





Council was concerned that the implications of withdrawing the practice, together with possible alternative methods of parking control, should be the subject of further investigation and consultation, before a decision was made. It was therefore resolved to refer the Notice of Motion to Executive for further consideration in order that any decision was made in the light of legal and other relevant considerations.

Investigation into the issue is continuing and a full report will be made to Executive in the new year.

10 **PETITION FROM RESIDENTS OF ST JAMES WARD - ARTICLE 4 DIRECTION**

To consider the report of the Head of Planning and Building Control. 57 - 58

(Report circulated)

**Part II: Items suggested for discussion with the press and public excluded**

11 **LEGAL SERVICES - STAFFING REDUCTION**

To consider the report of the Head of Legal Services reviewing the staffing establishment in Legal Services. 59 - 60

(Report circulated to Members)

12 **QUARTERLY PROGRESS REPORT - RAMM DEVELOPMENT PROJECT**

To consider the report of the Head of Leisure and Museums updating members on the current situation with respect to the various contracts now let for the RAMM Development Project. 61 - 66

Scrutiny Committee – Resources considered this report at its meeting on 15 September 2010 and comments will be reported.

(Report circulated to Members)

**DATE OF NEXT MEETING**

The next scheduled meeting of the Executive will be held on **Tuesday 25 January 2011** at 5.30 pm in the Civic Centre.

***A statement of the executive decisions taken at this meeting will be produced and made available as soon as reasonably practicable after the meeting. It may be inspected on application to the Customer Service Centre at the Civic Centre or by direct request to the Member Services Manager on 01392 265110. Minutes of the meeting will also be published on the Council's web site as soon as possible.***

***Membership -***  
Councillors Edwards (Chair), D Baldwin, Fullam, R M Hannaford, Mrs Henson, Martin, Mrs J Morrish, Sheldon and R Sutton

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 Member Services Officer on (01392) 265115 for further information.

**Individual reports on this agenda can be produced in large print on request to Member Services on 01392 265111.**

# Agenda Item 3

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - RESOURCES 24 NOVEMBER 2010

EXECUTIVE  
7 DECEMBER 2010

COUNCIL  
14 DECEMBER 2010

#### OVERVIEW OF GENERAL FUND REVENUE BUDGET 2010/11

#### 1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after six months, for the 2010/11 financial year.

#### 2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance September 2010	Outturn Forecast 2010/11
	£	£	£
General Fund	18,030,360	(32,356)	17,998,004
HRA*	(642,570)	222,017	(420,553)
* Net deficit			

#### GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast under spend of £372,890 (2.15%) against a revised Service Committee Net Expenditure budget of £17,356,360 and an overall under spend of £32,356 against the General Fund Expenditure including investment interest, Business Growth Incentive Grant, Area Based Grant, the provision for redundancy, the provision for the repayment of debt and the potential impairment loss re the Icelandic investments.
- 2.2 The budgets for 2010/11 included a provision of 0.7% for the pay award. The current position is that Local Government Employers have not offered a pay award for the current year, however as this has not been finalised, this has not yet been fully reflected.
- 2.3 Details of the variances are being disclosed in stewardship reports to individual Scrutiny Committees during the current cycle of meetings. However the main variances are as follows:
- 2.3.1 **Scrutiny Committee Community – (An under spend of £416,280)**

A new contract for management of the sports facilities came into force on 1<sup>st</sup> October 2010 and is expected to result in material savings in the current year and future years. The outturn forecast reflects the estimated impact for the current year on this Committee. There will be a negative impact on Resources Committee as a result of additional discounts arising on NNDR, and this has been reflected in the outturn forecasts for that Committee. Overall the projected saving for sports facilities is £470,000

Income from the sale of recyclates is expected to exceed the estimates, while the cost of freight is expected to show a saving. While the prices at which materials are currently being sold exceed those assumed for the estimates, the volatility of these prices makes it difficult to predict the outturn. Overall a saving of £148,720 is anticipated.

In General Fund Housing, there is a reduction in the amount of revenue expenditure which can be capitalised in relation to the Council Own Build sites at Sivell Place and Merlin Crescent, in accordance with capital accounting regulations and a further overspend, which will be met from earmarked reserves for expenditure relating to Empty Home Initiatives and the Housing Market Assessment. The projected overspend is £58,750, however £34,650 will be funded from earmarked reserves.

A number of overspends have occurred in General Fund Housing Advisory Services. These include higher than inflation rental payment increases and additional demand, a reduction in the number of landlords registered for Extralet reducing income, additional costs in respect of Shaul's Court and Glencoe and increased demand for housing advice. The projected overspend is £155,550.

### **2.3.2 Scrutiny Committee Economy – (An under spend of £265,170)**

Property income is lower than expected at various properties due to a general increase in void periods and downward pressures on rent levels across the portfolio, however this has been offset by savings on employment costs resulting in a saving of £28,490.

Income from off street car park fees is above the budgeted income figure as at 30 September 2010 and there have been savings on employment costs. Additional income is expected in respect of rental of car park spaces; this additional income will be partially offset by income from Car Park Investment properties being less than budgeted. The projected saving is £103,420.

It is anticipated that planning fee income will be below budgeted levels by the end of the year; this will be partially offset by additional income from legal costs.

A significant part of the planning expenditure is funded by Planning Delivery Grant. No grant will be received in 2010/11. However the expenditure in this financial year will be funded from the earmarked reserve at the year end. The projected over spend is £58,230.

Income across Markets & Halls is anticipated to be higher than budgeted.

### **2.3.3 Scrutiny Committee Resources – (An over spend of £308,560)**

It is estimated that there will be a reduction in Housing Benefits subsidy mainly in respect of Rent Allowances. This is as a result of an increase in Bed and Breakfast expenditure and an increase in non-self-contained licences, which both attract less subsidy. The deficit is projected to be £223,580.

Expenditure has been incurred on the Local Government Review related to the Judicial Review and subsequent work to identify a date for the required elections. The projected overspend is £77,990.

### **3. OTHER FINANCIAL VARIATIONS**

- 3.1 There is a net transfer from Earmarked Reserves of £555,490, an increase of £67,970 from budget.
- 3.2 There is a reduction of £50,000 in respect of the Business Growth Incentive Grant as a result of the Government's decision to stop this funding stream. However, the Council will receive £58,368 in Area Based Grant, which has not been budgeted for.
- 3.3 A provision of £500,000 has been made for redundancy, although it is anticipated that this will be capitalised as last year. The provision for the repayment of debt is now estimated to be £378,902. No investment income is anticipated this year as borrowing costs are anticipated to be close to the amount of investment income received.
- 3.4 The current forecast for the impairment loss in Iceland is £694,000 out of the £5 million invested. However, the court cases are ongoing and this will very likely change by the end of the year. The Council has also applied to capitalise any costs incurred.
- 3.5 The overall net transfer from the General Fund Working Balance is estimated to be £622,005 at 31 March 2011 after accounting for the approved supplementary budgets of £152,160.

### **4. HOUSING REVENUE ACCOUNT (HRA) – Appendix B**

During this period the total of the budget variances indicate that there will be a net deficit of £420,553 which will need to be funded from the HRA working balance at 31 March 2011. However, this represents a reduction of £222,017 compared to the budgeted reduction to the working balance of £642,570. It is estimated that the working balance will stand at £2,261,176 at 31 March 2011.

Details of the variances are being disclosed in stewardship reports to Scrutiny Committee Community during the current cycle of meetings.

### **5. OUTSTANDING SUNDRY DEBT**

- 5.1 The Council issues invoices for a range of sundry debts, including :-
- Commercial rent
  - Trade waste
  - Service charge and ground rent for leasehold flat owners
  - Home call alarms
  - Housing benefit overpayments
  - and a range of other services such as room rental.

This does not include housing rent, council tax or business rate debt.

5.2 Outstanding debt at 31 December 2009 was £3.572m, at 31 March 2010 it was £3.616m, by 30 June 2010 it was £3.273m and at 30 September 2010 it had dropped to £3.126m. An aged debt analysis is shown below, which demonstrates that of the £3.126m debt, £0.940m is less than 30 days old. Debt over 30 days old has decreased over the quarter from £2.204m to £2.186m.

Age of Debt	December 2009	March 2010	June 2010	September 2010
Up to 29 days (current)	£1,161,129	£1,521,683	£1,068,689	£939,888
30 days – 1 Year	£1,258,539	£963,838	£1,076,971	£995,544
1 – 2 years	£384,230	£400,385	£416,336	£406,598
2 – 3 years	£226,147	£225,237	£228,996	£235,441
3 – 4 years	£155,938	£110,823	£108,025	£141,627
4 – 5 years	£97,901	£122,839	£112,007	£120,569
5 + years	£287,866	£271,553	£261,603	£286,438
<b>Total</b>	<b>£3,571,750</b>	<b>£3,616,358</b>	<b>£3,272,627</b>	<b>£3,126,105</b>

5.3 Of the outstanding debt, the table below sets out the main services and debts owing:

	Outstanding debt – 30 September 2010 £
▪ Commercial rent	66,887
▪ Trade waste	50,776
▪ Service charge and ground rent for leasehold flat owners	49,451
▪ Home call alarms	5,660
▪ Housing benefit overpayments*	1,089,017
▪ AFU	263,036
▪ Economy & Tourism	170,473
▪ HRA	102,846
▪ General Fund Housing	145,104
▪ River & Canal	49,469

\* These overpayments occur largely due to claimants' change of circumstances which leads to a lower benefit entitlement once a reassessment is made. This figure represents about 2.9% of the total annual benefits paid and over 90% of this amount is recovered.

## 6. CREDITOR PAYMENTS PERFORMANCE

The creditors' payments in respect of the Statutory Performance Indicator BVPI8 have improved during 2009/10 as the new financial information has been embedded within the Council. During the second three months of 2010/11, the percentage paid within 30 days was 93.3%, slightly up on the first quarter.



## **7. CONCLUSION**

- 7.1 The forecast decrease in Service Committee net expenditure for 2010/11 totals £372,890 including the supplementary budgets of £152,160. This together with transfers from Earmarked Reserves, provisions for the repayment of debt and the investment impairment, Area Based Grant and the reduction of £50,000 from the Business Growth Incentive Grant will result in a transfer of £622,005 from the Working Balance.
- 7.2 The forecast General Fund Working Balance at 31 March 2011 is £3,222,806 and equates to 17.9% of the General Fund net expenditure.
- 7.3 It is estimated that the HRA working balance will stand at £2,261,176 at 31 March 2011.
- 7.4 The creditor's payment performance has improved slightly and is currently 93.3%.

## **8. RECOMMENDATION**

It is recommended that the report be noted and Council note and approve:

- The General Fund forecast financial position for the 2010/11 financial year
- The HRA forecast financial position for 2010/11 financial year
- The outstanding Sundry Debt position as at June 2010
- The Statutory Performance Indicator BVPI8 for creditor's payments

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers used in compiling the report:

None

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**EXETER CITY COUNCIL**  
**2010-2011 REVENUE ESTIMATES - SUMMARY**  
 as at 30th September 2010

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Forecast £	Variance to Budget £
SCRUTINY - COMMUNITY	13,661,820	105,390	13,767,210	13,350,930	(416,280)
SCRUTINY - ECONOMY	559,570	21,610	581,180	316,010	(265,170)
SCRUTINY - RESOURCES	5,472,170	25,160	5,497,330	5,805,890	308,560
less Notional capital charges	(3,350,500)		(3,350,500)	(3,350,500)	0
FRS17 Pension Adjustment	861,140		861,140	861,140	0
<b><u>Service Committee Net Expenditure</u></b>	<b>17,204,200</b>	<b>152,160</b>	<b>17,356,360</b>	<b>16,983,470</b>	<b>(372,890)</b>
Net Interest	(100,000)		(100,000)	0	100,000
Business Growth Incentive Grant	(50,000)		(50,000)	0	50,000
Area Based Grant	0		0	(58,368)	(58,368)
Provision for redundancy	500,000		500,000	0	(500,000)
Potential impairment loss re Iceland	0		0	694,000	694,000
Minimum Revenue Provision	324,000		324,000	378,902	54,902
<b><u>General Fund Expenditure</u></b>	<b>17,878,200</b>	<b>152,160</b>	<b>18,030,360</b>	<b>17,998,004</b>	<b>(32,356)</b>
Transfer To/From(-) Working Balance	(570,171)	(152,160)	(722,331)	(622,005)	100,326
Transfer To/From(-) Earmarked Reserves	(487,520)		(487,520)	(555,490)	(67,970)
<b><u>General Fund Net Expenditure</u></b>	<b>16,820,509</b>	<b>0</b>	<b>16,820,509</b>	<b>16,820,509</b>	<b>0</b>
Formula Grant	(12,089,847)		(12,089,847)	(12,089,847)	0
<b><u>Council Tax Net Expenditure</u></b>	<b>4,730,662</b>	<b>0</b>	<b>4,730,662</b>	<b>4,730,662</b>	<b>0</b>

£ 3,222,806

£ 3,844,811

March 10

Working Balance

March 11

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HOUSING REVENUE ACCOUNT STEWARDSHIP  
2010-2011

APPENDIX B

APRIL 10 TO SEPTEMBER 10

Code	Approved Annual Budget	Current Outturn Forecast	Variance To Budget
	£	£	£
85A1 Management	2,825,610	2,862,040	36,430
85A3 Sundry Lands Maintenance	260,480	260,480	0
85A4 Repairs Fund Contribution	9,066,360	9,066,360	0
85A6 Capital Charges	0	0	0
85A8 Rents	(15,359,490)	(15,568,490)	(209,000)
85B1 Government Subsidy	4,006,520	3,877,673	(128,847)
85B2 Interest	(156,910)	(77,510)	79,400
85B4 Variance in Working Balance	(642,570)	(420,553)	222,017
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Working Balance</b>	<b>£ 2,681,729</b>	<b>31 March 2011</b>	<b>£ 2,261,176</b>

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – RESOURCES 24 NOVEMBER 2010

EXECUTIVE  
7 DECEMBER 2010

COUNCIL  
14 DECEMBER 2010

#### CAPITAL MONITORING STATEMENT TO SEPTEMBER 2010

#### **1.0 PURPOSE OF THE REPORT**

- 1.1 To report the current position in respect of the Council's revised annual capital programme.
- 1.2 This report is prepared on a quarterly basis in order to update Members with any known cost variations, slippage and acceleration of projects.
- 1.3 As part of the first quarter's monitoring exercise, Officers instigated a review of the capital programme, to identify the extent to which schemes were not yet committed, to consider whether some of the uncommitted schemes could be deferred, reduced or removed from the programme and to identify any potential savings.
- 1.4 The review of the capital programme has been progressed further as part of the second quarter's monitoring exercise.

#### **2.0 BACKGROUND**

- 2.1 Local authorities are required to estimate the total of capital expenditure that they plan to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.
- 2.2 Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.
- 2.3 The Council has become more dependant on borrowing to finance its capital programme and the cost of servicing the borrowing has to be met from revenue. Bearing in mind the future budget reductions faced by the City Council, it is important to ensure that the Council's future capital spending is affordable and sustainable.
- 2.4 The June monitoring report identified schemes within the 2010/11 capital programme totaling £4.1 million which could potentially be deferred. This was based around those schemes which were not yet committed, which were largely put on hold until the review was complete and could be considered fully. Schemes which are mostly funded from external sources, schemes which were expected to generate revenue savings and works which are considered to be urgent, were largely unaffected.

### 3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2010/11 Capital Programme, including commitments brought forward from 2009/10, was last reported to Scrutiny Committee - Resources on 15 September 2010. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval / funding
Capital Programme, as at 15 September 2010	30,086,670	
Disabled Facilities Grants	198,330	Executive 29 <sup>th</sup> September
Energy Conservation	32,420	External funding contributions
Children's Play Area	60,190	Additional S106 contributions
Social Housing Grants	(30,700)	Transferred to Revenue projects
Riverside Valley Park Improvements	17,250	S106 Contributions
Mincinglake / Northbrook Watercourse Study	120,000	Environment Agency Grant scheme
<b>Revised Capital Programme</b>	<b>30,484,160</b>	

### 4.0 PERFORMANCE

#### 4.1 Progress

The revised capital programme for the current financial year is £30.484 million. During the first six months of the year the Council spent £6.964 million on the programme, which equates to 22.8% of the revised programme. This compares with £6.013 million (23.8%) being spent in the first six months of 2009/10.

- 4.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2010/11 of £27.974 million, with schemes totaling £4.189 million deferred to 2011/12, and other variances totaling £1.678 million (adverse). The major variances are explained further in Section 5 of the report.

- 4.3 The other variances of £1.678 million include a number of scheme savings and also some reductions for schemes which are proposed to be removed from the 2010/11 programme. Expenditure on these schemes, which are uncommitted, will not occur in 2010/11. Where members consider any of these schemes to be a high enough priority then those schemes can be reconsidered as part of the 2011/12 capital programme deliberations.



## 5.0 VARIANCES and OTHER ISSUES

5.1 The main items are as follows:

### Community & Environment

5.1.1

#### *Cultural City*

- **Play Area Refurbishments (Budget £379,390)**

Expenditure in 2010/11 is forecast at £144,890 whilst a further £154,220 is required to be carried forward to 2011/12 for other committed projects. There is an uncommitted balance remaining of £80,280 (including savings on completed schemes of £3,030) which it is proposed to remove from the programme.

- **RAMM Re-development (Budget £8,887,040)**

Members are receiving periodic reports on the progress of this scheme. Costs of the re-development have continued to rise, mostly as a consequence of delays resulting from issues which occurred early on with this scheme.

The report indicates a further £2.188m will be required to be added to the budget for this scheme. At this stage, the increase is wholly reflected in Appendix 1 within the 2010/11 revised forecast although in practice some of this may be spent in 2011/12. The projected costs will be reviewed to determine the revised profile over the two years.

- **Contribution to RAMM re HLF Parks Bid (Budget £176,800)**

This budget is for the landscaping at the rear of the museum building and cannot be undertaken until the contractor's compound has been removed. The spend profile between 2010/11 and 2011/12 is not yet available as the work programme has yet to be determined, although most of the work is expected to be carried out in 2011/12. At this stage, the budget is included as deferred to 2011/12 although some costs will be incurred this year.

#### *Everyone has a Home*

- **Social Housing Grants (Budget £3,573,810)**

This budget provides financial support mostly to Registered Social Landlords for new house-building and conversion schemes. Budget allocations have been made and promises given for numerous projects although these often take some time to come to fruition. In addition, a significant part of the budget tends to remain uncommitted, providing flexibility as and when suitable new projects come forward requiring support. As a result, a large part of this budget frequently underspends in year and is carried forward to the following year.

This budget also supports other housing initiatives and £234,460 of the budget (which represents commuted sums), is planned to support additional costs of the Council's Own Build schemes.

Whilst it is difficult to predict what will be spent this year, the current forecast spend is up to £1.425 million, producing a projected under spend of £1.915 million, which is shown as deferred to 2011/12 at this stage.

## 5.1.2 Economy & Development

### *Cared for Environment*

- **City Centre Enhancements (Budget £426,160)**

This is an ongoing project being phased over a number of years. Forecast spend in 2010/11 on current commitments and plans totals £270,000 with £40,000 required in 2011/12. It is proposed to remove the uncommitted balance of £116,160 from the programme which could be reconsidered as part of the 2011/12 budget if this is viewed as a high priority.

### *Prosperous City*

- **Central Station Gateway Enhancement (Budget £100,000)**

This is a joint City Council and Devon County Council concept design which has been agreed in principle with Network Rail. Devon has deferred its contribution towards the scheme of £75,000 to 2011/12 whilst discussions continue with Network Rail and train operators about potential funding contributions from the National Stations Improvement Programme which is backed by the Department for Transport.

It is proposed to remove this year's budget of £100,000 and reconsider as part of the 2011/12 budget if a high enough priority. This will be conditional on Devon County Council and Network Rail also agreeing to fund the scheme.

- **Canal Basin and Quayside (Budget £849,850)**

The cost of this development is largely financed from capital receipts and S106 agreements in relation to the Basin, with elements of the scheme being delivered as and when receipts are generated.

Expenditure and commitments total £200,000 for works completed at Haven Road car park and to complete a fibre optic link to Exton Road. At the beginning of the year, receipts in respect of the Basin of £612,000 were forecast although no receipts have been generated so far this year and there remains some uncertainty at this time of what may be forthcoming. The balance of budget of £649,850 has at this stage been deferred to 2011/12, with the development progressing as further receipts are generated.

- **King William Street Car Park Refurbishment (Budget £423,000)**

The car park refurbishment is being undertaken this year at an estimated cost of £223,000, with the balance of £200,000 to be carried forward for works to Sidwell Street next year.

## 5.1.3 Housing Revenue Account

### *Everyone Has a Home*

#### **Kitchen and Bathroom Replacement Programme (Budget £976,180 and £265,180 respectively)**

The main contractor for the kitchen and bathroom replacement programme has been placed into administration and the business bought by another contractor. As the contract had not been formally executed it could not be novated without the risk of challenge. Officers have taken the view that the programme should therefore be retendered in accordance with the EU regulations. This will result in at least a three month delay in the programme it is therefore projected that £400,000 of the budget for

kitchen replacements and £100,000 of the budget for bathroom replacements will need to be deferred until next year. A short term contractual arrangement is being put in place to deal with those kitchens and bathrooms that cannot be left until the new contract is in place.

#### 5.1.4 Council House-building Programme

##### Sivell Place

Works are progressing well and nearing completion. Air tests to confirm Passiv Haus Accreditation have been favourable and final tests will be undertaken at Practical Completion. Building costs remain contained within the contract sum and completion is anticipated early December 2010 within the original programme timescales. This development will be the first Passiv Haus accredited Council house scheme in the UK.

The contractor, ISG Pearce was recently awarded 37 out of 40 for its Considerate Constructors Score assessment – this is classified as an exceptionally good site and within the top 10% of construction sites in the UK.

##### Merlin Crescent

Works are progressing well and remain on programme for completion in late March 2011. Contract costs remain contained within the contract sum. The development is on target to be delivered to Passiv Haus Accreditation standards and air tests will be undertaken in the new year to ascertain if this accreditation is on target.

The contractor, ISG Pearce was recently awarded 36.5 out of 40 for its Considerate Constructors Score assessment – this is classified as an exceptionally good site and within the top 10% of construction sites in the UK.

### 6.0 RECOMMENDED

- 6.1 That the current position in respect of the annual capital programme be noted and Council note and approve.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

#### Local Government (Access to Information) Act 1985 (as amended)

#### Background papers used in compiling this report:

1. None

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## CAPITAL AND PROJECT MONITORING 2010/11

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to 30 Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>COMMUNITY &amp; ENVIRONMENT</b>						
<b>ACCESSIBLE CITY</b>						
Riverside Valley Park Enhancement	PM	22,260		27,360	27,355	5,100
<b>STRONG COMMUNITIES CITY</b>						
<b>CULTURAL CITY</b>						
Playing Fields General Improvements	PM	29,740	(3,740)	26,000	15,564	0
Bromhams Farm Changing Rooms	PM	24,850		24,850		0
Play Area Refurbishments	AC	379,390	(154,220)	144,890	77,780	(80,280)
Sports Facilities Refurbishment	AC	129,880		129,880		0
Parks Improvements	PM	47,460	(40,000)	7,460	1,556	0
Contribution to RAMM Re HLF Parks Bid	PM	176,800	(176,800)			0
Leisure Management Contract	AC	64,150		64,150	61	0
Pyramids Filters/New Swimming Pool	AC	33,080		0		(33,080)
Contribution to RAMM re HLF Parks Bid	PM	0				0
RAMM Re-development	AC	8,887,040		11,074,620	2,941,181	2,187,580
RAMM Off Site Store	AC	41,030	(41,030)	0		0
<b>CARED FOR ENVIRONMENT</b>						
Home Recycling Scheme	RN	84,790		64,790	24,791	(20,000)
Public Toilet Refurbishment	PM	11,640		11,640	10,400	0
Local Authority Carbon Management Programme	PM	177,090		177,090	1,841	0
Replace Wash Down at MRF and Drainage Alterations	RN	7,840		0		(7,840)
Improvements to Cemetery Roads & Pathways	PM	18,510		18,510	5,685	0
New T W Recycling Service Vehicle	RN	33,360		0		(33,360)
Cemeteries & Churches Storage Improvements	PM	40,000	(39,800)	200	203	0
Midi Recycling Banks	RN	24,610		12,600		(12,010)
Upgrade of Turf Sewage Treatment Plant	AC	10,000		10,000		0
General Open Space Improvements	PM	40,000		12,000	313	(28,000)
Domestic Recycling Review	RN	176,000		176,000	145,766	0

**CAPITAL AND PROJECT MONITORING 2010/11**

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to 30 Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>EXCELLENCE IN PUBLIC SERVICES</b>						
Vehicle Replacement Programme	PM	517,000		473,000	297,385	(44,000)
Soil Erosion at Clifton Hill	AC	96,880		85,000	15	(11,880)
Replacement of Homecall Equipment	RN	3,350		3,350	789	0
New Technology for Cleansing	RN	196,790		196,790	7,137	0
Higher Cemetery New Storage Yard & Buildings	PM	1,390		0	178	(1,390)
Oakwood House	PM	20,830		0		(20,830)
Belle Isle Nursery - Various Improvements	PM	66,550		7,000	4,872	(59,550)
Replacement of 'Tractor Sheds'	PM	10,680		10,680	2,063	0
Exwick Cemetery New Burial Area	PM				500	0
<b>HEALTHY &amp; ACTIVE PEOPLE</b>						
Disabled Facility Grants	RN	586,840		586,840	160,376	0
<b>EVERYONE HAS A HOME</b>						
Warm Up Exeter / PLEA Scheme	RN	181,480		181,480	60,049	0
PLEA Scheme	RN	104,110		104,110	60,000	0
Wessex Loan Scheme	RN	974,370		974,370	81,969	0
ExtraLet Plus	SW	200,000	(100,000)	100,000	6,687	0
Social Housing Grants	SW	3,573,810	(1,914,850)	1,424,500	101,000	(234,460)
Private Sector Renewal Scheme	RN	137,070		137,070	76,278	0
Development of General Fund Housing Land	SW	1,850		1,850		0
PSL Improvement Programme	SW	87,300		87,300	1,394	0
Renovation Grants	RN	150,120		150,120	51,080	0
<b>SAFE CITY</b>						
Replace Digital Recording Equipment at Control Centre	RN	32,000		16,000		(16,000)
CCTV Consultancy in Respect of Enhancements	RN	3,000		3,000	1,661	0
<b>COMMUNITY &amp; ENVIRONMENT TOTAL</b>		<b>17,451,200</b>	<b>(2,488,700)</b>	<b>16,552,500</b>	<b>4,190,685</b>	<b>1,590,000</b>

**CAPITAL AND PROJECT MONITORING 2010/11**

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to 30 Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>ECONOMY &amp; DEVELOPMENT</b>						
<b>ACCESSIBLE CITY</b>						
National Cycle Network	DH	60,700		60,700	48,692	0
Signage / Pedestrian Interpretation	RS	12,780		12,780	189	0
Implementation of Council Walking Strategy	DH	13,750		13,750	2,248	0
Refurbish Broadwalk House Car Park	RC				82	0
<b>CULTURAL CITY</b>						
18 North Street Panelling	RS	2,720		2,720		0
Corn Exchange Enhancements	MC	130,040		130,040	29,106	0
Corn Exchange - Haystack Lantern	PM	40,000		40,000	468	0
Floodlighting	RS	1,120		1,120		0
<b>CARED FOR ENVIRONMENT</b>						
Heavitree - Environmental Enhancement	RS	1,000		0		(1,000)
City Centre Enhancements	JR	426,160	(40,000)	270,000	26,842	(116,160)
Conservation Area Enhancements	RS	5,460		0		(5,460)
Contribution to Skypark CHP Plant	KH	100,000		100,000	100,000	0
Surface Water Early Actions EA Scheme	DH	100,000		100,000	2,803	0
Mincinglake / Northbrook Study	DH			120,000	21,837	120,000
Ibstock Environmental Improvements	MC	3,240		3,240		0
Planting Improvements in Riverside Valley Park	RS	14,250		14,250		0
Repairs to Cricklepit Wall					78	0
Unadopted Land at Exwick					545	0
<b>LEARNING CITY</b>						
Improvements to Quay House Visitor Centre	RB	40,810		40,810	30,225	0
<b>PROSPEROUS CITY</b>						
Central Station Gateway Enhancement	RS	100,000		0		(100,000)
Basin / Quayside Redevelopment	MC	849,850	(649,850)	200,000	146,733	0
Science Park	RB	818,700		818,700	56,970	0
Well Oak Footpath / Cycleway	RS	80,000	(80,000)	0	32	0
King William St Car Park Refurbishment	RC	423,000	(200,000)	223,000	20,149	0
<b>SAFE CITY</b>						
Security Measures for Riverside Valley Park	DH	3,250		3,250	336	0
<b>ECONOMY &amp; DEVELOPMENT TOTAL</b>		<b>3,226,830</b>	<b>(969,850)</b>	<b>2,154,360</b>	<b>487,335</b>	<b>(102,620)</b>

**CAPITAL AND PROJECT MONITORING 2010/11**

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to 30 Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>CORPORATE SERVICES</b>						
<b>ACCESSIBLE CITY</b>						
Equal Opportunities Improvements	PM	10,740		10,740	955	0
<b>ELECTRONIC CITY</b>						
Induction Learning	PE	10,000		0		(10,000)
Electronic Document Management	PE	49,980		43,000	9,706	(6,980)
Server Strategy	PE	40,000		40,000	10,211	0
FIMS Replacement	AS	11,750		0		(11,750)
Environmental Health System Upgrade	RN	11,350		11,350	6,372	0
Capita Systems Infrastructure	PE	30,000		30,000		0
Sun Platform Servers	PE	21,800		21,800		0
UJ Based Legacy Systems	PE				10,277	0
Housing Repairs Transfer	PE				3,045	0
Authentication Module	PE	31,000		31,000		0
IT Development Time	PE	112,000		112,000		0
PC Replacement Programme	PE	100,000		100,000	1,447	0
Corporate Network Infrastructure	PE	30,000		30,000	12,829	0
GIS Strategy	PE	67,950		67,950	13,132	0
Intranet & Internet	PE	43,160		10,000	2,568	(33,160)
Local Housing Allowance Software	AS	3,540		0		(3,540)
<b>EXCELLENCE IN PUBLIC SERVICES</b>						
Civic Centre Communal Area Refurbishment	JS	98,990		98,990	1,407	0
Capitalised Staff Costs	AS	370,000		370,000		0
<b>CORPORATE SERVICES TOTAL</b>		<b>1,042,260</b>	<b>0</b>	<b>976,830</b>	<b>71,949</b>	<b>(65,430)</b>



**CAPITAL AND PROJECT MONITORING 2010/11**

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to 30 Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>HRA CAPITAL</b>						
<b>EVERYONE HAS A HOME</b>						
	SW	434,500		434,500	244,656	0
	SW	450,000		450,000	301,263	0
	SW	149,760		149,760	162,626	0
	SW	361,710		361,710	114,884	0
	SW	368,000		368,000		0
		0		0	832	0
	SW	8,570		8,570	4,460	0
	SW	37,420		37,420	16,539	0
	SW	265,180		265,180	15,518	0
	SW	93,740		93,740	74,716	0
	SW	105,660		105,660	65,890	0
	SW	67,440		67,440	1,682	0
	SW	100,000		100,000	19,250	0
	SW	976,180	(400,000)	576,180	134,404	0
	SW	140,000		140,000	114,613	0
	SW	265,180	(100,000)	165,180	26,369	0
				0	1,250	0
	SW	19,270		19,270	10,678	0
	SW	283,000	(50,000)	233,000	23,937	0
	SW	172,200	(30,000)	142,200	7,603	0
	SW	208,000	(50,000)	158,000	750	0
	SW	100,000	(100,000)	0		0
	SW	455,370		455,370	113,213	0
	SW	1,186,510		1,186,510	212,864	0
		<b>6,247,690</b>	<b>(730,000)</b>	<b>5,517,690</b>	<b>1,667,997</b>	<b>0</b>
<b>HOUSING REVENUE ACCOUNT TOTAL</b>						

**CAPITAL AND PROJECT MONITORING 2010/11**

	Lead Officer	2010/11 Capital Programme	Deferred to 2011/12	2010/11 Revised Forecast	2010/11 Spend to Sept	2010/11 Programme Variances Over / Under ( )
		£	£	£	£	£
<b>COUNCIL HOUSEBUILDING PROGRAMME</b>						
<b>COUNCIL'S OWN BUILD</b>						
Phase 1	SW	2,396,180		2,730,277	515,905	334,097
Phase 2	SW	0		30,460	30,455	30,460
<b>COUNCIL HOUSEBUILDING TOTAL</b>		<b>2,396,180</b>	<b>0</b>	<b>2,760,737</b>	<b>546,360</b>	<b>364,557</b>

<b>CAPITAL AND PROJECT EXPENDITURE TOTAL</b>		<b>30,364,160</b>	<b>(4,188,550)</b>	<b>27,962,117</b>	<b>6,964,326</b>	<b>1,786,507</b>
Head of Leisure and Museums	AC					
Head of Treasury Services	AS					
Engineering and Construction Manager	DH					
Acting Head of Estates Services	MC					
Head of Environmental Health Services	RN					
Director of Economy and Development	JR					
Head of Corporate Customer Services	JS					
Head of IT Services	PE					
Head of Contracts and Direct Services	PM					
Head of Economy and Tourism	RB					
Head of Administration and Parking Services	RC					
Head of Planning Services	RS					
Head of Housing and Social Inclusion	SW					

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – RESOURCES 24 NOVEMBER 2010

EXECUTIVE  
7 DECEMBER 2010

#### TREASURY MANAGEMENT – 2010-11

#### 1. PURPOSE OF REPORT

- 1.1 To report on the current performance for the 2010-11 financial year and the position regarding investments and borrowings at 30 September 2010.

#### 2. TREASURY MANAGEMENT STRATEGY

- 2.1 The Council approved the 2010/11 treasury management strategy at its meeting on 23 February 2010. The Council's stated investment strategy was to continue to use Investec for longer term investments and utilise our call accounts and major banks and local authorities. The Council's stated borrowing strategy was to maintain short-term borrowing as long as rates remained low. The Council is currently borrowing over 6 monthly periods.
- 2.2 The Head of Treasury Services can confirm that all treasury management activity undertaken during the period complied with the approved strategy, the *CIPFA Code of Practice*, and the relevant legislative provisions.

#### 3. ECONOMIC REVIEW

- 3.1 The UK economy continued along the road to recovery during the first half of 2010/11, despite two shocks to consumer and business confidence. The Eurozone sovereign debt crisis caused marked financial market volatility, while the coalition government's emergency budget outlined significant cuts in public spending.
- 3.2 GDP expanded by 0.4% in Q1 and by a healthy 1.2% in Q2 2010. Manufacturers in particular benefited from the recovery in the global economy by increasing export volumes, largely supported by the value of sterling. The recovery was less impressive in the service sector due to depressed business and consumer confidence. Improved economic conditions did however help financial institutions to repair some of the damage the recession caused to their balance sheets, alleviating some credit risk concerns and partially re-opening the "frozen" financial markets.
- 3.3 Inflation has remained above the Bank of England's target rate of 2% since late 2009. The CPI rate peaked in April at 3.7% and eased back over the past few months as the effects of a number of temporary factors waned. Despite inflation remaining over target, the Bank of England has maintained Bank Rate at 0.5% to avoid the risk of a further downturn in economic growth, with just one MPC member voting for a rise in July, August and September.

#### 4. INTEREST RATE PROSPECTS

- 4.1 Looking ahead, the economic recovery is expected to slow as central government spending cuts and tax rises dampen demand. The Bank of England expects this to weigh on inflation, causing CPI to fall below target in the medium term, suggesting that the MPC is unlikely to increase interest rates anytime soon. It is therefore very likely that Bank Rate will remain at 0.5% for the remainder of the financial year, with there being only modest rises in money market and PWLB rates.

##### **Sterling Consultancy central forecast - September 2010**

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB	50 year PWLB
Current	0.50	0.57	0.73	1.47	4.10	4.14
Q4 2010	0.50	0.60	0.80	1.70	4.50	4.50
Q1 2011	0.50	0.60	0.80	1.80	4.60	4.60
Q2 2011	0.50	0.60	0.90	2.20	4.70	4.70
Q3 2011	0.50	0.60	1.00	2.50	4.80	4.80
Q4 2011	1.00	1.10	1.50	2.75	4.90	4.90
H1 2012	2.00	2.10	2.50	3.50	5.00	5.00
H2 2012	3.00	3.10	3.50	4.25	5.10	5.10
H1 2013	4.00	4.10	4.50	5.00	5.20	5.20

#### 5. NET INTEREST POSITION

- 5.1 The General Fund shows an estimated net reduction in interest receivable compared to the budget, the position is:

	Estimate	Sept 10	Estimated Outturn	Variation
	£		£	£
<b>Interest paid</b>	40,000	40,000	80,000	40,000
<b>Interest earned</b>				
Interest from portfolio	(310,000)	(29,395)	(140,000)	170,000
Temporary investment interest	(20,000)	(14,278)	(30,000)	(10,000)
Other interest earned	(3,000)	(1,173)	(2,200)	800
Less				
Interest to HRA	153,000	36,800	73,599	(79,401)
Interest to s106 agreements	30,000	7,500	15,000	(15,000)
Interest to Trust Funds	10,000	1,960	3,920	(6,080)
Lord Mayors Charity	0	250	500	500
GF interest received	<u>(140,000)</u>	<u>1,664</u>	<u>(79,181)</u>	<u>60,819</u>
Net interest	<u><u>(100,000)</u></u>	<u><u>41,664</u></u>	<u><u>819</u></u>	<u><u>100,819</u></u>

The reduction against budget has been caused by a number of factors. Please see section 6 for a detailed explanation.

## **6. INVESTMENT INTEREST**

- 6.1 The Council has now completed the move to reduce its investments held by Investec, which was reported last year. This has had the effect of reducing the investment income earned during the year. However, their performance, in line with general investments, has also been weak and they will not meet the estimate for investment income in the year.
- 6.2 In addition temporary lending opportunities have been limited as the Council has maintained a negative cashflow during the year and relied upon short term borrowing to cover the shortfall.
- 6.3 The HRA interest is calculated according to statute, and has changed to reflect the lower returns from Investec.
- 6.4 In respect of the Icelandic investments, the submissions in support of the Landsbanki and Glitnir test cases have now been filed with the District Court in Iceland. At this point, no trial date has yet been set for either set of cases. It was originally expected that the trial would take place in November, but the LGA's Icelandic legal advisers indicate that January is more realistic, due to a backlog of cases in the district court. There will also likely be interim hearings before the trials to discuss procedural issues such as how to handle expert evidence, but again, no dates have been set. The main issue is that the Council has to account for the impact of the impairments during this financial year. The latest estimate is an impairment of £694,000, but this will change as the results of the court cases are known. The Council is seeking approval from the Government to capitalise this cost.

## **7. BORROWINGS**

- 7.1 The Council has reduced its temporary borrowing over the first six months of the year and as such now has only £10 million of borrowing down from £21.8 million at the start of the year. The £10 million will be renewed when it becomes repayable and will increase towards the end of the financial year. Interest rates remain very low and the Council is keeping borrowing and investments to a minimum. The Council continues to have no long term debt.

## **8. FUTURE POSITION**

- 8.1 Short term borrowing remains very cheap and therefore the Council will continue to utilise this in the short term, however it is important to note that PWLB rates have been increased by approximately 0.85% as a result of the spending review and therefore, with advice from our Treasury advisers, Sterling, the Council will look to move towards long term borrowing at the appropriate time.
- 8.2 Short term investment opportunities remain limited and the Council has continued to use our call account facilities. Under the new accounting regulations, these accounts are classed as cash and we have kept the account limit at £3 million per account. This is £1 million higher than our investment limit, but is considered prudent as we can gain instant access to these accounts.

**9. RECOMMENDATION**

9.1 That the Treasury Management report for the first six months of 2010-2011 be noted.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

**Local Government (Access to Information ) Act 1985 (as amended)**

**Background papers used in compiling the report:**

None

## EXETER CITY COUNCIL

EXECUTIVE  
7 DECEMBER 2010

### 2011/12 BUDGET STRATEGY AND MEDIUM TERM FINANCIAL PLAN

#### 1. PURPOSE OF THE REPORT

- 1.1 To provide a strategic overview of the budgetary position for the 2011/12 financial year and beyond including an indication of the likely level of available resources and the known demand for resources and the proposals to ensure that a balanced budget is achieved.

#### 2. BACKGROUND

- 2.1 Exeter City Council, like all other local authorities and public sector bodies, faces unprecedented reductions in its financial support from Government. The recent spending review announcement on October 20 has shown what the likely scale of the cuts in local authority funding will be. Although precise details will only be known in December when the Formula Grant settlement is published by Government, we as a Council have already started to plan for the likely cuts that we are going to have to make. This will be in addition to savings of more than £3.5 million that have already been made by the Council for the current and previous financial year. The Council's current revenue budget requirement for 2010/11 is £16.821 million of which £12.090 million is funded by the Formula Grant.

#### 3. COMPREHENSIVE SPENDING REVIEW

- 3.1 The spending review sets out real terms reductions of 28% in local authority formula grant funding over the next four years reducing from £28.0 billion in 2010/11 to £21.9 billion in 2014/15. However, it is important to note that:
- This funding reduction is front-loaded and
  - The formula grant figure includes both the £3.4 billion of specific grants that the Government has announced will roll into the general funding system and includes funding for police and fire authorities.
- 3.2 The actual cash reduction in formula grant for local authorities could be as much as 32% with almost 17% of the reduction having to be found next year. For the purposes of budget planning we are currently working on the following scenario:
- **An overall cut of 30%** in Formula Grant, over the next four years with the following phasing of cuts

	<b>Cut £000</b>	<b>Percentage %</b>
Year 1 – 2011/12	1,875	15.5
Year 2 – 2012/13	1,022	8.5
Year 3 – 2013/14	112	0.9
Year 4 – 2014/15	618	5.1
<b>Total</b>	<b>3,627</b>	<b>30.0</b>

#### **4. COUNCIL TAX**

- 4.1 One of the other key announcements within the spending review affecting local authorities was in respect of council tax. Local authorities who freeze their council tax in 2011/12 will have the resultant loss to their council tax income funded at the rate of 2.5% in each year of the spending review period. For the purposes of budgetary planning it is has therefore been assumed that Exeter will also freeze its council tax next year but thereafter it can increase by 2.5% for each year from 2012/13 to 2014/15.

#### **5. NEW HOMES BONUS**

- 5.1 The Coalition Government launched its consultation 'New Homes Bonus' on 12 November. This set out the Government's policy to match fund the additional council tax raised when a new home is built, or a property is brought back into use, with an additional amount for affordable homes. The aim is to reward local authorities who take action now to increase house building. As announced in the Spending Review, the Government has set aside nearly £1 billion over the spending review period and this includes around £200 million to fully fund the scheme in 2011/12. However, funding beyond this level will have to be 'top sliced' from the formula grant settlement which due to the redistributive process of the new homes bonus means that the scheme will create financial winners and losers. The consultation period ends on 24 December and the Council will be responding to the consultation. Although the Council could benefit from the new home bonus reward no assumptions have yet been built into the budget for future years. When it is fully known how the new scheme will work the budgetary impact will be considered as appropriate.

#### **6. OTHER BUDGETARY ASSUMPTIONS**

- 6.1 In working out what this might mean for the Council's future budgets we have to make a number of further assumptions about other key factors which could also have a big impact upon the finances. One of the most significant of these remains concessionary fares, the responsibility and government funding for which transfers next April to the County Council. The details of this funding transfer are complex, but suffice it to say that the worst option currently under consideration by the government could result in a further permanent net loss to Exeter City Council of £1 million per year. Conversely, the best options could see the Council gaining significantly in financial terms from the transfer. Currently, for the purposes of budgetary planning it has been assumed that the loss arising from the transfer of concessionary travel is £500,000.
- 6.2 With regard to inflation, an overall allowance of £100,000 has been set aside for next year. This includes an assumption with regard to increases in pay and increases for utility costs and contracts being offset by increases for fees and charges. For the following three years an overall inflation allowance of £300,000 has been included for planning purposes. The inflationary assumptions that have been included for next year are as follows:

- Pay 1.0% - to cover any pay award and increments
- Utilities 3.0%
- Insurance 3.0%
- Rates 4.5%
- Fuel 3.0%
- General Inflation 1.0% - see para 6.3 below
- Income (excluding car parks) 3.0%



6.3 As a means of finding efficiency savings many non-pay budgets will again not be fully increased for inflation. There will be some exceptions to this in particular where there are ongoing contractual arrangements in place and where the Council has to meet the full price increase e.g. insurance and fuel. Recently released figures show that UK inflation increased in October mainly reflecting changes in fuel prices. The Consumer Prices Index (CPI) measure rose to 3.2%, up from 3.1% in September. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, however fell slightly to 4.5%, down from 4.6% a month earlier. The government target for the CPI measure remains at 2%.

**7. LIKELY REVENUE RESOURCES 2011/12 TO 2014/15**

7.1 The Government is due to announce the provisional grant settlement for local government in early December. Based upon the assumptions above regarding forecast grant reductions and levels of council tax then the resources available to the Council to finance its net revenue budget would be: -

	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
Formula Grant	12,090	10,215	9,193	9,081	8,463
Council Tax	4,730	4,746	4,889	5,036	5,188
Funding for tax freeze	0	119	119	119	119
<b>Resources</b>	<b>16,820</b>	<b>15,080</b>	<b>14,201</b>	<b>14,236</b>	<b>13,770</b>
Increase/(decrease)	293	(1,740)	(879)	35	(466)

**8. ADDITIONAL SPENDING PRESSURES**

8.1 The attached Appendix 1 shows the increases in revenue costs that have been identified so far. For 2011/12 increased revenue costs of some £2,205,000 have been identified and a summary of this amount is also shown below:-

	<b>£'000</b>
Unavoidable or already committed spending pressure	894
Shortfall arising from transfer of Concessionary Travel	500
Proposed new revenue bids	nil
Revenue and borrowing costs of capital programme	<u>643</u>
	2,037

**9. REVENUE SAVINGS AND OTHER BUDGETARY REDUCTIONS**

9.1 In the current year we have already identified some areas where we expect savings to occur that will have an impact next year and these are shown in Appendix 2. The significant reductions that have been identified for 2011/12 are as follows:-

	<b>£</b>
New Leisure Contract	800,000
Additional income from recycling	100,000
Car Park Income	250,000

9.2 Savings proposals to reduce the revenue base budget in 2011/12 by £2.446 million have been identified in order to alleviate the financial pressures that are facing the Council next year. These are in the process of being reviewed by the Resources Member Working Group and will be incorporated within the budget papers that will be presented together with any comments, during the December briefings to Scrutiny Committees to consider next year's budget. However due to the likelihood of further revenue pressures facing the Council beyond 2011/12 other savings will need to be identified for future years.

**10. REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)**

10.1 An updated Medium Term Financial Plan (MTFP) including the impact of the proposed revenue savings is set out in Appendix 3. The MTFP currently indicates that the Council will need to reduce its revenue budget by £2.520 million next year, a further £1.865 million in 2012/13 and a further £1.631 million by the end of 2014/15. This would amount to a **cumulative reduction of £6.016 million over the next four years** as shown in the table below:-

Year	Required Savings £000
2011/12	2,520
2012/13	1,865
2013/14	686
2014/15	945
<b>Total</b>	<b>6,016</b>

**11. ASSET IMPROVEMENTS AND MAINTENANCE (AIM)**

11.1 The draft revenue proposals for 2011/12 include an overall allowance of £1,619,290 for AIM expenditure (£1,513,500 in 2010/11) in order to maintain and service the Council's non-housing properties. Of this amount £1,433,790 will be allocated to meet on-going revenue commitments and £185,500 for high priority service requirements.

**12. CAPITAL PROGRAMME**

12.1 Attached at Appendix 4 is a table setting out the forecast capital resources available for General Fund capital schemes over the next five years. This table is based upon the Council's currently approved capital programme plus proposed new capital bids. It shows that the Council now has to use significant amounts of borrowing in addition to its other capital resources to finance its capital programme requirements. This also has an ongoing impact on the Council's revenue budget. The prudential capital framework enables the Council to borrow within self-imposed targets largely based on affordability. The currently approved programme is due to be reviewed in conjunction with the proposed new capital bids as part of the overall budgetary process.

12.2 It is expected that the available resources for the General Fund Capital Programme (other than borrowing) over the next 5 years will total about £13.4 million and the capital programme that can be funded other than by borrowing is therefore still quite substantial. In terms of the General Fund, the currently approved capital programme and proposed new bids total almost £34 million over the next 5 with a resultant borrowing requirement of £20.9 million.

### **13. RISK ASSESSMENT**

- 13.1 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.
- 13.2 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 Members on any key issues
  - Regular stewardship 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

### **14. RECOMMENDATIONS**

It is recommended that: -

- 14.1 The contents of the report are noted and that the proposals to establish a balanced revenue budget and capital programme are approved.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

None

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	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
<b><u>Unavoidable or Already Committed from Previous Years</u></b>				
<b>E &amp; D</b>				
Concessionary Fares	500			
Planning fees	100			
Car Parks - Fan maintenance	10			
<b>CS</b>				
IT Gov Connect	15			
H B Admin Grant reduction	80			
Housing Benefit Reduction in Subsidy	300			
IT transfer from capital to revenue	60			
Combined Elections		40		
<b>C &amp; E</b>				
Museum - RAMM Re-development	112	223		
Licencing & Commercial - reduced income	20			
Empty Homes - partneship funding	24			
Empty Homes - partneship officer	16			
Strategic Housing - COB fees	27	(27)		
Temporary Accommodation- STA rent	105			
Temporary Accommodation- support worker	22			
Home Improvement Grants -Admin fee reduction	3			
	<b>1,394</b>	<b>236</b>	<b>0</b>	<b>0</b>
<b><u>New Revenue Bids - Recurring</u></b>				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>New Revenue Bids - Non Recurring</u></b>				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Revenue Costs Arising from New Capital Bids</u></b>				
<b>General</b>				
Unsupported Borrowing Costs of Capital - Repayment of Loan	443	284	77	3
Repayment re capitalisation of redundancy	200			
	<b>643</b>	<b>284</b>	<b>77</b>	<b>3</b>
<b>TOTAL</b>	<b>2,037</b>	<b>520</b>	<b>77</b>	<b>3</b>

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	2011/12 £	2012/13 £	2013/14 £	2014/15 £
<b>Corporate</b>				
Cancellation of @UKplc contract	(8)			
Cancellation of AON contract	(6)			
<b>End of non-recurring expenditure</b>				
	(14)	0	0	0
<b>Community and Environment</b>				
New Leisure Contract	(800)			
Leisure Services reduction in staffing	(50)			
New Haulage contract - Recycling	(35)			
Green Accord	(13)	(28)		
RAMM curatorial staff		(50)		
Recycling increased income from price	(100)			
<b>End of non-recurring expenditure</b>				
Revenue Contribution to RAMM	(86)			
	(1,084)	(78)	0	0
<b>Economy and Development</b>				
Rent Reviews Commercial Property	0	0	0	0
Car Park income	(250)			
Tourist Information - vacant post	(7)			
Administration staff savings	(22)			
<b>End of non-recurring expenditure</b>				
Local Development Framework	(40)	(40)		
	(319)	(40)	0	0
<b>Total Proposed Reductions</b>	<b>(1,417)</b>	<b>(118)</b>	<b>0</b>	<b>0</b>

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MEDIUM TERM REVENUE PLAN (2010/11 - 2014/15)

	2010-11 £'000	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
<b>Resources</b>					
Central Government Support	12,090	10,215	9,193	9,081	8,463
Extra grant to compensate for council tax freeze		119	119	119	119
Council Tax - nil increase 2011/12 and 2.5% from 2012/13	4,730	4,746	4,889	5,036	5,188
<b>Likely resources</b>	<b>16,820</b>	<b>15,080</b>	<b>14,201</b>	<b>14,236</b>	<b>13,770</b>
<b>Expenditure</b>					
<b>Service expenditure</b>					
Committee expenditure base budget	17,204	17,583	15,783	14,621	14,312
Inflation		100	300	300	300
Potential increase in service costs		1,394	236	0	0
Repayment of capital borrowing	379	643	284	77	3
Identified reductions / additional income		(1,417)	(118)	0	0
<b>Potential budget reductions</b>		<b>(2,446)</b>	<b>(376)</b>	<b>0</b>	<b>0</b>
Potential Impairment Loss re Iceland	17,583	15,857	16,109	14,998	14,615
Supplementary Budgets	694				
AIM Carry Forward	40				
Net Interest	112	100	100	100	100
Estimated Underspend	(373)				
Provision for Redundancy	1,000				
Capitalisation of Redundancy	(1,000)				
<b>Other funding</b>					
Area Based Grant	18,056	15,957	16,209	15,098	14,715
Contribution to/ (from) earmarked reserves	(58)	(203)	(20)	(176)	0
Contribution to/ (from) balances - Other	(556)	(600)	(500)	(176)	0
	(1,236)	(803)	(520)	(176)	0
<b>Additional Savings Required</b>		<b>(74)</b>	<b>(1,489)</b>	<b>(686)</b>	<b>(945)</b>
<b>Total Net Budget</b>	<b>16,820</b>	<b>15,080</b>	<b>14,201</b>	<b>14,236</b>	<b>13,770</b>
					<b>(3,194)</b>
					<b>0</b>
Opening General Fund Balance	3,898	3,276	2,676	2,176	2,000
Closing General Fund Balance	3,276	2,676	2,176	2,000	2,000
Balance as a percentage of budget	19.5%	17.7%	15.3%	14.0%	14.5%

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GENERAL FUND	2010-11 £	2011-12 £	2012-13 £	2013-14 £	Future Years £	TOTAL £
<b>CAPITAL RESOURCES AVAILABLE</b>						
Usable Receipts Brought Forward	0					
GF capital receipts	360,000	595,000	300,000	300,000	300,000	1,855,000
GF capital receipts from the Canal Basin Redevelopment		1,072,515				1,072,515
Revenue Contributions to Capital Outlay	337,754	281,000	281,000	281,000	281,000	1,461,754
Disabled Facility Grant						
Regional Housing Capital Grant	1,453,623	834,000	834,000	834,000	834,000	4,789,623
Heritage Lottery Fund	1,691,467	965,200				2,656,667
Other - Grants/External Funding/Reserves/S106	1,215,056	309,477				1,524,533
<b>Total Resources Available</b>	<b>5,057,900</b>	<b>4,057,192</b>	<b>1,415,000</b>	<b>1,415,000</b>	<b>1,415,000</b>	<b>13,360,092</b>
<b>GENERAL FUND CAPITAL PROGRAMME</b>						
Committed Capital Programme	19,695,440	8,270,910	1,772,000	1,385,000	650,000	31,773,350
Grant Funded Programmes - Future Years					1,115,000	1,115,000
Proposed New Bids		1,086,000				1,086,000
<b>Total General Fund</b>	<b>19,695,440</b>	<b>9,356,910</b>	<b>1,772,000</b>	<b>1,385,000</b>	<b>1,765,000</b>	<b>33,974,350</b>
<b>ESTIMATED SPEND IN YEAR</b>	<b>15,448,000</b>	<b>11,086,837</b>	<b>3,757,913</b>	<b>1,501,100</b>	<b>1,651,000</b>	<b>33,444,850</b>
<b>UNCOMMITTED CAPITAL RESOURCES:</b>						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	5,057,900	4,057,192	1,415,000	1,415,000	1,415,000	13,360,092
Less carried forward to finance estimated slippage in expenditure	(680,400)	(68,698)	414,598	0	0	(334,500)
Less Estimated Spend in Year	(15,448,000)	(11,086,837)	(3,757,913)	(1,501,100)	(1,651,000)	(33,444,850)
Less Committed Spend in Future Years					(529,500)	(529,500)
Borrowing Requirement	11,070,500	7,098,343	1,928,315	86,100	765,500	20,948,758
Uncommitted Capital Receipts	0	0	0	0	0	0

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## EXETER CITY COUNCIL

EXECUTIVE  
7 DECEMBER 2010

### MASTERPLAN FOR THE FUTURE DEVELOPMENT OF STREATHAM CAMPUS, UNIVERSITY OF EXETER

#### 1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members and agree adoption of the Masterplan as a Supplementary Planning Document.

#### 2 BACKGROUND

- 2.1 In September 2009, PMWG and Executive agreed a draft Masterplan for public consultation. A six week public consultation was undertaken in November and December 2009. The results of that consultation were reported to PMWG in March 2010. PMWG supported adoption of the Masterplan as an SPD subject to two proposed caveats requiring agreement of transport and energy strategies delivering step changes in performance and:

- (i) if sufficient student residential accommodation to cater for the future expansion of the University is not available by the time of the first review of the masterplan in 2015, then the Council will require any shortfall to be met by further accommodation on campus in areas such as East Park

- 2.2 The University responded to the proposed caveats by proposing as an alternative some additional text that could be added to the Masterplan dealing with these issues. These proposals were reported to PMWG in April 2010. Members were content with the proposed amended wording on transport and energy strategy issues. PMWG agreed proposed amended wording for the other issue that was based upon that suggested by the University (the Planning Member Working Group amendments are underlined) :

*The first review in 2015 will include the issue of purpose built student residential provision within Exeter. Should this review identify a potential shortfall over the next five year period in the context of the requirements of the existing Supplementary Planning Guidance, ~~this may give rise to the need to identify~~ the Council will require suitable University owned land in Exeter to be made available for new or increased density student residential provision. or for redevelopment of existing University owned residential holdings in Exeter to a significantly higher density than that which exists at the time of the review.*

The University proposed it use the phrase “this may give rise”, PMWG proposed this be replaced with “the Council will require”. This was not acceptable to the University.

- 2.3 Adoption of the Masterplan was delayed due to this issue. The University recently wrote again to the City Council stating it was largely content with the proposal but it would like the Council to reconsider using “may” instead of “will”. The University argues that “may” is less prescriptive and gives the Council greater flexibility.

2.4 The purpose of the caveat was to put down a clear marker on the importance of this issue. This has largely been achieved through the ensuing negotiations. While “will” provides a greater presumption, there are advantages in the Council having more flexibility to decide its approach at 2015. In the circumstances it is proposed to agree to the proposed amended wording featuring “may”.

2.5 Executive is now asked to adopt the Masterplan as an SPD with the proposed amended wording. Copies of the representations received, the correspondence and the proposed Masterplan for adoption are in the Members Room or can be inspected in Planning Services. A copy of the proposed text to replace with caveats is at Appendix 1.

### **3 RECOMMENDATION**

3.1 That Executive adopts the Masterplan as a Supplementary Planning Document including the proposed additional text in place of the two caveats.

**RICHARD SHORT  
HEAD OF PLANNING AND BUILDING CONTROL**

**ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government (Access to Information) Act 1985 (as amended)**

**Background papers used in compiling this report:**

None

## University of Exeter Streatham Masterplan

### **Suggested wording for insertion into the masterplan in place of the first proposed caveat:**

*Each review of the masterplan, which will be carried out jointly by the University and the City Council, will address the following general points:*

- *what has been achieved to date in terms of implementing the commitments and proposals in the masterplan*
- *what has changed in government education and planning policy affecting the University's future development*
- *what development needs are indicated by the University's latest strategic and estates planning data*
- *what is the up to date regional and local development plan policy context, including monitoring against the nine principles in the adopted University of Exeter Supplementary Planning Guidance (2007)*
- *what needs to change to reflect the above.*

*The first review in 2015 will include the issue of purpose built student residential provision within Exeter. Should this review identify a potential shortfall over the next five year period in the context of the requirements of the existing Supplementary Planning Guidance, the Council may require suitable University owned land in Exeter to be made available for new or increased density student residential provision.*

### **Suggested wording for insertion into the masterplan in place of the second proposed caveat:**

*The University has achieved the Carbon Trust Standard in 2009 for its work in achieving reductions to date, and is one of only 14 UK universities to achieve this, which is demonstration of the University's leading role in the sector. The Carbon Trust Standard certifies that an organisation has reduced its carbon footprint and is committed to making further reductions year on year.*

*The University is currently reviewing its sustainable transport plan and will engage with the City Council in this work. This review is expected to be complete by January 2011.*

*The updated plan is aiming to achieve greater modal shift, getting more staff, student and visitor journeys by public transport, by bike or on foot. It will also aim to reduce solo car journeys. This will be achieved by measures such as increases in parking charges, other changes to the parking regime, promotion of car sharing, improved footpath and cycle links, increased cycle parking, better signing and information.*

*In this context, talks are already underway with bus operators and the County Council regarding improving public transport connections between the Campus and the City, although it must be recognised that public transport provision is subject to the willing economic participation of private providers.*

*The UK Climate Change Act 2008 sets the world's first legally binding reduction targets for greenhouse gas emissions of at least 34 per cent by 2020 and at least 80 per cent by 2050, against a 1990 baseline.*

*The HE sector nationally has agreed that it should commit to this. All HE institutions are called on to contribute to the sector-level target to the best of their ability by reducing their carbon emissions accordingly. From 2011, HEFCE will link capital funding to performance against carbon management plans. The University of Exeter is addressing this through current work in updating its existing carbon management plan.*

*HEFCE's requirements for carbon management plans are that they should include:*

- *A carbon management policy or strategy*
- *A carbon baseline for 2005 that covers all scope 1 and 2 emissions<sup>1</sup>. Institutions are encouraged to measure a baseline for scope 3 emissions and in the longer term HEFCE will expect these to be included.*
- *Carbon reduction targets. These must:*
  - *cover scope 1 and 2 emissions, although institutions may choose to set additional targets for wider aspects*
  - *be set against a 2005 baseline. Institutions may choose to set their reductions in context by setting additional targets against an alternative baseline year*
  - *be set to 2020, because this is the timescale for interim government targets. Institutions may also set interim milestones*
  - *be publicly available.*
- *An implementation plan to achieve absolute carbon emission reductions across scopes 1, 2 and 3 including timescales and resources. These may cover capital projects and actions to embed carbon management within the institution, for example, through corporate strategy, communication and training.*
- *Clear responsibilities for carbon management.*
- *A commitment to monitor progress towards targets regularly and to report publicly annually.*
- *The carbon management plan and targets must be signed off by the University's governing body.*

*HEFCE will ask the University in June 2010 to confirm that it has a carbon management plan which meets the requirements detailed above.*

*The University will share this information with the City Council.*

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<sup>1</sup> The World Resource Institute developed a classification of emission sources around three 'scopes': 'scope 1' emissions are direct emissions that occur from sources owned or controlled by the organisation, for example emissions from combustion in owned or controlled boilers/furnaces/vehicles; 'scope 2' accounts for emissions from the generation of purchased electricity consumed by the organisation; 'scope 3' covers all other indirect emissions which are a consequence of the activities of the organisation, but occur from sources not owned or controlled by the organisation – for example, commuting and procurement.



## EXETER CITY COUNCIL

EXECUTIVE  
7 DECEMBER 2010

COUNCIL  
14 DECEMBER 2010

### NEW EXECUTIVE ARRANGEMENTS UNDER THE LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

#### 1.0 PURPOSE OF REPORT

1.1 To highlight the requirement set out in the Local Government and Public Involvement in Health Act 2007 ("The Act) for authorities to change their Executive Arrangements and move towards either:

(a) A new style of Leader and Executive where the Strong Leader is elected by members of the Council for a four year term or until the leader's term of office ends. The Executive members are appointed by the Leader from members of the Council or

(b) A directly elected Mayor and Executive where the Mayor is elected for a period of four years. The Executive members are appointed by the Mayor from members of the Council.

1.2 The Act requires a meeting of the Council to take place before 31 December 2010 to pass a resolution to move to one of the models set out in paragraph 1.1 above with effect from the third day after Council elections in May 2011.

1.3 Notwithstanding the requirement of the Act identified above, the coalition government has publicised its intention to revoke the relevant provisions in the Act which requires a move to the new style of Executive arrangement.

#### 2. BACKGROUND INFORMATION

2.1 Members will recall that the Local Government Act 2000 introduced fundamental changes to the Council's governance arrangements. In place of the committee system, the 2000 Act introduced a separation of political management arrangements such that there was a clear separation of functions between policy setting, decision making and scrutiny. This meant Councils such as Exeter were obliged to adopt one of the following three Executive models:

- Elected Mayor and Executive Cabinet.
- Leader and Executive Cabinet.
- Elected Mayor and Council Manager.

- 2.2 Exeter City Council elected to adopt the Leader and Executive Cabinet model with the Executive taking collective responsibility for decision making. Under the Council's current constitutional arrangements, the Leader of the Council together with eight other councillors are appointed annually to serve on the Executive. The Leader would normally hold office until the next annual meeting of the Council unless he/she resigns or is suspended from office.
- 2.3 The previous government argued in its White Paper "Strong and Prosperous Communities" that the current Leader and Executive model hampers decision making because the Leader is not authorised to act alone or choose his/her Executive members. In addition, they argued that a Leader facing re election each year may find it difficult to push through decisions which may be unpopular in the short term. As a result, this model has been removed by the Act with effect from May 2011 hence the need to move to a new style Executive.
- 2.4 It is worth noting that the City Council has received a formal letter registering a petition for a directly elected mayor in Exeter from the English Democrats. It would appear that identical registrations are being lodged with a significant number of councils across the country.
- 2.5 The number of signatories needed on such a petition for Exeter is 4315. If 4315 or more valid signatories emerge (after checking against the electoral register) then a referendum must be held. If the referendum resulted in a 'yes' vote then the City Council would be obliged to hold a mayoral election.

### 3. **THE CURRENT POSITION**

- 3.1 The Rt Hon Grant Shapps MP wrote to all council leaders on the 7 July 2010. A copy of this letter is attached to this report as appendix 1. It states that the requirements of the Act

"... necessarily remain in force unless and until that Act is repealed by fresh primary legislation. It is our intention to do this...

In considering how to approach these requirements you will wish to have regard to the circumstances of today, including both the priority of cutting out all wasteful spending and the Government's commitment to allow councils to return to the committee system, should they wish to, and on elected mayors. We intend to remove the necessity to elect a leader for four years. We intend to provide for these commitments in our Localism Bill to be introduced later in this Parliamentary session. This may mean that the Governance model you may adopt in May 2011 may be further changed within a year or so..... Accordingly, the case is strong for any consultation now about future governance arrangements to be the minimal cost option. It will be for each authority to decide, but in our view no more than a small newspaper advert/article or press release on your website may be proportionate and right in these circumstances".

#### 4. **THE NEW EXECUTIVE MODELS**

- 4.1 Unless it is repealed, the Act requires the City Council to move to a new style Executive with effect from the third day after Council elections in May 2011. The Council would be in breach of this legal obligation if it fails to bring about the prescribed changes by the timetable set out in the Act.
- 4.2 In the event the Council fails to implement the changes, the Act provides for the Secretary of State to intervene. Whilst such an intervention seems unlikely, failure to resolve to move to a new style of Executive by the 31 December 2010 will bring with it a much greater risk that all decisions made by the Executive after May 2011 could be subject to challenge on the basis that the new Executive is not properly and legally constituted.
- 4.3 The new style Executive must be either one of the following:
- (a) New style Strong Leader who chooses his/her own Executive Cabinet – that is an indirectly elected Leader with a four year term.
- (b) Directly elected Mayor and Executive Cabinet with a four year term.
- 4.4 The Act does not change any other element of the constitutional framework introduced by the 2000 Act. In other words, full Council would continue to set the council tax, approve the budget and formulate the policy framework within which Executive decisions have to be made.
- 4.5 No changes in relation to Scrutiny arrangements are proposed. In addition, “regulatory functions” such as Planning and Licensing remain the same since they are not the responsibility of the Executive.

#### 5. **New style Strong Leader and Executive Model:**

- 5.1 Under the new model, the Leader would continue to be elected by full Council although his/her term of office would be extended to four years (or until his/her term of office ends) instead of the one year currently prescribed.
- 5.2 Under this new model, the Leader could:
- Be responsible for all Executive functions.
  - Determine the size of the Executive having a maximum of 10 and a minimum of 2 members.
  - Appoint/remove a Deputy Leader and Executive members.
  - Decide whether to delegate functions to the Executive, individual councillors and officers.
- 5.3 Full Council would be able to remove the Leader provided the Council’s constitution provided for this. In the event members decide to move to a Strong Leader model, then it is suggested that Council’s constitution should be amended to provide for this.

#### **5.4 How would this affect the way the Executive works in Exeter?**

5.5 Exeter City Council currently requires all the political groups to be represented on the Executive made up of up to ten members. The Leader, together with eight other Members are appointed to the Executive by full Council on the nomination of the Leader and group Leaders. In the event that Members decide to opt for the Strong Leader Model, members could agree to continue with this arrangement by way of “convention” which would be included in the Constitution.

5.6 In addition, Members can agree to continue Exeter’s current practice of having collective decision making at Executive i.e. no individual member shall have power to make decisions on his/her own. Again this could be catered for by way of “convention”.

5.7 The role of the Lord Mayor would continue unchanged under this new style of Executive arrangement.

#### **6. Directly elected Mayor and Executive:**

6.1 Under this new model, the directly elected Mayor would be chosen through an election by the electorate.

6.2 The Mayor would be elected for a four year period. However, he/she could not be removed by full Council.

6.3 Like the Strong Leader and Executive model, the directly elected Mayor would have the same powers as the Leader as is set out in paragraph 5.2 above.

#### **7. CONSULTATION**

7.1 The Act requires public consultation seeking the views of the local residents as to what their preferred model would be.

7.2 The Council must have regard to the consultation response and must take this into account when reaching a final conclusion as to which model to adopt. The Council is entitled to take other factors into account and has a specific duty to consider the extent to which the proposals if implemented would be likely to assist in securing continuous improvements in the way in which the Council’s functions are exercised having regard to economy, efficiency and effectiveness.

7.3 Given the Government’s published intention to revoke the legal requirement to move to the new Executive arrangements, there is clearly a balance to be struck between the legal requirement to move to a new Executive model to avoid the possibility of future challenges to Executive decisions after May 2011 and the desirability of ensuring tax payers’ money is not wasted on unnecessary consultation.

7.4 The Council must be prepared to move to the new Executive arrangements by May 2011 in the event this legislation is not repealed. As a result, a consultation exercise seeking the views of the local electorate as to which style of Executive model to adopt was commenced by way of Media release dated 21 October and sent to:

- Express & Echo
- Western Morning News
- BBC T.V Spotlight
- BBC radio Devon
- Heart FM
- Exeter FM
- Exeter City Council's web site

A copy of this media release is attached to this report as Appendix 2. The consultation responses received are set out in Appendix 3 to this report.

7.5 Once the new style Executive arrangement has been agreed by Council, a public notice in one or more of the local newspapers must be published setting out:

- (a) The main feature of the new executive arrangement.
- (b) When the new Executive arrangement will come into force.
- (c) The address of the Council's principal office and also stating that the provisions of the new arrangement will be made available at the office for inspection on an appointed date specified in the notice.

## 8. **RECOMMENDED that:**

8.1 Having regard to the views of interested persons and the electorate into account, Executive recommends to Council one of the following styles of Executive arrangement to be adopted with effect from May 2011:

- (a) The Strong Leader with Executive model or
- (b) The directly elected Mayor with Executive model.

8.2 In the event that the Strong Leader model is adopted and in the event the legislation is not repealed in time, then the Assistant Chief Executive be authorised to make any associated and necessary changes to the Council's Constitution in accordance with paragraphs 5.3, 5.5 and 5.6 above to be effective from May 2011.

8.3 That the Assistant Chief Executive be authorised to publish a notice in accordance with paragraph 7.5 of this report.

**Baan Al-Khafaji**  
**Head of Legal Services and Monitoring Officer**

## **Corporate Services Directorate**

The Local Government and Public involvement in Health Act 2007.  
The Local Government Act 2000



Leaders of Non-Metropolitan District Councils  
in England

The Rt Hon Grant Shapps MP  
*Minister for Housing and Local Government*

*Department for Communities and Local  
Government*

Eland House  
Bressenden Place  
London SW1E 5DU

Tel: 0303 444 3460

Fax: 020 7828 4903

E-Mail: [grant.shapps@communities.gsi.gov.uk](mailto:grant.shapps@communities.gsi.gov.uk)

[www.communities.gov.uk](http://www.communities.gov.uk)

7 July 2010

Dear Leader

**Requirement to consult under the Local Government and Public Involvement in  
Health Act 2007**

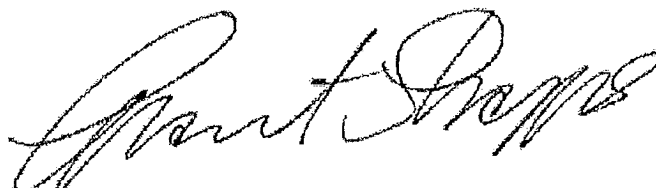
I am writing to you about the requirements on your council to adopt a new governance model from May 2011, and before doing so to consult your local electorate and interested parties in the area. Whilst it is for each council to decide how it will meet these requirements, I would wish to highlight the Government's view that councils need not incur any significant expenditure on these requirements, and our expectation in today's circumstances that all councils will pursue this at minimal cost.

These requirements are in the Local Government and Public Involvement in Health Act 2007 and necessarily remain in force unless or until that Act is repealed by fresh primary legislation. It is our intention to do this. For your council the requirements mean that you must resolve by 31 December 2010 to move to either the new leader and cabinet model or mayor and cabinet model, and before so resolving you must take reasonable steps to consult the local electorate and other interested parties in your council's area.

In considering how to approach these requirements you will wish to have regard to the circumstances of today, including both the priority of cutting out all wasteful spending and the Government's commitments to allow councils to return to the committee system, should they wish to, and on elected mayors. We also intend to remove the necessity to elect a leader for four years. We intend to provide for these commitments in our Localism Bill to be introduced later in this Parliamentary session. This may mean that any governance model you adopt in May 2011 may be further changed within a year or so. Your decisions about consultation will also be taken in the context of the greater transparency and openness agenda which I am confident you will be putting in place throughout your council.

Accordingly, the case is strong for any consultation now about future governance arrangements to be the minimal cost option. It will be for each council to decide, but in our view no more than a small newspaper advert/article or press release on your website may be proportionate and right in these circumstances.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant Shapps', written in a cursive style.

**GRANT SHAPPS MP**



21 October 2010

Sent

PR 864

## NEW MODELS FOR LEADERSHIP

The city council is consulting on two options for the future decision-making of the Council. This results from legislation from the last government which requires councils to adopt one of two new models: strong leader and executive cabinet or directly elected mayor and executive cabinet.

In both models the Leader or Elected Mayor has a lot more power than under the current arrangements. They are responsible for all the key decisions. They can decide how large an executive cabinet they want, as many as ten councillors or as few as two. They have the power to appoint or remove a Deputy Leader and Executive members at will and can decide how far to delegate powers to executive councillors, other councillors or council officers.

The main difference between the options is that the Strong Leader is a councillor who is elected to the position by the other councillors, whereas the Directly Elected Mayor is elected by the public. Both have a four year term of office or, in the case of the Strong Leader, until they are due for re-election if that is earlier.

A further complication is that the new coalition government has said it fully intends to repeal this provision of the Act - but until it actually does so the Council must continue to implement the Act, in order that its actions are lawful.

Currently the City Council has an Executive which collectively has responsibility for key decisions. The Leader of the Council together with eight other councillors are appointed annually to serve on the Executive by all the councillors at full Council.

The Council is obliged to hold a referendum if it receives a petition asking for an Elected Mayor signed by more than 5% of the city's electors and must abide by the result of the referendum.

The Strong Leader model should cost no more than the current arrangements. However, there is a significant cost in holding a referendum for the Elected Mayor, which the council currently estimates as around £130,000 every four years. There will also be additional costs for member allowances and office support.

The options arise from the Local Government and Involvement in Health Act 2007. The Council has to undertake a consultation on the models and adopt one of the two models by the end of 2010 ready to start the new arrangements after elections in May 2011.

Anyone who would like to give their view on the proposals can do so online at <http://www.exeter.gov.uk/executiveconsultation> or by writing to Baan Al-Khafaji, Head of Legal Services, Exeter City Council, Civic Centre, Paris Street, Exeter, EX7 1JN. All views must be received by 5pm on Friday 12 November.

## Consultation on new Executive Arrangements

Exeter City Council ("the Council") is reviewing its executive arrangements in accordance with the Local Government and Involvement in Health Act 2007 ("The Act") which requires the Council to change its executive arrangements to one of the following two executive options:

1. Strong leader and executive cabinet.
2. Directly elected mayor and executive cabinet.

### The options:

Under the Act, the Council must opt for one of the following two options:

1. **Strong Leader and executive cabinet** which comprises a councillor elected as Leader by the council for a four year term (or for so long as he/she is in office).

Under this model, the Leader would then:

- Be responsible for all executive functions.
- Determine the size of the executive having a maximum of 10 and a minimum of 2 members.
- Appoint/remove a Deputy Leader and Executive members.
- Decide whether to delegate functions to the executive, individual councillors and officers.

2. **Directly elected mayor and executive cabinet** which comprise the directly elected Mayor who would remain in office for a four year period. The directly elected Mayor would have the same powers as the strong Leader as is set out above.

The key difference between the two models is how they are appointed and removed from office. The directly elected mayor is not a councillor and is chosen in a separate election. Unlike the strong leader, he/she cannot be removed from office by the Council.

### The current arrangement

Under the existing arrangement the Council has an executive which takes collective responsibility for decision making. The Leader of the Council together with eight other councillors are appointed annually to serve on the executive. The members of the executive are appointed annually by full Council.

#### What happens to the Lord Mayor and other decision making?

There would be no change to the Lord Mayor's office under the strong Leader model. However, confusion may arise if an executive mayor was elected since the Lord Mayor would still continue to act in a ceremonial, non-political way.

### Referendum

The Council is obliged to hold a referendum if it receives a petition asking for an elected Mayor signed by more than 5% of the City's electors. Where a referendum is held, the Council must abide by the voters decision.

#### What about the costs of this?

The strong Leader model would cost no more than the current arrangement. However, there would be a significant cost of holding a referendum/election estimated in the region of £120,000 - £130,000 every four years.

### Timetable

### Comments from members of the public regarding consultation exercise on New Executive Arrangements

1.	Stop messing with governance changes and focus on delivering services. A loud NO to any change.
2.	My view is that the Council should adopt the Strong Leader option. Elected Mayors are an expensive gimmick which will not improve the performance of the Council, or accountability to the public, or return any enhanced value for money. In short, the concept of elected mayors is plain silly.
3.	Neither model being offered would be an improvement. What Exeter needs is unitary status with no change to electoral and mayoral arrangements.
4.	<p>I don't often read the Express and Echo but I was surprised to see the news item about this topic on 21<sup>st</sup> October. Presumably there is a Localism BILL and not yet an ACT.</p> <p>I never really understand the subtle differences between an Elected Mayor and a Strong Leader. I suppose it is mainly a question of public relations and allows the media to focus on one person (they like that – see Green Party). We hear a lot about Nick Bye as Elected Mayor of Torbay. In the circumstances I suggest you go for the Strong Leader as this will be less visible and most people won't understand the point anyway. There is already a Leader but the problem is the lack of a clear party political majority. If he was called the Strong Leader this would have unfortunate overtones of North Korea.</p> <p>After the farce of unitary status I suggest the less visible the changes are the better. I assume there are no current proposals for reorganisation.</p>

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## EXETER CITY COUNCIL

EXECUTIVE  
7 DECEMBER 2010

### PETITION FROM RESIDENTS OF ST JAMES WARD – ARTICLE 4 DIRECTION

#### 1 PURPOSE OF REPORT

1.1 To brief Executive on a petition, received on 1 December 2010, from residents of St James Ward with 772 signatures.

1.2 The petition states:

*We the undersigned request that Exeter City Council, as a matter of urgency, implement planning policies, including Article 4 Direction, which:*

1. *Prevent any further conversions to HMOs, except in those streets where the existing high number of HMOs has already significantly harmed the family residential character and where, therefore, it may be in the resident's or residents' interest to allow further conversions;*
2. *Provide for all future Exeter University student accommodation in purpose-built developments on the campus itself or on discrete (individually distinct or separate) sites outside St. James' and other established residential neighbourhoods;*
3. *Strengthen the residential character and community cohesion of St. James' Ward, including the identification of sites for new family accommodation in order to help reverse the harmful studentification process.*

#### 2 BACKGROUND

2.1 Executive considered a report on 28 September regarding proposals to make an Article 4 Direction and to review the Council's policies on student accommodation in residential areas.

2.2 Executive resolved:

- (1) *authority be delegated to the Head of Planning and Building Control, in consultation with the Portfolio Holder Sustainable Development and Transport to make an Article 4 Direction covering the area shown on Plan 1, to remove permitted development rights for changes of use from Class C3 dwellings to Class C4 (small HMOs) with twelve months notice and to consider any representations made and, if appropriate, confirm any direction with or without amendment; and*
- (2) *officers undertake informal consultation on amending Council policy on student accommodation in residential areas, as outlined above and report back to Planning Member Working Group on a draft amended document for further public consultation.*

### **3 PROPOSED RESPONSE TO PETITION**

- 3.1 Executive has delegated authority to the Head of Planning and Building Control, in consultation with the Portfolio Holder Sustainable Development and Transport, to make an Article 4 Direction and consider any representations received. A meeting has been arranged for Members of the six affected Wards on 14 December to brief them on the results of the consultation and receive feedback before the delegated power is exercised later this month.
- 3.2 The petition requests the Council to implement an Article 4 Direction as a matter of urgency. This will therefore be considered as a comment in support of the Article 4 Direction in association with any other representations received. It is understood that the reference to urgency is due to the twelve months notice proposed before the Direction takes effect. This is provided to avoid any compensation liability and was decided by Executive on 28 September 2010.
- 3.3 The three sub-clauses of the petition all relate to future planning policy. It is proposed that these issues be referred initially to Planning Member Working Group in accordance with the second part of Executive's previous resolution.

### **4 RECOMMENDATION**

- 4.1
- i) That the petition in respect of the proposed Article 4 Direction be considered by the Head of Planning and Building Control, in consultation with the Portfolio Holder Sustainable Development and Transport, in association with other responses to the recent consultation exercise.
  - ii) That any other petitions received on the proposed Article 4 Direction be treated in the same manner.
  - iii) That the representations in respect of future policy on HMOs, purpose built university related accommodation and strengthening the character of St James Ward be referred to Planning Member Working Group for initial consideration.

**RICHARD SHORT  
HEAD OF PLANNING AND BUILDING CONTROL**

**ECONOMY AND DEVELOPMENT DIRECTORATE**

**Local Government (Access to Information) Act 1985 (as amended)**  
**Background papers used in compiling this report:**  
File on Article 4 Direction

By virtue of paragraph(s) 1, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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