

## **SCRUTINY COMMITTEE - RESOURCES**

22 January 2014

### **Present:**

Councillor Baldwin (Chair)

Councillors Ruffle, Bowkett, Brock, Bull, Crew, Donovan, Morris and Sheldon

### **Apologies:**

Councillors Dawson, Macdonald, Newby and Robson

### **Also present:**

Deputy Chief Executive, Assistant Director Customer Access, Assistant Director Finance, Corporate Manager Democratic and Civic Support, HR Business Manager, Principal Accountant Service (SH), Benefits Training and Support Team Manager and Democratic Services Officer (Committees) (SLS)

### **In attendance:**

Councillor Sutton - Deputy Leader

Councillor Pearson - Portfolio Holder Enabling Services

Councillor Hannaford - Portfolio Holder for Housing and Customer Access

## **1 Minutes**

The minutes of the meeting held on 4 December 2013 were taken as read and signed by the Chair as correct.

## **2 Declarations of Interest**

No declarations of discloseable pecuniary interests were made.

## **3 Future Workings of Scrutiny**

The Corporate Manager Democratic and Civic Support presented the report informing Members of some proposed changes to the future working of the three Scrutiny Committees in order to make the process more efficient and effective.

Some of the proposed changes that had emerged following a series of meetings between the Chairs and Deputy Chairs of the three Committees were:-

- a new style of agenda format;
- unless requested, officers would not present reports at committee;
- Members to provide officers with advance notification of questions to be asked at the meeting;
- Scrutiny Chairs to take a more active role in the Committee meeting 'pre-meet' to decided agenda content; and
- Portfolio Holders reports to be considered prior to Council meetings rather than at Scrutiny Committees.

The Chair wished to support the proposals, but had noted the concern raised at the two other Scrutiny Committees particularly regarding the presentation of the Portfolio

Holders reports prior to meetings of Full Council. This could be an opportunity for all Members to listen to the Portfolio Holders reports and offer a broader cross spectrum rather than fall under particular scrutiny areas. She hoped that if the proposal in relation to the Portfolio Holders reports was removed for now, that all other proposals could be supported. A Member said that he understood the concern raised in respect of Members' varying commitments, but would also be disappointed if Members and officers had to revisit the work of the task and finish group.

Members also discussed the setting of the Scrutiny agenda and commented on the proposal to put any questions in advance of the meeting, which could inhibit any spontaneous line of questioning or debate.

Councillor Baldwin moved and Councillor Donovan seconded the following motion:-

“That the proposed changes in the report be agreed, with the exception of the presentation of the Portfolio Holder's reports at Full Council, which should be considered at a later date.”

The motion was put to the vote and lost.

Councillor Bull moved and Councillor Bowkett seconded the following motion:-

“Scrutiny Committee - Resources welcomes looking at further ways to develop the scrutiny process. However, the proposals in front of us come from the Chairs of scrutiny and has, until now, not been through a cross party process. At this stage the report may be subjected to numerous and conflicting amendments at the three individual scrutiny committees. Previous proposed changes to scrutiny were done through a cross party working group and, therefore, a precedent for an appropriate process has been established.

We therefore recommend that Executive re-establish a cross party working group to look into this report and to bring back proposals to Executive and then, subject to approval, they be put before Full Council.”

The motion was put to the vote and carried.

#### 4 **Reports of Portfolio Holders**

Prior to the consideration of this item. Members wished to pass on their very best wishes for a speedy recovery to Councillor Edwards.

Councillors Sutton, Pearson and Hannaford presented progress reports on priorities covering the Leader, Enabling Services and the Customer Access area of responsibility which falls alongside the Housing and Customer Access Portfolio.

Responses to Members' queries are set out below:

##### Leader's Statement

- Planning approval for IKEA was given after the 1 December, and so this development will attract a Community Infrastructure Levy (CIL) contribution (CIL) and the new housing associated will attract New Homes Bonus funding (NHB). A further sum relating to business rates should be in the region of £500,000, as well as the benefit of 300 new jobs and the opportunity for employment for local crafts people.
- VPBS panels had been installed on a number of council buildings and as well as the environmental benefits, it had reduced energy consumption and given

a good rate of return through the feed tariff. The Deputy Chief Executive confirmed that £3 million had been included in the capital programme to progress the City Council's energy neutral aspirations.

- the Deputy Chief Executive referred to discussions relating to the Council's procurement system and some scoping work to consider simplifying the number of suppliers to achieve a greater financial benefit.
- the Council continued to engage with the local community sector to work together and ensure that there was no vacuum as the Council considered a significant change in the delivery of its services. The voluntary and community sector had useful local knowledge which could be shared.

#### Enabling Services

- staff now had access to social media, as the Council used this tool for greater communication and had signed up to a social media policy including training and support which staff should adhere to.
- facility management of smaller buildings and sites had not been seen as a priority. An Asset Management Group had been formed to build a framework to manage the Council's and the community's expectation. A Member offered his expertise should a task and finish group or working party be proposed.
- the Living Wage Forum involved local businesses and voluntary groups. The Forum had also started to look at the concerns raised by smaller businesses over ensuring a sustainable approach to employment.
- a change to the provision of ICT Services would be going forward over the next few months and the process will be as transparent as possible. The Deputy Chief Executive confirmed that the final delivery and implementation plan would come to this Scrutiny Committee.
- a review of the City Council's web site would require a large commitment from staff to update the information, but the importance of ensuring that the web site was accessible and easy to use was recognised as a means of delivering a better service.
- concern over the rise in begging and associated antisocial behaviour in the city was acknowledged, but there was no intention to pursue those facing rough sleeping or homelessness within the same legal framework.

#### Customer Access

- the Assistant Director Customer Access referred to One View of Debt and confirmed that this was part of the Help Me System, looking at assisting customers owing the Council Rents, Council Tax and Housing Benefits Overpayments. Members welcomed this approach. The Assistant Director Finance was looking at whether this approach could be replicated for Sundry debt across the Council.
- individuals affected by the launch of the Household Benefit Cap had been contacted and every effort would be made to support the most vulnerable individuals
- the Benefits Training and Support Team Manager, responded to a Member's comment and the closing of a legal loophole in respect of social sector size restriction will take effect from 3 March 2014. He also confirmed that £1.5 million funding given to Devon County Council by the DWP, with £250,000 for the City Council would be used for the Local Welfare Support scheme this year. It was important to lobby at a central level for funding beyond 2014/15.

Councillor Hannaford urged Members to thank the Housing Benefits team for their sterling work.

Scrutiny Committee - Resources noted the achievements and priorities presented.

## **5 Resources - Estimates/New Capital Bids/Fees and Charges 2014/15**

The Principal Accountant outlined the strategic framework within which the 2014/15 estimates had been prepared, changes in accounting practices which affected all budgets and any significant changes in the Management Unit estimates, which were discussed at an informal briefing of Scrutiny Committee – Resources on 9 December 2013. The budget framework, Capital Programme and proposed new schemes for the areas covered by Scrutiny Committee – Resources and proposed 2014/15 Fees and Charges were included as an appendix.

Since the reporting of estimates to the December meeting of this Committee, the employer superannuation rates for 2014/15 had been announced and had changed from 21% to 22.9% and resulted in an increased cost of £99,500 being reflected in the revised draft revenue estimates. A small amount of the target savings that had been identified have been moved in to 2015 – 2016 plus an approved increase in the budget for clerical support for individual electoral registration.

The Scrutiny Committee – Resources noted the draft Revenue Estimates, Capital Programme and proposed Fees and Charges for 2014/15.

### **MATTERS FOR CONSIDERATION BY THE EXECUTIVE**

## **6 Annual Pay Policy Statement**

The Human Resources Business Manager presented the report, which set out the City Council's annual Pay Policy Statement 2014/15, and the legal requirement for approval by Full Council each financial year. The changes to the revised policy were set out in section 2.3 of the report.

A Member welcomed the implementation of the living wage, and asked how this related to the apprentices employed at the City Council and if the City Council had considered offering an 'apprentice' living wage. The Human Resources Business Manager stated that eight apprentices were currently part of a continuous rolling training programme at the City Council. It was acknowledged that such training was considered as part of an overall package of benefits. The age profile of the apprentices had been expected to be predominantly made up of school leavers, but appointments to the programme tended to be more in the age range of 17 to 19 years. Apprentice pay rates at the Council were already in excess of the National rates for apprentices with the adult minimum wage being applied as required in line with legislation. The Member hoped that the national low pay unit might review the pay offered to apprentices, but he welcomed the City Council's stance in relation to the minimum wage.

A Member referred to the pay multiple between the Chief Executive & Growth Director and the lowest paid employee and whether a comparison had been made with other local authorities in Devon and Cornwall. In response, the Human Resources Business Manager advised that given that all local authorities were currently in the process of approving their pay policy for 2014/15, a comparison had not been undertaken. She provided further information on the apprenticeship scheme, advising that regrettably, because of the current financial situation, onward employment could not be guaranteed after the apprenticeship period had ended. She also clarified that the Pay Policy Statement would be effective from 1 April 2014 for decisions taken on or after that date.

Scrutiny Committee – Resources recommended that the Council’s annual Pay Policy Statement for 2014/15 be adopted and published following approval by Full Council in accordance with the legislation.

## **7 Capital Programme 2014/15 - 2016/17**

The Assistant Director Finance presented the report and requested Members’ approval of the General Fund and Housing Revenue Account Capital Programmes for 2014/15, along with a number of schemes identified for the following two years. Members were advised that a borrowing requirement of £16.505 million had been identified over the next four financial years, which would have an ongoing impact on the council tax. He provided an update on Business Rates (NNDR), but was not yet in a position to report fully on the impact for 2014/15.

Scrutiny Committee - Resources supported the following for approval by Executive:-

- (1) the General Fund capital programme for 2014/15 as set out in Appendix 3 of the report; and
- (2) the HRA Capital Programme for 2014/15 as set out in Appendix 4 of the report.

## **8 Revenue Budget Proposals 2014/15**

The Assistant Director Finance presented the report outlining the strategic framework within which the estimates had been prepared and highlighted the issues that would affect the actual setting of the overall level of council tax. The Government had announced the provisional Local Government Settlement on 18 December 2013, confirming that the Council would receive £7.832 million in 2014/15 (£40,000 lower than predicted as part of the Medium Term Financial Plan). A revised Medium Term Financial Plan was included as an appendix to the report and also set out the additional savings of £4 million that will be required over the next five years.

Responding to a Member, he explained that the loophole which gave a council tax capping advantage to parish and town councils was likely to change in the near future. He also confirmed that if the Government allowed the lowest 25% of Councils to increase their council tax by more than others, then Exeter would be able to take advantage as it remained in the lowest 25%. The Chair congratulated the Assistant Director Finance and his team on the work achieved to present the Council’s financial position.

Scrutiny Committee – Resources noted the report and recommended that Executive approve the Draft Revenue budget proposals for 2013/14, and recommended also that the minimum level for the General Fund Working Balance should remain at £2 million.

## **9 Treasury Management Strategy Report 2014/15**

The Assistant Director Finance presented the report which sought Members’ approval for the adoption of the Treasury Management Strategy Report, which also incorporated the Annual Investment Strategy 2014/15, as required under Section 15(1) (a) of the Local Government Act 2003. The Strategy set out some changes in financial practice including an increase in the level of investment allowed in respect of a money market fund or loaned to an Upper Tier Local Authority. He also confirmed that Lloyds Bank had been awarded the contract to service the Council’s financial affairs, which was due to commence on 1 April 2014. The services of the

Co-operative Bank would be retained for a short period to facilitate a smooth transition.

Scrutiny Committee - Resources noted the report, requesting that Executive recommend the adoption by Full Council of the new Treasury Management Strategy and delegations contained therein.

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

The Assistant Director Finance presented a report, which set out the proposed 2014/15 prudential indicators for capital finance for adoption by the Council, and to set the annual statement of Minimum Revenue Provision (MRP). The prudential indicators covering a period of the next three years was set out in Appendices A to C. The report also confirmed that the requirement to produce an annual strategy of minimum revenue provision for repayment of debt, had been met.

Scrutiny Committee - Resources noted the report and recommended that Executive approve the adoption by Full Council, of the following:-

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

The meeting commenced at 5.30 pm and closed at 7.30 pm

Chair