

4	<u>CAPITAL MONITORING STATEMENT TO DECEMBER 2009</u>	
	To consider the report of the Head of Treasury Services.	9 - 20
	Scrutiny Committee – Resources considered the report at its meeting on 24 March 2010 and comments will be reported.	
	(Report circulated)	
5	<u>ICELANDIC BANKS - FINANCIAL UPDATE</u>	
	To consider the report of the Head of Treasury Services.	21 - 28
	Scrutiny Committee – Resources considered the report at its meeting on 24 March 2010 and comments will be reported.	
	(Report circulated)	
6	<u>CORPORATE GOVERNANCE RISK REGISTER - ANNUAL REVIEW</u>	
	To consider the report of the Head of Audit Services.	29 - 32
	Scrutiny Committee – Resources considered the report at its meeting on 24 March 2010 and comments will be reported.	
	(Report circulated)	
7	<u>ANNUAL SUSTAINABLE PROCUREMENT AND COMMISSIONING REPORT 2010/11</u>	
	To consider the report of the Head of Contracts and Direct Services.	33 - 40
	Scrutiny Committee – Resources considered the report at its meeting on 24 March 2010 and comments will be reported.	
	(Report circulated)	
8	<u>EXETER NORTHCOTT THEATRE - UPDATE</u>	
	To consider the report of the Head of Economy and Tourism.	41 - 42
	(Report circulated)	

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

9 **FUTURE OF BUILDING AND ELECTRICAL SERVICES TEAM (BEST)**

To consider the report of the Head of Contracts and Direct Services on a proposal for the retention of a core building and electrical support service to the Council. 43 - 54

Scrutiny Committee – Resources considered the report at its meeting on 24 March 2010 and comments will be reported.

(Report circulated to Members)

10 **UPDATE ON THE RAMM DEVELOPMENT PROJECT**

To consider the report of the Head of Leisure and Museums updating members on the RAMM Development Project. 55 - 58

Scrutiny Committee – Resources considered the report at its meeting on 24 March 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 15 June 2010** 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 Fullam (Chair), S Brock, Cole, Edwards, Mrs Henson, Mitchell, Mrs J Morrish, Newton and Wadham

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.

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Agenda Item 3

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 24 MARCH 2010

EXECUTIVE
13 APRIL 2010

THIRD QUARTER OVERVIEW OF GENERAL FUND REVENUE BUDGET 2009/10

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget after nine months, for the 2009/2010 financial year.

2. REVENUE POSITION – EXECUTIVE SUMMARY

FUND	Latest Approved Budget	Stewardship Variance December 2009	Outturn Forecast 2009/10
	£	£	£
General Fund	19,912,850	(1,045,140)	18,867,710
HRA*	(682,100)	(44,065)	(726,165)
* Net deficit			

GENERAL FUND – Appendix A

- 2.1 The Service Committee budgets shows a forecast under spend of £512,550 (2.6%) against a revised Service Committee Net Expenditure budget of £19,812,850 and an overall under spend of £1,045,140 against the General Fund Expenditure including investment interest, Business Growth Incentive Grant and the provision for redundancy.
- 2.2 The pay settlement for 2009/10 has been agreed at 1%. The budgets for 2009/10 included a provision of 1.5% for the pay award and there is therefore a saving on pay budgets. This saving has been reflected within the individual Scrutiny Committees.
- 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 over spend of £103,490)**

In Museums Services, there is additional expenditure in respect of business rates and utility costs for the library facilities. Premises maintenance costs are also expected to exceed the budget for the Royal Albert Memorial Museum. This has been partly offset by savings from vacant posts. The net overspend is estimated at £6,820.

Environmental Protection Services have an increase in cost in respect of the service for the Home Call Alarm equipment and a reduction in grant income from the Department of Health. Additionally, a one-off adjustment has been made to properly reflect income in the correct year it relates to. The current overspend is anticipated to be £70,380.

There is estimated additional expenditure in respect of the use of Private Sector Leasing, bed and breakfast accommodation and Serviced Temporary accommodation. This is due mainly to an increase in PSL void properties prior to hand back and an increase in the cost of bed and breakfast over the first quarter together with an increase in the number of rooms available under Serviced Accommodation. The forecast overspend is £262,340.

These overspends have been partly offset by additional income from Licensing activities (£49,550) and net income from trade recycling and garden waste (£53,580); savings from a vacant post and a reduction in agency staff in Grounds Maintenance (£40,920) and some savings in other minor costs.

2.3.2 Scrutiny Committee Economy – (An over spend of £97,540)

There is a reduction in Car Park income and Building Control fees due to the general downturn in the economy resulting in a predicted shortfall of £245,260.

Additional expenditure has been incurred in Economic Development on a variety of projects, as agreed by the Executive, in response to the recession. These projects will be funded from the earmarked reserve set up at the end of 2008-09. The overspend totals £80,600.

The overall income levels for the Archaeological Field Unit are projected to be down for the year. This is due to the increasingly competitive nature of the service market. Costs in respect of redundancy have also been incurred. The total overspend is forecast to be £281,180.

Planning fees are also expected to be lower than budgeted due to the general downturn in the economy, however these have been more than offset by staffing savings resulting in an anticipated underspend of £377,180.

Additional income from the Markets and Halls (£86,360), and additional rental income from Commercial properties (£91,390) mainly as a result of lease renewals have also offset the additional costs within the rest of the Committee.

2.3.3 Scrutiny Committee Resources – (An under spend of £713,580)

As a result of the delay in announcing the final decision in respect of the Local Government Review (LGR), the £1 million of funding allocated for the implementation of LGR including mobile working has yet to be committed. This is estimated have a significant impact upon the revenue budget (under spend of £768,910) in 2009/10.

It is estimated at the end of the second quarter that there will be a net increase in Housing Benefits subsidy The total is £172,290 which is 0.47% of the total Housing Benefits Subsidy (£36,698,150).

There has also been additional income in respect of revised rental at a shop attached to the Guildhall civic building (£28,450), some savings from staff vacancies and maternity leave in Chief Executive Services (£41,120) and savings from vacancies in Treasury Services. This has been partly offset by redundancy and early retirement costs and an increase in audit fees and bank charges.

3. OTHER FINANCIAL VARIATIONS

- 3.1 There is a net transfer from Earmarked Reserves of £183,070 including £125,000 from the LABGI funding for the recession reserve, £140,000 from the Leisure Contract reserve, £21,420 from the Building Control reserve, £18,950 from the Empty Homes reserve, £5,190 from the Housing Market Assessment reserve, £5,000 from Travelsmart reserve and £9,590 from the vehicle licensing reserve. There is a £10,000 contribution to the Licensing reserve and £132,080 contribution to the Planning Delivery Grant reserve.
- 3.2 There is a reduction of £43,990 in respect of the Business Growth Incentive Grant as a result of the Government's redistribution of grant monies.
- 3.3 A provision of £500,000 was made for redundancy and currently £176,080 has been incurred under Service Committee Net Expenditure. The government have allowed us to capitalise this expenditure, which has therefore been removed from the revenue position.
- 3.4 The overall net transfer from the General Fund Working Balance is estimated to be £2,157,264 at 31 March 2010 after accounting for July approved supplementary budgets of £456,220.

4. HOUSING REVENUE ACCOUNT (HRA)

During this period the total of the variances indicate that there will be a net deficit of £726,165 which will be taken from the working balance at 31 March 2010. £682,100 relates to a planned reduction in the working balance to provide for revenue contributions to capital expenditure and £44,065 is the estimated additional deficit identified at the end of the third quarter stewardship. It is estimated that the working balance will stand at £2,132,100 at 31 March 2010.

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 2008 stood at £3.959m, at 31 March 2009 it was £4.061m and by October 2009 it was £3.001m. By December 2009 it was £3.571m. An aged debt analysis is shown below, which demonstrates that of the £3.571m debt, £1.16m is less than 30 days old. Debt over 30 days old has decreased over the year from £2.691m to £2.411m.

Age of Debt	December 2009	October 2009	March 2009	December 2008
Up to 29 days (current)	£1,161,129	£708,672	£1,724,055	£1,267,743
30 days – 1 Year	£1,258,539	£1,153,907	£1,309,735	£1,600,756
1 – 2 years	£384,230	£383,548	£304,504	£329,621
2 –3 years	£226,147	£198,437	£158,055	£221,535
3 – 4 years	£155,938	£158,512	£220,090	£171,663
4 – 5 years	£97,901	£117,213	£117,505	£121,193
5 + years	£287,866	£280,826	£227,459	£246,581
Total	£3,571,750	£3,001,115	£4,061,403	£3,959,091

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

	Outstanding debt – December 2009 £
▪ Commercial rent	£555,524
▪ Trade waste	£105,187
▪ Service charge and ground rent for leasehold flat owners	£68,354
▪ Home call alarms	£7,294
▪ Housing benefit overpayments*	£1,030,317
▪ Engineering	£59,423
▪ AFU	£266,292
▪ Economy & Tourism	£31,579
▪ HRA	£61,197
▪ General Fund Housing	£142,233
▪ River & Canal	£60,222

* 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.

6. CREDITOR PAYMENTS PERFORMANCE

The creditors' payments in respect of the Statutory Performance Indicator BVPI8 shows that the percentage paid within 30 days was 96.2% for the first three quarters of 2009/10 compared with 85.3% for the first three quarters of 2008/09. Work with the software supplier, together with staff development on the new operating system has improved the overall performance. Work is continuing to increase performance further.

7. TREASURY MANAGEMENT UPDATE

- 7.1 Iceland investments – The winding up boards of the two Icelandic Banks have formed differing judgements in respect of Local Authority creditors. Landsbanki have confirmed Local Authorities as priority creditors. Glitnir however have determined that Local Authorities are not priority creditors. Both decisions however are to be challenged in the Icelandic courts. If the Glitnir decision is upheld, the anticipated recoverable amount reduces from 100% to 31%. The anticipated recovery rate for Landsbanki with priority status is 88% dropping to 36% if priority status is lost.
- 7.2 The table below compares the Council's investment and borrowing levels at 31 March 2009 and 31 December 2009.

Date	Investments £m	Borrowing £m
31 March 2009	26.091	18.000
31 December 2009	16.754	7.950
Reduction since 31 March 09	(9.337)	(10.050)

Detailed Treasury Management reports will be presented to Scrutiny Committee – Resources and the Executive Committee on a half yearly basis in November and June each year.

8. CONCLUSION

- 8.1 The forecast decrease in Service Committee net expenditure for 2009/10 totals £510,960 including the supplementary budgets of £456,220. This together with transfers from Earmarked Reserves and the reduction of £43,990 from the Business Growth Incentive Grant will result in a transfer of £2,157,264 from the Working Balance.
- 8.2 The forecast General Fund Working Balance at 31 March 2010 is £3,425,849 and equates to 17.2% of the budgeted General Fund net expenditure.
- 8.3 It is estimated that the HRA working balance will stand at £2,132,100 at 31 March 2010.
- 8.4 The Icelandic banks have come to different conclusions regarding Local Authority creditors. This will now be resolved in the Icelandic courts.
- 8.5 The creditor's payment performance has been maintained at 96.2%.

9. RECOMMENDATION

It is recommended that:

- The General Fund forecast financial position for the 2009/10 financial year is noted.
- The HRA forecast financial position for 2009/10 financial year is noted.
- The outstanding Sundry Debt position as at 31 December 2009 is noted.
- The recovery position of Icelandic investment is noted.
- The Statutory Performance Indicator BVPI8 for creditor's payments is 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
2009-2010 REVENUE ESTIMATES - SUMMARY
as at 31 December 2009

APPENDIX A

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Forecast £	Variance to Budget £
SCRUTINY - COMMUNITY	16,716,480	238,120	16,954,600	17,058,090	103,490
SCRUTINY - ECONOMY	1,121,770	125,930	1,247,700	1,345,240	97,540
SCRUTINY - RESOURCES	5,813,350	92,170	5,905,520	5,191,940	(713,580)
less Notional capital charges	(3,174,750)		(3,174,750)	(3,174,750)	0
Deferred Charges	(2,392,750)		(2,392,750)	(2,392,750)	0
FRS17 Pension Adjustment	1,272,530		1,272,530	1,272,530	0
<u>Service Committee Net Expenditure</u>	19,356,630	456,220	19,812,850	19,300,300	(512,550)
Net Interest	(300,000)		(300,000)	(200,500)	99,500
Business Growth Incentive Grant	(100,000)		(100,000)	(56,010)	43,990
Capitalisation of redundancy	500,000		500,000	(176,080)	(676,080)
<u>General Fund Expenditure</u>	19,456,630	456,220	19,912,850	18,867,710	(1,045,140)
Transfer To/From(-) Working Balance	(1,997,254)	(456,220)	(2,453,474)	(2,157,264)	296,210
Transfer To/From(-) Earmarked Reserves	(932,000)		(932,000)	(183,070)	748,930
<u>General Fund Net Expenditure</u>	16,527,376	0	16,527,376	16,527,376	0
Formula Grant	(11,892,916)		(11,892,916)	(11,892,916)	0
<u>Council Tax Net Expenditure</u>	4,634,460	0	4,634,460	4,634,460	0

March 10

£ 3,425,849

£ 5,583,113

March09

Working Balance

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 24 MARCH 2010

EXECUTIVE
13 APRIL 2010

CAPITAL MONITORING STATEMENT TO DECEMBER 2009

1.0 PURPOSE OF THE REPORT

1.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, it is necessary to monitor performance against the prudential indicator for capital expenditure and highlight significant deviations from expectations. This report therefore sets out the current position in respect of the Council's annual capital programme and advises Members of the anticipated variations.

2.0 BACKGROUND

2.1 Local authorities are required to estimate the total of capital expenditure that it plans 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 This report is prepared on a quarterly basis in order to update Members with any known cost variations, slippage or acceleration of projects.

3.0 REVISIONS TO THE CAPITAL PROGRAMME

3.1 The 2009/10 Capital Programme, including commitments brought forward from 2008/09, was last reported to Scrutiny Committee - Resources on 25 November 2009. Since that meeting the following changes have been incorporated into the programme:

Description	£	Approval/funding
Capital Programme, as at 25 November 2009	25,307,040	
Budget Deferred to 10/11	(1,421,010)	
Overspends/Underspends	(240,180)	Approved by Executive 8 December 2009
Replacement of Home Call Equipment	58,800	Additional budget approved by Executive 24 November 2009
RAMM Redevelopment	20,000	Additional budget approved by Executive 15 September 2009
RAMM Redevelopment	1,440,810	Additional budget approved by Executive 8 December 2009

Soil Erosion at Clifton Hill	100,000	Additional budget approved by Executive 8 December 2009
Social Housing Grants	(15,000)	Transferred to Revenue
Canal Basin	18,250	Additional external contributions and capital receipts
Energy Conservation	46,100	External funding secured from utility companies
National Cycle Network	61,740	Contribution from DCC
National Cycle Network	2,000	Contribution from RSPB
Old Paper Mill, Countess Wear	5,000	Revenue contribution to capital outlay
18 North Street Panelling	4,000	Contribution from Exeter Historic Buildings Trust
18 North Street Panelling	1,160	Additional contribution from the Conservation Reserve
Revised Capital Programme	25,388,710	

4.0 MONITORING PERFORMANCE

- 4.1 In order to help improve overall delivery and monitoring of the capital programme schemes have been placed within two categories, C1 and C2. Category C1 is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales. Conversely, Category C2 is for those schemes that the Council is less certain of being able to deliver primarily due to factors outside the control of the Council.
- 4.2 The categories do not extend to the HRA Capital Programme as it was hoped that the full programme would be deliverable within planned timescales due to the Council's commitment to achieving the Decent Homes Standard.

5.0 PERFORMANCE

5.1 Projected Outturn

The capital programme for the current financial year is £25,388,710. It is projected that £1.565 million of the programme will need to be carried forward into future years. For details, please refer to Appendix 1 and to the explanations below.

5.3 Progress

During the first nine months of the current financial year the Council spent £10,560,958 of the 2009/10 Capital Programme.

- 5.4 This equates to 41.6% of the revised Capital Programme being spent in the first nine months of 2009/10, compared to £10.16 million (48.4%) being spent in the first nine months of 2008/09.

- 5.5 The table below sets out how the Council is performing in terms of capital expenditure, compared to the same time last financial year, analysed by category:

Category	2009/10 Expenditure 3rd Quarter	2008/09 Expenditure 3rd Quarter	2009/10 Expenditure expressed as percentage of Capital Programme	2008/09 Expenditure expressed as percentage of Capital Programme
C1	5,950,100	4,764,515	40.7%	52.7%
C2	1,349,816	1,888,729	27.3%	33.5%
HRA	3,261,042	3,503,556	55.8%	55.7%
Total	10,560,958	10,156,800	41.6%	48.4%

6.0 VARIANCES AND ACHIEVEMENTS

6.1 The main variances and achievements are as follows:

6.1.1 Community & Environment

Cultural City

- **Old Paper Mill Countess Wear (Budget £30,130)**

The mill is a Grade II Listed Building. The works have brought the mill up to a standard where it is safe and is no longer deteriorating. The building can now be opened to the public for guided walks, the first of these will take place during 2010.

There was an overspend on the budget because repairs, that were more extensive than anticipated, were required on some items. This was due to the age of the building and the difficulty sometimes of knowing precisely what works would be required until work had actually started. In particular, extra works were required on the leat wall, roofing timbers, foundations and the southern gable end.

- **Play Area Refurbishments (Budget £280,230)**

Floodlight columns have been installed at the Multi Use Games Area at Pendragon Road and will be made operational during Spring 2010.

Play equipment at Summerway Park was installed in February 2009 and is proving a success. The remainder of the budget will fund a teen shelter, picnic table, handrail for the path and additional play equipment.

A range of outdoor fitness equipment for teenagers and adults and an outdoor table tennis table (both unique for parks in Exeter) have been installed at Belmont Park.

The Countess Wear Multi Use Games Area initial public consultation phase has been completed, and a formal planning application has been submitted. It is anticipated that the facility will be installed in late Spring/early Summer 2010.

A Multi Use Games Area and an extensive range of play facilities have been provided at Kings Heath Park and this is now the best equipped play area in the city. It is planned to provide additional seating at the site this financial year.

Work has begun on installation of the children's play area and landscaping at Wyvern Park. Work should be completed by Spring 2010.

6.1.2 Economy & Development

Accessible City

- **National Cycle Network (Budget £212,440)**

Sections completed this year include the Hamlin Lane Cycle Pad, Wonford Playing Fields Cycleway, Lighting at the Library Fields Cycleway, and Dix's Field Cycle Racks. The majority of these schemes are fully funded by Devon County Council who reimburse us for the costs of the work done and ECC officer time.

Cultural City

- **Corn Exchange Enhancements (Budget £143,490)**

A revised scheme for the proposed toilet refurbishment is out to tender and work likely to commence in the new financial year. Once the cost of this work is known, the residual budget will be used to carry out further prioritised improvements covered by this allocation.

Prosperous City

- **Canal Basin and Quayside (Budget £984,350)**

Work on the contract for the new road/car park/boat storage area commenced in November and is on schedule to complete in the Spring. The first phase of the optic fibre cable link to Exton Road has been completed, with the final phase to progress once the route has been finalised. The contract for the demolition of the old chandlery building has been completed with the cleared site now in use for boat storage. The Signpost development adjoining 60 Haven Road has been completed and the lease has been granted. The proposal to enter into a varied development agreement on the Old Electricity Building has not progressed as quickly as anticipated but we are working with the developer to find a solution that would permit them to build out a refurbishment scheme. Talks have also begun with Sutton Harbour to commence work on the second new build site at the head of the Basin. We are advised that negotiations are ongoing between ECQT and DCC on the site for the new Outdoor Education Centre.

- **Science Park (Budget £95,760)**

The Science Park is broadly on schedule despite slippage of a month in submission of the planning application. The aim is still for a start on site in 2010 with the first building occupied in 2011. The accompanying infrastructure, being delivered as part of the New Growth Point, is also progressing well to ensure that the necessary transport and utilities infrastructure is in place in time.

6.1.3 Corporate Services

Excellence in Public Services

- **Civic Centre Communal Area Refurbishment (Budget £159,070)**

Works to refurbish common areas at the Civic Centre were suspended following a review of budgets last year. However, some works are required for health and safety reasons, such as replacing fire doors and covering/replacing flooring/ceiling tiles which contain asbestos. A programme for these essential works has now been agreed together with the upgrading of water heaters which must meet current standards.

Works will commence in mid February and will last approximately 6 months.

6.1.4 Housing Revenue Account

Everyone Has a Home

- **Sheltered Accommodation (Budget £606,000)**

This budget provides for the cost of upgrading sheltered accommodation to meet the standards of the Supporting People Programme.

The Supporting People Programme is committed to providing a better quality of life for vulnerable people to live more independently and to develop and sustain an individual's capacity to live within their accommodation. Programmed works include the installation of lifts, provision of wheelchair access, walk-in showers and level access.

The design and tender works took longer than anticipated and work is now intended to start on site after April 2010.

- **Defective Properties – British Steel (Budget £337,120)**

The works involve externally cladding the building and then rendering. Due to the bad weather the contract has been delayed by two months and so the works will continue into the new year.

- **Asbestos Removal Works (Budget £100,000)**

It has been necessary to undertake extensive asbestos removal works and it is forecast that there will be an overspend in the region of £100,000 at the end of the financial year. Once asbestos has been identified as being in poor condition it must be removed to protect the health and safety of the occupiers of those properties and contractors.

- **Programmed Electrical Re-Wiring (Budget £410,260)**

The testing programme hasn't resulted in as many full re-wires as anticipated and the contractor hasn't been able to carry out as much work as expected.

- **Central Heating Programme (Budget £377,680)**

The bad weather resulted in old gas boilers breaking down. It has been necessary to replace these old boilers with full central heating systems.

7.0 RECOMMENDED

7.1 It is recommended that the current position in respect of the annual capital programme be noted.

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

2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009

	Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()	£
COMMUNITY & ENVIRONMENT								
ACCESSIBLE CITY								
Riverside Valley Park Enhancement	PM	C2	29,120	11,334	29,120			0
STRONG COMMUNITIES CITY								
Develop Matthews Hall Topsham	AC	C2	15,000	15,000				0
CULTURAL CITY								
Old Paper Mill Countess Weir	AC	C2	30,130	35,281	35,281			5,151
Playing Fields General Improvements	PM	C2	10,140	2,384	10,140			0
Bromhams Farm Changing Rooms	PM	C2	51,510	26,678	51,510			0
Play Area Refurbishments	AC	C2	280,230	173,230	280,230			0
Sports Facilities Refurbishment	AC	C1	39,870	24,988	25,000	14,870		0
Parks Improvements	PM	C2	15,930	11,089	15,930			0
Roof Improvements to Topsham Museum	AC	C1	45,000	9,811	45,000			0
Leisure Management Contract	AC	C2	54,750	600	600			0
Pyramids Filters/New Swimming Pool	AC	C2	77,830	76,747	76,747			(1,083)
Exwick Community Centre	AC	C2	21,260	0	0	21,260		0
RAMM Re-development	AC	C1	10,258,670	3,905,022	10,258,670			0
RAMM Off Site Store	AC	C1	10,280	1,497	10,280			0
CARED FOR ENVIRONMENT								
Home Recycling Scheme	RN	C1	70,000	21,607	70,000			0
Public Toilet Refurbishment	PM	C1	11,640	0	11,640			0
Local Authority Carbon Management Programme	PM	C2	101,260	1,974	31,260	70,000		0
Replace Wash Down at MRF and Drainage Alterations	RN	C1	10,000	2,157	2,200			(7,800)
Improvements to Cemetery Roads & Pathways	PM	C1	10,150	181	10,150			0
Cemeteries & Churches Storage Improvements	PM	C2	10,000	10,000	10,000			0
Midi Recycling Banks	RN	C1	15,000	390	15,000			0
Upgrade of Turf Sewage Treatment Plant	AC	C2	10,000	0	10,000			0
General Open Space Improvements	PM	C1	13,840	13,839	13,840			0

**2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009**

	Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()	£
EXCELLENCE IN PUBLIC SERVICES								
Vehicle Replacement Programme	PM	C1	397,450	397,441	397,450			0
Provision of Garden of Remembrance	PM	C1	18,480	12,980	18,480			0
Exwick Cemetery New Burial Area	PM	C1	7,040	7,035	7,040			0
Soil Erosion at Clifton Hill	AC	C1	100,000	0	2,000	98,000		0
Replacement of Homecall Equipment	RN	C1	58,800	0	54,500	4,300		0
Higher Cemetery New Storage Yard & Buildings	PM	C2	2,390	1,000	2,390			0
Belle Isle Nursery - Various Improvements	PM	C2	47,230	4,633	7,230	40,000		0
Replacement of 'Tractor Sheds'	PM	C1	14,670	3,995	14,670			0
HEALTHY & ACTIVE PEOPLE								
Disabled Facility Grants	RN	C1	473,920	249,949	473,920			0
EVERYONE HAS A HOME								
Warm Up Exeter	RN	C2	150,000	137,024	150,000			0
PLEA Scheme	RN	C2	88,580	30,000	88,580			0
Wessex Loan Scheme	RN	C1	587,460	543,088	587,460			0
ExtraLet Plus	SW	C2	200,000	0	200,000			0
Social Housing Grants	SW	C2	2,205,870	500,550	2,205,870			0
Private Sector Renewal Scheme	RN	C2	105,900	64,150	105,900			0
Development of General Fund Housing Land	SW	C2	1,850	0	1,850			0
Shakespeare Road Site	SW	C2	68,050	0	68,050			0
PSL Improvement Programme	SW	C2	200,000	83,006	200,000			0
Renovation Grants	RN	C1	255,250	39,678	255,250			0
SAFE CITY								
CCTV Consultancy in Respect of Enhancements	RN	C1	18,250	8,000	12,000	6,250		0
COMMUNITY & ENVIRONMENT TOTAL			16,192,800	6,426,339	15,880,238	308,830		(3,732)

**2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009**

	Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()
			£	£	£	£	£
ECONOMY & DEVELOPMENT							
ACCESSIBLE CITY							
	DH	C1	212,440	204,802	212,440		0
National Cycle Network							
Signage / Pedestrian Interpretation	RS	C2	53,710	41,589	41,590	12,120	0
Implementation of Council Walking Strategy	DH	C2	14,890	0	0	14,890	0
Returbish Broadwalk House Car Park	RC	C2	100,000	8,332	100,000		0
CULTURAL CITY							
18 North Street Panelling	RS	C1	22,690	19,973	22,690		0
Corn Exchange Enhancements	DP	C1	143,490	11,418	13,490	130,000	0
Floodlighting	RS	C2	1,340	222	230	1,110	0
CARED FOR ENVIRONMENT							
Heavitree - Environmental Enhancement	RS	C2	7,250	4,671	4,671		(2,579)
City Centre Enhancements	JR	C2	160,110	1,900	20,000	140,110	0
Custom House	DP	C1	5,000	2,323	5,000		0
Conservation Area Enhancements	RS	C2	10,460	3,000	5,000	5,460	0
Ibstock Environmental Improvements	DP	C2	4,450	1,215	4,450		0
Planting Improvements in Riverside Valley Park	RS	C2	14,250	0	0	14,250	0
LEARNING CITY							
Improvements to Quay House Visitor Centre	RB	C1	53,000	0	53,000		0
PROSPEROUS CITY							
Basin / Quayside Redevelopment	DP	C2	984,350	219,870	884,630	99,720	0
Science Park	RB	C2	95,760	26,970	95,760		0
SAFE CITY							
CCTV at Haven Road Car Park & Boat Storage	RC	C2	60,000	0	0	60,000	0
Security Measures for Riverside Valley Park	DH	C2	3,250	0	0	3,250	0
ECONOMY & DEVELOPMENT			1,946,440	546,284	1,462,951	480,910	(2,579)

**2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009**

	Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()
			£	£	£	£	£
CORPORATE SERVICES							
ACCESSIBLE CITY							
	PM	C1	27,280	0	27,280		0
Equal Opportunities Improvements							
ELECTRONIC CITY							
	PE	C1	637,010	198,278	615,260	21,750	0
	PE	C2	101,520	10,359	70,520	31,000	0
IT Capital Programme							
EXCELLENCE IN PUBLIC SERVICES							
	JS	C1	50,000	2,778	3,000	47,000	0
	JS	C1	60,310	60,314	60,314		4
	JS	C1	159,070	55,563	59,070	100,000	0
	AS	C1	370,000	0	370,000		0
Civic Centre Update Committee Room Audio Visual Equipment							
Replace Control Panels in Civic Centre Lifts							
Civic Centre Communal Area Refurbishment Capitalised Staff Costs							
CORPORATE SERVICES TOTAL			1,405,190	327,292	1,205,444	199,750	4

2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009

Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()
		£	£	£	£	£
HRA CAPITAL						
EVERYONE HAS A HOME						
SW	Sheltered Accommodation	606,000	139,600	200,000	406,000	0
SW	Adaptations	400,000	426,885	450,000		50,000
SW	Defective Properties - British Steel	337,120	124,110	187,120	150,000	0
SW	Rending Works - Flats	407,520	242,088	407,520		0
SW	UPVC Gutters, Downpipes and Fascia Boards	100,000	87,195	92,000		(8,000)
SW	MRA Fees	362,200	0	362,200		0
SW	Environmental Improvements - Fencing	11,370	9,856	11,370		0
SW	Communal Door Entry System	15,840	1,937	15,840		0
SW	Environmental Improvements - General	98,580	19,263	50,000		(48,580)
SW	Programmed Re-roofing	250,000	69,197	250,000		0
SW	Rennes / Faraday House Fire Alarm Upgrade	14,590	14,593	14,593		3
SW	Housing Condition Survey	35,000	27,625	35,000		0
SW	Energy Conservation	262,880	215,312	262,880		0
SW	Asbestos Survey	150,000	74,826	100,000		(50,000)
SW	Council House Extensions	133,030	29,561	133,030		0
SW	Kitchen Replacements	900,000	619,319	950,000		50,000
SW	Asbestos Removal Works	100,000	164,345	200,000		100,000
SW	Bathroom Replacements - Programmed	401,340	245,587	401,340		0
SW	Construct Hard Standings / Parking Spaces	20,000	0	0	20,000	0
SW	3 Bed Conversions to 4 Bed Dwellings	38,550	29,400	38,550		0
SW	Development of HRA Land	36,320	0	36,320		0
SW	Weirfield House Refurbishment	64,000	44,700	64,000		0
SW	Programmed Electrical Re-wiring	410,260	136,322	210,260		(200,000)
SW	Electrical Voids	144,000	110,040	144,000		0
SW	48 Church Road - Roof	0	0	17,000		17,000
SW	Central Heating Programme	377,680	307,060	452,680		75,000
COUNCIL HOUSEBUILDING PROGRAMME						
SW	Merlin Crescent	144,000	91,420	144,000		0
SW	Sivell Place	24,000	30,799	24,000		0
HOUSING REVENUE ACCOUNT TOTAL		5,844,280	3,261,042	5,253,703	576,000	(14,577)

**2009-10
CAPITAL MONITORING TO 31 DECEMBER 2009**

Lead Officer	Category	2009/10 Revised Capital Programme	2009/10 Spend	2009/10 Forecast Spend	2009/10 Budget to be Carried Forward to 2010/11	2009/10 Programme Variances Under ()
		£	£	£	£	£
CAPITAL AND PROJECT EXPENDITURE TOTAL						
		25,388,710	10,560,958	23,802,336	1,565,490	(20,884)
HRA Capital Schemes	N/A	5,844,280	3,261,042	5,253,703	576,000	(14,577)
Reasonably certain of being able to deliver within planned timescales						
Less certain of being able to deliver primarily due to factors outside the control of the Council	C1	14,607,300	5,950,100	14,122,444	477,060	(7,796)
	C2	4,937,130	1,349,816	4,426,189	512,430	1,489
CAPITAL AND PROJECT EXPENDITURE TOTAL						
		25,388,710	10,560,958	23,802,336	1,565,490	(20,884)

Category 1

Is for those schemes that the Council is reasonably certain of being able to deliver within planned timescales

Category 2

Is for those schemes that the Council is less certain of being able to deliver, primarily due to factors outside the control of the Council

Lead Officer Key Table	
Head of Leisure and Museums	AC
Head of Treasury Services	AS
Engineering and Construction Manager	DH
Head of Estates Services	DP
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 MARCH 2010

EXECUTIVE
13 APRIL 2010

COUNCIL
27 APRIL 2010

ICELANDIC BANKS – FINANCIAL UPDATE

1. PURPOSE OF THE PAPER

- 1.1 To update Members on the latest financial position regarding the money deposited with the Icelandic banks and the implications that this has on the Council's overall revenue budget.

2. BACKGROUND

- 2.1 Members will recall that at the time of the collapse of the Icelandic banking system in October 2008, the Council had money on deposit with 2 of the banks directly affected. It had an investment of £3 million with Landsbanki on a short term deposit that was due to mature on 3 November 2008 and also another £2 million deposit with Glitnir Bank due to mature in early December 2008. Both of these investments were made about a year before the collapse and when the credit ratings of both banks were high. Once the full impact of the potential loss of Icelandic deposits was established, the Local Government Association (LGA) together with its legal advisers has been acting on behalf of all the affected local authorities seeking recovery of the deposited sums.
- 2.2 Up until very recently the LGA had advised that the eventual payout from both banks would be in the 80% to 100% range. Although this identified a potential loss regarding the Council's Icelandic investments, the Government had allowed all local authorities to relax normal accounting rules so that any potential loss could be deferred from 2008/09 and 2009/10 until future years. In October 2009 Communities and Local Government (CLG) announced that this deferral of normal accounting requirements would end after 2010/11 and therefore this would mean that the potential loss on investments would have to be reflected in the accounts for 2010/11. At the same time CLG also advised affected local authorities that applications could be made to capitalise the potential losses during the current (2009/10) financial year. Capitalisation would allow for the loss to be spread over a number of years rather than having being charged to the revenue account all in one go. The deadline for applications to capitalise expenditure was 15 December 2009.
- 2.3 On 7 December the Council applied for capitalisation of £332,000 in respect of a potential loss on our Landsbanki investment. At the time of this application we were still expecting to recover 100% of the £2 million that was held on deposit with Glitnir bank. This was based upon the most recent advice given by the LGA and their legal advisers. On 10 December we were advised that the Winding-Up Board of Glitnir had reversed their previous decision to grant preferential creditor status to UK local authorities. This came as a great surprise and disappointment to the LGA and everyone involved, particularly as this decision was contrary to an earlier decision made by the Winding-Up Board for Landsbanki where preferential status was confirmed for UK local authorities. However, the impact of this decision upon the Council was such that it was suddenly exposed to a potentially significant loss in respect of its Glitnir deposit. As a result, the Council submitted another application for capitalisation for an additional £1.5 million bringing our total claim to £1.832 million for potential losses.

In conjunction with this claim, the Council also submitted a request to capitalise £500,000 of revenue expenditure in respect of potential statutory redundancy payments.

- 2.4 In order for CLG to grant approval for capitalisation they must be satisfied that each submission meets certain set criteria including the "exceptional financial difficulties test". At the time we made our submission we were and remain satisfied that we met all the criteria laid down by CLG. On 1 February 2010 the Council received a refusal letter from CLG in respect of our application to capitalise £1,832 million in respect of our potential Icelandic bank losses. It has also since become apparent that whilst some other local authorities have been successful with similar applications a significant number like us have been refused. We have not yet received any specific detail as to why we were unsuccessful with our submission. The Council was however successful in its request to capitalise statutory redundancy expenditure of £500,000.
- 2.5 The impact of the refusal by CLG upon the Council's revenue finances is severe. The Council is now faced with the likelihood of having to account for the potential loss of £1.832 million during the 2010/11 financial year. A medium term financial plan showing the full impact of the loss is shown in Appendix 1. This shows that based upon the Council's current budget proposals, the level of the general fund balance would reduce to £1 million at the end of 2010/11, and reduce even further in the subsequent two years. This is not a sustainable financial position for the Council and will therefore require robust action to ensure financial stability for the future. Over the medium term the level of the general fund balance will need to be reinstated to the minimum level of £2 million in accordance with the Council's current budget strategy.

3. THE NEXT STEPS

- 3.1 The Council strongly believes that the decision taken by CLG on this matter is unsound and that it has failed to appreciate the extreme financial hardship that will be caused by refusing this capitalisation request. Despite extensive lobbying by the Council it is now apparent that CLG is unwilling to reverse its original decision. The Council is however continuing to work with other interested parties in seeking a positive capitalisation decision from CLG. However ultimately, if the Council is unable to capitalise the Icelandic losses then it will have to have a financial strategy to restore financial stability as a matter of extreme urgency.
- 3.2 As indicated above, the medium term financial plan shows that the Council's balances will reduce to £1 million at the end of next year if no action is taken. Whilst in the short term the Council could function with this low level of balances, in the medium term it will be necessary to identify further one-off savings of £1.832 million in order to restore balances to the prudent level that is required. This will be in addition to the £1.741 million of base budget reductions that have yet to be identified after 2010/11. Having already struggled to identify cuts of £1 million for the 2010/11 budget it is unfortunately inevitable that the cuts and savings now required will have a huge impact upon services.

4. OPTIONS TO CLOSE THE FUNDING GAP

- 4.1 As indicated above, the Council was successful in being able to capitalise statutory redundancy payments made during 2009/10, up to a total limit of £500,000. It is therefore recommended that the Council utilises this capitalisation option to reduce revenue expenditure in 2009/10 by £500,000 and thus replenish the General Fund Balance. Similarly, the revenue budget for 2010/11 currently contains a budget provision of £500,000 towards the cost of potential redundancy payments. It is anticipated that the Council will again be able to seek approval from CLG to capitalise the redundancy payments for 2010/11. Both of these capitalisation measures would 'save' expenditure in the short term by spreading the cost of redundancy over a longer period of 'say' 5 years.

The potential savings are indicated in the table below showing that the Council will 'save' £500,000 in 2009/10, £400,000 in 2010/11, but thereafter until 2015/16, there will be an additional cost to take into account.

	2009/10 £	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Redundancy	500,000	500,000					
Capitalisation	0	100,000	200,000	200,000	200,000	200,000	100,000
Saving/(Loss)	500,000	400,000	(200,000)	(200,000)	(200,000)	(200,000)	(100,000)

- 4.2 A revised medium term financial plan that takes into account the use of capitalisation of redundancy is shown in Appendix 2. This indicates that the general fund balance would be £1.9 million by the end of 2010/11 but would fall well below the prudent level in the following 2 years. The Council will therefore need to consider further budgetary measures to restore balances to a more prudent level after 2010/11. It is therefore recommended that the Council capitalises all of its proposed statutory redundancy payments regardless of the eventual outcome of any final decision made regarding the capitalisation of Icelandic impairment losses.
- 4.3 The Council currently has a number of earmarked reserves that have been set aside for specific purposes. It is proposed that they are fully reviewed at end of the current financial year (2009/10) and any that are deemed to be no longer required will be transferred instead to the Council's general fund working balance.
- 4.4 The final measure to be considered will be to temporarily reduce or suspend spending of part of the Council's revenue budget. This could for example be a temporary suspension of part of the Asset Improvement and Maintenance (AIM) budget or the continuation of measures to review the appointment to vacant posts.

5. RECOMMENDATION

It is recommended that Members of Scrutiny Committee - Resources note the report and that Executive recommends to Council that:

- 5.1 the Council capitalises its statutory redundancy payments for 2009/10 and 2010/11;
- 5.2 if a positive decision on capitalising the Icelandic impairment is not forthcoming then further measures to reduce the revenue budget outlined in this report are adopted.

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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MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - REVISED FOR ICELANDIC IMPAIRMENT

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Resources				
Central Government Support	11,999	12,090	11,730	11,370
Local Authority Business Growth Incentive Grant	56	50	0	0
Council Tax	4,529	4,730	4,984	5,260
Likely resources	16,584	16,870	16,714	16,630
Expenditure				
Service expenditure				
Committee expenditure base budget	18,402	18,357	17,521	17,501
Inflation	490	301	287	287
Increase in service costs	2,680	1,609	744	249
Identified reductions / additional income	(662)	(1,748)	(191)	(149)
2009/10 Identified Revenue Savings Phase 1	(1,031)			
2009/10 Identified Revenue Savings Phase 2	(1,522)	84		
Revenue Savings		(1,082)	(860)	(881)
	18,357	17,521	17,501	17,007
Potential Impairment Loss re Iceland		1,832		
Forecast overspend Qtr 2	167			
Supplementary Budgets	103			
AIM Carry Forward	353			
Provision for Redundancy	500	500		
LGR Costs including mobile working	300			
	19,780	19,853	17,501	17,007
Other funding				
Investment interest	(201)	(100)	(100)	(100)
Contribution to/ (from) earmarked reserves	(807)	(488)	(132)	0
Contribution to/ (from) balances - Other	(2,188)	(2,395)	(555)	(277)
	(3,196)	(2,983)	(787)	(377)
Total Net Budget	16,584	16,870	16,714	16,630
Opening General Fund Balance	5,583	3,395	1,000	445
Closing General Fund Balance	3,395	1,000	445	168
Balance as a percentage of budget	20.5%	5.9%	2.7%	1.0%

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MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - REVISED FOR ICELANDIC IMPAIRMENT

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Resources				
Central Government Support	11,999	12,090	11,730	11,370
Local Authority Business Growth Incentive Grant	56	50	0	0
Council Tax	4,529	4,730	4,984	5,260
Likely resources	16,584	16,870	16,714	16,630
Expenditure				
Service expenditure				
Committee expenditure base budget	18,402	18,357	17,521	17,501
Inflation	490	301	287	287
Increase in service costs	2,680	1,609	744	249
Identified reductions / additional income	(662)	(1,748)	(191)	(149)
2009/10 Identified Revenue Savings	(2,553)	84		
2010/11 Identified Revenue Savings		(1,082)		
Further savings still to be identified			(860)	(881)
	18,357	17,521	17,501	17,007
Potential Impairment Loss re Iceland		1,832		
Forecast overspend Qtr 2	167			
Supplementary Budgets	103			
AIM Carry Forward	353			
Provision for Redundancy	500	500		
Capitalisation of Redundancy	(500)	(400)	200	200
LGR Costs including mobile working	300			
	19,280	19,453	17,701	17,207
Other funding				
Investment interest	(201)	(100)	(100)	(100)
Contribution to/ (from) earmarked reserves	(807)	(488)	(132)	0
Contribution to/ (from) balances - Other	(1,688)	(1,995)	(755)	(477)
	(2,696)	(2,583)	(987)	(577)
	19,280	19,453	17,701	17,207
Total Net Budget	16,584	16,870	16,714	16,630
Opening General Fund Balance	5,583	3,895	1,900	1,145
Closing General Fund Balance	3,895	1,900	1,145	668
Balance as a percentage of budget	23.5%	11.3%	6.9%	4.0%

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 24 MARCH 2010

EXECUTIVE
13 APRIL 2010

CORPORATE GOVERNANCE RISK REGISTER ANNUAL REVIEW

1. PURPOSE OF THE REPORT

- 1.1 To advise the Committee of the Council's risk management progress and seek its recommendation that the Executive approves the updated corporate risk register

2. BACKGROUND

- 2.1 The Risk Management Policy makes this Committee responsible for:
- considering the corporate risk register (CRR) and recommending its approval to the Executive
 - monitoring the effectiveness of risk management throughout the Council and the progress made against the CRR target for actions dates

3. RISK REGISTER

- 3.1 In order to avoid printing the full risk register, which consists of 25 pages, Councillors are able to view the register on the Council's webpage http://intranet/media/word/8/b/DRAFT_2010-Mar_Corp_Risks_Reg.doc

However, to ensure that Members of this Committee are made aware of any new risks arising, these are shown in the appendix to this report

- 3.2 The Risk Management Group and heads of service responsible for each entry have reviewed the risks and, based upon actions implemented and actual experience, have reassessed the Impact and Likelihood scores. This has resulted in the following changes in risk ratings and/or additional risks being identified:

4. Technological

- **Information Technology security** – increased from Medium to High due to the ever increasing computer virus threats and the need to comply with the stringent requirements of the Government Connect Code of Connection (CoCo)

8. Financial

- **Investment Capital** – increased from Medium to High due to the possibility that the full value of the Icelandic Banks' deposits may not be recovered
- **Loss of Exeter Waste Transfer Station from 1/4/10** - New - Medium - all collected waste will have to be taken to a site designated by DCC (Heathfield at Newton Abbot) thereby significantly disrupting current waste collection operations

- **Renaissance grant monies** – New – Medium - failure to meet terms of reference for the scheme resulting in possible withholding of grant or demand for return of cash

10. Partnership/Contractual

- **Bus & Coach Station redevelopment** – New – Low – a legal challenge to the selection of a developer could delay redevelopment and incur legal costs

3.3 The compilation of the full risk register has a timescale of nearly two months. To ensure that the risk register is as current as possible, it was circulated to the SMT and all heads of service two weeks before this committee meeting to ensure entries are correct

4. RISK MANAGEMENT PROGRESS

4.1 The roll-out to the services of risk and business continuity management is continuing

5. RECOMMENDATIONS

That the Scrutiny Committee - Resources:

5.1 reviews the updated Corporate Risk Register

5.2 approves submission of the annual corporate risk register to the Executive

HEAD OF AUDIT

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling the report:

None

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)		Residual Risk (impact x likelihood) and Risk Priority		What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	H					

8. Financial														
10. Loss of Exeter Waste Transfer Station from 1/4/10														
a) Risks & threats:														
<ul style="list-style-type: none"> All collected waste will have to be taken to a site designated by DCC (Heathfield at Newton Abbot), thereby significantly disrupting current waste collection operations Remedial measures to cope with disruption will be paid for by DCC. DCC has earmarked £1M per annum to meet ECC's increased costs Recovery mechanism of this £1M not yet agreed Arrangements to cope with this loss may not be in place by 1/4/10 <p>Consequences:</p> <ul style="list-style-type: none"> ECC Cleansing Services have to rapidly make arrangements to cope with loss and obtain necessary licences, etc. - huge amount of work when capacity already stretched 	4	4	16	What has been done to control risks (i.e. countermeasures)		What needs to be done to control risks		Target date(s)	Responsible officer	Strat Obj ref	Change			
	4		4		16		<ul style="list-style-type: none"> Cleansing Services has prioritised resources into making proper arrangements to meet the change by 1/4/10 Contingencies have been identified should necessary licences not been granted in time 		<ul style="list-style-type: none"> Financial mechanism for compensating ECC needs to be agreed with DCC. Logistical arrangements to cope with closure need to be finalised and negotiated with existing staff and external providers 		1/4/10	Head of Environmental Health	9, 10, 11, 13	New
	2		4		8									

Exeter City Council Corporate Risk Register	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What needs to be done to control risks	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
Risks and benefits											
What has been done to control risks (i.e. countermeasures)											

<ul style="list-style-type: none"> failure to put arrangements in place may lead to disrupted collection schedules and public criticism 											
17. Renaissance grant monies a) Risks & threats: <ul style="list-style-type: none"> Failure to meet terms of reference for the Renaissance scheme Consequences: <ul style="list-style-type: none"> withholding of grant or demand for return of cash 	3	3	9	3	2	6	M	<ul style="list-style-type: none"> Manage any clashes between national requirements of funding body, MLA, and internal policies in respect of redundancies, IT, etc. Next review underway now for new funding agreement 	<ul style="list-style-type: none"> Apr 11 	Head of Leisure & Museums Museums Manager	New

10. Partnership/Contractual											
2. Bus & Coach Station redevelopment	Inherent Risk (impact x likelihood)			Residual Risk (impact x likelihood) and Risk Priority			What has been done to control risks (i.e. countermeasures)	Target date(s)	Responsible officer	Strat Obj ref	Change
	I	L	Tot	I	L	Tot					
a) Risks and Threats: <ul style="list-style-type: none"> Legal challenge to selection of developer Consequences: <ul style="list-style-type: none"> Redevelopment delay Legal costs b) Benefits and opportunities: <ul style="list-style-type: none"> Streamlined development process Informed Master Plan/viability analysis Improved scheme quality 	3	3	9	2	2	4	L	<ul style="list-style-type: none"> External legal advice sought Early announcements made to trigger any potential challenge 	<ul style="list-style-type: none"> Ongoing 	Head of Estates Services	3 5 New

EXETER CITY COUNCIL
SCRUTINY COMMITTEE - RESOURCES
24 MARCH 2010

EXECUTIVE
13 APRIL 2010

ANNUAL SUSTAINABLE PROCUREMENT AND COMMISSIONING REPORT 2010/11

1. PURPOSE OF THE REPORT

- 1.1 To report to Members progress made against last year's Sustainable Procurement and Commissioning Action Plan.
- 1.2 To outline the Sustainable Procurement and Commissioning Action Plan for 2010/11.

2. BACKGROUND

- 2.1 In March 2009, the 2004 Procurement Strategy was replaced by the new Sustainable Procurement and Commissioning Strategy. This informed the basis of the Procurement Action Plan for 2009/10.

3. PROGRESS TO DATE

Sustainable Procurement and Commissioning Strategy

- 3.1 The Sustainable Procurement and Commissioning Strategy is supported by a Procurement and Commissioning Good Practice Guide and a number of 'tool kits' which were developed during the year. The tool kits provide straight-forward guidance on key elements of procurement and commissioning such as developing a specification, risk management, appointing consultants, etc. This guidance is available on the intranet to assist officers considering contracting as an option.
- 3.2 The success of the information is evidenced by the increasing number of officers who are seeking advice prior to tendering for contracts as diverse as homelessness support and master planning consultants. However, there is no guarantee that all contracts are being managed correctly.

Organisational Structures

- 3.3 The Procurement Group, consisting of officers from within the Council, continues to meet on a regular basis and forms a virtual team which considers changes to processes and documentation relating to procurement. Members of the group are and have been heavily involved in strategic projects such as the RAMM project, the leisure management contract and the housing maintenance contract.
- 3.4 The Procurement Group is increasingly involved in Devon-wide contracts under the auspices of the Devon Procurement Partnership. A current example is a framework contract for the provision of bailiff services. The Council uses a number of providers as do the other Devon districts and unitaries. It is anticipated that by reducing the number of providers an increase in cross border recovery can be achieved as well as a greater consistency of approach.

Working with small businesses

- 3.5 We continue to work with small businesses in Exeter and the surrounding region to increase their involvement in bidding for Council work. This is being expanded to involve the voluntary and community sector. During the year presentations have been given to the Exeter Chamber of Commerce, South West Constructing Excellence and the Federation of Small Businesses. The increasing use of the *Selling to the Council* web page is essential to continue this work. A major initiative has been the launch of a new procurement website. This provides additional support for small business in the Exeter economy during the ongoing recession and was launched on 7 December 2009.
- 3.6 This initiative has been coordinated by Exeter City Council on behalf of its partners and in collaboration with Exeter Business Support, Business Link, Exeter Chamber of Commerce and the Exeter Federation of Small Businesses. The website: www.exeterbuysellprosper.co.uk has been designed to actively encourage those making buying decisions in local public sector and large employers, particularly for contracts that do not need to go out to formal tendering to buy from local small businesses.

The Green Accord

- 3.7 The Green Accord is gaining national credibility. It has been recognised as best practice and was placed on the Audit Commissions website, together with the Sustainable Procurement and Commission Strategy. It has recently won several national awards. The Council has trade marked the Green Accord and a business plan was approved for expanding into other sectors and organisations. A number of other organisations including the MET Office, Bristol and Exeter Universities, Hampshire County Council have already signed up to the Green Accord with a number of others currently seeking the necessary approval to do so.

4. CHANGES TO PUBLIC PROCUREMENT RULES

- 4.1 There have been two major changes to the Public Procurement Rules which took effect on 20 December 2009, though they only affect new procurement processes that start after that date. Procurement processes that began (either through advertising the contract or through less formal means) before then will still be subject to the 2006 rules on standstill and enforcement.
- 4.2 The amendments mainly affect the former Regulation 32 (the standstill period) and Regulation 47 (enforcement). There are many changes, some of a relatively straightforward procedural nature, but others with much more significant effects. The changes to the standstill rules are largely procedural changes, but it is very important that changes are followed as failure to do so can trigger the now more serious penalties contained in the new remedies rules. The standstill changes include: a new obligation to release the full reasons for the award decision at the start of standstill, rather than upon request as is the case at present; and a new obligation to allow extra time for tenderers to receive the standstill notice in situations where the notice is sent using non-electronic means.
- 4.3 The changes to the remedies rules include the new penalties of ineffectiveness (ie contract cancellation), civil financial penalties and contract shortening, which will be available for certain serious breaches of the procurement rules. There is also a mandatory new requirement for contracting authorities to suspend a procurement exercise whenever legal proceedings are brought in respect of a contract award decision.

5. FUTURE PLAN OF WORK

- 5.1 The progress achieved against the 2009/10 Sustainable Procurement and Commissioning Action Plan is attached at Appendix I. Considerable progress has been achieved but there are still a number of significant tasks identified that need to be completed.
- 5.2 The Sustainable Procurement and Commissioning Action Plan for the coming year is attached as Appendix II.

6. RECOMMENDED

that Scrutiny Committee Resources and Executive

- 1) supports the Sustainable Procurement and Commissioning Action Plan for 2010/11.

HEAD OF CONTRACTS AND DIRECT SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

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

Background papers used in compiling this report:

None

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**SUSTAINABLE PROCUREMENT & COMMISSIONING ACTION PLAN
APRIL 2009 TO MARCH 2010**

TASK	Progress to date
Review the Action Plan to take account of the outcome of the review of unitary status	Not necessary but the recent unitary announcement will have a major impact on next year
Develop and implement models of sustainable procurement that address social, environmental and economic issues. Establish and promote minimum recycled content standards for products used in construction, highways maintenance, estates management and all printed matter, and establish and promote minimum environmental standards for all construction, refurbishment and maintenance work.	Partially achieved by the development of a sustainable evaluation matrix and the Green Accord. A sustainability audit has identified a number of actions that will be addressed next year
Complete the integration of all the Council's e-procurement solutions with the corporate financial systems to streamline the procurement process and maximise transactional savings.	The development of a South West Portal has delayed the full integration of the e-procurement solution
Use the corporate financial systems and e-procurement solutions to reduce rogue spend to a minimum.	Whilst rogue spending has been addressed in some categories it cannot be reduced without greater control being exercised
Review the council's approach to assessing the health and safety competency of potential suppliers and contractors building of the 'Managing of Contractors' guidance.	Partially achieved; working with the new health and safety advisor to complete the process
Proactively engage with other authorities and organisations in the region to seek to develop common procurement documents where possible to further simplify the procurement process for bidders.	Partially achieved; a number of districts are using the Sustainable Procurement and Commissioning Strategy as a basis for their documents
Baseline the amount spent by the council with voluntary and community sector organisations in order to set a target to increase this expenditure during 2010-12.	Not achieved; the financial system cannot provide the information without additional work
Review and improve the 'Selling to the Council' web pages for businesses in the district.	Review completed in consultation with Federation of Small Businesses; improvements identified to be incorporated
Have achieved a minimum of level 3 in the Sustainable Procurement Flexible Framework with level 5 in at least two categories.	Exceeded: independent audit has confirmed the council has achieved level 5 in all but one category
Demonstrate high quality effective procurement and commissioning activity across the Council through a range of performance indicators.	Achieved; a range of performance indicators have been developed allowing comparison with other Devon councils
Ensure all sourcing and routine procurement activity across the Council is undertaken electronically.	Partially achieved; the use of procurement cards and electronic payment has increased but the use of e-

TASK	Progress to date
	tendering has been delayed whilst the SW portal is developed
Investigate the viability of running annual 'Meet the buyer' events to increase the level of opportunity for local businesses.	Achieved; the investigation revealed that such events are not productive, working in a targeted way with local stakeholders is more effective and a better use of resources
Ensure leisure management and housing procurement strategies reflect best practice and deliver real benefits to the council	Partially achieved; both projects are progressing on programme and have been subject to Gateway Reviews by the Procurement Group
Develop sustainable procurement and commissioning good practice guide and toolkits.	Ongoing; the guide and a number of toolkits are available on the intranet but more are needed
Provide advice, guidance and gateway review to strategic procurement projects	Achieved; Gateway Reviews completed on the RAMM, Leisure Management Contract. Housing Maintenance Contract etc.
Contribute to the achievement of efficiency by the use of innovative contract arrangements such as, e- auctions, frameworks or call off contracts.	Ongoing; A Framework Agreement is being developed for Bailiff Services with other councils in Devon
Work with Devon Procurement Partnership and LIFT SW to identify opportunities to share expertise and maximise competitive advantage.	Ongoing; the development of the South West Portal will be key to this
Develop an approach to asset acquisition to ensure compliance with Procurement Strategy.	Ongoing; a Whole Life Costing Strategy has been introduced for projects
Combine the building and engineering approved lists into one consolidated approved list to provide greater consistency and clarity and seek to extend in partnership with other districts and the University.	Ongoing; the Green Accord Business Plan identifies the way forward

**SUSTAINABLE PROCUREMENT & COMMISSIONING ACTION PLAN
APRIL 2010 TO MARCH 2011**

TASK	BY WHOM	BY WHEN
Review the Action Plan to take account of the impact of a achieving unitary status; were unitary status to be achieved the Action Plan would need to be limited to essential tasks only as resources would be diverted managing contractual issues arising from the move to unitary.	Head of Contracts/ Procurement Group	Within two weeks of confirmation of Unitary position
Implement improvements identified in the Environmental Sustainability Audit as they relate to procurement in order to better address social, environmental and economic issues.	Head of Contracts	To timetable agreed in audit
Complete the integration of all the Council's e-procurement solutions with the corporate financial systems to streamline the procurement process and maximise transactional savings.	Head of Contracts/ Procurement Group	March 2011
Complete the review of the council's approach to assessing the health and safety competency of potential suppliers and contractors building on the 'Managing of Contractors' guidance.	Head of Contracts & Env. Health	December 2010
Monitor the take up of contract opportunities by Small and Medium Enterprises, Black Minority Ethnic, Disabled and Women only organisations	Head of Contracts	March 2011
Review and improve the 'Selling to the Council' web pages with particular emphasis on businesses in the local area, develop the web based information to assist SME involvement in council tenders in accordance with the Glover Report recommendations and promote to the business community.	Head of Contracts/ Procurement Group	March 2011
Develop internal capacity of the awareness and use of sustainability in procurement activity by extending the Green Accord to all sections of the Council, including the embedding of equality and diversity within the awarding of contracts and compliance monitoring.	Head of Contracts/ Procurement Group	March 2011
Achieve level 5 across all categories in the Sustainable Procurement Flexible Framework.	Head of Contracts	March 2011
Ensure all sourcing and routine procurement activity across the Council is undertaken electronically as far as is possible.	Head of Contracts	March 2011
Develop and promote guidance on involving users in the procurement process working with them to provide training and improved awareness on their role in the procurement and commissioning process such as the evaluation tenders.	Head of Contracts/ Procurement Group	March 2011
Ensure the Leisure Management and Housing Maintenance tenders are evaluated in a way that optimises the benefit to the council.	Procurement Group	October 2010
Review and set up reporting feedback processes to ensure procurement and commissioning processes are developed and based on users needs.	Procurement Group	March 2010
Develop procurement good practice guide and toolkit and continue to provide advice, guidance and gateway reviews to strategic procurement projects	Head of Contracts & Direct Services	Ongoing
Work with Devon Procurement Partnership and SWRIEP to identify opportunities to share expertise and maximise competitive advantage.	Head of Contracts	Ongoing
Combine the building and engineering approved lists into a consolidated list to provide greater consistency and clarity and seek to extend in partnership with other districts and stakeholders.	Procurement Group	Ongoing
Identify areas of existing procurement procedures that need to be improved and implement changes to comply with legislation and good practice	Procurement Group	Ongoing

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EXETER CITY COUNCIL

EXECUTIVE

13 APRIL 2010

EXETER NORTHCOTT THEATRE - UPDATE

1. PURPOSE

- 1.1 To inform Members of the current position of the Exeter Northcott Theatre and the actions being taken to secure its future.

2. BACKGROUND

- 2.1 The City Council supports the theatre as a strategic arts organisation, providing a major contribution to the city's cultural life, with an annual grant of £85,000. The grant is provided on the basis of the Exeter Northcott agreeing to a broad Service Agreement approved by Grants Committee.
- 2.2 The City Council also supported the theatre in its campaign during 2005/06 for funding for its refurbishment and improvement. A capital grant of £550,000 was given to the theatre towards the total cost of the works of £2.3million. In addition, in order to bridge the final funding gap of £300,000 for the project, a further interest free loan of £200,000 was approved by Executive in January 2007. Repayment was agreed on the basis of £40,000 per annum, and the first repayment was made in September 2008. A second repayment due in September 2009 was deferred in the light of cash flow problems experienced at that time.
- 2.3 In February 2010, following a period of uncertainty over the solvency of the theatre, and after a number of shows failed to meet their targets, the Trustees of the Exeter Northcott Theatre Trust sought external professional financial advice. As a result they concluded that it was necessary to place the theatre into administration. This took place on 25th February 2010.
- 2.4 Since that date meetings have been held with the University of Exeter, the Arts Council and the administrator to determine how the theatre can continue to operate in the short-term, whilst addressing its financial position. Discussions have also taken place over options for its future.

3.0 PROGRESS

- 3.1 Following the assessment of the financial predicament of the theatre, the administrator has been working to reduce its current operating costs and address outstanding debts. The single main asset is the theatre's rehearsal and storage facility, Emmanuel Hall, in Cowick. It is understood that this is now for sale. It is also understood that nine staff have been made redundant.
- 3.2 With financial support from the Arts Council, the administrator has worked with the remaining theatre staff to enable most of the planned spring season of performances, except the in-house production scheduled for the end of April, to be delivered. In view of the indebtedness of the theatre, the current theatre organisation is unlikely to continue after this period.
- 3.3 It is almost certain that a new organisation will have to be created to run the theatre or an existing organisation will have to take it over, not the current Theatre Trust.

- 3.4 The University, Arts Council and the City Council are working together in trying to determine the options for a new organisation to run the theatre. Specialist advice has been jointly commissioned to urgently develop a business plan and proposed governance arrangements for a new organisation. Key to this will be identifying to what extent the theatre could be operated viably in the future, including assessing the potential for it to sustain or increase income and funding levels to match a realistic programme of activity.
- 3.5 It is proposed that the current level of funding support for the theatre, already included in budgets from the University and the City Council in this financial year is assumed for inclusion in drafting this new business plan. Grants Committee have approved in principle the City Council's grant of £85,000 for 2010/11, but final allocation of this grant should depend on the forecast viability of the theatre within the new business plan, and an assessment of the level of risk associated with that plan.

4. FINANCIAL IMPLICATIONS

- 4.1 Repayment of all or part of the remainder of the City Council's loan to the theatre depends on the value of the theatre's assets realised by the administrator. It is unclear when this will be finalised.
- 4.2 The cost of specialist advice and the preparation of the business plan will be about £10,000. This cost will be shared equally with the University and the City Council element will be funded out of the grant awarded for 2010/11.
- 4.3 It is proposed that If a viable proposal for a new organisation to run the theatre can be found, the Council maintains its grant support at no more than its current level of grant of £85,000, including the costs of preparing the business plan as referred to in 4.2.

5. RECOMMENDATION that:-

- 5.1 Executive supports the efforts being taken, together with the University and Arts Council, to determine a viable option for a new organisation to operate the Exeter Northcott Theatre.
- 5.2 The decision over whether the Council commits its grant of £85,000 to a new organisation operating the theatre is delegated to the Leader of the Council, the Portfolio Holder Economy and Tourism, the Chair of the Grants Committee, the Director of Community and Environment, and the Head of Economy and Tourism.

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

ECONOMY AND DEVELOPMENT DIRECTORATE

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

Background papers used in compiling the report:

1. Report to Executive 23 January 2007 – Northcott Theatre Development and Refurbishment

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