

CORPORATE SERVICES SCRUTINY COMMITTEE

Thursday 26 January 2017

Present:

Councillor Sheldon (Chair)
Councillors Warwick, Hannan, Harvey, Holland, Lamb, Musgrave and Robson

Apologies:

Councillor Baldwin

Also Present:

Councillors Edwards	-	Leader of the Council
Councillor Pearson	-	Portfolio Holder for Support Services

Also present:

Deputy Chief Executive, Corporate Manager - Legal, Assistant Director Finance, Corporate Energy Manager, Democratic Services Manager (Committees) and Democratic Services Officer (Committees) (MD)

1 **MINUTES**

The minutes of the meeting held on the 24 November 2016 were taken as read and signed by the Chair as correct.

2 **DECLARATIONS OF INTERESTS**

No declarations of disclosable interest were made.

3 **PORTFOLIO HOLDERS UPDATE**

Councillors Edwards and Pearson presented the following progress reports on priorities for the Leader of the Council and Portfolio Holder for Support Services:-

Leader of the Council

The Leader provided the following updates:-

- Devolution in the South West;
- Overview on new housing and commercial schemes in Exeter;
- Training for the performance framework undertaken in October 2016 and InPhase workshops in December 2016.

Response to Members' comments and questions, were set out below:-

- Assured Members that saving costs was a priority, the council would always try to protect jobs;
- Portfolio priorities are set out across the whole year and regularly updated, however a full list of portfolio plans from the transformation list can be circulated

to all Members, and include additional columns to include time scale and portfolio status.

Support Services

The Portfolio Holder discussed the six monthly updates and provided the following:-

- The new digital customer platform would identify and improve ways of working using digital products and allow input and feedback from local residents. The platform would begin on the 17 February 2017 over a two year period undertaken by Strata and the Business Improvement Officer;
- A draft, had been prepared a combined communication and marketing strategy with an integrated approach to cost. A Director of Communication and Marketing would be appointed in line with the Strategic Management Team (SMT) structure changes and will lead on the strategy once appointed to the role;
- IT requirements are a priority to ensure effective and efficient delivery by Strata, with regular meetings being held with Strata to set out the Council's priorities and delivery;
- The Council was looking to acquire larger assets to provide income opportunities for the council;
- The final report for the procurement re-structure would be going to the Executive Committee.

Corporate Services Scrutiny Committee noted the reports of the Leader and Portfolio Holder for Support Services.

ENERGY STRATEGY

The Corporate Energy Manager presented the report on the Energy Strategy, which outlined the City's Corporate Estate which built on the work of the Renewables and Energy Efficiency Programme and the ambition to be an Energy Neutral Council. This was the Council's first stand-alone Energy Strategy and aimed to deliver a sustainable and energy efficient estate, to protect against future energy risks, and to share such benefits with others.

The Corporate Energy Manager discussed the three key issues of the energy strategy: Affordability, Energy Security and Environmental Sustainability. She discussed the priorities and objectives of the report which included the key issues. The challenges and benefits for both business and residents were summarised as follows:

- (1) Sustainable Corporate Estate – would reduce energy cost and consumption, reduce environmental impact of energy generation and reduce carbon emissions. The objective would achieve improved operational efficiency, new income streams, reduced maintenance cost and deliver efficiencies.
- (2) Energy Neutral Council – would provide protection from energy prices, carbon taxes and protect the environment. By supporting emerging technologies to develop innovation and promote commercial viability, cost of energy would be reduced.
- (3) Low Carbon City - would promote energy independence and efficiency, grow the local economy and provide wellbeing. It would reduce energy bills and fuel poverty as well as provide renewable opportunities for the community and businesses.

The Corporate Energy Manager discussed the action plan, informing Members that it was the road map to achieve the outcomes and would be reviewed regularly and would provide updates to the Scrutiny Committees.

Members expressed thanks and appreciation to the Corporate Energy Manager for the work done on the comprehensive report. The Corporate Energy Manager responded to a Members' question, informing Exeter City Futures was looking at partnership working to make Exeter an energy independent city with energy efficient homes as a standard.

Corporate Services Scrutiny Committee noted the report and recommended approval by Executive and Council.

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ANNUAL PAY POLICY STATEMENT

The Corporate Manager Legal and HR presented the report on Annual Pay Policy Statement 2017/18, which outlined the annual pay policy for approval by full council each financial year in line with legislation.

The Corporate Manager Legal and HR discussed the recommendations of the Annual Pay Policy Statement and referred Members to Appendix 1 to discuss the levels and elements of remuneration for various posts and full time salaries from April 2017.

In response to Members' questions, the Corporate Manager Legal and HR and the Deputy Chief Executive informed:

- the council had looked at alternative schemes, after the national pay bargain was negotiated. However these had significant cost implications to the council's overall budget which if implemented could cost up to half a million pounds;
- there are some specialist posts which the Council has found difficult to fill, which reflected a national trend. HR has been working hard to improve its recruitment process to include the use of social media to target a larger and more focused market.

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

- (1) The adopted of the attached Policy and Appendix to be published in accordance with the legislation;
and
- (2) Delegated authority to be given to the Corporate Manager - Legal and HR to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

6

REVENUE BUDGET PROPOSALS 2017/18

The Assistant Director Finance presented the report on the Revenue Budget Proposals 2017/18, which outlined the strategic framework, the prepared estimates and highlighted the issues that would affect the actual setting of the overall level of council tax. The report also summarised the overall budget position arising from the current cycle of Scrutiny Committee meetings.

The Assistant Director Finance commented on the Local Government Provisional Finance Settlement 2017/18, advising Members that the Government had accepted the submitted efficiency plan for the four year settlement in November.

He discussed Council Tax highlighting the increase for District Councils up to and including £5 which was the maximum increase allowed before a referendum was required. Upper Tier Authorities may increase respective council tax higher but confirmed would not go higher than 6% over three years for Adult Social Care. Providing a council tax increase of £5 and the collection fund surplus of £87,500, Exeter City Council's Council Tax budget would raise by £308,000.

The Assistant Director Finance provided an update to Members on the business rates pool which all local authorities in Devon except South Hams District Council would pool for a fourth year. He discussed the benefits of the pool but highlighted the risk that if business rates were to fall below a certain level, it was the responsibility of the authorities in the pool, to make up the difference.

The Assistant Director Finance commented on the issues that require consideration which included:

- Equality impact assessment;
- New homes bonus;
- Future spending pressures;
- Levels of reserves and balances.

He discussed further on equality impact assessment informing Members, that the assessment was also part of the process determining the impact of revenue savings proposals.

The new homes bonus consultation was discussed, which highlighted the Government's intention to reduce the number of paid years from six to five years in 2017/18 with a further reduction to four years in 2018/19. There would be no payment on housing growth under 0.4% which had resulted in £3.597 million being awarded to Exeter for 2017/18.

In response to Members' questions, the Assistant Director Finance responded that the equality impact assessment was ongoing, and wouldn't cause any issues or require assessment. The Deputy Chief Executive also commented that savings had been addressed to increase revenue to reduce any impact on those who receive council services.

Corporate Services Scrutiny Committee noted the report.

CAPITAL PROGRAMME STATEMENT 2017/18 - 2019/20

The Assistant Director Finance presented the report on Capital Programme (2017/18 – 2019/20), which sought approval of the General Fund and Housing Revenue Account Capital Programmes for 2017/18 and schemes identified for the following two years.

The Assistant Director Finance provided an overview of the recommendations which required the council to prepare a three year capital expenditure plan to consider affordability of the capital investment.

He referred Members to the report and appendices and provided an overview of the General Fund Capital Programme. Members were informed of the new bids within

the three year capital expenditure plan and the 2017/18 total for the new bids would be £1,204,140. The Assistant Director Finance advised of the Corporate Services Capital Programme schemes and highlighted:-

- The conditional survey priorities would provide repair work at both the Wonford Community Centre and Civic Centre to reduce health and safety risk;
- Ensure the customer contact platform service was online and available for customer interaction with the council;
- Energy Saving Projects would address increased energy costs, raise income, and assess rapidly changing energy markets to reduce risk;
- Capitalised Staff Costs to engineers and surveyors for construction and purchase of assets;
- Contributions to Strata led projects for 2017/18, which included the annual contribution of £53,900.

Members were updated on the Housing Revenue Account (HRA) for 2017/18. The HRA would provide the capital programme with £18.902 million pounds which would be comprised of improvements to existing council property, new council homes and new IT systems. The Assistant Director Finance referred Members to the HRA Capital Programme report to show where funding would come from.

In response to Members' questions, the Assistant Director Finance responded:

- The RAMM Air monitoring equipment was not a part of the previous re-development;
- The percentage for vehicle acquisition each year for the Capital Programme would be monitored. Finance would compare the cost of vehicle purchase against vehicle lease.

Corporate Services Scrutiny Committee noted the Capital Programme (2017/18 – 2019/20) report and requested Executive and Council note and approve:-

- (1) The General Fund capital programme for 2017/18 as set out in Appendix 3;
and
- (2) The HRA capital programme for 2017/18 as set out in Appendix 4.

TREASURY MANAGEMENT 2017/18

The Assistant Director Finance presented the report on the Treasury Management Strategy and position of the Annual Investment Strategy 2017/18. The report was a statutory requirement and must be approved by Full Council.

He informed Members that the Treasury Management Strategy Report would provide the Council with an approved treasury management strategy for the start of each financial year and decrease risk of exposure to financial loss of invested funds. He referred Members to the report and commented on the key issues of the treasury management plan.

The Assistant Director Finance provided an overview of 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. He discussed the monetary and time limits for in house investment and the council's short term borrowing. There were no proposed changes to UK lending limits for the 2017/18 strategy.

The in house planned investment was discussed, which informed Members that the cash flow forecast would be divided into short, medium and long term categories,

which would ensure investments and cash flow were protected and borrowing was kept to a minimum. He referred to the borrowing strategy, which was expected to be £96.1million from 31 March 2017 and rise to £110.5million within a year as capital expenditure was gained. He informed Members of the expected long term borrowing requirements.

Corporate Services Scrutiny Committee noted the Treasury Management report for 2017/18 financial year and recommended approval by Executive and Council.

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

The Assistant Director Finance presented the report on The Prudential Code for Capital Finance in Local Authorities (Incorporating the Annual Statement of Minimum Revenue Provision), which advised Members of the proposed 2017/18 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).

The Assistant Director Finance informed Members of the changes to the Prudential Code which required full council approval as did the statement of Minimum Revenue Provision (MRP).

He discussed the proposed prudential code indicators and referred Members to appendices A-C which depict the indicators for the next three years and summarised the key issues to the Members:-

- The Capital Financing Requirement: shows the amount that the Council needs to borrow;
- The Operational Boundary: sets the amount of borrowing that the Council intends to keep within over the period covered by the indicators. This would be the limit of borrowing;
- The Authorised Limit: the maximum that the Section 151 Officer is allowed to borrow to cover the Operational Boundary and day to day cash flow needs. This would be the absolute upper limited to borrowing.

In response to a Members' question, the Assistant Director Finance advised that fixed amount of projected borrowing was due to a limit to the amount of variable right is fixed. It was intended to attain a 100% fixed rate on borrowing.

Corporate Services Scrutiny Committee noted the report and requested Executive and Council note and approve:-

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

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ESTIMATES/FEES AND CHARGES

The Assistant Director Finance presented the report on Corporate Services Scrutiny Estimates, Fees and Charges which advised Members of the 2017-18 proposed revenue and capital estimates for Corporate Services.

He informed Members that the estimates for Corporate Services Scrutiny Committee had increased by a significant amount. Two reasons for the increase

were the Senior Management re-structure and increase to pensions. The estimates would be re-allocated once a final management structure had been approved.

Corporate Services Scrutiny Committee noted the Corporate Services Scrutiny Estimates, Fees and Charges report for 2017/18 financial year and recommended approval at the Extraordinary Meeting of the Council on 21 February 2017.

(The meeting commenced at 5.30 pm and closed at 6.23 pm)

Chair