

CORPORATE SERVICES SCRUTINY COMMITTEE

Thursday 26 September 2019

Present:

Councillor Sheldon (Chair)
Councillors Buswell, Hannaford, Mrs Henson, Mitchell, M, Moore, D, Quance, A, Vizard and Warwick

Apologies:

Councillors Lamb

Also present:

Chief Finance Officer and Democratic Services Officer (MD)

28

MINUTES

The minutes of the meeting held on 27 June 2019 were taken as read, approved and signed by the Chair as correct, subject to the following amendments:-

Minute 22 – A Member requested an update on when the requested information regarding instances of modern slavery in Exeter and how they compared to other areas will be provided from the Policy Officer.

Minute 24 – A Member raised the question on the availability of the Pinhoe Community Hub receipts and when the receipts would be made available.

29

DECLARATIONS OF INTERESTS

No declarations of disclosable interest were made.

30

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19

No questions from members of the public were received.

31

QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER

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No questions from Members were received.

32

OVERVIEW OF THE GENERAL FUND REVENUE BUDGET

The Chief Finance Officer presented the report for the Overview of General Fund Revenue Budget for the first quarter, which advised Members of the overall projected financial position of the General Fund Revenue Budgets for the 2019/20 financial year after three months. He highlighted that the reports had been split into the HRA and General Fund reports to make them more appropriate to provide

information to Members and that the report also sought approval of additional expenditure for the financial year.

The Chief Finance Officer discussed the financial summary, which predicted that there would be an under spend of £120,500 against a revised budget of £19,966,520 and included the supplementary budgets of £1,394,660, which had been approved by Council in July 2019 for the first quarter. The General Fund budget was on track against the original budget projections. The projected year-end balance would be £3,822,992, which was above the £3 million minimum requirement set by Council in February 2019 and there were no significant issues to highlight in the report.

He referred Members to the request for approval for a supplementary budget totalling £493,930, which would be added to the 2019/20 budget and would be financed from CIL, earmarked reserves and the General Fund working balance. He noted that there would be a reduction of £3,744,492 to the projected General Fund working balance as a result. It was explained that the term virement was used for the transfer of funds from one financial account to another and that any transfers of budgets above £40,000 or between Directors' areas of responsibility would require Council approval.

The Chief Finance Officer explained that the Fair Funding and Business Rate reviews had been delayed by Central Government for a year and that as a result of the work already done, there was a likelihood of one off Funds being added to the General Fund reserves in next year's budget.

In response to questions from Members, the Chief Finance Officer explained that

- There would be savings made during the financial year from surplus income which would be transferred to the General Fund reserves to support savings required for 2020/21;
- The term for 'Capitalisation of Officer time' was used when charging for a person's time in respect of building assets.
- There would be a likely impact to the net income from car parking, following the introduction of the Carbon Neutral City Policy, which was being considered by Senior Management as part of the ongoing project;
- The net figure for the Financial Services team would show a saving for the first half of the year while using agency staff. There was a national issue for recruiting qualified accountants based on public sector salaries. Currently two roles had been successfully filled, but additional recruitment agencies were being considered and the option for market supplementing salaries was being addressed;
- Debt write offs were legitimate debts that could not be collected and any error amounts would be cancelled. The total Council tax bill write offs would impact only 8% on Exeter City Council, however there were no Key Performance Indicators (KPI's) to compare Exeter City Council against other authorities;
- The reported debt for the Civic Ceremonials, related to the shop next to the Guildhall and the difficulty in finding suitable tenants to let the shop. The debt would likely be written off, but was considered to be a one off issue. The main issues affecting the Civic Ceremonials budget would be for filling roles in this

department and costs of postage in elections. The layout and wording for this budget will be amended by the finance team to clarify the budget issues;

- Additional information on potential changes for the waterways budget would be provided to Members;
- The areas of risk was a new section in the report which highlighted risks outside of the Council's control and could impact on the budgets. The Planning Services Revenue budget figure related to issues with Planning which was a similar issue affecting the rest of Devon;
- There were no other unaccounted General Fund or HRA funds, and they had been reported correctly;
- The closure of the public conveniences had initially reduced the budget, but following the public conveniences consultation and the temporary re-opening of toilets, it had increased slightly over budget, but a confirmation of the budget increase would be provided to Members;
- The Environment and City Management budget transferred in relation to Clifton Hill was the set aside for business rate costs for empty properties and demolition of Clifton Hill. These budgets would be transferred to Corporate Property;
- The City Point redevelopment had been approved last year and the budget was located under the Corporate Property budget for Environment and City Management in the report;
- The Chief Finance Officer would seek clarification from the Council Tax team and respond to Members regarding the level of prosecution for residents who did not pay Council Tax;
- Data for the car parking revenue and the Thursday parking tariff impacts would be provided to Members;
- The report explained the key variances in the budgets and did not cover all issues, however details on the cost for removing travellers and litter collection would be provided to Members;
- A risk rating of each of the areas of budgetary risk would be added to future reports.

Councillor Hannaford moved and was seconded by Councillor Mitchell to add an additional recommendation that consideration be made in relation to paragraph 9.7, subject to consultation with Human Resources and the Trade Union; was voted for unanimously.

The Chair moved and was seconded by Councillor Hannaford to add the additional recommendation to remove the shop attached to the Guildhall from that budget to Corporate Property in relation to paragraph 9.5; was voted for unanimously.

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

- (1) The General Fund forecast financial position for the 2019/20 financial year;

- (2) The supplementary budgets of £493,930 and budget virements as detailed in paragraph 9.10;
- (3) The outstanding Sundry Debt position as at June 2019;
- (4) The creditors' payments performance;
- (5) Consideration to be made in relation to paragraph 9.7, subject to consultation with Human Resources and the Trade Union; and
- (6) To remove the shop attached to the Guildhall from that budget to Corporate Property in relation to paragraph 9.5.

33

GENERAL FUND CAPITAL MONITORING

The Chief Finance Officer presented the report which advised Members of the current position in respect of the Council's revised annual capital programme and the anticipated level of deferred expenditure into future years. The report also sought Member approval to amend the Annual Capital Programme. Capital expenditure was a significant source of risk and uncertainty, with cost variances, delays and changes to larger complex capital projects.

Members were informed of the changes made to the Capital Programme since the previous meeting, in June 2019, and the Chief Finance Officer commented on the available capital receipts for the General Fund for 2019/20 which as at 30 June 2019 stood at £5,431,708. He reported on those variances and issues concerning expenditure in respect of those schemes being deferred to 2020/21.

The Chief Finance Officer highlighted the completed schemes during the first quarter detailed in the report and advised that there was a request for an additional budget of £600,000 to be funded from the Transformation Fund to support the agile and flexible working project at the Civic Centre.

In response to questions from Members, the Chief Finance Officer explained:-

- The budget and timetable implications to the City Point Development, following the recent unearthed Roman artefacts discovered on site were not currently known, but would be investigated and reported to Members;
- The Riverside Insurance payment meant that the budget would be increased, to cover the figure detailed in the report and would require Council approval;
- The available resources for Community Infrastructure Levy (CIL) funded projects would be identified as they moved forward, but the New Homes bonus resources available was now a small figure;
- The cost for the planned works against the Pyramids, Leisure Centre Enhancements and Sport Facilities Refurbishment schemes was in addition to the original amount of £4.5 million and included in the underspend figures for the four schemes detailed in the report.

Corporate Services Scrutiny Committee supported the report and requested Executive and Council approve the following:-

- (1) The revision of the annual capital programme to reflect the reported variations detailed in 9.1 and Appendix 1; and
- (2) The additional budget request detailed in 9.7.

HRA BUDGET MONITORING REPORT – QUARTER 1

The Chief Finance Officer presented the Housing Revenue Account (HRA) Budget Monitoring report which advised Members of the overall financial position for the 2019/20 financial year after three months. The report provided an overview of the budgetary over/under-spends reported to the Corporate Services Scrutiny Committee and highlighted areas of risk, and budgets that were vulnerable to factors beyond Council control.

Members were informed of the HRA records expenditure and income relating to council dwellings and the provision of services to tenants. During this period, the total budget variances showed that there would be a net deficit of £1,453,485 in 2019/20, which represented a movement of £117,070 compared to the revised budgeted deficit of £1,336,415 for 2019/20.

The Chief Finance Officer commented on depreciation charges and how they related to valuation and maintenance of properties. Each year, the charge depreciated against the properties and impacted HRA funding as Council houses did not have the same accountancy value as the private sector. He confirmed that there were no projected variances reported at the end of the first Quarter.

In response to questions from Members, the Chief Finance Officer explained:-

- The £105,000 sundry land maintenance tree inspector figure, did not include re-planting of trees. An additional budget was being setup for replanting of trees in the city and to potentially capitalising trees as an asset;
- The surrendering back to Ministry of Housing, Communities & Local Government (MHCLG) related to selling right to buy houses, of which 75% of the Capital receipts were given back to Central Government, when the Council was unable to spend them in line with the regulations and equates to £2.5million;
- Zebcat was a European Union (EU) funded energy efficiency project for retrofitting older homes. EU projects had a detailed claiming system and was being checked, but additional information on the project would be provided to Members.

Councillor Moore moved and was seconded by Councillor Hannaford to add an additional recommendation for the HRA Budget to recognise the importance of re-planting trees and an allocation for tree planting to be included in the budget, and was voted for unanimously.

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

- (1) The HRA forecast financial position for 2019/20 financial year; and
- (2) The revision of the HRA Capital Programme to reflect the reported variations detailed in Appendix 4; and
- (3) The HRA Budget to recognise the importance of re-planting trees and an allocation for tree planting be included in the budget;

The Chief Finance Officer presented the report of the Council's Annual Health and Safety Report for 2018. Exeter City Council had the intention to be an exemplar of health and safety practice by continually improving its health and safety management systems and remain transparent with its approach to health and safety. He discussed the progress in meeting the statutory obligation for employees' safety and health at work and the progress in managing work-related stress. Members' attention was given to the reduction in the number of reportable accidents by 50% from the number reported in 2017, advising that the 16 incidents were reported in 2017 and halved to only eight in 2018.

In response to questions from Members, the Chief Finance Officer advised:-

- Trade Unions would have been consulted on the health and safety report, however the concerns from Members on there being no mention of the Unions in the report would be fed back to Environmental Health and Licensing Manager;
- Details of potential stress related to agile and flexible working and monitoring staff wellbeing after its conclusion, would be requested from Environmental Health and Licensing Manager;
- The provision of a bollard on the pavement in front of the Customer Service Centre was recommended following discussions with other agencies and was being managed by the Civic Centre Manager;
- The Health and Safety Committee developed action plans and recommendations for health and safety matters, ensuring significant issues were raised and delivered;
- The absence of an Equality Impact Assessment in the report will be raised with the Environmental Health and Licensing Manager;
- Volunteer Staff who may require a separate approach to health and safety would be discussed with the Environmental Health and Licensing Manager;
- The changes to operational procedures involving the refuse lorry incident, detailed in the report, would be provided to Members in full;
- The risk assessment for kerbside recycling had been considered by the Place Scrutiny Committee and was included as part of the overall project.

Councillor Sheldon moved and was seconded by Councillor Hannaford to add an additional recommendation - for the Chief Executive & Growth Director and the Leader of the Council to be named as joint owners of the report, and was voted for unanimously.

The Corporate Services Scrutiny Committee noted the Report and requested that:-

- (1) The Executive notes the content of the Annual Health and Safety report; and
- (2) The Chief Executive & Growth Director and the Leader of the Council to be named as joint owners of the report.

(The meeting commenced at 5.30 pm and closed at 7.06 pm)

Chair

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