



Exeter City Council

To the Chair and Members
of the Scrutiny Committee - Resources

Philip Bostock, Chief Executive

Bindu Arjoon, Assistant Chief Executive

Civic Centre, Paris Street, Exeter, EX1 1JN
Tel: 01392 277888 www.exeter.gov.uk

Direct dial: 01392 265275

Fax: 01392 265268

email: sarah.selway@exeter.gov.uk

Our ref:

Your ref:

AGENDA FOR EXETER CITY COUNCIL SCRUTINY COMMITTEE - RESOURCES

The Scrutiny Committee - Resources will meet on **WEDNESDAY 27 JANUARY 2010**, commencing at **5.30 pm**, in the Rennes Room, Civic Centre, Paris Street, Exeter to consider the following business. If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Member Services Officer on **Exeter 265275**.

Entry to the Civic Centre can be gained through the Customer Service Centre, Paris Street.

Pages

Part I: Items suggested for discussion with the press and public present

1

MINUTES

To sign the minutes of the meeting held on 25 November 2009.

2

DECLARATIONS OF INTEREST

Councillors are reminded of the need to declare personal and prejudicial interests, including the nature and extent of such interests, in relation to business on the agenda, before any discussion takes place on the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

3

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of item 14 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1 and 4 of Part I, Schedule 12A of the Act.

4 **QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER 19**

A period of up to 15 minutes will be set aside to deal with questions to the Committee from members of the public.

Details of questions should be notified to the Assistant Chief Executive at least three working days prior to the meeting. Further information and a copy of the procedure are available from Member Services (265275) also on the Council web site: <http://www.exeter.gov.uk/scrutinyquestions>

5 **QUESTIONS FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20**

To receive questions from Members of the Council to appropriate Portfolio Holders.

6 **FINANCIAL STATEMENTS PLAN 2009-10**

The Council's External Auditor, Grant Thornton, will present the plan to Members – *plan circulated* 1 - 12

Members of the Final Accounts Committee are invited to attend for this item and can ask questions of the Auditors if they wish to do so.

7 **PORTFOLIO HOLDER TO PRESENT HER HALF YEARLY REPORT**

Councillor Cole (Portfolio Holder for Business Transformation and Human Resources) will present her verbal half yearly report on the Scrutiny Committee work programme.

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

8 **REVENUE BUDGET PROPOSALS 2010/11**

To consider the report of the Head of Treasury Services - *report circulated* 13 - 44

9 **CAPITAL PROGRAMME 2010/11 TO 2012/13**

To consider the report of the Head of Treasury Services - *report circulated* 45 - 64

10 **TREASURY MANAGEMENT STRATEGY 2010/11**

To consider the report of the Head of Treasury Services - *report circulated* 65 - 74

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

11 **NON-HOUSING AIM BUDGET 2010/11**

To consider the joint report of the Head of Contracts and Direct Services, Head of Treasury Services and Head of Estates - *report circulated* 75 - 84

12 **RESOURCES ESTIMATES/FEES AND CHARGES 2010/11**

To consider the report of the Head of Treasury Services – *report circulated* 85 - 116

13 **COMPREHENSIVE AREA ASSESSMENT 2009 - ORGANISATIONAL ASSESSMENT**

To consider the report of the Chief Executive – *report circulated* 117 - 122

PART II: ITEM SUGGESTED FOR DISCUSSION WITH THE PRESS AND PUBLIC EXCLUDED

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

14 **HUMAN RESOURCES STAFFING**

To consider the report of the Director Corporate Services – *report circulated to members* 123 - 124

DATE OF NEXT MEETING

The next **Scrutiny Committee - Resources** will be held on Wednesday 24 March 2010 at 5.30 pm

FUTURE BUSINESS

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website: <http://www.exeter.gov.uk/forwardplan>
Councillors can view a hard copy of the schedule in the Members Room.

Membership -

Councillors Coates (Chair), D J Morrish (Deputy Chair), M A Baldwin, P J Brock, Choules, R M Hannaford, Hobden, Martin, Noble, Prowse, Shepherd, Thompson and Wardle

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) 265275 for further information.

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



Please remember to recycle. If you would prefer not to receive paper copies please let us know. Contact Member Services 01392 265197 or email member.services@exeter.gov.uk

Financial Statements Plan
Exeter City Council
For the year ended 31 March 2010

Barrie Morris
Engagement Lead
T 0117 305 7708
E barrie.morris@gtuk.com

Julie Masci
Audit Manager
T 0117 305 7696
E julie.masci@gtuk.com

To the Scrutiny Resources Committee of Exeter City Council

The purpose of this plan is to highlight the key elements of the audit work to be undertaken on the financial statements of Exeter City Council for the year ended 31 March 2010. This report has been written for the benefit of those charged with governance, in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260, and the expectations of the Audit Commission.

We set out in this report our statutory responsibilities under the Code of Audit Practice. Most significant is our responsibility to provide an opinion on the Council's financial statements, including the Council's Annual Governance Statement, which should be issued by 30 September 2010.

We have considered our independence and objectivity in respect of the audit and do not believe there are any matters which should be brought to your attention.

We look forward to continue working with the Council over the next year.

Grant Thornton UK LLP

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol BS1 6FT
T +44 (0)117 305 7600
F +44 (0)117 305 7784
DX 78112 Bristol
www.grant-thornton.co.uk

Contents

1	Our audit approach	1
2	Key audit issues and financial reporting matters	4
3	Administration	6
A	The Audit Commission's requirements in respect of independence and objectivity	8

1 Our audit approach

1.1 Introduction

This plan sets out the work to be undertaken for the audit of the 2009-10 financial statements. The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- our Code of Audit Practice responsibilities;
- current national risks relevant to the Council's local circumstances; and
- our assessment of the Council's local risks and improvement priorities, based on outcomes of our recent audit of its 2008-09 financial statements.

The Council's financial statements are an essential means by which it accounts for the stewardship of resources and its financial performance in the use of those resources. It is the responsibility of the Council to:

- ensure the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority;
- maintain proper accounting records; and
- prepare financial statements which present fairly the financial position of the Council and its expenditure and income in accordance with the Statement of Recommended Practice (SORP).

We are required to audit the financial statements and to give an opinion as to:

- whether they present fairly the financial position of the Council and its Group and its expenditure and income for the period in question;

- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements; and
- whether the Annual Governance Statement (AGS) has been presented in accordance with relevant requirements and to report if it does not meet these requirements, or if the statement is misleading or inconsistent with our knowledge.

Our audit approach is based on an assessment of the audit risk relevant to the individual elements of the financial statements. We focus much of our audit effort on the areas that we deem to be of highest risk of material misstatement. Our work in other areas will typically be proportionately lower than for high risk areas.

From 2010-11, the Council is required to prepare its Statement of Accounts under International Financial Reporting Standards (IFRS) based on an IFRS Code of Practice on Local Authority Accounting prepared by CIPFA. 2009-10 will be an important year in this process as the Council will be required to restate its balance sheet as at 1 April 2009 and its 2009-10 financial statements to provide the comparatives for its first IFRS accounts.

1.2 Audit strategy

We will be working closely with the finance team to ensure that we meet audit deadlines and conduct the audit efficiently, with the minimum of disruption to the Council's staff.

Our audit strategy comprises:

- updating our understanding of the Council through discussions with management and Internal Audit;

These are detailed further in section 2 below.

1.4 Materiality

We consider an item to be material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer present fairly the transactions, assets and liabilities of the Council.

Materiality is set at the planning stage of the audit to ensure that an appropriate level of work is planned. It is then used throughout the audit process in order to assess the impact of any item on the financial statements. Any identified errors or differences greater than 2% of materiality (approx. £30,000) will be recorded on a schedule of potential misstatements. These are assessed both individually and in aggregate, discussed with you and, if you decide not to adjust the financial statements for them, we will request that you confirm in your letter of representation to us your view that they are not material to the financial statements.

Even if an item or balance is of low value, below the level of materiality, it might be judged material because of its nature, for example any item that affects the disclosure of individuals' emoluments. Equally, an item of higher value may be judged not material if it does not distort the fairness of the financial statements.

1.5 Internal controls

We are required to evaluate the design of the Council's internal controls over risks, which could lead to material misstatement in the financial statements and determine whether they have been implemented effectively. Our emphasis will be on identifying and obtaining an understanding of control activities that address the areas where we consider material misstatements are more likely to occur.

We plan to carry out this work prior to the financial year end, i.e. undertake an interim audit visit in advance of when we carry out our audit of the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our audit, we identify any control weaknesses, we will report these to the Council.

- reviewing the Council's Internal Audit service, to determine whether it complies with the requirements of CIPFA's Code of Practice on Internal Audit and the extent to which we can take assurance from its work;
- reviewing the design and implementation of the internal financial control systems to the extent that they have a bearing on the highest risk areas of the financial statements;
- reviewing the adequacy of the Council's general controls in respect of its information technology (IT);
- assessing the audit risk and, based on that assessment and the assessment of the design of the internal control system, developing and implementing appropriate audit procedures;
- testing the operating effectiveness of the internal financial controls, where we consider it appropriate to rely on controls;
- reviewing the adequacy of material disclosures in the financial statements;
- maintaining regular contact with officers to discuss emerging issues and any new accounting or auditing requirements;
- verifying all material balance sheet accounts and performing analytical review of income and expenditure streams; and
- ensuring that the balances reported in the Council's Whole of Government Accounts (WGA) consolidation pack are consistent with the financial statements.

1.3 Identified high risk areas

In summary, our audit approach, in respect of high risk areas will be as follows:

- we will work with the Council to advise it on accounting developments that will impact on the 2009-10 financial statements, in particular relating to the 2009 SORP and International Financial Reporting Standards (IFRS); and
- we will discuss with the Council the arrangements it has put in place to address any recommendations arising from the outcomes of our 2008-09 audit.

In consequence, our work cannot necessarily be relied upon to disclose deficiencies or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

1.6 Use of the work of internal audit

We review Internal Audit's overall arrangements against the CIPFA Standards for Internal Audit to ensure that they are adequate to produce robust and reliable work. Where the arrangements are considered to be adequate, we can gain assurance from the overall work undertaken by Internal Audit and can conclude that, the service in itself, is contributing positively to the internal control environment and overall governance arrangements within the Council.

In accordance with professional standards and our audit approach, a comprehensive review of the Internal Audit service is only undertaken every three years, unless there is an indication that a more frequent review is required.

We completed a full review of the Council's Internal Audit service in 2007-08. For 2009-10, our work will involve reviewing the Council's progress in implementing the recommendations raised from our full assessment and ensuring that there have been no significant changes to the internal audit service.

In addition, where Internal Audit has completed specific work and detailed testing on an area that we have determined as representing an accounts risk to the Council's financial statements, we will review this work in detail, to establish whether we can place reliance upon the testing undertaken and the conclusions reached. Where we seek to place reliance on specific areas, we undertake re-performance work to ensure that we would have drawn the same conclusions from the testing undertaken and resultant findings. This approach ensures that we maximise the assurance gained from Internal Audit's work in addressing the risk factors we have identified from our overall review of the financial statements and minimises the duplication of audit work.

1.7 Audit of IT systems

Our audit approach requires a review of the Council's internal controls in the IT environment, as the Council uses computer systems for accounting applications that process a large number of transactions.

As in previous years, we will involve our information specialists to undertake this element of the audit.

2 Key audit issues and financial reporting matters

As we have now completed our work on the 2008-09 accounts, we have set out below our detailed risk assessment for our audit of the 2009-10 accounts. This risk assessment, summarised in the table below, reflects both national developments and issues as well as local risks that have emerged during the course of our 2008-09 audit. We will keep our risk assessment under review, and if necessary, amend this plan.

We will report to you in our annual report to those charged with governance (ISA260) our findings and conclusions in respect of each of the risks that we have identified at the planning stage of the audit. We plan to present our ISA260 report to the Council's Final Accounts Committee following the conclusion of our financial statements audit in September 2010.

2.1 National and other financial reporting matters

Issue	How we plan to respond
-------	------------------------

SORP 2009 - Accounting for National Non Domestic Rates and Council Tax	
---	--

The 2009 SORP has introduced a number of changes in the accounting for national non domestic rates and council tax in the Council's financial statements. It now requires local authorities to account for transactions on an agency basis, i.e. the Council only discloses its own share of debtors and creditors of the Collection Fund. There is a risk that the Council does not correctly account for these changes.

We will discuss and advise the Council on the new accounting requirements and provide feedback on any changes in disclosures that are needed to comply with the SORP.

International Financial Reporting Standards

CIPFA has confirmed that local authorities will be required to follow International Financial Reporting Standards from 1 April 2010. Financial data for 2009-10 will require restatement in order to provide comparative data in the financial statements. There is a risk that the Council has not put adequate arrangements in place to manage this transition and collate the acquired information to prepare the restatement entries.

We will work with the Council's finance team to ensure that arrangements are in place to implement its IFRS transition plan and we will monitor progress against this plan throughout the year. We will provide advice and support to the Council on the required accounting treatments under IFRS, where this will not compromise our independence, through sharing our experiences of IFRS transition from other public sector bodies and the commercial sector.

2.2 Key local audit matters

Issue

Group Accounts

The Council is a 100% shareholder in Exeter Canal and Quay Trust Limited (ECQT) and, as such, is required to produce group accounts. In order to ensure that the group accounts reflect the final position of subsidiaries, they should be prepared and approved, only once all subsidiary accounts have been audited and signed off by their independent auditor. Our audit of the 2008-09 financial statements identified that the Board of ECQT were not due to approve the accounts until mid November 2009, although the external audit of the accounts had been completed and had not identified any significant issues. This exposed the Council to risk that any subsequent events, impacting upon the subsidiary prior to the approval of the accounts, would not be reflected in the Group's reported position.

In addition, the introduction of IFRS requires the Council to reassess its interests in other organisations to determine whether it has the ability to control, regardless of whether control is exercised. The Council needs to ensure that the ongoing impact on its group accounts is formally assessed and that processes are in place to prepare and approve the accounts for any additional interests to be accounted for under IFRS. There is a risk that the Council does not put adequate arrangements in place to deliver these requirements effectively.

Icelandic Banks

The Council was affected by the collapse of the Icelandic Banks. It held investments of £3 million with Landsbanki on a short term deposit that was due to mature on 3 November 2008 and £2 million deposit with Glimir Bank due to mature in December 2008.

CIPFA provided advice on the accounting arrangements for authorities with deposits in these banks and released further information regarding the level of impairment to be recognised in the Council's accounts in 2008-09, reflecting the latest status report from the banks' administrators. There is a risk that any changes in this position during 2009-10 is not appropriately accounted for.

How we plan to respond

We will discuss with the Council its timetable for the preparation, audit and approval of the Council's subsidiary accounts at our interim audit to ensure that this allows sufficient time for audit consideration enabling them to meet statutory requirements.

We will continue our discussions with the Council on its IFRS preparations and review its process for identifying all significant interests in other organisations and whether these have been appropriately assessed under the IFRS requirements.

We will monitor any future progress reports from the administrators and ensure that the Council responds to any changes in amounts recoverable from the banks. We will review any accounting entries prepared by the Council as part of our final accounts audit to ensure that these continue to reflect the latest information available.

3 Administration

3.1 Engagement team

Our senior team for the audit is unchanged from last year. We have introduced a new in charge auditor, Chris Roach, to support the team in the delivery of the audit of the financial statements. Julie Fuller, who is known to the Council, will continue to support the team in the work required under Use of Resources. Contact details for them are as follows:

Name	Role	Contact details
Barrie Morris	Engagement lead	T: 0117 305 7708 E: barrie.morris@gtuk.com
Julie Masci	Audit manager	T: 0117 305 7696 E: julie.masci@gtuk.com
Chris Roach	In charge auditor	T: 0117 305 7720 E: chris.roach@gtuk.com
Julie Fuller	In charge auditor	T: 0117 305 7657 E: julie.fuller@gtuk.com

3.2 Fees

We proposed our audit fee for 2009-10 in a separate fee letter to the Council dated 2 March 2009, which was agreed with management. This was ratified by the Council at its Resources Scrutiny Committee on 25 March 2009. The agreed fee in relation to the audit of the financial statements is £69,500.

In setting the fee, we have assumed that:

- the Council will inform us of significant developments impacting on our audit;
- internal audit continues to meet the appropriate professional standards;
- internal audit undertakes sufficient appropriate work on all systems that provide material figures in the financial statements so that we can take necessary assurances from their work for the purposes of our audit;
- good quality working papers and records will be provided to support the financial statements by 30 June 2010;
- requested information will be provided within agreed timescales; and
- prompt responses will be provided to draft reports.

3.3 Information required

We will issue a client arrangements letter to the Council setting out the specific information and working papers requirements for our audit. We will issue this to the Council by 31 March 2010.

3.4 Specialist support

The core audit team will be supported by other specialist and support staff, as necessary, during the course of the audit, including:

- IT audit specialists;
- governance and risk assurance specialists; and
- technical accounting specialists.

3.5 Independence

We are not aware of any relationships that may affect the independence and objectivity of the audit team, which we are required by auditing and ethical standards to communicate to you. We comply with the ethical standards issued by the APB and with the Audit Commission's requirements in respect of independence and objectivity as summarised at Appendix A.

3.6 Quality assurance

We are committed to achieving and maintaining the highest quality of service. If you have any comments on our service, please contact Barrie Morris as engagement lead, in the first instance. Alternatively you may wish to contact the Audit Commission's Head of Operations (Southern), Bill Sanderson, or Grant Thornton's National Head of Government Audit, Sarah Howard.

A The Audit Commission's requirements in respect of independence and objectivity

Auditors appointed by the Audit Commission are subject to the Code of Audit Practice (the Code) which includes the requirement to comply with ISAs when auditing the financial statements. Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement lead and audit staff. Standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Resources Scrutiny Committee. The auditor reserves the right, however, to communicate directly with the Executive matters which are considered to be of sufficient importance.

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and

- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Council invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as non Code work in the plan.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Engagement Lead;
- audit staff are expected not to accept appointments as lay school inspectors;
- firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned;

-
- auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence;
 - auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission;
 - auditors are expected to comply with the Commission's policy for both the Engagement Lead and the Manager to be changed on each audit at least once every five years with effect from 1 April 2003;
 - audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body; and
 - the Commission must be notified of any change of manager one month of making the change. Where a new Engagement Lead or Manager has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

REVENUE BUDGET PROPOSALS 2010/11

1. PURPOSE OF THE REPORT

- 1.1 This report outlines the strategic framework within which the estimates have been prepared and circulated for discussion and comment during December and highlights the issues that will affect the actual setting of the overall level of council tax.
- 1.2 This report also summarises the overall budget position arising from the current cycle of Scrutiny Committee meetings.

2. BACKGROUND

- 2.1 At its meeting of 8 December 2009, the Executive approved a budget strategy based upon key assumptions including the likely level of available resources and the proposed new revenue bids and other identified spending pressures. This strategy, including the revised medium term financial plan, indicated that the Council can afford to fund its proposed spending plan in the short term to medium term by utilising some of its balances and reserves. However the strategy indicated that there continued to be spending pressures that the Council needed be made aware of. In particular the impact of borrowing to fund the Council's future capital programme and the reduction of income in some service areas will add more pressure to the revenue budget in future years. There is also the real possibility that in the medium term the Council will be given a significantly reduced level of grant from the Government. Implicit within the budget strategy and medium term financial plan is the requirement to identify ongoing cashable efficiency savings.
- 2.2 Savings proposals to reduce the base budget by £1.008 million (Appendix 1) have been incorporated within the budget papers presented to the individual Scrutiny Committees.
- 2.3 The Government has now announced the provisional local government finance settlement for 2010/11 and this was in line with previous forecasts. For Exeter the guideline figure is as follows:

- Formula Grant £12,089,847 (increase 0.8% against 2009/10 grant)

The provisional settlement now indicates that in cash terms our grant will only increase by £90,995 against the 2009/10 grant amount of £11,998,852.

3. KEY ASSUMPTIONS

- 3.1 In producing the Council's medium term financial plan and annual revenue budget a number of factors have to be taken into consideration. Economic factors outside of our control such as inflation, interest rates, and economic growth etc. can have a huge impact upon the

Council's overall financial position. Consequently it is necessary to make a number of assumptions on such issues so that a meaningful financial plan can be produced.

3.2 The following assumptions have been made with regard to the revenue budget for 2010/11:

Expenditure

- Pay award 1.0%
- Pay Increments 0.5%
- Utilities Nil
- Contracts 1.5%
- Insurance 3.0%
- Fuel 3.0%
- General Inflation Nil (see para 3.4 below)

Income

- Car Parks 2.5% (VAT only increase)
- Commercial Rent Nil percentage increase
- Other Income 2.0%

3.3 The pay settlement for the current year has been agreed at 1% for the majority of staff and a nil increase for senior staff. It is extremely likely that there will be pressure to limit public sector pay again next year and therefore it is felt prudent at this stage to budget next year for a pay increase of not more than 1.0%.

3.4 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 1.5%, up from 1.1% in September. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, also rose to -0.8% from -1.4%. Although the Government no longer produce targets for the RPI it is still used to determine increases in pensions, benefits and pay negotiations. The Bank of England has also said that inflation will probably go up after the temporary reduction in VAT expires in January, although inflation is then expected to fall back again. The government target for the CPI measure is 2%.

3.5 With regard to interest rates the Bank of England has put the base rate of interest on hold at only 0.5% since March 2009. Although many analysts are predicting that interest rates could start to increase next year, in the short term they are likely to remain at their historically low levels. The low levels of interest rates affect the City Council in a number of ways. On the negative side the Council has to assume lower investment returns on cash deposits in comparison with previous years. This has also been exacerbated by the continuing lack of confidence within some parts of the banking sector. The likelihood is that investment returns will be no more than 3% in comparison with returns in excess of 6% that we have achieved in recent years. Conversely, on the positive side, the lowering of interest rates also means that the cost of borrowing is now also cheaper. This is particularly important to the City Council now that it has to make use of borrowing in order to fund part of its capital programme.

4. CONCESSIONARY TRAVEL

- 4.1 After many weeks of strong lobbying, the Government has finally issued a consultation paper which sets out their proposals for the funding of concessionary travel in 2010/11 and seeks responses from authorities, which needed to be submitted by 30 December. If the proposals are endorsed they will give the Council an additional £1.65 million of special grant. Whilst this additional grant is very welcome, it has still been necessary for the Council to find revenue savings of about £1 million next year. If this additional grant is not forthcoming, then further cuts of more than £1.5 million would need to be identified. From April 2011 onwards responsibility for the administration of the concessionary fares will be passed to county councils. However, it is not yet known what the potential funding implications of this transfer are likely to be.

5. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2010/11

- 5.1 As indicated above the provisional settlement includes a notification of our likely grant for next year. The City Council's provisional grant settlement for 2010/11 is £12.090 million and this represents an overall cash increase of £0.091 million (0.8%) compared to the current year (£11.999 million). The attached Appendix 2 shows as a comparison the grant settlement figures for all Devon authorities covering the current spending review period. The final settlement figures will be announced later this month but at this stage it is not expected that they will be significantly different from the provisional announcement.

6. MONITORING OF REVENUE SAVINGS – 2009/10

- 6.1 The revenue budget for the current financial year incorporated proposed savings of £2.5 million. If these are not achieved during the year then this may also have an adverse impact upon next year's budget. Apart from a few exceptions, the Council is on target to deliver the proposed savings in the current financial year and in some instances the target will be exceeded for some of the proposed savings. These are as follows:-

Service Area	Budgeted Savings 2009/10 £	Comment
Housing Benefits	150,000	Latest qtr 2 stewardship report indicated that this target would be exceeded by £116,000.
Printing	33,700	A delay in the implementation of the printing review will mean that the savings will only be partly achieved this year.
Leisure and Museums	31,000	The proposed savings for reducing supplies and services are not likely to be achieved. The current shortfall is expected to be £18,000.

Service Area	Budgeted Savings 2009/10 £	Comment
Housing Advisory Services	£120,800	The latest qtr 2 stewardship report indicated that this target would not be achieved with a predicted overspend of £117,950. This is mainly due to increased costs of Private Sector Leasing and Serviced Accommodation. It is anticipated that most of this extra cost will be reduced next year due to housing benefit changes taking effect from 1 April 2010.
Pay Award Provision at 1.5%	£225,000	This proposed saving has been exceeded by about £110,000. The pay settlement for 2009/10 has now been agreed at 1% for most staff and a nil pay increase for senior staff.

6.2 The overall revenue savings target of £2.5 million is therefore currently forecast to be achieved and this was also reflected in the most recent overview of the general fund revenue budget reported to Executive on 8 December 2009. This indicated that the estimated withdrawal from the general fund working balance would be £265,410 less than had been budgeted for.

7. FURTHER ISSUES TO BE CONSIDERED

7.1 Before the Council can finally consider the appropriate level of Council Tax to be levied next year, there are a number of issues that require further consideration as follows: -

- Budget Consultation
- Central Government advice on the level of Council Tax
- Future spending pressures and review of the medium term financial planning process
- The level of reserves and balances

8. BUDGET CONSULTATION

8.1 This is the first year that the Council has undertaken a full public consultation specifically on the budget. In previous years consultation was undertaken on the Exeter Vision priorities and as they were linked to the Council's corporate objectives this enabled public priorities to be reflected. A programme of public consultation has been conducted with associated publicity which included a Wavelength survey, an online budget simulator and a public engagement event. In each of method of consultation some background information was provided and the Council's budget was broken down into ten service blocks.

8.2 The methods and results from the consultation exercises are outlined in the separately attached report (Appendix 6). In total there have been 883 interactions with the various methods. This is not the same as 883 unique individuals as there may be some crossover

between methods (a Wavelength panellist could also complete the online budget simulator and attend the public event). However, this still represents a good level of participation.

8.3 The results for these three exercises do not point to a neat and simple answer to the problem of reducing the 2010/11 budget. In general there was broad agreement between the three exercises as to where the public would be prepared to see savings made. Waste collection and street cleaning were the two areas where people were least prepared to see savings made and Corporate & Democratic and Other Central Services the areas where people were most prepared to see savings.

8.4 It is also noted that there are four areas where there are clear age differences:

- People aged 25-44 are less likely to choose leisure and recreation
- People aged 35-44 are less likely to choose museums, heritage and tourism for savings
- People aged over 55 are less likely to choose to make savings in Corporate and Democratic Services and Other central services

This is likely to be linked to their use of the services. People under 44 are more likely to have children who would use leisure and recreation and museums, heritage and tourism services whereas older people may be more likely to use services such as benefits payments, community information and engagement.

9. COUNCIL TAX

9.1 Council tax in England increased by an average of 3.0% in 2009/10, its lowest increase for 15 years. By way of a comparison, in 2009/10 Exeter City Council increased its band D council tax from £114.98 to £119.46; an increase of £4.48 (3.9%). This meant that Exeter had set the 4th lowest council tax out of all the other (201) English District Councils.

9.2 The Government has already stated that they anticipate that council tax increases will fall further again next year and that they are again prepared to take capping action against excessive increases by authorities. The latest Budget Strategy noted by Executive in December 2009 included an assumption that council tax would increase by 4.5% for next year and by no more than 4.5% for the next 2 financial years.

10. FUTURE SPENDING PRESSURES AND REVIEW OF THE MEDIUM TERM FINANCIAL PLANNING PROCESS

10.1 The Council has a medium term financial strategy that forms an integral part of its formal financial planning processes. The key elements of this strategy form part of the overall Budget Strategy that is approved by Council each year. As a brief reminder the Medium Term Financial Strategy contains the following key points:

- It sets out a 4 year revenue financial plan (covering the period to 2012/13)
- It identifies the likely level of grant support from the government
- Sets out the likely level of future council tax increases
- Identifies future service cost variations
- Identifies level of future investment income
- Takes into account the revenue consequences of our Capital Strategy
- Identifies the future amount of efficiency savings/cost reductions required for a balanced budget

10.2 An updated medium term financial plan covering the period 2009/10 to 2012/13 is attached in Appendix 3 and Appendix 4. Appendix 3 assumes that the level of formula grant is the

same for each of the years 2010/11 to 2012/13 whereas Appendix 4 is based upon a grant reduction of 3% after 2010/11.

- 10.3 Although the Council is required to approve an annual revenue budget it does also need to take into account future spending pressures and the likely level of available resources covered by its medium term financial plan. Both Appendix 3 and Appendix 4, show that in the medium term the Council will need to identify further additional revenue savings in order to deliver a balanced budget within the overall available resources. In the worst case scenario indicated in Appendix 4, the medium term financial plan indicates that as well as the £1.008 million of savings identified for next year, further revenue savings of at least £1.7 million will need to be identified and delivered in the following two years.
- 10.4 Looking to the longer term there are a number of uncertainties and factors that could affect the future financial position. These include: the amount of grant support from central government, the level of future years' pension contributions, potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital programme commitments. Any additional revenue costs that are not currently identified within the medium term financial plan will now have to be met from further savings.

11. BALANCES AND RESERVES

- 11.1 The Council's current policy is such that the minimum level of the General Fund Balance will now be £2 million. This is considered a sufficient level taking into account the potential level of financial risk facing the Council in the medium term. The latest estimated position of the General Fund Balance is that it will be about £3.395 million as at 31 March 2010, equivalent to 20.5% of Exeter's net revenue budget. The Council's revised medium-term financial plans (Appendix 3 and Appendix 4) indicate that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2012/13.
- 11.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2010/11 makes use of £487,500 from the following earmarked reserves: -

Transfer from/ (to) reserves

	£
Isca Bowls	10,000
Planning Delivery Grant	(487,500)
Transport Initiatives	(5,000)
Licensing	3,950
Habitat Assessments	<u>(9,000)</u>
	(487,500)

12. REVENUE ESTIMATES 2010/11 (APPENDIX 5)

- 12.1 The Council's revenue estimates for next year are being considered during the current cycle of Scrutiny Committee meetings for the final budget report to the Executive on 9 February 2010. In total, Service Committee Expenditure for 2010/11 is £17,196,770 which is £2,159,860 less than the current year. A summarised breakdown of this decrease is shown below: -

	£000's
Service Committee Expenditure 2009/10	19,357
Reduction of LGR costs etc. from base	(1,000)
Net reduction in cost of concessionary travel	(1,300)
Inflation allocation	301
Further reduction in income re car parks and planning	250
Archaeological Field Unit	109
Proposed new revenue bids – recurring	34
Proposed new revenue bids – non-recurring	65
Revenue Costs arising from New Capital Bids	21
Other budgetary adjustments	368
Proposed revenue savings	<u>(1,008)</u>
Service Committee Expenditure 2010/11	17,197

- 12.2 In addition there are other items to taken into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £100,000 for net interest in respect of our overall positive cash balances, and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2010/11 is planned to be £16,820,509, an increase of £293,133 (1.8%) compared to 2009/10.

13. COUNCIL TAX BUDGET REQUIREMENT 2010/11

- 13.1 When the Formula Grant of £12,089,847 is taken into account the resultant net expenditure to be financed from council tax is £4,730,662 (as indicated in Appendix 5), an increase of £202,138 (4.5%) compared to 2009/10.
- 13.2 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2010/11. For next year the amount that must be taken into account by the City Council is a surplus of £8,322.
- 13.3 As indicated above it is proposed that the net expenditure to be funded by council tax for 2010/11 is £4,730,662. The surplus of £8,322 must be deducted from this amount to give a revised amount to be funded of £4,722,340. When the tax base of 37,827 divides this amount, the proposed band D council tax for 2010/11 will be £124.84, an increase of £5.38 (4.5%) compared with the 2009/10 band D amount of £119.46.

14. SUMMARY

- 14.1 Although the final grant settlement figures from the Government are not expected to be available until the end of January it is unlikely that they will be significantly different from the provisional settlement figures used elsewhere in this report. Based on this and the proposed revenue estimates presented to each Scrutiny Committee the proposed council tax increase for next year will be 4.5%.

15. RECOMMENDATION

- 15.1 That Scrutiny Committee – Resources notes the recommendation to the Executive and comments accordingly.
- 15.2 Executive approves the Draft Revenue budget proposals for 2010/11 and that the recommended minimum level for the General Fund Working Balance remains at £2 million.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling this report:

None

REVENUE SAVINGS PROPOSALS

	2010/11 £	2011/12 £
<u>ECONOMY AND DEVELOPMENT</u>		
Planning and Building Control		
Manager Post	46,000	
Design Assistant (Landscape and Tree Officer) - deletion of vacant post	28,000 (HPDG)	
Planning and Design Staffing	23,000	28,000
Implementation Officer - post is currently vacant	27,000	
Investigations Officer - post is vacant	14,000 (HPDG)	
Building Control Officer	36,500 (BC)	
Charging for work to dwellings	12,500 (BC)	
Less savings re Building Control (BC)	(49,000)	
Less savings re Housing and Planning Delivery Grant (HPDG)	(42,000)	
Parking, Engineering and Business Support		
Deletion of 3 Civil Enforcement posts	64,000	
Delete clerical staffing	23,000	
Economy and Tourism		
Deletion of Tourism post	21,000	
Reduction in cost of operation of the Underground Passages	9,500	
Tourism Marketing	2,600	
Reduced maintenance budget for Interpretation facilities	3,000	
Furniture	1,500	
Autumn Festival	2,000	
Vibraphonic Festival	14,000	
Estates		
Market staffing	13,000	
Property Records	2,000	
Additional Property Income	20,000	

REVENUE SAVINGS PROPOSALS

	2010/11 £	2011/12 £
<u>COMMUNITY AND ENVIRONMENT</u>		
Leisure and Museums		
RAMM staff savings	50,000	
Leisure - 1 post (scrapstore/play)	25,000	
Canal - reduction of expenditure budgets and additional income	13,500	
Reduction in Play 101 and Play 4 Free	10,000	
Administration and Projects		
Staff savings	50,000	
Housing General Fund		
Reduction in use of agency staff for home choice data input	11,000	
Contribution to resettlement budget	46,000	
Extralet - increase management fee	5,000	
Environmental Health		
Street sweeping - reduction of agency to cover short term absences	50,000	
Garden Waste - increase charge from £27 to £28 pa	6,000	
Freeze vacant MRF post	15,000	
Refuse collection changes	10,000	25,000
Bi-weekly collection	50,000	50,000
CCTV - staff savings resulting from new shift system	50,000	
Reduction of MRF transport costs	25,000	
Withdraw dedicated cleaner from redcoat routes	30,000	
Review pest control charges and concessions	20,000	
Use the climate change levy to fund the Council's climate change work	100,000	
Closure of some public conveniences	60,000	tbc
Contracts and Direct Services		
Procurement savings -tyres	10,000	
Procurement savings -agency workers	40,000	
Grounds Maintenance post - currently vacant	20,000	

REVENUE SAVINGS PROPOSALS

	2010/11 £	2011/12 £
Tree Management Work	20,000	
Less assumed 50% savings to non general fund areas	(45,000)	
<u>CORPORATE SERVICES AND CHIEF EXECUTIVE</u>		
IT Services		
Equipment Tools and Materials	3,000	
EDRMS/Dip Licence	7,000	
Host Access Maintenance	1,500	
Mobile Computer Devices	4,000	42,000
Savings re Legacy applications		
Treasury Services		
Council Tax Restructure		15,000
Corporate Customer Services		
Staff savings General Office	7,000	
Customer Services Centre restructure	3,000	
Internal Audit		
Additional income from sale of CIPFA matrices	10,000	(10,000)
Legal Services		
Supplies and Services	3,200	
Chief Executive		
Staff savings	20,700	
Reassignment of Street Licensing to C and E	5,300	
TOTAL	1,007,800	150,000

This page is intentionally left blank

FORMULA GRANT INCREASES - DEVON AUTHORITIES

Authority	Adjusted Grant 2007/08 £m	Actual Grant 2008/09 £m	Actual Grant Increase %	Actual Grant 2009/10 £m	Actual Grant Increase %	Provisional Grant 2010/11 £m	Provisional Grant Increase %	Grant Increase 2007/08 - 2010/11 £m	Grant Increase %
Devon	135.431	145.276	7.3%	152.999	5.3%	161.127	5.3%	25.696	19.0%
Plymouth	96.933	100.698	3.9%	103.482	2.8%	106.022	2.5%	9.089	9.4%
Torbay	49.127	53.169	8.2%	56.138	5.6%	58.992	5.1%	9.865	20.1%
East Devon	7.726	7.810	1.1%	7.948	1.8%	8.157	2.6%	0.431	5.6%
Exeter	11.729	11.893	1.4%	11.999	0.9%	12.090	0.8%	0.361	3.1%
Mid Devon	5.818	5.938	2.1%	6.059	2.0%	6.186	2.1%	0.368	6.3%
North Devon	7.750	7.925	2.3%	8.103	2.2%	8.286	2.3%	0.536	6.9%
South Hams	5.398	5.452	1.0%	5.480	0.5%	5.549	1.3%	0.151	2.8%
Teignbridge	9.410	9.564	1.6%	9.723	1.7%	9.906	1.9%	0.496	5.3%
Torridge	5.897	6.076	3.0%	6.258	3.0%	6.433	2.8%	0.536	9.1%
West Devon	4.137	4.201	1.5%	4.266	1.5%	4.340	1.7%	0.203	4.9%

This page is intentionally left blank

MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - FORMULA GRANT REMAINS THE SAME

	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Resources				
Central Government Support	11,999	12,090	12,090	12,090
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	17,074	17,350
Expenditure				
Service expenditure				
Committee expenditure base budget	18,402	18,357	17,521	17,861
Inflation	490	301	287	293
Increase in service costs	2,680	1,535	744	249
Identified reductions / additional income	(662)	(1,748)	(191)	(149)
2009/10 Identified Revenue Savings	(2,553)	84	(500)	(527)
Revenue Savings	18,357	17,521	17,861	17,727
Forecast overspend Qtr 2	167			
Supplementary Budgets	103			
AIM Carry Forward	353			
Provision for Redundancy	500	500		
LGR Costs including mobile working	300			
Other funding				
Investment interest	(201)	(100)	(100)	(100)
Contribution to/ (from) earmarked reserves	(807)	(488)	(132)	0
Contribution to/ (from) balances - Other	(2,188)	(563)	(555)	(277)
	(3,196)	(1,151)	(787)	(377)
Total Net Budget	16,584	16,870	17,074	17,350

Opening General Fund Balance	5,583	3,395	2,832	2,277
Closing General Fund Balance	3,395	2,832	2,277	2,000
Balance as a percentage of budget	20.5%	16.8%	13.3%	11.5%

This page is intentionally left blank

MEDIUM TERM REVENUE PLAN (2009/10 - 2012/13) - FORMULA GRANT REDUCED BY 3% EACH YEAR

	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	1,535	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		(1,008)	(860)	(881)
	18,357	17,521	17,501	17,007
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	18,021	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)	(563)	(555)	(277)
	(3,196)	(1,151)	(787)	(377)
Total Net Budget	16,584	16,870	16,714	16,630

Opening General Fund Balance	5,583	3,395	2,832	2,277
Closing General Fund Balance	3,395	2,832	2,277	2,000
Balance as a percentage of budget	20.5%	16.8%	13.6%	12.0%

This page is intentionally left blank

DRAFT 2010/11 GENERAL FUND ESTIMATES

	2009/10 BUDGET £	2010/11 BUDGET £	CHANGE £	%
Scrutiny - Community	13,154,070	12,503,090	(650,980)	
Scrutiny - Economy	858,390	(340)	(858,730)	
Scrutiny - Resources	5,344,170	4,694,020	(650,150)	
SERVICE ESTIMATES TOTAL	19,356,630	17,196,770	(2,159,860)	(11.2)%
Net Interest	(300,000)	(100,000)	200,000	
Business Growth Incentive Grant	(100,000)	(50,000)	50,000	
Provision for Redundancy	500,000	500,000	0	
Minimum Revenue Provision		324,000	324,000	
SERVICE ESTIMATES NET EXPENDITURE	19,456,630	17,870,770	(1,585,860)	(8.2)%
Transfer to/(from) working balance	(1,997,254)	(562,741)	1,434,513	
Transfer to/(from) earmarked reserves	(932,000)	(487,520)	444,480	
GENERAL FUND EXPENDITURE	16,527,376	16,820,509	293,133	1.8%
Formula Grant	(11,998,852)	(12,089,847)	(90,995)	0.8%
COUNCIL TAX NET EXPENDITURE	4,528,524	4,730,662	202,138	4.5%

This page is intentionally left blank

Exeter City Council – Budget Consultation Report

Prepared by

- Mandy Pearse, Communications Manager
- Rob Simmonds, Consultation Officer
- Milan Recknagel, Communications Asst (work experience)

Purpose

To gather feedback on public priorities for spending and savings across the 2010/11 budget

Methods

A number of methods were used. All methods were based on ten service themes (Museums/heritage & tourism, leisure/recreation, waste collection, street cleaning, environmental health, other environmental services, planning and economic development, housing, corporate & democratic, other central services).

1. Wavelength residents' panel. Survey sent to 901 panellists, 576 returned. Focussing on panellists' priorities for Council services and corporate objectives, identifying budget reductions and measuring panellists' attitudes to cuts and Council spending.
2. Budget day public event. Used activities which required participants to identify budget cuts across service areas and to prioritise spending. In total 113 members of the public attended during the course of the day.
3. Online budget simulator. Participants were required to build a budget to achieve a total saving of £1m by increasing/decreasing funding to the ten service areas. There were 235 online returns at the time of writing.

In total there have been 883 interactions with the various methods. This is not the same as 883 unique individuals as there may be some crossover between methods (a Wavelength panellist could also complete the online budget simulator and attend the public event). However, this still represents a good level of participation. All of the publicly accessible methods (public event and online budget simulator) were supported by publicity such as the Exeter Citizen and media work. There was also a high profile link from the homepage of the Council website and an 'adspot' which appeared all over the site. All methods featured consistent explanations of what each of the ten service groups did.

Purpose of this report

This report aims to give a summary of the three methods used to engage the public with the budget setting process.

Wavelength 21

In total 576 forms were returned from 901 sent out. This is a return rate of 64%. A weighting is applied to take account of the shortfall in panellists of some age groups and the over representation of other groups. This process helps to ensure that the results are an accurate reflection of the demographic make up of the city and are not skewed by any one age group.

Q1 - How important would you say are the following services for the city council to provide?

	Q1 - How important would you say are the following services for the city council to provide?									
	Very important		Important		Neither		Not important		Not important at all	
	N	Row %	N	Row %	N	Row %	N	Row %	N	Row %
Museums, heritage + tourism	139	26.0%	309	58.1%	71	13.3%	13	2.4%	1	0.1%
Leisure & recreation	207	36.8%	301	53.7%	39	6.9%	14	2.6%	0	0.0%
Waste collection	426	75.4%	135	24.0%	2	0.4%	1	0.2%	0	0.0%
Street cleaning	320	57.0%	230	41.1%	10	1.7%	1	0.2%	0	0.0%
Environmental health	313	55.7%	226	40.3%	19	3.4%	3	0.6%	0	0.0%
Other environmental services	137	24.9%	325	59.0%	74	13.3%	15	2.6%	1	0.2%
Planning & economic development	142	26.5%	296	55.3%	79	14.7%	15	2.9%	3	0.6%
Housing services	186	33.3%	298	53.2%	53	9.4%	19	3.3%	4	0.8%
Corporate & democratic	44	8.3%	293	55.4%	126	24.0%	54	10.2%	11	2.1%
Other central services	45	8.7%	258	49.6%	180	34.6%	27	5.2%	9	1.8%

Very few people rated any of the service groups as Not Important or Not Important At All. The table below ranks the service groups in order of the aggregated number of people who rated them as Very Important or Important.

	Important (aggregated)
Waste collection	99.4%
Street cleaning	98.1%
Environmental health	96.0%
Leisure & recreation	90.5%
Housing services	86.5%
Museums, heritage + tourism	84.1%
Other environmental services	83.9%
Planning & economic development	81.8%
Corporate & democratic	63.7%
Other central services	58.3%

Waste collection was the top rated service group, with over 99% saying that it was an important function for the Council to provide. Most of the other service groups scored highly with two exceptions. Corporate & democratic and Other Central Services scored significantly lower than the other groups.

Q2 - To what extent do you agree that the services listed below need improving?

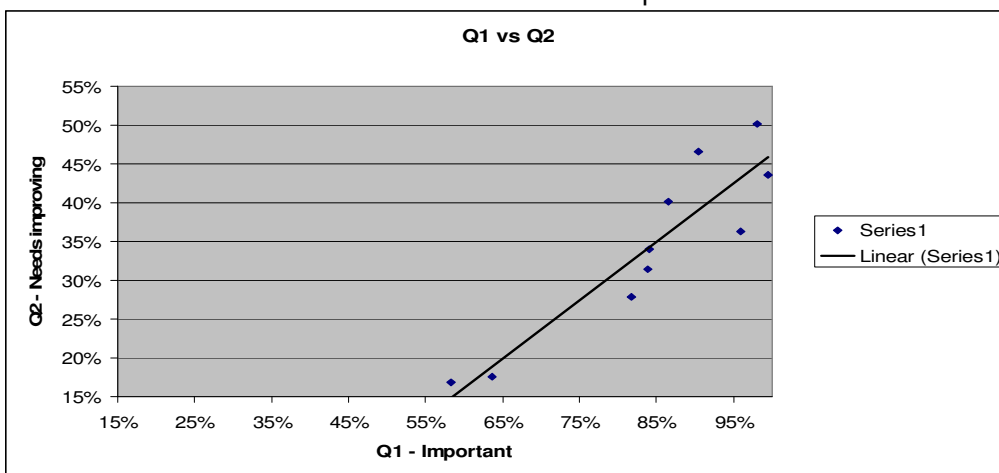
Street cleaning came out as the service group most in need of improving, followed by Leisure & recreation.

Q2 - Needs improving?	Agree	Neither	Disagree
Street cleaning	50.1%	30.6%	19.4%
Leisure & recreation	46.5%	39.7%	13.7%
Waste collection	43.5%	38.1%	18.4%
Housing services	40.2%	48.2%	11.6%
Environmental health	36.3%	47.7%	15.9%
Museums, heritage + tourism	34.0%	47.8%	18.1%
Other environmental services	31.4%	56.1%	12.6%
Planning & economic development	27.8%	52.9%	19.4%
Corporate & democratic	17.6%	63.1%	19.3%
Other central services	16.8%	65.5%	17.7%

There is a strong correlation between the perceived importance of a service group (Q1) and the extent to which it needs improving. The more important a service group is the more it needs to be improved, according to the perception of the panellists.

	Q1 – important rank	Q2 – needs improving rank
Street cleaning	2	1
Leisure & recreation	4	2
Waste collection	1	3
Housing services	5	4
Environmental health	3	5
Museums, heritage + tourism	6	6
Other environmental services	7	7
Planning & economic development	8	8
Corporate & democratic	9	9
Other central services	10	10

This can be more clearly seen on the following plot. The steep angle of the line indicates a strong correlation between the score for each of the two questions



Q3 - By how much would you change the amount of spending on each of the following?

	Q3 - By how much would you change the amount of spending on each of the following?					
	Reduce by 20%		Reduce by 10%		Stay the same	
	N	Row %	N	Row %	N	Row %
Museums, heritage + tourism	129	23.2%	268	48.1%	160	28.7%
Leisure & recreation	74	13.2%	280	50.1%	205	36.7%
Waste collection	9	1.7%	53	9.4%	496	88.9%
Street cleaning	16	2.8%	137	24.8%	401	72.4%
Environmental health	19	3.4%	163	29.5%	370	67.1%
Other environmental services	148	27.0%	252	45.8%	150	27.2%
Planning & economic development	127	22.9%	293	52.9%	134	24.2%
Housing services	62	11.2%	152	27.4%	340	61.4%
Corporate & democratic	292	52.9%	188	34.0%	73	13.1%
Other central services	212	38.3%	209	37.7%	133	24.1%

The service group which the panellists would reduce the most was Corporate & democratic (52.9% would reduce by 20%) followed by Other central services (38.3%).

Q3 - By how much would you change the amount of spending on each of the following?	Reduce by 20%
Corporate & democratic	52.9%
Other central services	38.3%
Other environmental services	27.0%
Museums, heritage + tourism	23.2%
Planning & economic development	22.9%
Leisure & recreation	13.2%
Housing services	11.2%
Environmental health	3.4%
Street cleaning	2.8%
Waste collection	1.7%

This table is almost a mirror image of the importance attached to service groups in Q1, with the most important service groups attracting the lowest number of people wanting to reduce spending on them.

Coversely, the more important a service group was, the more likely it was that people would prefer to see spending on it left the same.

Q3 - By how much would you change the amount of spending on each of the following?	Stay the same
Waste collection	88.9%
Street cleaning	72.4%
Environmental health	67.1%
Housing services	61.4%
Leisure & recreation	36.7%
Museums, heritage + tourism	28.7%
Other environmental services	27.2%
Planning & economic development	24.2%
Other central services	24.1%
Corporate & democratic	13.1%

Q4 - How important do you feel each of the Council's corporate objectives is?

+

Q5 - How good do you feel the Council is at delivering each of its corporate objectives?

Objectives	Q4 - How important do you feel each of the Council's corporate objectives is?		Q5 - How good do you feel the Council is at delivering each of its corporate objectives?	
	Important	Rank	Good	Rank
Use resources effectively and provide high performing, value for money services that focus on customer needs	88.0%	1	33.9%	7
Ensure that there are enough well-designed, well-maintained and affordable homes in the city	83.5%	2	37.0%	6
Enhance and protect the environment, reducing the causes and minimising the impact of climate change	81.4%	3	46.4%	4
Maximise the potential of all our citizens by tackling social disadvantage and deprivation	76.3%	4	24.4%	8
Ensure that Exeter is a buoyant, dynamic and innovative regional city with sustainable growth	76.2%	5	59.9%	1
Have strong and clear governance arrangements that enable communities to influence and help shape decisions about their area and city	69.3%	6	44.6%	5
Promote an extremely positive image and reputation and ensure high levels of satisfaction	66.9%	7	49.0%	3
Further improve the character of the city and facilities for culture and leisure	58.7%	8	53.8%	2

The most important objective, perhaps coloured by the overall focus of the survey, was to use resources effectively and provide high performing, value for money services that focus on customer needs (88%). The least important objective was to further improve the character of the city and facilities for culture and leisure (58.7%).

The ranking for delivery is not an exact mirror image of importance but it is striking that the objectives which the panellists felt that the Council was most successful in delivering were among the lowest ranked for importance. Conversely, the most important objective was seen as the second least successful in terms of delivery.

It is interesting to note the low ranking for the importance of leisure and culture in light of the high status that leisure enjoyed during the budget consultation event.

Q6 - To what extent do you agree with the following statements?

Q6 - To what extent do you agree with the following statements?	Rank	Agree Row %	Neither Row %	Disagree Row %
I understand that the council has to make savings	1	86.2%	9.0%	4.8%
I would not want to see charges for services increased	2	58.3%	25.3%	16.5%
I think the Council provides good value for money	3	55.2%	29.8%	14.9%
I would prefer to pay higher charges for services rather than see services reduced	4	33.2%	15.9%	50.9%
I would prefer to pay more on my council tax to avoid cuts in services	5	31.2%	17.1%	51.6%
I would prefer to see services stopped than pay more council tax	6	20.4%	28.0%	51.6%

The statement with the highest degree of agreement was that the Council has to make savings (86.2%). Panellists would prefer not to see charges for services increased (58.3% in agreement). There was a clear majority of panellists (50% or more) who disagreed with the final three statements.

It should be noted that people also contradict themselves in that they do not want to pay more council tax, pay higher charges or see services stopped whilst understanding the Council needs to make savings.

Q7 – Comments

These have not yet been fully analysed. However initial examination suggests there are a number of key themes in the comments

- Reduce management/bureaucracy
- Improve staff efficiency (comments with regard to staff wages/work practices/pensions)
- Costs associated with Councillors and the Lord Mayor
- Reduce the generosity of the concessionary fares scheme or recoup some costs from over 60s
- Reduce/change services
- Extra charges/improve collection of taxes, fines and revenue

Key findings
<ul style="list-style-type: none"> • There was a clear link between the importance attached to a service group, the desire for it to be improved and the amount of money that panellists wanted to spend on it. • Panellists understand that the Council has to make savings and do not want to pay more for services. • There was also little enthusiasm for seeing services stopped rather than paying more council tax. • The corporate objective identified as the most important was also the second least successful in terms of perceived delivery

Online budget simulator

This has been running since November 12 and so far (December 15) there have been 235 completed submissions.

Although the survey does ask for demographic details, only 69 of the 235 submissions have these. These figures show a similar profile to Wavelength, with respondents skewed towards the 35-65 age range. Unlike Wavelength, the online budget simulator results are not weighted.

Age group	Count	Online survey	Wavelength weighted
Under 18	1	1.4%	-
18-24	4	5.8%	18.2%
25-34	11	15.9%	20.8%
35-44	18	26.1%	15.7%
45-54	14	20.3%	14.0%
55-65	11	15.9%	13.3%
65 +	10	14.5%	18.0%
	69	100.0%	100.00%

The budget simulator required people to allocate either a saving or an increase to the ten service groups in order to achieve a 5% (£1m) saving. It was also possible to leave a service group untouched.

Budget Allocation - Microsoft Internet Explorer provided by Exeter City Council

Address: <http://www.budgetsimulator.com/exeter/allocation>

Budget Simulator

This is how you are spending this year's budget...

Total Spend: **£20.44m** Over Budget: **0.0%**

Your council's spending will stay the same.

Exeter City Council

Now you get to make your budget decisions!

Exeter City Council are having to undergo cuts this year, so however you decide to prioritize your spending, you'll need to make an overall -5% cut in spending.

Clicking a service name will give you background information, then click the boxes below to allocate more or less of your budget, compared to last year's spend, to that service. Once you're happy with your budget and have achieved a -5% cut in overall spending, hit the 'Review and Comment' button.

Remember that if you want to spend more on a service you have to either decrease spending on another one.

N.B. this process is for "simulation" purposes only to help us understand broadly how you want to allocate resources relative to each other.

Legend: -25% -20% -15% -10% -5% 0% 5% 10% 15% 20% 25%

- Housing: -5%
- Museums, heritage and tourism: -5%
- Planning and economic development: -5%
- Other central services: -5%
- Other environmental services: -5%
- Leisure and recreation: -5%
- Waste collection: -5%
- Street: -5%

By adding up the savings/increases identified for each service group it is possible to come up with an overall percentage saving.

Total identified budget	£18,520,647
Identified saving	-£1,919,353
Corporate + democratic	-7.70%
Museums, heritage + tourism	-5.68%
Other central services	-5.19%
Leisure + recreation	-4.62%
Planning + economic development	-4.43%
Environmental health	-3.02%
Other environmental services	-3.00%
Housing	-2.62%
Street cleaning	-2.28%
Waste collection	-1.43%

From this table it is clear that respondents have, in fact, identified budget reductions of almost £2m. If a smaller reduction was desired then the corresponding percentage reductions in service group budgets could be scaled down. For example, to achieve a £1m budget reduction Corporate & democratic would be reduced from -7.7% to -3.85, Museums/heritage & tourism reduced from -5.68% to -2.84% and so on for the other service groups.

Ranking the service groups in order of budget reduction reflects almost identical priorities to those identified by the Wavelength panellists. Waste collection (the most important service group and the one that Wavelength panellists were most likely to maintain current spending on) was the service groups with the smallest budget reduction (-1.43%). Conversely, corporate & democratic (second least important and least likely to have spending maintained at current level) attracted the highest level of budget reduction (-7.7%).

Key findings

- **Results from the online budget simulator match the priorities identified in the Wavelength survey**
- **Waste collection was the service group with the smallest budget reduction**
- **Corporate & democratic was the service group with the highest identified budget reduction**

Budget Consultation day

The Budget Consultation day on 14 November enabled members of the public to voice their opinions on their priorities for Exeter City Council's spending during the current recession period. People took part by assessing which City Council services they would allocate spending to and which services they would make cuts through two budget simulator activities. City council staff and councillors were present to explain and assist the public through the activities and answer general queries. The online budget simulator was also available via a laptop and wifi-link.

Budget Information

A set of boards explained the City Council's budget dilemma. Falling incomes from car parks, rents, fees and government grants coupled with increased demand for services such as housing and benefit payments created a £1 million budget gap in 2010. People were also reminded that the concessionary fares scheme was still not sorted out with the government only consulting on giving Exeter the £1.65 million it is owed.

Overall 113 people visited the consultation. The age profile was characterised by the majority of people being under 44 with a significant group of 65+ as well.



The Budget Bullseye

This activity demonstrated the decisions faced by Exeter City Council before implementing savings. Participants had to deposit 10 £ slips (each £ representing £100,000) from the services on the board into the bank in the centre to make their £1 million saving. Each £ slip taken away resulted in a reduction to the service summarised on a slip underneath each £. The consequence of each service reduction was explained in more detail by council staff.

The Budget Bullseye



Around 13 people took part in this exercise. Although only a small number of people took part in this particular exercise, those who did spent a considerable amount of time on it. Many of them commented on how difficult it was to make the decisions. Their comments in regard to budget cuts:

“Exeter City Council is doing a good job as it is and should be properly funded to carry on doing it. I wouldn’t mind paying more council tax to do this.” Resident, Newtown.

“We should look at saving money by cutting posts at more senior management level, rather than taking from the community itself.” Resident, St James.

	Proportion of overall savings
Corporate & democratic	20.6%
Museums, heritage + tourism	15.0%
Housing services	11.9%
Planning & economic development	11.1%
Environmental health	11.0%
Other environmental services	10.3%
Waste collection	8.7%
Other central services	8.7%
Street cleaning	6.3%
Leisure & recreation	1.5%

Corporate & democratic was again the most popular choice of service group for cuts (20.6%) and the least popular was leisure & recreation (1.5%). Waste collection (8.7%) and street cleaning (6.3%) were also favoured by participants, as were other central services (8.7%).

Although the exercise was very similar in principle to the online budget simulator and parts of the Wavelength survey, described earlier in this report, the results were slightly different. This may have been due to the ‘consequences’ of each reduction and the presence of Council officers who were on hand to answer questions and discuss the choices that people made.

Building the Budget

Here participants started with a blank canvas. People were reminded that out of a band D council tax of £1,426.53, only £120 is received by Exeter City Council for all its services. Balls represented money (£12 per ball) which could be allocated to a container which represented a service. Each participant received 10 spending balls to allocate into the services (equivalent to £120 tax). Just over 80 people took part in this activity. At the end of the day the overall results were as follows:

Service	Allocated balls	% of total balls	£ of city council tax allocated (out of £120)
Leisure and Recreation	124	15.64%	£18.76
Waste Collection	105	13.24%	£15.89
Street Cleaning	96	12.11%	£14.53
Museums, Heritage and Tourism	94	11.85%	£14.22
Housing	84	10.59%	£12.71
Environmental Health	82	10.34%	£12.40
Planning and Economic Development	74	9.33%	£11.20
Other Environmental Services	74	9.33%	£11.20
Other Central Services	43	5.42%	£6.50
Corporate and Democratic	17	2.14%	£2.57

The service group receiving the largest proportion of spending was Leisure & recreation (15.64%). This runs counter to the results of the online simulator and Wavelength, where Leisure & recreation was ranked in the middle for importance and for budget reductions.

Corporate & democratic was allocated the smallest proportion of spending (2.14%) which is in line with the importance and budget reductions identified for it in the online simulator and Wavelength survey.



Key findings

- Leisure & recreation was the most important service group, attracting the smallest budget reduction and the highest allocation of spending.
- The least important service group was Corporate & democratic, which attracted the largest budget reduction and smallest allocation of spending.
- The results for Leisure & recreation run contrary to the results of the other budget consultation elements (online simulator and Wavelength).

This page is intentionally left blank

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

CAPITAL PROGRAMME (2010/11 – 2012/13)

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2010/11 along with schemes identified for the following two years.

2. BACKGROUND

- 2.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council is required to prepare three-year capital expenditure plans and consider the affordability of its capital investment during all the years in which it will have a financial impact on the authority.
- 2.2 The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable and in considering its programme for capital investment, the Council is therefore required to have regard to:
- Affordability, e.g. implications for Council Tax and rent levels
 - Prudence and sustainability, e.g. implications for external borrowing
 - Value for money, e.g. option appraisal
 - Stewardship of assets, e.g. asset management planning
 - Service objectives, e.g. strategic planning for the authority
 - Practicality, e.g. achievability of the forward plans

3. AVAILABLE CAPITAL RESOURCES

- 3.1 In considering the affordability of the Council's capital plans, the authority is required to consider all of the resources currently available to it and estimated resources for the future.
- 3.2 Together with money from the Council's own capital receipts and capital reserves, the annual capital programme is financed from; Government grants, Section 106 monies, partnership funding and other external grants and contributions. If necessary, the Council may borrow to supplement these funds.
- 3.3 Under the prudential capital finance system, individual authorities are responsible for deciding the level of their affordable borrowing. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.
- 3.4 The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. A report to the Executive setting out the Council's Prudential Indicators will be presented at the February meeting along with the overall budget.

3.5 *General Fund Available Resources*

The Council will carry forward no unapplied General Fund capital receipts into 2010/11 as the unapplied capital receipts will be fully utilised by the 2009/10 capital programme and the Council will need to borrow in order to achieve the programme. Appendix 1 sets out the use of the resources available in respect of the General Fund.

3.6 Based upon the assumption that 70% of the Capital Programme will be spent in the financial year it is approved, it is forecast that the Council will have to continue to use borrowing for capital purposes from 2009/10 onwards.

3.7 A borrowing requirement of £23.9 million has been identified over the next four financial years, which will have an ongoing impact on the Council Tax. The current revenue cost of borrowing is approximately £83,000 for each £1 million that is borrowed. The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

3.8 *Housing Revenue Account Available Resources*

All usable capital receipts will be utilised in 2009/10. The capital programme for 2010/11 will be funded from the Major Repairs Allowance, Revenue Contribution, any capital receipts generated in the period and use of part of the HRA working balance. Appendix 2 sets out the use of the resources available in respect of the HRA.

3.9 Based upon the medium term financial plan it is projected that borrowing will not need to commence until 2011/12 for HRA capital purposes, at which point the borrowing costs will have an incremental impact on housing rents.

3.10 *Council House Building Programme Available Resources*

Wave One of the Council House Building Programme has been approved and works have commenced. The programme will be funded from grant funding from the National Affordable Housing Programme through the Homes and Communities Agency, budget transfer from the Council's Affordable Housing Programme and borrowing. The borrowing will be funded from within the rental stream of the new properties.

3.11 The funding schedule for the programme is attached at Appendix 3.

4. **GENERAL FUND CAPITAL PROGRAMME**

4.1 The proposed capital programme is set out in Appendix 4. The table below sets out the total of new capital bids included within the three-year capital expenditure plans for Executive to consider for approval:

Status	2010/11 £	2011/12 £	2012/13 £	Future Years £
Pre-approved schemes	9,682,740	5,714,510	1,740,000	200,000
New bids	1,704,290	120,000	120,000	140,000
Total General Fund Capital Programme	11,387,030	5,834,510	1,860,000	340,000

4.2 The capital programme has been set out in line with the Exeter Vision themes, in order

to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one vision theme, they have been placed under the theme to which it is considered the scheme contributes the most.

4.3 Details of the new capital bids are set out below, in order to provide an indication of how the Council seeks to further its capital investment.

4.3.1 *An Accessible City*

It is proposed that funding is made available to make the King William Street car park more attractive and secure in an attempt to maintain and increase both custom and income in the face of increased parking competition and to make the area surrounding the car park more attractive to potential developers and tenants to encourage investment and regeneration options.

Funding is requested to provide a footpath/cycleway in Well Oak Park to connect to Shakespeare Road, including installation of lighting and CCTV, re-landscaping and closing off of the connection to Wyvern Park, some funding has already been attained for this project from a S106 agreement.

4.3.2 *An Electronic City*

A range of IT capital schemes are proposed for next financial year, which will help to improve service efficiency and customer access. Through the utilisation of the latest technology, improvements in data storage, data retrieval, communication and management information will be possible.

Some major schemes for this year include the corporate server replacement, the continuation of the Council's PC replacement programme and continued development of the corporate network infrastructure.

4.3.3 *A Cultural and Fun Place to be*

It is proposed that funding be made available to continue the Council's programme of general improvements to playing fields, changing rooms and sports pitches and to improve paths, gates and fences within parks.

It is proposed to undertake replacement and improvement projects at leisure facilities including contractual replacement projects and DDA improvements.

4.3.4 *A City Where the Environment is Cared For*

Funding is requested for the provision of new wheelie bins for new developments and extra bins for existing properties and for the provision of Midi Recycling Banks to help improve recycling rates.

4.3.5 *Achieving Excellence in Public Services*

It is proposed that funding be made available to allow for the continuation of the Council's vehicle replacement programme to ensure that a safe and reliable fleet is maintained.

Funding is requested to continue the works necessary to improve the storage buildings and structures at Belle Isle Nursery.

Funding has been set aside to provide in-cab and hand-held mobile technology for use by vehicle-based and on-foot outdoor workers and a Customer Relation Management link between the Council website and back and front office systems. This project will be funded from an external contribution from the South West Regional Improvement and Efficiency Programme and from the Council's LGR and Mobile Working Budget.

5. ACHIEVABILITY OF THE GENERAL FUND CAPITAL PROGRAMME

- 5.1 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 committed to and reasonably certain of being able to deliver within the planned timescales. Conversely, Category C2 is for those schemes that the Council is committed to but are less certain of being able to deliver due primarily to factors outside of the control of the Council. It is also acknowledged that some schemes will have elements within both categories.

6. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 6.1 For 2010/11, the medium term financial plan provides for a capital programme of £5,207,510. A copy of the HRA Capital Programme is attached at Appendix 5.

- 6.2 The HRA Capital Programme will be funded by:

• Major Repairs Allowance	£3.343m
• HRA Capital Receipts	£0.100m
• HRA Working Balance	£0.643m
• Revenue Contributions to Capital	£1.122m

- 6.3 These resources will be utilised to improve Council dwellings so that they meet not only the Government's Decent Homes Standard but also the higher Exeter Standard, which the Council has agreed with its tenants.

- 6.4 In accordance with the HRA Business Plan, the capital programme is intended to meet the Decent Homes Standard by 2010 and the Exeter Standard by 2015.

7. COUNCIL HOUSE BUILDING PROGRAMME

- 7.1 The expected expenditure for 2010/11 is £2,330,790. A copy of the Council House Building Programme is attached at Appendix 6.

- 7.2 A bid has been submitted to the Homes and Communities Agency for Wave Two of the programme. A decision should be known in January 2010 and the budgets will be updated accordingly.

8. RECOMMENDATIONS

- 8.1 It is recommended that the Scrutiny Committee – Resources supports and the Executive approves:

- The General Fund capital programme for 2010/11 as set out in Appendix 4
- The HRA capital programme for 2010/11 as set out in Appendix 5

- The Council House Building programme for 2010/11 as set out in Appendix 6

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling this report:

None

This page is intentionally left blank

GENERAL FUND	2009-10 £	2010-11 £	2011-12 £	2012-13 £	2013-14 and Beyond £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	0					0
Ringfenced Usable Receipts Brought Forward	237,808					237,808
GF capital receipts	134,360	320,000	550,000	500,000	500,000	2,004,360
GF capital receipts from the Canal Basin Redevelopment	105,000	495,132	680,528	0	0	1,280,660
Revenue Contributions to Capital Outlay	229,239	183,656	0	0	0	412,895
Disabled Facility Grant	270,000	270,000	270,000	270,000	270,000	1,350,000
Less ringfenced for Disabled Facility Grants	0	0	0	0	(270,000)	(270,000)
Other - Grants/External Funding/Reserves/S106	1,267,032	669,831	0	0	0	1,936,863
Regional Housing Capital Grant	1,004,796	630,000	630,000	630,000	630,000	3,524,796
Less Regional Housing Capital Grant for private sector renewal	0	0	0	0	(630,000)	(630,000)
Heritage Lottery Fund	4,814,275	0	892,200	0	0	5,706,475
Transfers from Affordable Housing Programme to the House Building Programme	(168,000)	0	0	0	0	(168,000)
Transfers from Affordable Housing Programme to the HRA	(415,514)	0	0	0	0	(415,514)
Total Resources Available	7,478,995	2,568,619	3,022,728	1,400,000	500,000	14,970,342
GENERAL FUND CAPITAL PROGRAMME						
Committed Capital Programme	19,443,159	9,682,740	5,714,510	1,740,000	140,000	36,720,409
Proposed New Bids	0	1,704,290	120,000	120,000	200,000	2,144,290
Total General Fund	19,443,159	11,387,030	5,834,510	1,860,000	340,000	38,864,699
ESTIMATED SPEND IN YEAR	13,610,211	13,803,869	7,500,266	3,052,353	796,000	38,762,699
UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	237,808	0	0	0	0	237,808
Resources in Year	7,241,187	2,568,619	3,022,728	1,400,000	500,000	14,732,534
Less Estimated Spend in Year	(13,610,211)	(13,803,869)	(7,500,266)	(3,052,353)	(796,000)	(38,762,699)
Less Committed Spend in Future Years					(102,000)	(102,000)
Borrowing Requirement	6,131,216	11,235,250	4,477,538	1,652,353	398,000	23,894,357
Uncommitted Capital Receipts	0	0	0	0	0	0

This page is intentionally left blank

HOUSING REVENUE ACCOUNT	2009-10 £	2010-11 £	2011-12 £	2012-13 £	2013-14 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	110,711	0	0	0	0	110,711
Other HRA Sales	0	0	0	0	0	0
RTB sales	100,000	100,000	100,000	100,000	100,000	500,000
Major Repairs Allowance	3,273,040	3,342,810	3,342,810	3,342,810	3,342,810	16,644,280
Revenue Contributions to Capital	710,903	1,122,130	840,000	830,000	830,000	4,333,033
Transfer from GF re Affordable Housing Programme	415,514	0	0	0	0	415,514
External contributions from utility company	155,616	0	0	0	0	155,616
Contributions from working balance	864,400	642,570	0	0	0	1,506,970
Total Resources available	5,630,183	5,207,510	4,282,810	4,272,810	4,272,810	23,666,123
CAPITAL PROGRAMME						
HOUSING REVENUE ACCOUNT						
MRA expenditure	3,273,040	3,342,810	3,342,810	3,342,810	3,342,810	16,644,280
HRA Programme - additional expenditure	2,131,500	1,496,700	1,304,360	1,453,900	1,453,900	7,840,360
Fees	362,200	368,000	368,000	368,000	368,000	1,834,200
Total Housing Revenue Account	5,630,183	5,207,510	5,015,170	5,164,710	5,164,710	26,318,840
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	110,711	0	0	0	0	110,711
Resources in Year	5,519,473	5,207,510	4,282,810	4,272,810	4,272,810	23,555,413
Less Estimated Spend	(5,630,183)	(5,207,510)	(5,015,170)	(5,164,710)	(5,164,710)	(26,182,283)
Borrowing Requirement			732,360	891,900	891,900	2,516,160
Uncommitted Capital Resources	0	0	0	0	0	0
WORKING BALANCE RESOURCES:						
Balance Brought Forward	2,858,265	1,993,865	1,351,295	1,351,295	1,351,295	8,906,017
Used in Year for Capital Programme	864,400	642,570	0	0	0	1,506,970
Balance Carried Forward	1,993,865	1,351,295	1,351,295	1,351,295	1,351,295	7,399,047

This page is intentionally left blank

COUNCIL HOUSE BUILDING PROGRAMME					
	2009-10 £	2010-11 £	2011-12 £	2012-13 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Wave One					
Transfer from Affordable Housing Programme	168,000				168,000
Grant from Homes and Communities Agency	1,158,750	386,250			1,545,000
Total Resources Available	1,326,750	386,250	0	0	1,713,000
GENERAL FUND CAPITAL PROGRAMME					
Wave One Programme	269,860	2,330,790	110,760	0	2,711,410
Total Housebuilding Programme	269,860	2,330,790	110,760	0	2,711,410

UNCOMMITTED CAPITAL RESOURCES:					
Grant Brought Forward		1,056,890	0	0	0
Resources in Year	1,326,750	386,250	0	0	1,713,000
Less Estimated Spend in Year	(269,860)	(2,330,790)	(110,760)	0	(2,711,410)
Borrowing Requirement		887,650	110,760	0	998,410
Grant to be Carried Forward		0	0	0	0
	1,056,890	0	0	0	0

This page is intentionally left blank

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
PROSPEROUS CITY								
1	Basin / Quayside	DP	C2	612,130	680,530			To deliver the regeneration of the Quayside by funding essential infrastructure improvements and land acquisition
2	Science Park	RB	C2	749,910				To encourage the expansion of science and technology in the City and to attract inward investment, through the creation of a science park
3	Central Station Gateway Enhancement	RS	C2	100,000	100,000			To improve the environmental quality of the Central Station forecourt by excluding vehicles and providing new paving and seating
Sub Total - Prosperous City				1,462,040	780,530	0	0	
ACCESSIBLE CITY								
1	King William Street Car Park Relinquishment	RC	C1	423,000 #				To increase the life of the facility through concrete repairs and improve the environment of the car park specifically, and surrounding area generally, by large scale cleaning and painting of the site
2	Well Oak Park Footpath/Cycleway	RS	C2	80,000 #				To provide a footpath/cycleway in Well Oak Park to connect to Shakespear Road, including installation of lighting and CCTV, re-landscaping and closing off of the connection to Wyvern Park
Sub Total - Accessible City				503,000	0	0	0	
ELECTRONIC CITY								
1	Server and Storage Strategy	PE	C1	40,000 #				To increase the number of servers and storage capacity to meet the current and predicted demand, specifically the migration of the remaining physical servers now reaching the end of their useful life
2	IT Development Staff Recharges	PE	C1	112,000	112,000	112,000		To provide for the cost of IT Developers, which will be directly involved in the implementation of computer software, development of new systems and qualify as capital expenditure
3	PC Replacement Programme	PE	C2	100,000 #				To provide a rolling programme of replacement and upgrades to the Council's PCs, laptops and other devices
4	Corporate Network Infrastructure	PE	C1	30,000 #				A continuation of the enhancement and upgrade programme to the corporate network infrastructure, in order to manage the growth in demand of high bandwidth applications specifically to remote sites and workers
5	Continuation of GIS Strategy	PE	C1	25,000 #				Ongoing development of the Internet and Intranet map sites and the capture of new data and integration of the Local Land and Property Gazetteer into third party systems
6	Capita Systems Infrastructure	PE	C1	30,000 #				To sustain a resilient infrastructure for the Capita Systems databases (Council Tax, Housing Benefits and Housing systems)
Sub Total - Electronic City				337,000	112,000	112,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
CULTURAL AND FUN PLACE TO BE								
1	Playing Fields - General Improvements	PM	C2	22,000 #				Continuation of improvements to playing fields and changing rooms
2	Play Area Refurbishments	AC	C2	156,300				Continuation of programme to improve children's play areas
3	Sports Facilities Refurbishment	AC	C1	50,000 #	50,000 #	50,000 #		To undertake replacement and improvement projects at leisure facilities including contractual replacement projects and DDA improvements
4	Parks Improvements	PM	C2	45,000 #				To allow essential repairs to be carried out including improvements to paths, gates and fences
5	Contribution to RAMM re HLF Parks Bid	PM	C1	176,800				To replace funding from the bid to the Heritage Lottery Fund in respect of Historic Parks, in order to allow access between the rear of the museum and Rougemont Gardens
6	Leisure Management Contract	AC	C2	10,000				To fund maintenance and improvements to leisure facilities, in accordance with the terms of the contract extension with DC Leisure
7	New Swimming Facility	AC	C2	32,000				To replace the existing Pyramids Swimming and Leisure Centre with a new swimming facility that will meet the growing needs of the cities residents
8	Exwick Community Centre	AC	C2	25,000				To provide for fixtures and fittings, outside storage hut and lights for the games area in the new Exwick Community Centre
9	RAM Museum Redevelopment	AC	C1	3,251,140	552,800			Major project using Heritage Lottery funding to enable significant modernisation of the Museum including improving access for the public
10	RAM Museum Off Site Store	AC	C1	35,500				To provide a purpose built store for the Royal Albert Memorial Museum on land in Exton Road
Sub Total - Cultural and Fun Place To Be				3,868,740	602,800	50,000	0	
HEALTHY AND ACTIVE CITY								
1	Disabled Facilities Grants	FN	C1	270,000	270,000	270,000		To meet the legal duty to pay grants to enabled disabled people to remain in their homes
2	Replace Athletics Track at Arena	AC	C2		650,000			To remove the existing athletics track and replace with a superior impermeable surface and to improve surface water drainage
Sub Total - Healthy and Active City				270,000	920,000	270,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
CARED FOR ENVIRONMENT								
1	Home Recycling Scheme	RN	C1	60,000 #	60,000 #	60,000 #	120,000 #	To provide wheeled bins for new developments and additional green bins for recycling as requested by residents
2	Refuse Collection Wheeled Bins	RN	C1	176,000 #				To provide wheeled bins for the new bi-weekly refuse collection
3	Local Authority Carbon Management Programme	PM	C2	100,000	100,000	100,000		To achieve a significant reduction in the Councils carbon dioxide emissions through the implementation of energy efficiency, renewable energy and sustainable transport initiatives
4	Improvements to Cemetery Roads and Pathways	PM	C1	10,000	10,000	10,000		To continue the program of improving cemetery roads and pathways in order to provide a safer environment
5	New Trade Waste Recycling Service Vehicle	BN	C1	33,360				To provide a recyclable collection to trade customers in order to reduce waste going to landfill
6	Cemeteries and Churches Storage Improvements	PM	C2	40,000				To carry out necessary improvements and repairs to vehicle and equipment storage at Higher Cemetery and Exwick Cemetery
7	Mini Recycling Banks	RN	C1	10,000 #	10,000 #	10,000 #	20,000 #	To increase the number of bring bank sites in the city and increase recycling rates
8	General Open Space Improvements	PM	C1	40,000				To allow essential repairs and facility improvements to be carried out within allotments and public open spaces
9	City Centre Enhancements	JR	C2	269,050	200,000	200,000	200,000	To provide for the enhancement of the city centre's pedestrian environment which will encompass Gandy Street, Northernhay Gate, Fore Street and a range of minor works
Sub Total - Environment Cared For				738,410	380,000	380,000	340,000	
SAFE CITY								
1	Replace Digital Recording Equipment at Control Centre	RN	C2	32,000	16,000	48,000		To provide for the replacement of digital recording equipment at the control centre
Sub Total - Safe City				32,000	16,000	48,000	0	
HOUSING IN THE CITY								
1	Private Sector Renewal Scheme	RN	C2	100,000				To assist in making properties let by private landlords meet the Decent Homes Standard
2	Renovation Grants	RN	C1	630,000	630,000	630,000		To assist in making private sector homes fit for habitation
3	Social Housing Grants	SW	C2	2,275,520	2,023,180			To facilitate the provision of affordable housing in the City
Sub Total - Housing in the City				3,005,520	2,653,180	630,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11 £	2011/12 £	2012/13 £	Future Years £	What the scheme is trying to achieve
ACHIEVING EXCELLENCE IN PUBLIC SERVICES								
1	Vehicle Replacement Programme	PM	C1	391,500 # 125,500				To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained
2	Oakwood House	PM	C2	61,530				To provide for possible retention payments
3	Belle Isle Nursery Various Improvements	PM	C2	25,000 #				To carry out necessary repairs and improvements to storage buildings, roadways and walkways
4	New Technology for Cleansing	BN	C1	196,790 #				To provide in-cab and hand-held mobile technology for use by vehicle-based and on-foot outdoor workers and a Customer Relation Management link between the Council website and back and front office systems
###	Capitalised Staff Costs	AS	C1	370,000	370,000	370,000		To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and quality as capital expenditure, including engineers, architects and surveyors
Sub Total - Achieving Excellence in the Public Services				1,170,320	370,000	370,000	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	
Category 'C1' Schemes				6,551,590	2,064,800	1,512,000	140,000	58% 35% 81% 41%
Category 'C2' Schemes				4,835,440	3,769,710	348,000	200,000	42% 65% 19% 59%
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	
Pre-Approved Schemes				9,682,740	5,714,510	1,740,000	200,000	
New Bids				1,704,290	120,000	120,000	140,000	
TOTAL GENERAL FUND CAPITAL PROGRAMME				11,387,030	5,834,510	1,860,000	340,000	

Indicates new bids

Lead Officer Key Table	
Head of Leisure and Museums	AC
Head of Treasury Services	AS
Head of Estates Services	DP
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 Parking, Engineering and Business Support	RC
Head of Planning and Building Control	RS
Head of Housing and Social Inclusion	SW

HOUSING - CAPITAL PROGRAMME 2010-2011 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		2009-2010 B/FWD £	2010-2011 £	2011-2012 £	2012-2013 £	Total £
HOUSING IN THE CITY						
1	Adaptations	-	450,000	450,000	450,000	1,350,000
2	Asbestos Survey	-	100,000	100,000	100,000	300,000
3	Asbestos Work	-	100,000	100,000	100,000	300,000
4	Bathroom Replacements	-	225,000	225,000	600,000	1,050,000
5	Central Heating	-	1,186,510	1,202,170	976,710	3,365,390
6	Other works	-	183,000	-	-	183,000
7	Repainting	-	172,200	172,200	172,200	516,600
8	Fire Prevention Work	-	208,000	200,000	200,000	608,000
9	Communal Areas	-	100,000	100,000	100,000	300,000
10	Electrical Rewires Programmed	-	447,800	447,800	447,800	1,343,400
11	Energy Conservation	-	30,000	30,000	30,000	90,000
12	Environmental Improvements	-	25,000	25,000	25,000	75,000
13	Fees	-	368,000	368,000	368,000	1,104,000
14	Kitchen Replacements	-	900,000	900,000	900,000	2,700,000
15	Plastic windows/ doors reactive	-	200,000	183,000	183,000	566,000
16	Programmed Reroofing	-	252,000	252,000	252,000	756,000
17	Rendering of Council Dwellings	-	260,000	260,000	260,000	780,000
Total HRA Capital Programme		-	5,207,510	5,015,170	5,164,710	15,387,390

This page is intentionally left blank

COUNCIL HOUSE BUILDING PROGRAMME

	2009-2010 B/FWD £	2010-2011 £	2011-2012 £	2012-2013 £	Total £
Wave One					
1	228,100	2,035,590	100,570		2,364,260
2	41,760	295,200	10,190		347,150
Total House Building Programme	269,860	2,330,790	110,760	-	2,711,410

Please note that a bid for Wave Two made up of five locations has been submitted, the outcome of this should be known in January 2010

This page is intentionally left blank

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

EXECUTIVE 9 FEBRUARY 2010

TREASURY MANAGEMENT STRATEGY REPORT 2010/11

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2010/11, as required under section 15(1)(a) of the Local Government Act 2003.

2. BACKGROUND

- 2.1 In February 2004 the Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year.
- 2.2 Following a report by Parliament's Communities and Local Government Select Committee in May 2009, CIPFA published a revised Code of Practice in November 2009. The Council is currently considering the full implications of the revised Code, but those relating to the treasury management strategy have been incorporated into this report.
- 2.3 In addition, the Department for Communities and Local Government (CLG) is currently consulting on revised guidance on local authority investments, which is expected to apply from April 2010 onwards. Both the existing 2004 guidance and the proposed 2010 guidance require the Council to approve an investment strategy before the start of each financial year.
- 2.4 This report fulfils the Council's expected obligations under the draft revised CLG guidance and formalises the practices and procedures that have been followed by the Council. If the final guidance issued by CLG differs materially from the draft, then Council will be asked to approve an amended strategy at a later meeting.

3. CHANGES TO THE STRATEGY

- 3.1 The Strategy has been extended to form an overall Treasury Management Strategy as required by the CIPFA Treasury Management Code of Practice. Clarification of our Counterparties has also been included.

4. RISKS INVOLVED

- 4.1 The economic conditions of the past 18 months have demonstrated the risks involved in Treasury Management. The Council is still awaiting the final outcome of the winding up process of the Icelandic Banks and has strengthened its lending criteria substantially since then.

5. CONCLUSIONS

- 5.1 The Strategy continues to limit the types of institution that the Council will lend money to, in order to minimise risk.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Executive recommend to Council the adoption of the Treasury Management Strategy and delegations contained therein.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended) Background Papers used in compiling this report:

1. Treasury Management Strategy
2. Fund Manager Contracts

EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY REPORT 2010/11

1. Introduction

- 1.1 The Council has regard to the DCLG's Guidance on Local Government Investments ("Guidance") and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").

2. Economic Context

- 2.1 The UK is currently in the longest, if not the deepest, recession since World War Two. Bank failures, combined with rising energy and commodity prices, caused a sharp reduction in consumer and business spending in 2008, with a resulting negative impact on GDP growth and employment. Financial institutions exacerbated the recession by restricting credit in an effort to repair their own balance sheets, although extensive government and central bank intervention has supported economic activity to an extent.
- 2.2 However, the discretionary fiscal stimulus, bank rescues, increased benefit payments and reduced tax revenues have caused a significant deterioration in the national finances. Public sector net borrowing is expected to exceed £175bn in 2009/10, and remain high in subsequent years, pushing the national debt towards 100% of GDP. Whatever the result of the 2010 general election, the next government is expected to cut spending and raise taxes, slowing the country's economic recovery.
- 2.3 Although the UK economy is expected to have returned to growth in the last quarter of 2009, restricted bank lending and fiscal tightening mean it is unlikely that the absolute level of GDP will return to pre-recession levels in the near term. The resultant spare capacity is likely to keep inflation low in the medium term. The Bank of England recognises that simultaneous fiscal and monetary tightening could endanger the economy's recovery, and it is therefore likely to exercise caution before raising interest rates in the absence of obvious inflationary pressures.
- 2.4 The scope for short-term interest rate rises in 2010/11 is therefore limited. Bank Rate could remain at 0.5% for the whole of 2010, increasing quite rapidly thereafter, but remaining below pre-recession levels into 2012. Money market rates, such as LIBOR, will rise earlier in anticipation of monetary tightening, but they are also likely to remain close to record lows for a considerable period. Long-term PWLB rates are expected to rise slowly due to a large increase in the supply of gilts over the next few years, but this will be mostly offset by the demand created by new liquidity requirements for financial institutions.

2.5 *Sterling Consultancy Services central interest rate forecast – November 2009*

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB	50 year PWLB
Current	0.50	0.51	0.61	1.21	4.40	4.35
Q1 2010	0.50	0.55	0.70	1.30	4.55	4.55
Q2 2010	0.50	0.55	0.75	1.35	4.60	4.60
Q3 2010	0.50	0.55	0.80	1.40	4.70	4.70
Q4 2010	0.50	0.60	0.90	1.55	4.75	4.75
H1 2011	1.00	1.10	1.50	2.00	4.80	4.80
H2 2011	2.00	2.20	2.50	3.00	4.85	4.85
H1 2012	3.00	3.20	3.50	4.00	4.90	4.90

2.6 *HM Treasury Survey of Forecasts – November 2009*

	Average annual Bank Rate %			
	2010	2011	2012	2013
Highest	1.30	3.30	4.30	4.60
Average	0.70	1.70	3.00	3.80
Lowest	0.50	0.50	1.00	1.40

3. Current and Expected Treasury Portfolios

3.1 Current portfolio

The Council's current treasury portfolio, as at 15th December 2009 is as follows.

	Principal Amount £m	Interest Rate %
Investments - maturing 2009/10	1.20	0.6-0.72
- maturing 2010/11	9.65	0.55 – 2.04
- maturing later	0	-
Total Investments	10.85	-
Debt - maturing 2009/10	5.95	0.32
- maturing 2010/11	0	-
- maturing later	0	-
Total Debt	5.95	-
Net Investments	4.9	-

3.2 Expected changes

According to current cash flow forecasts, net investments are expected to reduce by £8 million by 31st March 2010 and reduce by a further £5 million by 31st March 2011, as a result of capital expenditure.

The cash flow forecast includes planned long-term borrowing of £10 million as part of the 2010/11 capital programme. The decision of whether to take external borrowing will be made in light of current and forecast interest rates.

3.3 Budget implications

The net budget for investment income in 2010/11 is £100,000. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4. Investment Strategy

4.1 The Council holds significant surplus funds, which represent income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £10 million and £26 million. Both the CIPFA Code and the CLG Guidance require to Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.

4.2 Specified Investments

Specified investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The CLG Guidance defines specified investments as those:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of "high credit quality".

4.3 The Council defines the following as being of "high credit quality" for making specified investments, subject to the monetary and time limits shown.

In-house investment	Monetary limit¹	Time limit
UK owned, or with a major UK subsidiary ² banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£2m each	12 months
UK owned banks, or banks with a major UK subsidiary ² and building societies holding short-term credit ratings no lower than F1 and P-1	£1m each	3 months
Money market funds ³ holding the highest possible credit ratings (AAA)	£2m each	1 week
UK Central Government	no limit	12 months
UK Local Authorities ⁴	£2m each	12 months
External Fund Managers		
<i>Banks</i> Minimum Fitch Rating F1+ short term	£2m each	
<i>Building Society</i> Minimum Fitch Rating F1+ short term	£2m each	

¹ banks within the same group ownership are treated as one bank for limit purposes

² e.g. Santander / National Australia Bank

³ as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

⁴ as defined in the Local Government Act 2003

4.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

- The external Fund Manager may invest in Government fixed interest Securities for more than one year as they are liquid, low risk and allow for good financial planning.
- The external Fund Manager may invest in Certificates of Deposit for more than one year using their professional judgement.
- The above is subject to the requirement that no more than 50% of the external managers Fund may be held in non-specified investments during the year.

4.6 Foreign countries

Investments in foreign countries will be limited to those that hold an AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £2 million per country. Only banks that are domiciled in the UK but are owned in another country will be used and need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

4.7 Liquidity management

The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments.

Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

4.8 Credit ratings

The Council uses credit ratings from two main rating agencies Fitch Ratings Ltd and Moody's Investors Service to assess the risk of loss of investments. The lowest available credit rating will be used to determine credit quality.

Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an institution has its credit rating downgraded so that it fails to meet the above criteria then:

- no new investments will be made,
- any existing investments that can be recalled at no cost will be recalled, and
- full consideration will be given to the recall of any other existing investments

Where a credit rating agency announces that it is actively reviewing an organisation's credit ratings with a view to downgrading it so that it is likely to fall below the above criteria, then no further investments will be made until the outcome of the review is announced.

4.9 Other information on the security of investments

Full regard will be given to other available information on the credit quality of banks and building societies, including credit default swap prices, financial statements and rating agency reports. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the above criteria.

4.10 Investment instruments

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term deposits
- call or notice deposits (where the Council can demand repayment)
- certificates of deposit
- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks
- shares in money market funds

5. Planned investment strategy for 2010/11 – In-house

5.1 The cash flow forecast will be used to divide surplus funds into three categories:

- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
- Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
- Long-term – cash not required to meet cash flows, and used primarily to generate investment income.

5.2 The Council's in-house managed funds are based on the likely cash-flow position and rarely exceed one month. Investments will be made to ensure that cash flow is protected and borrowing is not required. However, on occasion, money has been invested for a longer period up to 364 days. These are funds, which are not required for day-to-day cash management purposes.

5.3 The Council will continue to seek to utilise its call accounts (which are linked to base rate) and use short-dated deposits up to 3 months to ensure liquidity of assets for day-to-day cashflow. Additionally, the Council's bankers, the Co-operative Bank operate a Public Sector Reserve Account, which automatically sweeps excess funds from our general bank account into one paying a higher interest rate. The limit on the account is £3 million, with interest varying depending on the amount in the account. However, the credit rating of the Co-operative Bank no longer meets our lending criteria and therefore only minimal funds are kept in this account, where possible.

6. Planned investment strategy for 2010/11 – External Cash Fund Management

6.1 Investec manages the Council's funds on a discretionary basis. The Strategy is in line with the contractually agreed procedures. These have been amended to allow the placement of deposits with the Debt Management Office.

7. Borrowing Strategy

7.1 The Council currently holds no long-term loans. The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31 March 2010 is expected to be £8.4 million, and is forecast to rise to £18.9 million by March 2011 as capital expenditure is incurred.

7.2 The maximum expected long-term borrowing requirement for 2010/11 is:

	£m
Not borrowed in previous years	2.2
Forecast increase in CFR	16.7
Loans maturing in 2010/11	0.0
TOTAL	18.9

7.3 However, depending on the pattern of interest rates during the year, it may be more cost effective to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead.

7.4 In addition, the Council may borrow for short periods of time (normally up to two weeks) to cover unexpected cash flow shortages.

7.5 Sources of borrowing

The approved sources of long-term and short-term borrowing will be:

- Public Works Loan Board
- any institution approved for investments above
- any other bank or building society on the Financial Services Authority list.

7.6 Debt instruments

Loans will be arranged by one of the following debt instruments:

- fixed term loans at fixed or variable rates of interest
- lender's option borrower's option (LOBO) loans.

As an alternative to borrowing loans, the Council may also finance capital expenditure and incur long-term liabilities by means of:

- leases
- Private Finance Initiative.

7.7 Borrowing strategy to be followed

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to not borrow and reduce the level of investments held instead. However, with long-term rates forecast to rise in the coming years, any such short-term savings will need to be balanced against potential longer-term costs.

The Public Works Loan Board allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some higher rate loans with new loans at lower interest rates where this will lead to an overall saving or reduce risk.

8. Treasury Management Prudential Indicators

- 8.1 The Council sets each year, in February, prudential indicators for Treasury Management, to ensure that proper control of borrowing and investing is maintained. These indicators can be found in the Council's budget book.

9. Other Matters

- 9.1 The draft revised CLG Investment Guidance also requires the Council to approve the following matters each year as part of the investment strategy:

9.2 Investment consultants

The Council contracts with Sterling Consultancy Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers within the parameters set out in these papers. The services received include:

- advice and guidance on relevant policies, strategies and reports
- advice on investment decisions
- notification of credit ratings and changes
- other information on credit quality
- advice on debt management decisions
- accounting advice
- reports on treasury performance
- forecasts of interest rates
- training courses

The quality of this service is controlled by monitoring of officers of the advice received.

9.3 Investment training

The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Staff regularly attend training courses, seminars and conferences provided by Sterling Consultancy Services and CIPFA.

9.4 Investment of money borrowed in advance of need

The Council may, from time to time, borrow in advance of spending need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum periods between borrowing and expenditure is expected to be two years, although the Council does not link particular loans with particular items of expenditure.

10. Investment Reports

- 10.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report. Progress will also be reported after six months of the financial year.

HEAD OF TREASURY SERVICES
JANUARY 2010

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 27 JANUARY 2010

NON-HOUSING AIM BUDGET 2010/11

1 PURPOSE OF THE REPORT

- 1.1 To detail the work proposed to non-housing properties in order to maintain and service such buildings in 2010/11. The work financed from the Asset Improvement and Maintenance fund, referred to as AIM, is contained within the Council's overall revenue budgets.

2 BACKGROUND

- 2.1 Following an examination of routine servicing and operational work, the gathering of historical information as to levels of reactive repair costs, an investigation of the property condition database priorities and the assembly and prioritization of Heads of Service property requirements, a budget was established as;

(A)	Routine Servicing and Maintenance	£	417,390
(B)	Operational Essentials	£	79,630
(C)	Reactive Repairs	£	498,560
(D)	Lease Repairs	£	53,840
(E)	Service Department Recharges	£	274,080
(F)	Service Priorities and contingency	£	191,500

Total (Appendix G) **£** **1,515,000**

- 2.2 The attached **Appendices A to F** provide further breakdowns of the above categories, detailing the properties involved, the projects and servicing works along with an estimated budget required. Further explanation is provided in the text below.

ANNUAL COMMITMENTS

2.3 Routine Servicing and Maintenance (Appendix A)

Appendix A lists all identified work needed to inspect, service and maintain plant, equipment, controls, monitoring devices and certain structures. The work is required annually to ensure plant, equipment and certain structures are maintained in a fully operational and safe state. The costs listed are based upon historical cost information updated for either operational (due to changes in testing regulations) or inflationary increases.

The 2010/11 budget now encompasses a specific budget in respect of legionella protection measures and also combines previously separate budgets for electrical fixed installation testing and repairs, this has been implemented to facilitate improved financial control.

2.4 Operational Essentials (Appendix B)

Appendix B details budgeted amounts for property and plant and equipment repairs that, although monitored by the AIM Group, are administered by certain Heads of Service. The appropriate Head of Service will utilise budgets to ensure that property and plant are in good working order thus ensuring that efficient and effective service delivery is assured.

2.5 Reactive Repairs (Appendix C)

Appendix C details budgets required to finance reactive repair works that may arise in the financial year, the budgets have been set by taking account of expenditure on reactive repairs in previous years.

The repairs have been placed in categories of property family to indicate the levels of expenditure normally incurred. The expenditure is closely monitored over the year to examine whether the budget allocated is a fair reflection of the financial resource needed.

2.6 Lease Repairs (Appendix D)

The annual property condition survey highlights potential problem areas in respect of leased properties, in addition there are various other periodic checks carried out during the year. Often there are further works needed that may not have been identified through the annual property condition survey, so it can be a difficult task to accurately quantify the full extent of the lease liabilities in each particular year.

The 2010/11 lease repair budget has been set at the expected level of financial resource needed to enable the necessary condition surveys and periodic checks to be carried out and also to cover any repair and maintenance work required to enable individual properties to be maintained to the required lettable condition.

2.7 Service Department Recharges (Appendix E)

This represents the cost of the staff resources required to programme, organise, tender, instigate, supervise, control, monitor and settle accounts in respect of the work proposed for non-housing AIM projects. The budget reflects the amount of Contracts and Direct Services and Engineering and Construction staff resources needed to deliver the work programme.

PRIORITIZED WORK PROGRAMME

2.8 Service Priorities (Appendix F)

As part of the exercise to alleviate the financial pressures that are facing the Council next year the AIM group has identified various savings within the 2010/11 AIM budget. The large majority of these savings have been made on the service priorities element of the budget. The result of the savings exercise is that fewer service priorities have been set for 2010/11.

It has been recognised that, with a reduced programme of planned refurbishment work, it is likely that other unforeseen or unplanned work will become essential through the year. Therefore an increased contingency budget has been set to allow for meeting such demands as they arise where work is considered essential.

Appendix F lists the service priorities identified by the AIM group as the most needed and/or most urgent and were subsequently agreed by SMT.

3 PROPOSALS

- 3.1 It is proposed that the sum of £1,515,000 be set aside, from total resources available, to carry out necessary works listed above and in appendices A to F attached to this report in respect of non-housing property service and maintenance work, operational essentials, reactive repairs, lease repairs, service department recharges and service priorities.

4 RECOMMENDED

- (1) that the Committee note that the sum of £1,515,000 has been split into the categories of work in the year 2010/11 as outlined in this report.

HEAD OF CONTRACTS AND DIRECT SERVICES

HEAD OF TREASURY SERVICES

HEAD OF ESTATES SERVICES

Originator: Mel Jones

S:LP/committee/110SCR1
7.1.10

COMMUNITY & ENVIRONMENT DIRECTORATE

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

Background papers used in compiling this report:

None

This page is intentionally left blank

	SERVICING AND MAINTENANCE WORK	EFIMS CODE	BUDGET 2010/11
1	Air conditioning maintenance (inclusive of and chiller plant)	Y006347	£12,930
2	Corn Exchange Building Service Contracts	Y006348	£6,540
3	Routine Maintenance to roller shutter doors	Y006349	£1,610
4	Livestock Market Service Contracts	Y006350	£14,670
7	Routine Maintenance of Lightning Conductors, Various Locations	Y006355	£700
8	Routine Maintenance of Lifts on Properties (not Civic Centre)	Y006356	£5,750
9	Routine Maintenance of Lifts, Various Car Parks	Y006357	£9,850
10	Fixed Installation testing of electrical installations and reactive work, various locations	Y006353	£51,860
11	Portable appliance testing of electrical equipment, various locations	Y006360	£15,350
12	Routine Maintenance of Stand-by Generators, Various Locations	Y006361	£1,000
13	Routine Maintenance of Sprinklers, Various Locations	Y006362	£14,040
14	Routine Servicing and Maintenance of Boiler and Heating Plant, Various Locations	Y006363	£7,500
15	Routine Maintenance of Heat/Ventilation Controls, Various Sites	Y006365	£16,610
16	Maintenance of Card Readers and Barriers in Car Parks	Y006366	£750
17	Routine maintenance of Ethnography plant at RAMM	Y006368	£1,650
18	Routine Testing of Fire Alarms	Y006369	£7,600
19	Routine Testing of Emergency Lighting	Y006370	£34,500
20	Routine Testing of Gas Pumping Station Boreholes	Y006371	£7,690
21	Routine Maintenance of Monuments	Y006372	£15,000
22	Inspections to structures and monuments (Technical Services Inspections)	Y006373	£14,750
23	inspections to ship canal lock gates and banks(Technical Services Inspections)	Y006374	£7,600
24	Exe Estuary - Hydrographic Surveys	Y006375	£5,000
25	Routine Servicing to Wallgates various locations	Y006376	£6,560
27	Maintenance of automatic door sets in lobbies of Civic Centre	Y006380	£590
31	Paddling pools equipment inspection and maintenance	Y006385	£1,500
32	Routine Maintenance Gateway Feature Honiton Road	Y006386	£4,000
34	Routine Maintenance of Council owned footways	Y006388	£30,570
35	Annual Safety Inspection of Memorials	Y006389	£22,630
36	Cleaning of specialist structures	Y006390	£2,500
38	Routine Servicing and Maintenance of gas detection equipment in car parks	Y006392	£1,200
39	Alarm servicing at control centre	Y006393	£1,350
40	Fire protection equipment servicing and maintenance	Y006394	£4,150
41	Livestock Market annual structure maintenance	Y006345	£25,000
42	Legionella risk assessments	Y006395	£62,890
43	Civic centre voltage reducer servicing	Y006396	£1,500

TOTAL £**£417,390**

NON-HOUSING AIM FUND PROGRAMME 2010-11

OPERATIONAL ESSENTIALS	BUDGET 2010/11	Cost Centre Allocation	LEAD OFFICER
CIVIC CENTRE (LIFTS)	10,880	T054	J Street
CANAL	24,440	F030	Ian Cowe
CAR PARKS	26,030	M201	Roger Coombs
REACTIVE UNOCCUPIED PROPERTY	18,280	M001/M002	David Prosser
TOTAL OPERATIONAL ESSENTIALS	79,630		

APPENDIX C

REACTIVE REPAIRS	BUDGET 2010/11 £	LEAD OFFICER
GENERAL REACTIVE WORK	387,600	Various J Nott J Street
CANAL SPECIAL WORKS	29,990	
CIVIC CENTRE	80,970	
TOTAL REACTIVE REPAIRS	498,560	

APPENDIX D

LEASE REPAIRS	BUDGET 2010/11 £	LEAD OFFICER
LEASE REPAIRS	48,380	David Prosser
HEALTH AND SAFETY CHECKS	5,460	David Prosser
TOTAL LEASE REPAIRS	53,840	

APPENDIX E

SERVICE DEPARTMENT RECHARGES	BUDGET 2010/11 £	LEAD OFFICER
SERVICE RECHARGES	274,080	Paul Mc Cormick Dave Hubbard
TOTAL SERVICE RECHARGES	274,080	

REF	SERVICE PRIORITIES	BUDGET 2010/11	COMMENT
n/a	Patch repairs and lighting to Exton Depot top yard	£10,000	
10	Legionella alterations Exwick Changing Rooms	£18,000	
15	St Katherines Almhouses Masonry Repairs to fireplace	£20,000	
27	Asbestos survey non-housing	£30,000	
60	Provision for Professional Fees	£15,000	
n/a	Emergency Non Programmed & Other Contingency	£98,500	

TOTAL £191,500

<u>SUMMARY</u>	APPENDIX	BUDGET FOR 2010/11 £	COMMENTS
ROUTINE SERVICING AND MAINTENANCE WORK	A	417,390	
OPERATIONAL ESSENTIALS (cost centre funded)	B	79,630	
REACTIVE REPAIRS	C	498,560	
LEASE REPAIRS	D	53,840	
SERVICE DEPARTMENT RECHARGES	E	274,080	
SERVICE PRIORITIES	F	191,500	
TOTALS £		1,515,000	

This page is intentionally left blank

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 27 January 2010

ESTIMATES 2010/11

1. Introduction

- 1.1 Attached are the draft estimates for 2010/11, which were discussed at an informal meeting of Scrutiny Committee - Resources on 14 December 2009.
- 1.2 This report outlines the strategic framework within which the estimates have been prepared, changes in accounting practices, which affect all budgets and detailed reasons for any significant changes in the Management Unit estimates.

2. Budget Framework

- 2.1 The estimates include assumptions for pay, general inflation and income as follows:
- | | |
|---------------------|--|
| • Pay award | 1.0% (this is still subject to review) |
| • Utilities | Nil |
| • Contracts | 1.5% |
| • Insurance | 3.0% |
| • Fuel | 3.0% |
| • General Inflation | Nil (see paragraph 2.3 below) |
| • General Income | 2.0% |
| • Car Park Income | 2.5% (VAT only increase) |
| • Commercial rent | Nil |
- 2.2 The pay settlement for the current year has been agreed at 1.0% for the majority of staff and a nil increase for senior staff. It is extremely likely that there will be pressure to limit public sector pay again next year and therefore it is felt prudent at this stage to budget next year for a pay increase of not more than 1.0%.
- 2.3 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 1.5%, up from 1.1% in September. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, also rose to -0.8% from -1.4%. Although the Government no longer produce targets for the RPI it is still used to determine increases in pensions, benefits and pay negotiations. The Bank of England has also said that inflation will probably go up after the temporary reduction in VAT expires in January, although inflation is then expected to fall back again. The government target for the CPI measure is 2%.
- 2.4 With regard to interest rates the Bank of England has put the base rate of interest on hold at only 0.5% since March 2009. Although many analysts are predicting that interest rates could start to increase next year, in the short term they are likely to remain at their historically low levels. The low levels of interest rates affect the City Council in a number of ways. On the negative side the Council has to assume lower investment returns on cash deposits in comparison with previous years. This has also been exacerbated by the continuing lack of confidence within some parts of the banking sector. The likelihood is that investment returns will be no more than 3% in comparison with returns in excess of 6% that we have achieved in recent years. Conversely on the positive side, the lowering

of interest rates also means that the cost of borrowing is now also cheaper. This is particularly important to the City Council now that it has to make use of borrowing in order to fund part of its capital programme.

2.5 The Government's Comprehensive Spending Review (CSR) that was scheduled to take place during 2009 has been postponed until after the next General Election. The CSR would have set out the Government's spending plans on all public services over the next 3 year period commencing from 2011/12. Although this decision to postpone does not impact upon the level of grant to be received next year, it does mean that planning for the medium term is made more difficult. Nevertheless, all the current indications are that after the next election, public services are likely to be set for their biggest spending cut in more than 30 years. Also, given that Health and Education are likely to remain as priority areas for government spending, the financial situation facing all district councils in particular is likely to be extremely challenging.

2.6 After many weeks of strong lobbying, the Government has finally issued a consultation paper which sets out their proposals for the funding of concessionary travel in 2010/11 and seeks responses from authorities, which need to be submitted by 30 December. If the proposals are endorsed they will give the Council an additional £1.65 million of special grant. Whilst this additional grant is very welcome, it will still be necessary for the Council to find revenue savings of about £1 million next year. If in the event this additional grant is not forthcoming, then further cuts of more than £1.5 million would need to be identified after Christmas.

2.7 At its meeting on the 08 December 2009, Executive approved a budget strategy based on the best known data with regard to Government spending targets:

- Formula Grant increase 0.8%
- Council tax guideline 4.5%

2.8 The available capital resources for 2010/11 are £3.150 million with an estimated spend of £13.687 million required in respect of the General Fund, of which £1.669 million is required for new approvals. This shows that the Council will have to use borrowing of £10.537 million in addition to other capital resources to finance its capital programme requirements. This will also have 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. A list of the proposed new schemes for Scrutiny Committee - Resources is attached at Appendix 2.

2.9 In respect of deferred charges, the government allows councils to treat some revenue expenditure as capital expenditure e.g. grants to Housing Associations, or grants to improve or develop assets owned by others (science park contributions and enhancements to the city centre). This expenditure will be shown in the revenue accounts for the year but it is financed by the use of capital receipts or borrowing and therefore these charges are removed from the net cost of services to ensure that they do not impact on the Council Tax requirement. For this reason, and to reflect the difficulty in estimating the charges to revenue, these costs will be charged to revenue and reported only with the final accounts.

2.10 From 2010/11, Local Authorities will be required to produce their accounts under International Financial Reporting Standards (IFRS). As a result of this move, the treatment of Government Grants / Contributions to capital schemes (Deferred Contributions) will change. Currently the income is allocated to services each year in proportion to the depreciation charged for the asset purchased. They do not impact on the Council Tax requirement as they are reversed out 'below the line'.

Under IFRS these grants and contributions will be treated in our accounts as general grants received 'below the line' in the year they are due to be received. They will therefore not be credited to services and do not appear in the 2010/11 service estimates.

2.11 The changes in respect of 2010/11 Fees and Charges for the budget are included at Appendix 3.

3. Revenue Budget Savings

3.1 Savings proposals to reduce the revenue base budget in 2010/11 by £1.008 million have been identified in order to alleviate the financial pressures that are facing the Council next year. These have now been reviewed by the all party Resources Member Working Group and have been incorporated within the budget papers that are presented at the December meetings of Scrutiny Committees to consider next year's budget. Further savings in Corporate Customer Services and Treasury Services have subsequently been identified and these savings are shown as a balance on support service recharges within management unit 86A7. However, due to the likelihood of further revenue pressures facing the Council beyond 2010/11 other savings will need to be identified for future years.

The specific revenue savings that have been included within the draft estimates for Scrutiny Committee Resources are as follows:-

	£
<u>IT Services</u>	
Equipment tools and materials	3,000
EDRMS/Dip licence	7,000
Host Access maintenance	1,500
Mobile computer devices	4,000
<u>Treasury Services</u>	
Accountancy Services restructure	13,000
<u>Corporate Customer Services</u>	
Staff savings in General Office	7,000
Customer Services Centre restructure	3,000
Information Management restructure	8,000
<u>Internal Audit</u>	
Additional income from sale of CIPFA matrices	10,000
<u>Legal Services</u>	
Supplies and Services	3,200
<u>Chief Executive Services</u>	
Restructure in Chief Executive Support and Member Services	20,700
Reassignment of Street Licensing to C&E	5,300
Total	85,700

4. Key Revenue Budget Changes Proposed for 2010/11

4.1 The Revenue budgets are attached at Appendix 1. The proposed budgets reflect a combination of budget increases and savings and the key changes are as follows:

86A1 REVENUE COLLECTION & BENEFITS

The total cost of Housing Benefits has been adjusted to take account of the variances identified in the September 2009 stewardship report.

There has been an overall increase in the cost of administering Revenue Collection and Benefits due to an increase in caseload and the impact of the increase in capital finance charges referred to in 2.10 above, see also 86B1 Treasury Services below.

86A2 ELECTIONS & ELECTORAL REGISTRATION

There are Exeter City council elections planned for May 2010 and it has been assumed in the budget calculations that there will be a Parliamentary Election too, subject to an announcement by the Government.

The new post of Senior Electoral Services Officer has been included within the budgets.

86A3 CORPORATE

After the detailed budgets were set for the General Fund Services for 2009/10 a decision was made to reduce the budget for the 2009/10 pay award from 2.5% to 1.5%. This decision was too late to be included in service costs so the reduction was shown in this management unit - it has now been removed for 2010/11.

A revised scale of fees for external audit work to be carried out during the year will result in an increase in costs.

There has been an increase in the allocation of 86B1 Treasury Services management time to corporate, largely due to the increase in capital charges referred to 2.10 above.

86A4 CIVIC CEREMONIALS

The cost of improvements and repairs for the Guildhall has been reduced through the A.I.M. programme.

Additional rental income is due following a rent review of the high Street shop attached to the Guildhall.

86A5 DEMOCRATIC REPRESENTATION

The support service recharges for Democratic Costs have reduced overall due to budgets savings in some of the cost centres involved.

As the result of the freeze in Members' Allowances in 2009/10 there is a saving in the

budget.

The budget for Local Government Review that was created in 2009/10 has been removed, pending any final decision, although this may need to be reconsidered in light of recent developments.

86A6 GRANTS/CENTRAL SUPPORT/CONSULTATION

The rent relief granted by Grants Committee to occupiers of council-owned property has been increased to reflect rent reviews agreed or pending.

86A7 UNAPPORTIONABLE OVERHEADS

There is a credit balance on Central Support Services that appears within Unallocated Central Costs. The actual users of these services will be refunded during 2010/11.

CENTRAL SUPPORT SERVICES ACCOUNTS:

The management units listed below are recharged out across the whole of the Council and are either brought back to zero cost or have small balances left that are to be recharged back to the users of the services in 2010/11:

86A8 CHIEF EXECUTIVE SERVICES

The staffing of the Chief Executive's Services has been reviewed with a resulting budget saving in employee costs.

IT staff time spent on maintaining Press & Public Relations work on the Council's web site has now been identified and a budget provision made.

86A9 STRATEGIC / COMMUNITY PARTNERSHIPS

This management unit brings together the Council's community partnerships with the police, health authorities and other councils to establish strategies and programmes within the Exeter area. The estimated cost of administering the partnerships is shown in cost centre S053 Community Safety, within management unit 86A6.

86B1 TREASURY SERVICES

The cost of Accountancy Services has increased to reflect the investment that has been made in the new Financial Management System (eFims).

The cost of Council Tax Collection has increased due to the changes in capital finance charges referred to in 2.10 above.

The cost of administering Housing Benefits has increased overall due to an increase in caseload and the change in capital finance charges.

The majority of staff that were working in the Administration Support team have now been charged direct to the services that they work for within Treasury Services.

86B2 INTERNAL AUDIT

It is expected that additional net income will arise from the sale of CIPFA matrices that have been developed by Internal Audit.

86B3 HUMAN RESOURCES SERVICES

There are no significant changes to report.

86B4 LEGAL SERVICES

As market conditions are still difficult to trade in there is not expected to be any increase in external fee income for legal work but there are expected to be some minor savings in supplies and services.

86B5 CORPORATE CUSTOMER SERVICES

The cost of improvements and repairs for the Civic Centre has been reduced through the A.I.M. programme.

There have been increases in the cost of maintaining IT systems for the progression of Information and G.I.S. Management and the Customer Service Centre, with the majority of the increase due to the changes in capital finance charges (see 2.10 above) and the greater involvement of our own IT Services unit. In addition to the services previously covered, the Customer Service Centre now covers Council Tax and Housing Benefits as well as an enhanced telephone service.

86B6 IT SERVICES

A replacement programme for desk-top printing equipment through-out the majority of Council offices is due to be completed shortly and has been financed by savings in client cost centres.

There has been some savings in the cost of maintaining IT systems.

There has been an increase in the capital financing costs due to accounting changes referred to in 2.10 above and the amortisation of IT assets.

86B7 DIRECTOR CORPORATE SERVICES

Secretarial support for the Director is now provided by Treasury Services.

5. RECOMMENDATION that members are asked to comment on the draft estimates.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling the report:

None

APPENDIX 1

SCRUTINY COMMITTEE - RESOURCES

SUBJECTIVE ANALYSIS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	6,665,950	105,680	(1,840)	0	318,450	7,088,240
Transfer Payments	34,315,440	686,320	0	0	7,894,950	42,896,710
Premises	696,540	6,140	19,350	0	(48,190)	673,840
Supplies & Services	4,157,580	16,410	10,550	0	(912,980)	3,271,560
Transport	49,130	940	(2,000)	0	(6,490)	41,580
Support Services	7,036,450	105,370	0	0	298,090	7,439,910
Capital Financing	833,390	0	0	0	253,980	1,087,370
Total Expenditure	53,754,480	920,860	26,060	0	7,797,810	62,499,210
Income	(47,941,130)	(870,690)	(10,000)	0	(8,145,220)	(56,967,040)
Net Expenditure	5,813,350	50,170	16,060	0	(347,410)	5,532,170

OBJECTIVE ANALYSIS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
86A1 REVENUE COLLECTION/BENEFITS	1,628,580	23,460	0	0	148,200	1,800,240
86A2 ELECTIONS & ELECTORAL REG	244,660	2,900	98,760	0	1,000	347,320
86A3 CORPORATE	669,260	10,820	0	0	270,970	951,050
86A4 CIVIC CEREMONIALS	265,510	3,880	0	0	(16,340)	253,050
86A5 DEMOCRATIC REPRESENTATION	1,899,730	12,910	0	0	(1,037,270)	875,370
86A6 GRANTS/CENT SUPPORT/CONSULTATION	1,019,300	3,400	0	0	22,990	1,045,690
86A7 UNAPPORTIONABLE OVERHEADS	86,310	1,300	0	0	171,840	259,450
86A8 CHIEF EXECUTIVE SERVICES	0	(880)	(23,600)	0	24,480	0
86A9 STRATEGIC/ COMM PARTNERSHIPS	0	560	0	0	(560)	0
86B1 TREASURY SERVICES	0	10,440	(13,000)	0	2,560	0
86B2 INTERNAL AUDIT	0	350	(10,000)	0	9,650	0
86B3 HUMAN RESOURCES	0	(980)	(4,000)	0	4,980	0
86B4 LEGAL SERVICES	0	(350)	(3,200)	0	3,550	0
86B5 CORPORATE CUSTOMER SERVICES	0	(10,690)	(4,000)	0	14,690	0
86B6 IT SERVICES	0	(7,030)	(24,900)	0	31,930	0
86B7 DIRECTOR CORPORATE SERVICES	0	80	0	0	(80)	0
Net Cost	5,813,350	50,170	16,060	0	(347,410)	5,532,170

SCRUTINY COMMITTEE - RESOURCES

86A1 REVENUE COLLECTION/BENEFITS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	0	0	0	0	0	0
Transfer Payments	34,315,440	686,320	0	0	7,894,950	42,896,710
Premises	0	0	0	0	0	0
Supplies & Services	87,790	0	0	0	10,900	98,690
Transport	0	0	0	0	0	0
Support Services	1,831,150	27,470	0	0	228,910	2,087,530
Capital Financing	0	0	0	0	0	0
Total Expenditure	36,234,380	713,790	0	0	8,134,760	45,082,930
Income	(34,605,800)	(690,330)	0	0	(7,986,560)	(43,282,690)
Net Expenditure	1,628,580	23,460	0	0	148,200	1,800,240
Represented By						
S001 Revenue Collection	747,010	11,210	0	0	34,860	793,080
S002 Rent Allowances	(103,320)	(3,420)	0	0	80,050	(26,690)
S003 Statutory Contribution	25,820	0	0	0	(1,140)	24,680
S004 Council Tax Benefits	556,890	8,700	0	0	94,830	660,420
S005 Rent Rebates	399,000	6,920	0	0	(58,530)	347,390
S006 Housing Act Advances	3,180	50	0	0	(1,870)	1,360
Net Cost	1,628,580	23,460	0	0	148,200	1,800,240

SCRUTINY COMMITTEE - RESOURCES

86A2 ELECTIONS & ELECTORAL REGISTRATION	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	121,520	1,920	64,760	0	2,190	190,390
Premises	0	0	19,350	0	0	19,350
Supplies & Services	70,810	260	14,650	0	(4,570)	81,150
Transport	130	0	0	0	0	130
Support Services	51,200	760	0	0	3,580	55,540
Capital Financing	2,800	0	0	0	(200)	2,600
Total Expenditure	246,460	2,940	98,760	0	1,000	349,160
Income	(1,800)	(40)	0	0	0	(1,840)
Net Expenditure	244,660	2,900	98,760	0	1,000	347,320
Represented By						
S010 Electoral Registration	192,810	2,280	21,560	0	(140)	216,510
S011 District Council Elections	51,850	620	77,200	0	1,140	130,810
S012 County Council Elections	0	0	0	0	0	0
S013 County Council By-Election	0	0	0	0	0	0
S014 Parliamentary Elections	0	0	0	0	0	0
S017 European Elections	0	0	0	0	0	0
S018 City Council By-Elections	0	0	0	0	0	0
Net Cost	244,660	2,900	98,760	0	1,000	347,320

SCRUTINY COMMITTEE - RESOURCES

86A3 CORPORATE	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	(225,000)	(3,370)	0	0	228,370	0
Premises	0	0	0	0	0	0
Supplies & Services	177,310	3,330	0	0	11,490	192,130
Transport	0	0	0	0	0	0
Support Services	1,038,910	15,580	0	0	34,680	1,089,170
Capital Financing	0	0	0	0	0	0
Total Expenditure	991,220	15,540	0	0	274,540	1,281,300
Income	(321,960)	(4,720)	0	0	(3,570)	(330,250)
Net Expenditure	669,260	10,820	0	0	270,970	951,050
Represented By						
S015 Corporate Costs	626,480	10,300	0	0	266,510	903,290
S066 Treasury Management	42,780	520	0	0	4,460	47,760
U026 Procurement Policy	0	0	0	0	0	0
Net Cost	669,260	10,820	0	0	270,970	951,050

SCRUTINY COMMITTEE - RESOURCES

86A4 CIVIC CEREMONIALS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	149,820	2,390	0	0	(1,830)	150,380
Premises	47,820	460	0	0	(6,550)	41,730
Supplies & Services	51,360	360	0	0	(70)	51,650
Transport	5,310	80	0	0	0	5,390
Support Services	38,620	590	0	0	1,060	40,270
Capital Financing	38,600	0	0	0	50	38,650
Total Expenditure	331,530	3,880	0	0	(7,340)	328,070
Income	(66,020)	0	0	0	(9,000)	(75,020)
Net Expenditure	265,510	3,880	0	0	(16,340)	253,050
Represented By						
S036 Guildhall Chambers	107,720	1,920	0	0	(17,970)	91,670
S037 Mayoralty	119,220	1,760	0	0	1,090	122,070
S039 Civic Hospitality	10,560	20	0	0	150	10,730
S040 Public Celebrations	14,360	120	0	0	330	14,810
S041 Twinning	13,650	60	0	0	60	13,770
Net Cost	265,510	3,880	0	0	(16,340)	253,050

SCRUTINY COMMITTEE - RESOURCES

86A5 DEMOCRATIC REPRESENTATION	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	14,190	120	0	0	2,070	16,380
Premises	0	0	0	0	0	0
Supplies & Services	1,292,910	3,890	0	0	(1,010,320)	286,480
Transport	790	10	0	0	0	800
Support Services	591,840	8,890	0	0	(29,020)	571,710
Capital Financing	0	0	0	0	0	0
Total Expenditure	1,899,730	12,910	0	0	(1,037,270)	875,370
Income	0	0	0	0	0	0
Net Expenditure	1,899,730	12,910	0	0	(1,037,270)	875,370
Represented By						
S016 Democratic Costs	557,670	7,990	0	0	(26,440)	539,220
S046 Members Allowances & Support	342,060	4,920	0	0	(10,830)	336,150
S055 Local Govt Review	1,000,000	0	0	0	(1,000,000)	0
Net Cost	1,899,730	12,910	0	0	(1,037,270)	875,370

SCRUTINY COMMITTEE - RESOURCES

86A6 GRANTS/CENT SUPP/CONSULT	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	0	0	0	0	0	0
Premises	0	0	0	0	0	0
Supplies & Services	792,290	0	0	0	14,780	807,070
Transport	0	0	0	0	0	0
Support Services	227,010	3,400	0	0	8,210	238,620
Capital Financing	0	0	0	0	0	0
Total Expenditure	1,019,300	3,400	0	0	22,990	1,045,690
Income	0	0	0	0	0	0
Net Expenditure	1,019,300	3,400	0	0	22,990	1,045,690
Represented By						
S045 Grants - Recycling	0	0	0	0	0	0
S047 Grants - Arts	0	0	0	0	0	0
S048 Grants - Leisure	0	0	0	0	0	0
S049 Grants - Housing	0	0	0	0	0	0
S050 Grants and Contributions	784,380	340	0	0	17,290	802,010
S052 Emergency Planning	32,880	490	0	0	2,620	35,990
S053 Community Safety	51,000	770	0	0	0	51,770
S054 Equalities Policies	0	0	0	0	0	0
S057 Community Inclusion & Involvement	88,830	1,330	0	0	990	91,150
S060 Community Consultation	62,210	470	0	0	2,090	64,770
Net Cost	1,019,300	3,400	0	0	22,990	1,045,690

SCRUTINY COMMITTEE - RESOURCES

86A7 UNAPP OVERHEADS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	289,800	4,350	0	0	(10,300)	283,850
Premises	0	0	0	0	0	0
Supplies & Services	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Support Services	(203,490)	(3,050)	0	0	182,140	(24,400)
Capital Financing	0	0	0	0	0	0
Total Expenditure	86,310	1,300	0	0	171,840	259,450
Income	0	0	0	0	0	0
Net Expenditure	86,310	1,300	0	0	171,840	259,450
Represented By						
S051 Unallocated Central Costs	(203,490)	(3,050)	0	0	182,140	(24,400)
S056 Superannuation	289,800	4,350	0	0	(10,300)	283,850
Net Cost	86,310	1,300	0	0	171,840	259,450

SCRUTINY COMMITTEE - RESOURCES

86A8 CHIEF EXECUTIVE SERVICES	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	889,770	14,150	(23,600)	0	7,260	887,580
Premises	0	0	0	0	0	0
Supplies & Services	108,950	220	0	0	(1,920)	107,250
Transport	4,640	100	0	0	(50)	4,690
Support Services	200,440	2,940	0	0	9,530	212,910
Capital Financing	18,900	0	0	0	(3,410)	15,490
Total Expenditure	1,222,700	17,410	(23,600)	0	11,410	1,227,920
Income	(1,222,700)	(18,290)	0	0	13,070	(1,227,920)
Net Expenditure	0	(880)	(23,600)	0	24,480	0
Represented By						
T081 Chief Executive	202,900	3,130	0	0	(1,840)	204,190
T082 Chief Executive Support Unit	390,130	5,960	(11,500)	0	2,850	387,440
T083 Member Services	313,500	4,670	(12,100)	0	(2,330)	303,740
T084 Press & Public Relations	190,630	2,140	0	0	9,300	202,070
T085 Emergency Planning	32,880	500	0	0	2,610	35,990
T086 Community Inclusion & Involvement	88,830	1,000	0	0	1,320	91,150
T087 Chief Executive Internal Recharges	(1,218,870)	(18,280)	0	0	12,570	(1,224,580)
Net Cost	0	(880)	(23,600)	0	24,480	0

SCRUTINY COMMITTEE - RESOURCES

86A9 STRATEGIC/COMM PARTNERSHIPS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	71,220	1,130	0	0	20	72,370
Premises	0	0	0	0	0	0
Supplies & Services	325,360	0	0	0	(60)	325,300
Transport	880	20	0	0	0	900
Support Services	12,840	180	0	0	210	13,230
Capital Financing	0	0	0	0	0	0
Total Expenditure	410,300	1,330	0	0	170	411,800
Income	(410,300)	(770)	0	0	(730)	(411,800)
Net Expenditure	0	560	0	0	(560)	0
Represented By						
S070 Community Safety Partnership	17,290	800	0	0	(240)	17,850
S071 Community Safety Projects	0	0	0	0	0	0
S072 Partnership Development	0	0	0	0	0	0
S073 Community Safety Audit Costs	0	0	0	0	0	0
S074 Community Safety Drugs Initiative	0	0	0	0	0	0
S075 Safer Communities Initiative	0	0	0	0	0	0
S076 Anti-Social Behaviour	0	0	0	0	0	0
S077 ASB Action Area Fund	0	0	0	0	0	0
S078 ASB Co-ordinator	33,710	530	0	0	(310)	33,930
S079 Local Strategic Partnership	520	0	0	0	0	520
S080 Community/Strat/Part/Recharge	(51,520)	(770)	0	0	(10)	(52,300)
Net Cost	0	560	0	0	(560)	0

SCRUTINY COMMITTEE - RESOURCES

86B1 TREASURY SERVICES	ESTIMATE	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE
	2009-10		RECURRING	NON-RECURRING		2010-11
Employees	2,328,770	37,080	(13,000)	0	70,270	2,423,120
Premises	0	0	0	0	0	0
Supplies & Services	378,300	2,550	0	0	23,640	404,490
Transport	30,430	600	0	0	(7,180)	23,850
Support Services	1,823,500	27,300	0	0	(118,520)	1,732,280
Capital Financing	137,960	0	0	0	79,730	217,690
Total Expenditure	4,698,960	67,530	(13,000)	0	47,940	4,801,430
Income	(4,698,960)	(57,090)	0	0	(45,380)	(4,801,430)
Net Expenditure	0	10,440	(13,000)	0	2,560	0
Represented By						
T001 Accountancy Services	776,470	10,360	(13,000)	0	61,040	834,870
T002 Cashiering Services	145,330	2,130	0	0	8,560	156,020
T003 Council Tax Collection	741,710	9,580	0	0	26,740	778,030
T004 NDR Collection	5,300	(1,350)	0	0	11,100	15,050
T006 Benefits Customer Services	0	0	0	0	0	0
T007 Revenues Recovery	287,750	3,640	0	0	(24,310)	267,080
T008 L.H.A and NVQ Work	0	510	0	0	7,920	8,430
T009 Benefits Administration	697,420	24,720	0	0	195,150	917,290
T010 Benefits Investigation	292,170	4,560	0	0	(20,790)	275,940
T011 Benefits Joint Training Post	24,720	690	0	0	0	25,410
T013 Policy Treasury Services	90,090	1,410	0	0	6,210	97,710
T015 Administrative Support	145,180	2,280	0	0	(88,020)	59,440
U080 Treasury Internal Recharges	(3,206,140)	(48,090)	0	0	(181,040)	(3,435,270)
Net Cost	0	10,440	(13,000)	0	2,560	0

SCRUTINY COMMITTEE - RESOURCES

86B2 INTERNAL AUDIT	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	193,230	3,300	0	0	1,180	197,710
Premises	0	0	0	0	0	0
Supplies & Services	850	0	0	0	0	850
Transport	540	10	0	0	0	550
Support Services	34,000	510	0	0	(550)	33,960
Capital Financing	0	0	0	0	0	0
Total Expenditure	228,620	3,820	0	0	630	233,070
Income	(228,620)	(3,470)	(10,000)	0	9,020	(233,070)
Net Expenditure	0	350	(10,000)	0	9,650	0
Represented By						
T018 Internal Audit	218,870	3,630	(10,000)	0	630	213,130
U081 Internal Audit Recharges	(218,870)	(3,280)	0	0	9,020	(213,130)
Net Cost	0	350	(10,000)	0	9,650	0

SCRUTINY COMMITTEE - RESOURCES

86B3 HUMAN RESOURCES	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	464,860	6,820	(2,000)	0	4,210	473,890
Premises	0	0	0	0	0	0
Supplies & Services	81,680	640	0	0	(5,250)	77,070
Transport	2,730	60	(2,000)	0	0	790
Support Services	173,210	2,600	0	0	(990)	174,820
Capital Financing	17,350	0	0	0	0	17,350
Total Expenditure	739,830	10,120	(4,000)	0	(2,030)	743,920
Income	(739,830)	(11,100)	0	0	7,010	(743,920)
Net Expenditure	0	(980)	(4,000)	0	4,980	0
Represented By						
T022 IT Trainer	16,670	210	0	0	(800)	16,080
T024 Training	153,950	1,940	0	0	(400)	155,490
T025 Human Resources	382,530	5,340	(4,000)	0	820	384,690
T026 Payroll	139,220	1,900	0	0	170	141,290
T027 Policy Human Resources	15,590	250	0	0	(110)	15,730
U082 Human Resource Recharges	(707,960)	(10,620)	0	0	5,300	(713,280)
Net Cost	0	(980)	(4,000)	0	4,980	0

SCRUTINY COMMITTEE - RESOURCES

86B4 LEGAL SERVICES	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	521,860	8,270	0	0	1,650	531,780
Premises	0	0	0	0	0	0
Supplies & Services	40,740	90	(3,200)	0	320	37,950
Transport	1,080	20	0	0	0	1,100
Support Services	100,430	1,490	0	0	(7,390)	94,530
Capital Financing	800	0	0	0	0	800
Total Expenditure	664,910	9,870	(3,200)	0	(5,420)	666,160
Income	(664,910)	(10,220)	0	0	8,970	(666,160)
Net Expenditure	0	(350)	(3,200)	0	3,550	0
Represented By						
T038 Legal Services	614,780	8,870	(3,200)	0	(5,370)	615,080
U083 Legal Internal Recharges	(614,780)	(9,220)	0	0	8,920	(615,080)
Net Cost	0	(350)	(3,200)	0	3,550	0

SCRUTINY COMMITTEE - RESOURCES

86B5 CORPORATE CUSTOMER SRVS	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	920,800	15,010	(11,000)	0	42,310	967,120
Premises	639,380	5,490	0	0	(40,160)	604,710
Supplies & Services	418,730	2,450	7,000	0	12,770	440,950
Transport	970	10	0	0	240	1,220
Support Services	601,150	9,010	0	0	67,060	677,220
Capital Financing	267,580	0	0	0	76,960	344,540
Total Expenditure	2,848,610	31,970	(4,000)	0	159,180	3,035,760
Income	(2,848,610)	(42,660)	0	0	(144,490)	(3,035,760)
Net Expenditure	0	(10,690)	(4,000)	0	14,690	0
Represented By						
T047 Information & GIS Management	260,960	2,940	(1,000)	0	68,710	331,610
T048 General Office	95,450	1,330	0	0	3,050	99,830
T051 Mail	220,090	880	0	0	8,460	229,430
T052 Telephones	195,290	2,360	0	0	7,250	204,900
T054 Civic Centre	1,025,810	9,300	0	0	(4,010)	1,031,100
T055 Customer Service Centre	1,041,750	15,090	(3,000)	0	81,060	1,134,900
U084 Corporate Customer Int Recharges	(2,839,350)	(42,590)	0	0	(149,830)	(3,031,770)
Net Cost	0	(10,690)	(4,000)	0	14,690	0

SCRUTINY COMMITTEE - RESOURCES

86B6 IT SERVICES	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	794,610	12,440	(17,000)	0	(770)	789,280
Premises	9,340	190	0	0	(1,480)	8,050
Supplies & Services	328,060	2,620	(7,900)	0	35,410	358,190
Transport	1,240	20	0	0	500	1,760
Support Services	498,910	7,450	0	0	(96,790)	409,570
Capital Financing	349,400	0	0	0	100,850	450,250
Total Expenditure	1,981,560	22,720	(24,900)	0	37,720	2,017,100
Income	(1,981,560)	(29,750)	0	0	(5,790)	(2,017,100)
Net Expenditure	0	(7,030)	(24,900)	0	31,930	0
Represented By						
T049 Dsktop & Network Support	822,530	6,960	(19,000)	0	(4,880)	805,610
T050 Helpdesk & Operations	365,230	3,850	(8,500)	0	(4,450)	356,130
T053 Copy Centre	126,460	1,750	0	0	37,430	165,640
T059 Business Dev & System Support	450,880	6,850	(1,000)	0	(2,590)	454,140
T060 Policy IT Development	106,950	1,630	0	0	(3,120)	105,460
T061 Website Administration	56,790	850	3,600	0	15,590	76,830
T062 E Government Support Costs	47,010	720	0	0	(160)	47,570
U085 IT Services Internal Recharges	(1,975,850)	(29,640)	0	0	(5,890)	(2,011,380)
Net Cost	0	(7,030)	(24,900)	0	31,930	0

SCRUTINY COMMITTEE - RESOURCES

86B7 DIRECTOR CORPORATE SERVICES	ESTIMATE 2009-10	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2010-11
			RECURRING	NON-RECURRING		
Employees	130,500	2,070	0	0	(28,180)	104,390
Premises	0	0	0	0	0	0
Supplies & Services	2,440	0	0	0	(100)	2,340
Transport	390	10	0	0	0	400
Support Services	16,730	250	0	0	15,970	32,950
Capital Financing	0	0	0	0	0	0
Total Expenditure	150,060	2,330	0	0	(12,310)	140,080
Income	(150,060)	(2,250)	0	0	12,230	(140,080)
Net Expenditure	0	80	0	0	(80)	0
Represented By						
T301 Corporate Services	150,040	2,330	0	0	(12,310)	140,060
T302 Director Corporate Int Recharge	(150,040)	(2,250)	0	0	12,230	(140,060)
Net Cost	0	80	0	0	(80)	0

APPENDIX 2

This page is intentionally left blank

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCRUTINY COMMITTEE - RESOURCES

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11	2011/12	2012/13	Future Years	What the scheme is trying to achieve
				£	£	£	£	
ELECTRONIC CITY								
1	Server and Storage Strategy	PE	C1	40,000 #				To increase the number of servers and storage capacity to meet the current and predicted demand, specifically the migration of the remaining physical servers now reaching the end of their useful life
2	IT Development Staff Recharges	PE	C1	112,000	112,000	112,000		To provide for the cost of IT Developers, which will be directly involved in the implementation of computer software, development of new systems and qualify as capital expenditure
3	PC Replacement Programme	PE	C2	100,000 #				To provide a rolling programme of replacement and upgrades to the Council's PCs, laptops and other devices
4	Corporate Network Infrastructure	PE	C1	30,000 #				A continuation of the enhancement and upgrade programme to the corporate network infrastructure, in order to manage the growth in demand of high bandwidth applications specifically to remote sites and workers
5	Continuation of GIS Strategy	PE	C1	25,000 #				Ongoing development of the Internet and Intranet map sites and the capture of new data and integration of the Local Land and Property Gazetteer into third party systems
6	Capita Systems Infrastructure	PE	C1	30,000 #				To sustain a resilient infrastructure for the Capita Systems databases (Council Tax, Housing Benefits and Housing systems)
Sub Total - Electronic City				337,000	112,000	112,000	0	
ACHIEVING EXCELLENCE IN PUBLIC SERVICES								
1	Vehicle Replacement Programme	PM	C1	391,500 # 125,500				To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained
2	Capitalised Staff Costs	AS	C1	370,000	370,000	370,000		To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers, architects and surveyors
Sub Total - Achieving Excellence in the Public Services				887,000	370,000	370,000	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME - RESOURCES				1,224,000	482,000	482,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2010/11 AND FUTURE YEARS

SCRUTINY COMMITTEE - RESOURCES

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Category	2010/11	2011/12	2012/13	Future Years	What the scheme is trying to achieve
				£	£	£	£	
Category 'C1' Schemes				1,124,000	482,000	482,000	0	
Category 'C2' Schemes				100,000	0	0	0	
					92%	100%	100%	
					8%	0%	0%	
TOTAL GENERAL FUND CAPITAL PROGRAMME - RESOURCES				1,224,000	482,000	482,000	0	
Pre-Approved Schemes				607,500	482,000	482,000	0	
New Bids				616,500	0	0	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME - RESOURCES				1,224,000	482,000	482,000	0	

Indicates new bids

Lead Officer Key Table	
Head of Treasury Services	AS
Head of Corporate Customer Services	JS
Head of IT Services	PE
Head of Contracts and Direct Services	PM

APPENDIX 3

This page is intentionally left blank

SCRUTINY COMMITTEE - RESOURCES

	Existing Charge			Recommended Charge from 01/04/2010		
	Fee	VAT	Total	Fee	VAT	Total
	£ p	£ p	£ p	£ p	£ p	£ p
A <u>SUPPLY OF PHOTOCOPIES</u>						
Monochrome A4	0.17	0.03	0.20	0.17	0.03	0.20
A3	0.35	0.05	0.40	0.34	0.06	0.40
Colour A4	1.30	0.20	1.50	1.28	0.22	1.50
A3	2.61	0.39	3.00	2.55	0.45	3.00
B <u>HIRE OF COMMITTEE ROOMS AT CIVIC CENTRE</u>						
For official and quasi-official purposes (as determined by Committee)	No Charge			No Charge		
Other Organisations						
Committee Room A - Bad Homburg (1/2 day up to 7.30pm)	44.00	-	44.00	44.00	-	44.00
Committee Room B - Rennes (1/2 day up to 7.30pm)	55.00	-	55.00	55.00	-	55.00
A & B - Bad Homburg & Rennes (as one room) (1/2 day up to 7.30pm) (special charge after 8pm to be negotiated)	110.00	-	110.00	110.00	-	110.00
Morning Coffee (Per cup)	0.61	0.09	0.70	0.60	0.10	0.70
Afternoon Tea (Per cup)	0.43	0.07	0.50	0.43	0.07	0.50
C <u>DATA PROTECTION ACT ENQUIRIES</u>						
(Maximum subject to Data Protection Act)	10.00	-	10.00	10.00	-	10.00
D <u>COUNCIL MINUTES</u>						
Inclusion on mailing list (per annum) for:						
1 Council Agenda/Committee Minutes	36.00	-	36.00	42.00	-	42.00
2 Planning Committee Agenda	41.00	-	41.00	98.00	-	98.00
3 Executive	57.00	-	57.00	70.00	-	70.00
4 Other Committee/Sub-committee Agenda	30.00	-	30.00	42.00	-	42.00
E <u>GENERAL CONVEYANCING, SALE OF COUNCIL HOUSING, ETC.</u>						

All recharges have been based on the actual amount of work involved, the market rate and at the discretion of the Head of Legal Services

This page is intentionally left blank

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 27 JANUARY 2010

COMPREHENSIVE AREA ASSESSMENT (CAA) 2009 ORGANISATIONAL ASSESSMENT

1. PURPOSE OF THE REPORT

- 1.1 To inform members of the results of the Council's 2009 Organisational Assessment.

2. BACKGROUND

- 2.1 From April 2008, CAA replaced Comprehensive Performance Assessment (CPA) as the new approach to assessing the performance of local public services in an area. For the Council there are two parts to CAA:
- The **Area Assessment**, which takes the Devon Local Area Agreement as its starting point and looks at how well local public services across the county are delivering better results for local people in local priorities and how likely they are to improve in the future.
 - The **Organisational Assessment**, which combines the use of resources themes and a managing performance theme into a combined assessment of organisational effectiveness.
- 2.2 This report covers the organisational assessment and sets out auditors' conclusions for the period covering April 2008 to March 2009.

3. RESULTS

- 3.1 A summary of the 2009 Organisational Assessment is attached at Annex A. Members will note that, overall, the Council scores 3 out of 4 and is performing well. Detailed information on the Use of Resources Assessment was presented to the last meeting of this Committee in Grant Thornton's Annual Audit Letter.

3.2 RECOMMENDATION

- 3.3 It is recommended that Members note the results of the 2009 Organisational Assessment.

CHIEF EXECUTIVE

CHIEF EXECUTIVE DIRECTORATE

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

Background papers used in compiling the report:

None

This page is intentionally left blank

Exeter City Council

Organisational Assessment (Summary version)

Dated 9 December 2009



oneplace

for an independent overview
of local public services

Exeter City Council

Overall, Exeter City Council performs well

Managing performance	3 out of 4
Use of resources	2 out of 4
Managing finances	2 out of 4
Governing the business	3 out of 4
Managing resources	2 out of 4

Description of scores:

1. An organisation that does not meet minimum requirements, Performs Poorly
2. An organisation that meets only minimum requirements, Performs Adequately
3. An organisation that exceeds minimum requirements, Performs Well
4. An organisation that significantly exceeds minimum requirements, Performs Excellently

Summary

Overall, Exeter City Council performs well. It is doing well at the things that people in Exeter think are priorities. The Council is making good progress with its plans despite having to deal with more demand for services and less income. It is improving the right things for people in Exeter. This includes working with the Police to reduce crime, increasing recycling levels, and developing the city so it becomes a better place to live and work in. Many residents are satisfied with Exeter as a place to live.

The Council scores 3 out of 4 for Managing Performance. Most people are happy with the way the Council runs things. Managers and councillors show good leadership and as a result, staff know what to do and are given the training and resources to do their job well. Prospects for improvement are good. The Council has a strong track record in improving its services. Housing, leisure, benefits, and waste services are improving quickly.

However, the Council is grappling with some big challenges. The biggest challenge is in improving the prospects for those living in the poorest areas. The Council is responding well and working closely with its partners to help more people make benefit claims, pay bills quicker, and fund credit unions that help protect vulnerable people from loan sharks.

The Council has different scores for value for money and managing performance. We have decided the Council is performing well overall because it has strong achievements in priority areas and has improved some key services. It has managed this despite having to spend £2 million more than it receives from government on a national free bus travel scheme.

The Council scores 2 out of 4 for use of resources. Exeter City Council manages its finances well. It checks on and improves value for money by

making changes to poorly performing services. Services such as recycling are delivering better value for money. But the Council can do more to compare its costs with others to check they are low. Department plans do not always show a strong link to the Corporate Plan.

CAA looks at how well local public services, working together, are meeting the needs of the people they serve. It's a joint assessment made by a group of independent watchdogs about the performance of local public services, and how likely they are to meet local priorities. From 9 December you will find the results of Comprehensive Area Assessment on the Oneplace website - <http://oneplace.direct.gov.uk/>

Alternative formats - If you require a copy of PDF documents in this site in large print, in Braille, on tape, or in a language other than English, please call: 0844 798 7070

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ
Telephone: 0844 798 1212
Fax: 0844 798 2945
Textphone (minicom): 0844 798 2946
www.audit-commission.gov.uk



for an independent overview
of local public services

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

Document is Restricted

This page is intentionally left blank