrastructure connection for people to move between parks and could provide traffic-free routes into the Quayside areas, Marsh Barton and the city centre beyond.

A wide range of organisations have indicated their interest in the future of the land. ECC and DWT will ensure that communities are placed at the heart of future decisions regarding this special, but contested, space. We propose working in partnership to build community support for the future of this land – one which maximises its natural infrastructure role.

**Riverside and Ludwell Masterplan 2016-2026, Footprint Ecology and Exterior Architecture, 2016*

We propose an approach which considers Northbrook’s critical position in the wider landscape. Extensive consultation and thinking has already been undertaken to develop a vision to unlock the potential of the city’s two major greenspaces, particularly within the Riverside and Ludwell Masterplan. We see this as an opportunity to assess current strategic factors influencing this area, and to develop plans, with the support of local communities, to deliver exceptional natural infrastructure and facilities that will put Exeter on the map as national leaders in this field.



Looking downstream (Northbrook) towards Riverside from Northbrook Approach, with Ludwell behind.

2. Our proposal for Northbrook Approach

The Northbrook countryside 'park' represents a tranquil, wildlife rich, greenspace. As a result of its former management it has a well-developed parkland aesthetic. Its gently undulating landform is dominated by grassland, interspersed with mature trees. The grasslands are bordered by well established fringing woodland and smaller clusters of trees.

Our proposal is for ECC and DWT to work in partnership to develop a vision for the Northbrook site which would secure support and engender pride from a wide range of stakeholders and attract potential sources of new funding from commercial sponsorship, grant making bodies, to charitable trusts.

Through initial discussions DWT has held with local communities there is overwhelming support for the area to be developed for quiet recreation in a wildlife rich setting. The land is also recognised for its role as a wildlife corridor between Riverside and Ludwell and there is significant potential to enhance this crucial function. DWT has taken time to visit the land and consider the features that can be enhanced.

Our initial proposal is to build on the fantastic range of features the site currently offers; our vision is for the Northbrook Approach site to develop as a:

- **'Wild arboretum'** – the tree studded parkland would be enriched with wildflowers and newly planted standard trees to inspire visitors to explore and experience wildlife up close and pause to appreciate the stunning landscape;
- **Community orchard** – orchard trees provide fruit for local communities to harvest. This helps communities to develop a greater sense of ownership and pride over the area – and is also a wonderful way of encouraging wildlife;
- **Wilding the Northbrook** – DWT would help catalyse natural processes by allowing the Northbrook room to break out of channel – new wetlands, ponds and pools would provide space for people to access the water's edge and observe the range of wildlife supported;
- **Linking greenspaces** – DWT would manage the site to enhance its critical role as a crucial green corridor between the Ludwell and Riverside Valley Parks, and as a pivotal link for people to enjoy these local greenspaces and to explore further afield.

Whilst DWT is keen to lead on this strong vision for the area it is imperative that communities are able to shape and hone these initial proposals:

- **Community involvement** – engaging and involving communities is a priority for us in the Valley Parks; at Northbrook Approach communities would be involved from the outset in thinking about the site and its role in progressing proposals for the wider landscape;

- **Hub for learning and communities** – the Riverside and Ludwell Masterplan identified the need for visitor hubs at both Riverside and Ludwell. DWT and ECC have begun to discuss options for siting a flagship visitor facility at Riverside, and this long-term aspiration can be discussed with communities alongside proposals for Northbrook Approach, as part of the local context. The Northbrook Approach site would provide an excellent base for local community activities, engagement and for education, which we can start to develop straight away in partnership with communities.



Winding path from the banks of the Northbrook at Northbrook Approach, towards Riverside



Valley Parks volunteer group, October 2019

3. Wild Arboretum and community orchard



Views of the former golf course

Without the constraints of a golf course there is an opportunity to bring the parkland to life as a stunning space for visitors to enjoy and to interact with wildlife. DWT proposes to create a high carrying capacity site where we would:

- Establish new all-weather pathways and trails to help people to explore the whole site
- Include benches and pause points where people can gather, play, or simply enjoy the scenery
- Provide wildlife interpretation to help people to explore and discover
- Introduce natural play features
- Establish strong gateways and routes into and out of the site to promote active travel and discovery of Riverside and Ludwell beyond.
- Establish wildflower meadows amongst the trees to provide stunning displays and to help many more insects and pollinators to thrive
- Plant and nurture new trees and orchards to support many more species for the long term, and encourage people to enjoy the blossom and pick the fruit
- Involve people in planning and making choices for the site, as well as in projects to establish new features, to plant and sow, and in ongoing care and organic development

4. Linking greenspaces and wilding the Northbrook

The site already provides an important corridor, connecting wildlife between the larger greenspaces of Riverside and Ludwell. Dippers nest along the Northbrook stream alongside the course, and beautiful demoiselles use the flow of the Northbrook and the vegetation of its banks. Otters and kingfishers are frequent sights alongside minnows and trout in the streams. A good streamside path provides a pleasant walk for visitors, although the quality of the path and access to and views of the stream are varied. Key opportunities include:

- Improve the path along the Northbrook to provide consistent access for pedestrians and cyclists, and excellent views of the stream
- Naturalise the Northbrook stream and its banks. By creating more space for water to flow out of channel we will restore habitats for a wealth of wildlife and help provide an inspiring streamside experience for all visitors
- Link this stretch of the stream to projects upstream (through Ludwell and up towards Mincinglake) and downstream to the River Exe and associated leats, to naturalise watercourses and their banks throughout the catchment
- Our plans ultimately will extend to the source of the Northbrook – by working with nature we will help restore the health of this waterbody
- Strengthen access and the connections at either end of the path (or corridor) to Riverside and Ludwell, to improve visitor access and active travel through these major greenspaces
- Explore the potential to provide a Suitable Alternative Natural Greenspace (or SANGS) for the city linking these major greenspaces
- Develop a balanced plan for facilities to serve local communities at the Northbrook Approach site, with the ambition for strong visitor offer in a Riverside location.



An example of a wild arboretum (Yorkshire)

5. People

Ludwell and Riverside Valley Parks extend to approximately 100 hectares of wildlife rich greenspace, hosting the majority of the estimated 500,000 annual visitors to the Valley Parks. Currently there is less than 300m separating Ludwell and Riverside, with the Northbrook Approach representing the critical connection. A visitor to Ludwell can follow the Northbrook stream through the park, across the Topsham Road, into Northbrook Approach and along a public path towards Riverside and the River Exe.

Currently few people take this route. Topsham Road represents a physical and psychological barrier. With new, well signed multi-use pathways people could safely cross Topsham Road at the pelican crossing (adjacent to the crematorium entrance), and descend through the former golf course

The link between these Valley Parks has great potential for visitors due to the different nature of the sites. Ludwell is characterised by hilly farmland, hedges, wooded areas and orchards, stunning views and cornflower meadows. Riverside by contrast sits long and flat along the River Exe and Canal, with diverse floodplain meadows and easy access to the Quayside, Haven Banks and Marsh Barton. Many visitors will always access these greenspaces individually, but connecting them would offer people a much richer variety of experience and also provide safe traffic free routes to work. For the more adventurous, connection can be made onto the Exe Valley Way (a 45 mile river valley walk). At around three hectares of greenspace, Northbrook Approach would form a pivotal part of that connection.

DWT's goal is to engage hundreds of thousands more people in greenspaces around the city including 30 volunteers, 900 children and 1,000 participants in various events, each year. The vision of a city with world class urban greenspace relies upon the connection between sites and upon ease of navigation between them. When this proposed connection is made Ludwell, Northbrook and Riverside would offer over 100 hectares of stunning greenspace in the heart of the city.

Riverside boasts a high profile, hundreds of thousands of annual visitors, and benefits from easy access from the city centre, Quayside and leisure offers at Haven Banks. DWT and ECC have identified this as the best location for establishing facilities to attract visitors from outside of the city. Although discussions about visitor facilities at Riverside are in the early stages this is an important part of our overall vision for the area. To complement this offer the Northbrook Approach site has the potential to provide a hub for local communities to access and enjoy both Ludwell and Riverside, and a strong link between these greenspaces.

6. Communities

When the Council announced proposals to dispose of the Northbrook Approach site there was a significant groundswell of support from local people to keep the site in public use and to retain the character of the area, including its value as a green corridor.

This site presents a tremendous opportunity for involving local people right from the outset – communities have already made their voices heard and they will be provided with meaningful engagement in developing the next chapter in the story of the future of the site.

Following the decision to close the golf course, local people have already started to discuss a variety of ideas for the site. We propose to work together to consider these ideas and to find common ground that will unite people in developing plans which have a firm foundation in community support. DWT will involve a diverse range of communities in supporting the Valley Parks and these initial proposals for the Northbrook Approach site are an ideal opportunity to involve people at every step in the process with ideas, decisions and the ongoing development of the site. Communities on the doorstep include:

- Residents in the Priory, St Loyes and Alphington wards (which includes several different residential communities)
- Millbrook Village (a brand new retirement community), right next to the site
- Five mainstream and two special schools in close proximity to the site
- Wonford residents and users of the Wonford Community and Learning Centre
- Volunteer groups such as Ludwell Life, Wonford Planters and the local Good Gym.

Opportunities to engage communities at Northbrook Approach include:

- A full programme of engagement and involvement in shaping plans for the site (and the wider landscape beyond). People would be invited to join us in sharing ideas, in workshops, walks, talks, focus groups and surveys to develop consensus around how people want to use the site and how it should be developed;
- A co-creative process throughout the development of the site, where people can get involved in digging, planting, sowing and making onsite;
- An ongoing volunteer programme to enhance the site, and to survey and monitor its biodiversity, as well as further opportunities within Riverside and Ludwell, further around the Valley Parks and wider city (see 7 below);
- The future site itself will be designed to be engaging, with opportunities to interact with wildlife, for example picking fruit, climbing a tree log, sitting amongst wildflowers listening to bees and birdsong, and stream and pond dipping;
- Build on the consultation already carried out to produce the Riverside and Ludwell Masterplan, and update this with input from communities considering the role of the Northbrook Approach site and wider landscape context today.



DWT talking to communities at Mincinglake in 2017

7. Visitor hub

The vision DWT shared with ECC early on for the Valley Parks incorporated an ambition to provide first class visitor facilities at Riverside, to enhance accessibility and visitor experience at Ludwell and to link these two incredible greenspaces. These aims are rooted in the 2016 Masterplan for Riverside and Ludwell, which considered potential connections between the two sites, and identified the need for visitor hubs at both Riverside and Ludwell.

Our organisations have been discussing the concept of visitor facilities at Riverside over the past couple of years. The key driver for this is the huge potential at Riverside to draw visitors from around the city as well as beyond, to connect with the nearby historic Quayside and activity hub at Haven Banks, and to open up the Riverside Valley Park as a flagship greenspace for natural activity and leisure. Refreshment facilities at Bromham's Farm Field would enable visitors to stay longer and do more in this special place, and we would provide trails, leisure facilities, natural play and opportunities for outdoor pursuits on and around an enhanced wetland site on the Exe River and Canal banks. We would aim for around 100,000 visitors each year. We are starting to work together with to tackle some of the constraints at the site and we need to start talking to stakeholders more widely to progress our ambitions into a set of plans for fundraising and delivery.

Nearby Ludwell, the largest of the Valley Parks now under DWT management, is also constrained by lack of parking space and facilities. We have considered options to alleviate this (including the potential to use some disused space at Pynes Hill Court which is currently under long lease from the Council to an insurance firm).



Existing infrastructure at Northbrook Approach

Northbrook Approach is an ideal site located between the major greenspaces to consult people, to develop activities and to test and trial approaches – involving communities every step of the way. By developing facilities and opportunities for people to enjoy and benefit at an early stage, we can establish a strong connection between the two parks to help us to develop plans for the site, as well as the wider landscape beyond including Riverside and Ludwell.

The building (c50m²) and built area includes toilets, basic catering facilities, space large enough for groups, parking for up to 40 cars and cycle racks. As it stands the building could provide a temporary **Ideas and Learning Hub** for the following:

- *Consultation and engagement* on plans for the site itself (with reference to Riverside, Ludwell and the other Valley Parks, including our proposals for visitor facilities at Ludwell and Riverside)
- *Activities, workshops and information* aimed at local people – for example a base for an Open Day event one day, a drop in space to provide information on ash-dieback on another, and a stopping point with maps and trails linking sites
- *Learning activities* to include a temporary ‘lab’ for schools and groups (in conjunction with a parks visit) and training and workshops for adults
- *Volunteering base* for volunteers to meet, to start activities and for training, as DWT develops a volunteer programme
- *Community use* – a programme suggested by community members and which may for example include a regular café.



Spaces for information, learning and community

8. Our proposal

The Northbrook Approach site presents a fantastic opportunity to establish, enhance and safeguard a crucial natural infrastructure corridor in the city. Northbrook Approach holds the key to unlocking the greatest potential of the two largest Valley Parks, Riverside and Ludwell. With these two greenspaces under DWT management and with discussions underway between ECC and DWT about proposals for visitor facilities at Riverside, this is a perfect opportunity to work together to develop a proposal for the future of this strategically crucial site.

In summary, we propose to work in partnership to engage a diverse range of communities and stakeholders in the local area about the potential for the site as a Wild Arboretum and a community space. We will consider the site in the context of wider opportunities and proposals for the Riverside and Ludwell area and our discussions will inform our ongoing plans in the wider area. We are keen to hear people's ideas, to start a meaningful dialogue that will go on shaping projects into the future, and to get people involved right from the outset.

Appendix 2

Northbrook Approach, and Riverside and the Ludwell Valley Parks

Consultation proposal

1. Objectives

- 1.1. To share our vision for the Northbrook Site (set out in the lead Joint Proposal for the Future document) and to give people an opportunity to comment and add their own perspectives
- 1.2. To find out how and why people value the Northbrook approach site
- 1.3. To capture and explore different opportunities and alternative ideas for the future of the site
- 1.4. To provide a broad context to help inform plans for the site, including background information (history of the site, alternatives already considered and why the consultation is happening now), information on the wildlife value of the site, on connections with other greenspaces, on the Riverside and Ludwell Masterplan and on DWT and community activities in the Valley Parks
- 1.5. To set out a broad vision for the wider landscape to take account of the Riverside and Ludwell Masterplan, as well as new and emerging factors which influence this wider area, and to capture people's thoughts on this
- 1.6. To use the findings to develop the vision and proposal for the site and the wider area, but also to consider alternatives and new and innovative ideas.

2. Principles

- 2.1. To consult widely amongst local and interested communities and ensure people have fair and equal opportunities to participate
- 2.2. To manage expectations – to share the lead proposal, and to make the consultation process clear and transparent (these objectives and principles to be shared)
- 2.3. To facilitate a dynamic process – the consultation will be a conversation and where possible responses will be captured and shared as part of the ongoing consultation process
- 2.4. To make the process as meaningful to people as the outcomes – where possible to hold conversations on site and using the environment and activities as examples, and to engage people so that they know more about the site and the opportunities than they did before.

3. Questions

We will be asking the following questions:

- 3.1. What has been your principal reason for using the site (Northbrook Approach) until now

Golf / Leisure (walk) / Walking or cycling through (connection) / Other / None

- 3.2. Do you support the proposal and vision set out for the Northbrook Approach site **Yes / Partly / No**
- 3.3. What do you like and value most about the site now (or in the past)
Free text [we could offer some options]
- 3.4. What is most important to you about the future of the site **Free Text**
- 3.5. What would help you to access the site in future **Free text**
- 3.6. Why would you visit the site in future **Free text**
- 3.7. *We see the future of this site as part of a broader vision for the wider Riverside and Ludwell landscape which will build on the Riverside and Ludwell Masterplan (2016) and include visitor facilities at Riverside.*
Do you have comments on the future of this wider area? **Free text**
- 3.8. Any other comments **Free text**

Each multiple choice question will also include a chance to add comment

4. Methods

These methods are options to be considered, costed and set out into a pragmatic programme before they are adopted.

	Method	How and who	Questions
1.	Online survey	ECC consultation channel, city-wide <i>Note participants might be provided an opt-in option to be contacted by DWT as a delivery partner for the consultation– to be discussed along with any data-sharing agreements.</i>	As above (S3)
2.	Paper survey	Onsite (Northbrook Approach building) and amongst partner organisations / communities in local area Note background information available onsite and shared more widely as much as possible. Collection points to be agreed	As above (S3)
3.	Workshops	Onsite (Northbrook Approach building, and site) <ul style="list-style-type: none"> - Representatives from nearby communities (residents) - Representatives from organisations including schools, statutory organisations, businesses and active community groups - At least three workshops 	As above (S3) +

		<ul style="list-style-type: none"> - Include site walk-around with guides and consider time for example activities within the site - Include indoor discussion of the lead questions plus time for expanded questions (including questions asked by participants) - Include optional time for at least one guided walk through to Riverside or Ludwell (or both) <p><i>Note any data-sharing issues to be discussed.</i></p>	
4.	Other activities	These might include pre-planned guided walks in the Riverside and Ludwell area and volunteer tasks, as well as focussed discussions or activities responding to ideas from the consultation. Some of these might produce more expansive 'results' to be appended to the consultation results. In other cases the activities will engage participants more deeply before they respond to the survey or take part in a workshop.	None, or detailed expansive questions

5. Information to be shared with participants

Mandatory: to be shared with participants in surveys/workshops	Optional: to be made available at key sites and online
Northbrook Approach, and Riverside and the Ludwell Valley Parks Joint Proposal for the Future	Other historical information about Northbrook Approach site
Map of Northbrook Approach site in landscape	ECC reports and documents tracking previous proposals and decisions pertaining to the site
Riverside and Ludwell Masterplan	Wildlife surveys for the area (where available)
Proposed update to vision for Riverside and Ludwell (<i>to be written</i>)	Examples of DWT volunteer activities and events and photographs of similar DWT managed sites and eg signage (including the Valley Parks)
A document which sets out the objectives, principles and process clearly	

6. Resources

Resources required to be fully planned and budgeted. To include:

Facilitation of workshops (<i>external</i>)	Walk guides and activity leads (<i>DWT</i>)
Community engagement (taking surveys and information to communities) (<i>tbc</i>)	Data processing, analysis and report writing, and any data sharing arrangements (<i>tbc</i>)
Northbrook Approach site building – to open, close, clean, maintain etc. (<i>ECC</i>)	Refreshments for workshops and activities (<i>tbc</i>)
Access support (eg BSL interpreter / mobility tramper)	Workshop equipment (flip charts etc), printing, display boards, and all equipment, tools and PPE for activities

7. Ongoing process

Note that the ongoing process needs to be agreed and set out clearly for participants. This should include:

- who is running consultation
- how the results will be captured
- who will analyse and use these results
- how any results will be fed back
- what will happen next for planning the future of the Northbrook Approach site and how people can still be involved
- how long this process will take
- applicable data and privacy policies.

It should also be clear what next steps are planned for developing a vision for the wider area.

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