



Exeter City Council

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Your ref:

AGENDA FOR EXETER CITY COUNCIL SCRUTINY COMMITTEE - RESOURCES

The Scrutiny Committee - Resources will meet on **WEDNESDAY 26 JANUARY 2011**, 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 24 November 2010.

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 items 15 and 16 on the grounds that they involve 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 **AUDIT PLAN 2010/11**

The Council's External Auditor, Grant Thornton, will present the plan to Members – *plan circulated* 1 - 16

7 **CERTIFICATION WORK REPORT 2009/10**

The Council's External Auditor, Grant Thornton, will present the report to Members – *report circulated* 17 - 28

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

8 **REVENUE BUDGET PROPOSALS 2011/12**

To consider the report of the Head of Treasury Services – *report circulated* 29 - 52

9 **CAPITAL PROGRAMME 2011/12-2013/14**

To consider the report of the Head of Treasury Services – *report circulated* 53 - 72

10 **TREASURY MANAGEMENT STRATEGY 2011/12**

To consider the report of the Head of Treasury Services – *report circulated* 73 - 82

11 **LICENSING THE GUILDHALL FOR WEDDINGS AND CIVIL PARTNERSHIPS**

To consider the report of the Head of Corporate Customer Services – *report circulated* 83 - 84

MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES

12 **NON-HOUSING AIM BUDGET 2011/12**

To consider the joint report of the Head of Contracts and Direct Services, Head of Treasury Services and Acting Head of Estates - *report circulated* 85 - 94

13 **ESTIMATES 2011/12**

To consider the report of the Head of Treasury Services – *report circulated* 95 - 124

14 **THE SHERIFF'S COACH**

To consider the report of the Head of Corporate Customer Services – *report circulated* 125 - 126

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

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

15 **RESTRUCTURE OF THE ACCOUNTS PAYABLE AND CASHIERING SERVICES**

To consider the report of the Head of Treasury Service seeking approval to a restructure of the Accounts Payable and Cashiering Services – *report circulated to members* 127 - 134

16 **STAFFING - HOUSING BENEFITS**

To consider the report of the Head of Treasury Services seeking approval to a restructure of Housing Benefits – *report circulated to members* 135 - 138

DATE OF NEXT MEETING

The next **Scrutiny Committee - Resources** will be held on Wednesday 23 March 2011 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), Cole (Deputy Chair), M A Baldwin, Branston, Crow, Hobden, Macdonald, Mitchell, D J Morrish, Morris, Spackman, 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.

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Exeter City Council
Audit plan 2010-11

December 2010

Page 1

Agenda Item 6



An overview of your 2010-11 Audit Plan

This is our audit plan for the financial year 2010-11 for Exeter City Council (the Council). It sets out the work that we will carry out in discharging our responsibilities to give an opinion on the Council's financial statements and a conclusion on the Council's arrangements for achieving value for money.

We set an indicative fee in March 2010. In setting this fee, we assumed that, whilst the transition to IFRS is a significant change and challenge, the general level of risk in relation to the audit would not be significantly different from that identified for 2009-10. Following the completion of the 2009-10 audit we have updated our accounts audit risk assessment.

See
Accounts risk
assessment

In August 2010 a new approach to local Value for Money audit work was introduced by the Audit Commission. From 2010-11 we will give our value for money conclusion based on two reporting criteria specified by the Audit Commission.

See
Value for Money audit

To cover the maternity leave of Julie Masci, your audit manager, we have introduced Perminder Sethi to manage the team. In addition, we are introducing a new in charge auditor, Llinos Williams, to support the team in the delivery of the audit of the financial statements. As in previous years, we will use specialists from across Grant Thornton to support our work.

See
Engagement team

We have used the Audit Commission scale of fees work programme for 2010-11 to calculate your audit fee, which is at the prescribed level.

See
Audit fee

You will receive a number of reports and plans from us throughout the year which will provide you with the detailed conclusions of our work culminating in the issue of our Annual Audit Letter to the Council.

See
Outputs and timeline

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 comply with the Audit Commission's requirements in respect of independence and objectivity

See
Appendix A

Accounts risk assessment

Introduction

This section of the plan sets out the work we propose to undertake in relation to the audit of the 2010-11 accounts at the Council. The plan is based on our risk-based approach to audit planning and is based on our assessment of the potential business and audit risks that need to be addressed by our audit and the controls the Council has in place to mitigate these risks.

The Council's responsibilities

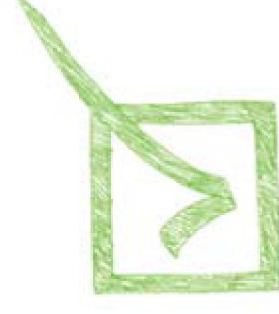
The Council's accounts are an essential means by which it accounts for the stewardship of resources and its financial performance in the use of those resources. It is the responsibility of the Council to:

- 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 accounts, which present fairly the financial position of the Council and its expenditure and income in accordance with International Financial Reporting Standards (IFRS).

Our responsibilities

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

- whether they give a true and fair view of the financial position of the Council 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.



Accounting risks and planned audit response

Table 1 below summarises the results of our initial risk assessment of significant financial and accounting risks facing the Council and our planned response.

Table 1: Accounting risks and planned audit response

Key audit risk	Audit areas affected	Audit approach
Preparation of 2010-11 financial statements does not comply with the requirements under International Financial Reporting Standards (IFRS)	All areas of the financial statements	<ul style="list-style-type: none"> Specialist technical support will be made available to the Council through the provision of IFRS training and seminars and responding to technical queries. We will review the implications of any developing issues through reference to IFRS guidance and the finalised IFRS Code and discuss with the Council accordingly. We will undertake an initial review of the Council's restatement of its opening balance sheet and 2009-10 comparatives to IFRS and provide feedback on the treatment of balances and additional actions required. We will liaise with the Council to ensure that arrangements are in place to assess the effect of IFRS on its subsidiary, Exeter Canal and Quay Trust, and that sufficient information is available from the subsidiary to support the restatement process and align its accounting policies with the Council.
Insufficient finance team resources available to deliver statutory requirements by 30 June 2011	All areas of the financial statements	<ul style="list-style-type: none"> We will continue to monitor the Council's progress against its IFRS project plan to ensure that they remain on track to prepare the restatement entries and first set of IFRS accounts by 30 June 2011. Specialist technical support will be made available to the Council as required through the provision of IFRS training and seminars and responding to technical queries to support them in the transition process.
Incorrect accounting for Icelandic Bank investments	Investments & Financial Instruments	<ul style="list-style-type: none"> We will assess the impact of any future decisions made in relation to the Icelandic bank investments and how the value of these investments should be reflected in the Council's accounts. We will review the accounting transactions processed by the Council during 2010-11 to ensure that any changes in the position are appropriately accounted for.
Financial performance pressures affecting the Council's ability to deliver its budget and provide services to the public	All areas of the financial statements	<ul style="list-style-type: none"> We will review the Council's financial performance for the year against its agreed budget. We will review the Council's progress in achieving the required level of savings against its savings plan. We will consider the use of general reserves during the year.

Accounts audit - approach

Audit approach

We will:

- work closely with the Council's Finance Team to ensure that we meet audit deadlines and conduct the audit efficiently;
- plan our audit on an individual task basis at the start of the audit, and timetables agreed with all staff involved; and
- consider the materiality of transactions when planning our audit and when reporting our findings.

In summary our audit strategy comprises:

Planning	<p>Updating our understanding of the Council through discussions with management and a review of the management accounts</p> <ul style="list-style-type: none"> • Reviewing the design and implementation internal financial controls including IT, where they impact the financial statements • Assessing audit risk and developing and implementing an appropriate audit strategy • Testing the operating effectiveness of selected controls • Assessing internal audit against the CIPFA Code of Practice
Control evaluation	<ul style="list-style-type: none"> • Reviewing material disclosure issues in the financial statements • Performing analytical review • Verifying all material income and expenditure and balance sheet accounts, taking into consideration whether audit evidence is sufficient and appropriate
Substantive procedures	<ul style="list-style-type: none"> • Performing overall evaluation • Determining an audit opinion • Reporting to Resources Scrutiny and Final Accounts Committees

Accounts audit - other issues

Other issues

Annual Governance statement

As part of our work on the accounts audit, we will review the Annual Governance Statement (AGS) to determine if it is consistent with our knowledge of the Council.

Whole of Government Accounts

We will also review the Whole of Government Accounts (WGA) consolidation pack for consistency with the Council's accounts

Electoral challenge

The Audit Commission Act 1998 gives electors certain rights:

- the right to inspect the accounts
- the right to ask the auditor questions about the accounts; and
- the right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form a decision on the elector's objection. The additional work may be significant and could result in the requirement to seek legal representations on the issues raised. The costs incurred in responding to any questions or objections raised by electors are not part of the audit fee. In the event of costs being incurred as a result of elector's objections we will discuss these with the Council and, where appropriate, charge for this work in accordance with the Audit Commission's fee scales.

Certification of Grants and Returns

In addition to our audit of the Council's financial statements and Value for Money, we are required to certify grant claims and returns above predetermined thresholds.

In carrying out work in relation to grant claims and returns, Grant Thornton UK LLP acts as an agent of the Audit Commission, on behalf of the grant paying bodies. The work that the auditor is required to undertake is specified in a Certification Instruction, issued by the Audit Commission for each scheme, following discussion with the grant paying body. As agents of the Audit Commission we are required to recover, in respect of each grant claim and return, a fee that covers the full cost of the relevant work undertaken. These rates are based on the hourly rates for certifying claims and returns set out in the Audit Commission's 'Work programme and scales of fees 2010-11'.

Prior to the commencement of our work we will issue a grants plan and report in full to the Council on conclusion of our certification work.

National Fraud Initiative (NFI)

The Council participates in the National Fraud Initiative, the Audit Commission's data-matching exercise designed to prevent and detect fraud in public bodies. We will review the Council's progress and actions in following up the matches identified.

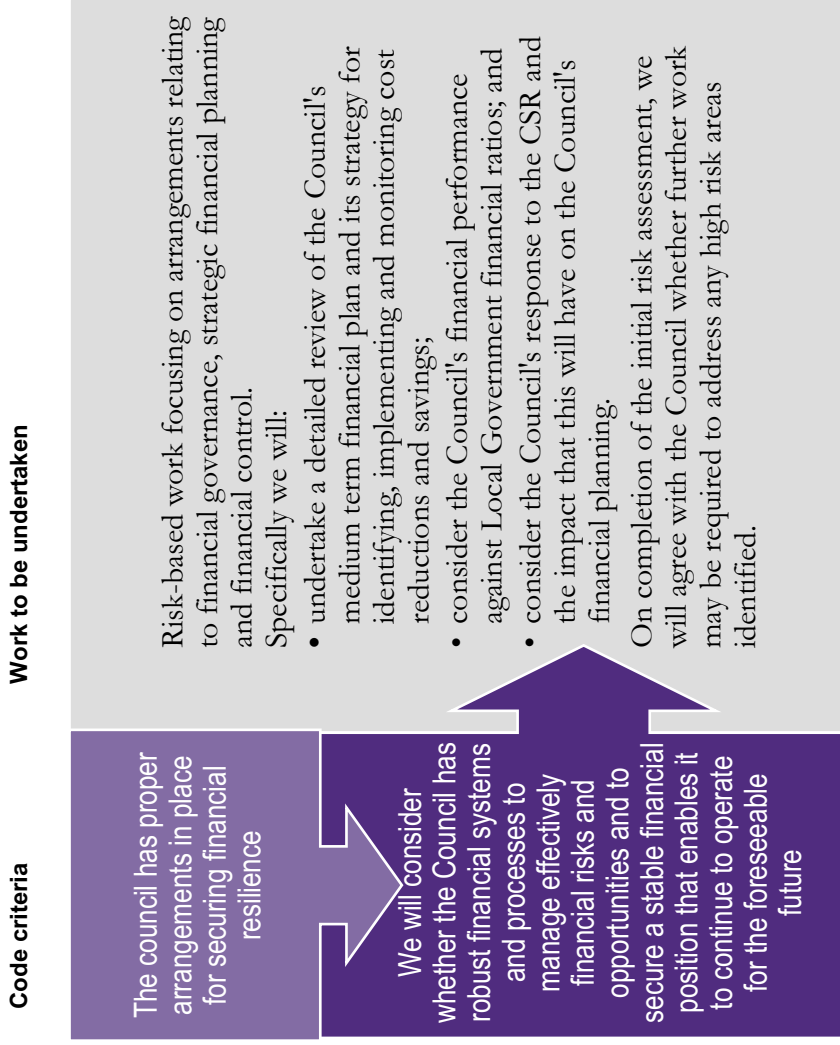
Value for money audit

Introduction

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion.

2010-11 VFM conclusion

Since we issued our indicative fee letter, a new approach to local Value for Money audit work has been introduced by the Audit Commission. From 2010-11 we will give our value for money conclusion based on two reporting criteria specified by the Audit Commission:



Value for money audit

Code criteria

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness



We will consider whether the Council is prioritising its resources within tighter budgets

Work to be undertaken

Risk-based work focusing on arrangements for prioritising resources and improving productivity and efficiency.

Specifically we will:

- consider the arrangements the Council has in place to ensure effective project management and that there is effective post-implementation reviews of projects; and
- review how the identification of savings, efficiencies and investments reflect corporate priorities.

We will tailor our VfM work to ensure that as well as addressing our high risk areas, it is, wherever possible, focused on the Council's priority areas and can be used as a source of assurance for Officers and Members. Where we plan to undertake specific reviews to support our VfM conclusion, we will issue a Terms of Reference for each review outlining the scope, methodology and timing of the review. These will be agreed with Officers and presented to the Resources Scrutiny Committee.

The results of all our local VfM audit work and key messages will be reported in our Report to Those Charged with Governance (ISA 260 report) and in the Annual Audit Letter. We will agree any additional reporting to the Council on a review-by-review basis.



Engagement team

Your main audit team is based in Bristol and are all public sector specialists.

However, we operate as a national practice, coordinating the work of all our offices to ensure that new ideas, good practice experiences and services are developed and disseminated to all, irrespective of location.



Barrie Morris (CPFA)
Engagement Lead
T 0117 305 7708
E barrie.morris@uk.gt.com

Barrie is the Council's Engagement Lead, bringing his extensive local authority expertise to the Council. Barrie will be a key contact for the Chief Executive, the Director of Corporate Services, other senior Council Officers and the Resources Scrutiny Committee.

Barrie is responsible for the overall delivery of the audit including the quality of output and signing the audit reports and conclusion



Perminder Sethi (CPFA)
Audit Manager
T 0117 305 7600
E perminder.sethi@uk.gt.com

Perminder Sethi is responsible for managing the audit and is the main contact for the Head of Treasury Services and will provide cover for Julie Masci whilst she is on maternity leave.

Perminder will provide feedback to the Council throughout the audit process and is the first point of contact during the year for discussing and resolving technical accounting issues that may arise and will liaise closely with the Council's internal audit department to minimise duplication of work



Llinos Williams (ACA)
In-charge Auditor
T 0117 305 7754
E llinos.williams@uk.gt.com

Reporting to Perminder, Llinos is responsible for the performance of the audit fieldwork and day-to-day liaison with the Council's finance department.

Llinos will be supported by a team of audit assistants.



Negat Sultan
IT Audit Manager
T 0116 247 5590
E negal.sultan@uk.gt.com

Negat is responsible for review of the Council's IT systems to complement the financial accounts process.

Negat also takes the lead on any additional work required in areas such as data quality and security.

Audit fee

What is the scale audit fee?

This is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2008.

It represents the Commission's best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment.

How we calculate your scale audit fee

The Council's audit fee is calculated in accordance with the Audit Commission's scale of audit fees for 2010-11. For the Council, the scale calculation includes a fixed element for a district council and a percentage of planned gross expenditure as determined by the Audit Commission.

Variations to the scale audit fee

Based on a thorough review by the audit team which includes discussions with Council Officers and Members, we then tailor our work to reflect local circumstances. This may, in exceptional circumstances, result in a variation upwards or downwards on the scale audit fee. Any variation to the scale fee must be approved by the Audit Commission, following agreement of the proposed fee with the Council.

2010-11 audit fee

As set out in our indicative Audit Fee Letter issued in March 2010, the total indicative fee for the audit for 2010-11 was £133,830 (exclusive of VAT), this is compared to the fee of £117,652 for 2009-10.

The scale audit fee for the Council has been calculated at £133,830.

The audit fee proposed for 2010-11 is in line with the above scale fee.

However, the fee will be subject to continuous review and may be revised if significant new risks are identified either as part of our planning or during the audit or if we are unable to progress the audit as planned due to the timing or quality of information provided by the Council. In the event that we consider it necessary to revise the Council's audit fee upwards, we will discuss this with senior officers.

The proposed work programme and scales of fees 2011-12 issued for consultation by the Audit Commission in December 2010, indicates that a rebate of 1.5% on the 2010-11 fee will be paid directly to the Council early in the New Year. This is in addition to the earlier rebate of 6% for the additional audit costs arising from the transition to International Financial Reporting Standards (IFRS).

A summary of the audit fee is shown in the table below:

Table 2: 2010-11 audit fee

Audit area	Planned fee 2010-11	Planned fee 2009-10
Financial statements, including WGA	£85,075	£69,500
VfM conclusion	£48,755	£48,152
Total audit fee	£133,830	£117,652
Certification of claims and returns*	£20,000(est.)	£20,000(est.)

* the quoted fee for grant certification work is an estimate only and will be charged at published hourly rates

New approach to local VfM work – impact on the 2010-11 audit fee

The Audit Commission wrote to all council chief executives in August 2010 to advise of the new approach to local Value for Money for audit work and the impact of this on the 2010-11 audit fee following the cessation of the Comprehensive Area Assessment (CAA).

The Audit Commission confirmed to councils in this letter that the new approach will mean a reduction in audit fees from 2011-12. For 2010-11, the Commission has already given a 6% rebate to mitigate the increases in audit fees arising from the transition to IFRS and in December 2010 indicated that it proposed to give a further 1.5% rebate on the scale fee. The Audit Commission also confirmed that it did not intend to charge inspection fees for work carried out in 2010-11 in relation to the managing performance part of the organisational effectiveness assessment as this had no value once CAA ended.

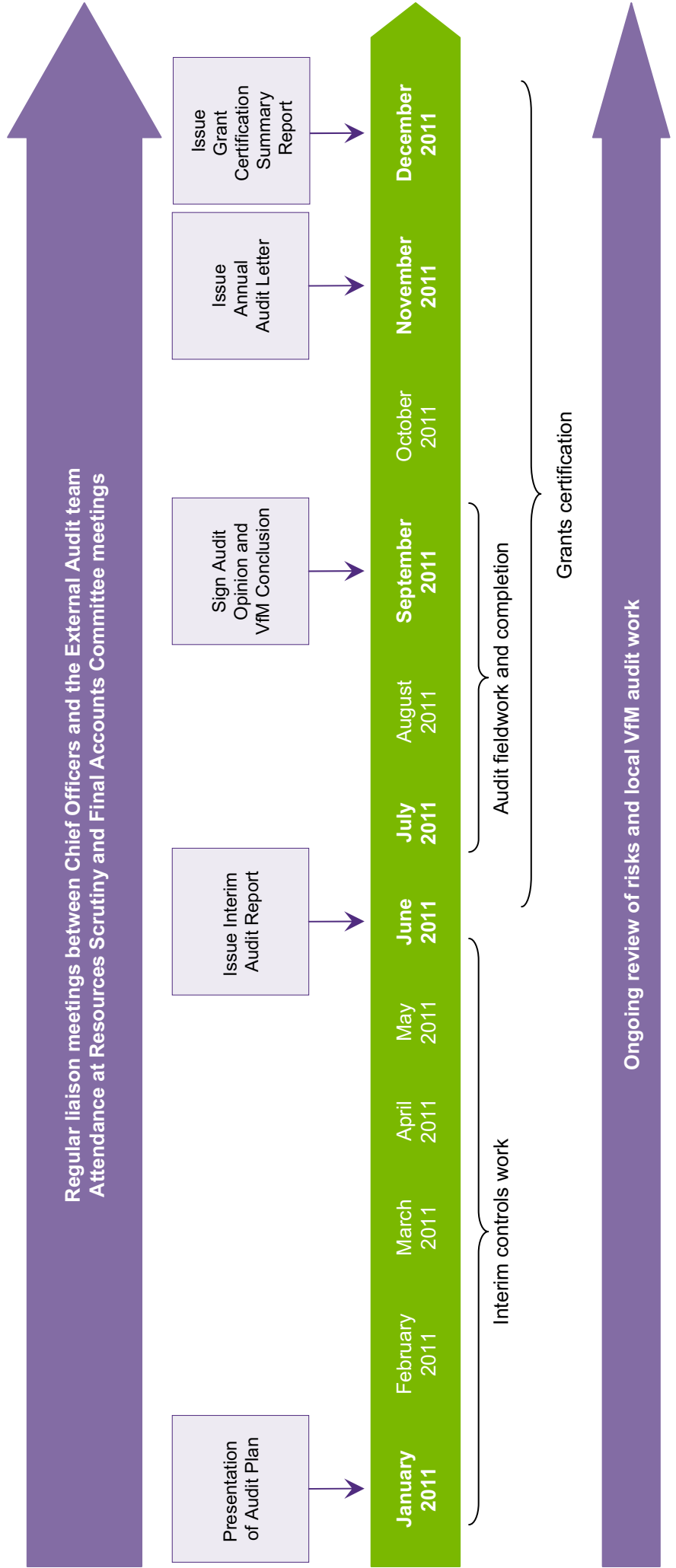
Outputs and timeline

Reports will be discussed and agreed with the appropriate officers before being issued to the Resources Scrutiny Committee.

Reports are addressed to the Resources Scrutiny Committee and management and are prepared for the sole use of the Council, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Output	Purpose	Issue date
Audit Plan	<ul style="list-style-type: none"> • Outline audit approach • Identify initial high risk areas and our planned response • Confirm Plan with Resources Scrutiny Committee 	January 2011
Interim audit report	<ul style="list-style-type: none"> • Outline our audit strategy on conclusion of controls work • Review risks and update planned response accordingly • Highlight focus areas for the audit • Confirm with Senior Officers and Resources Scrutiny Committee 	June 2011
Report to those charged with Governance (ISA 260)	<ul style="list-style-type: none"> • Highlight key issues arising from the audit and detail the resolution of these • Communication of adjusted and unadjusted audit differences • Improvement recommendations resulting from audit procedures 	September 2011
Auditor's Reports	<ul style="list-style-type: none"> • Report on 2010-11 financial statements • Report on 2010-11 value for money conclusion 	September 2011
Annual Audit Letter	<ul style="list-style-type: none"> • Summarises the key issues arising from our 2010-11 audit 	November 2011
Grants Claim Certification	<ul style="list-style-type: none"> • Highlights key issues arising from our grants certification work • Recommendations identified for improvement 	December 2011

Outputs and timeline



Appendix

Appendix A Independence and objectivity

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 Commission's requirements in respect of independence and objectivity as summarised below.

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of my appointment. When auditing the financial statements auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

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 audit committee. The auditor reserves the right, however, to communicate directly with the authority on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows:

- Appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the audit plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The Engagement Lead responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years
- The Engagement Lead and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
- The Engagement Lead and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.



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Exeter City Council

Certification work report 2009-10

December 2010

Final

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2	Results of our certification work	3

Appendices

A	Details of claims and returns certified for 2009-10	6
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1 Introduction and approach

Introduction

- 1.1 Various grant-paying bodies require external certification of claims for grant or subsidy and returns of financial information. As external auditors of Exeter City Council (the Council), Grant Thornton undertakes certification work at the Council, acting as an agent of the Audit Commission.
- 1.2 The Audit Commission makes certification arrangements with grant-paying bodies, this includes confirming which claims and returns require certification and issuing certification instructions. These instructions are tailored to each scheme and they clearly set out the specific procedures to be applied in examining a claim or return. The Audit Commission agrees the deadline for submission of each claim by authorities and the deadline for certification by auditors.

Certification arrangements

- 1.3 The Audit Commission's certification arrangements are designed to be proportionate to the claim or return: The arrangements for 2009-10 were:
 - for claims and returns below £125,000, certification by us is not required, regardless of any statutory certification requirement or any certification requirement set out in grant terms and conditions;
 - for claims and returns above £125,000 and below £500,000, we are required to perform limited tests to agree entries on the claim or return to underlying records, but were not required to undertake any testing of the eligibility of expenditure or data; and
 - for claims and returns over £500,000, we are required to assess the control environment for the preparation of the claim or return and decide whether or not to place reliance on it. Where reliance is placed on the control environment, we are required to undertake limited tests to agree entries on the claim or return to underlying records but not to undertake any testing of the eligibility of expenditure or data. Where reliance is not placed on the control environment, we are required to undertake all the tests in the relevant certification instruction and use our assessment of the control environment to inform decisions on the level of testing required.
- 1.4 In determining whether we place reliance on the control environment, we consider other work we have undertaken on the Council's financial ledger and any other relevant systems, and make appropriate use of relevant internal audit work.

Our certificate

- 1.5 Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;

- without qualification but with agreed amendments incorporated by the Council; or
- with a qualification letter (with or without agreed amendments incorporated by the Council).

1.6 Where a claim is qualified because the Council has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the Council or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee charged.

2 Results of our certification work

Key messages

- 2.1 For the financial year 2009-10, we have certified six claims and returns for the Council, which amounted to £105,432,000. This represents both funding claimed by the Council and returned to grant-paying bodies, as well as other financial information.
- 2.2 The Council's performance in preparing its claims and returns is summarised below.

Exhibit One: Performance against key certification targets

Performance measure	2009-10	2008-09	Direction of travel
Without qualification	4	4	↔
Amended only	0	2	↑
Qualified only	0	0	↔
Qualified and Amended	2	0	↓
Total	6	6	

- 2.3 This demonstrates that overall the Council's performance in preparing claims and returns has not improved over 2008-09. One of the claims that we were required to qualify was the Council's Housing Subsidy Base Data return. This was subsequently certified as fairly stated following additional work by the Council. Further details on the certification of all claims and returns are included at Appendix A. Where we have concluded that an item is significant, further details are included within this section of our report.
- 2.4 Where the claims and returns that have been amended or qualified require improvement in their compilation in future years, we have made recommendations and include these within the action plan at Appendix B.
- 2.5 Both the Council's and our own performance in meeting deadlines relating to the certification of claims and returns is summarised below.

Exhibit Two: Performance against deadlines

Deadline	2009-10	2008-09	Direction of travel
Submitted by deadline	5	4	↑
Certified by deadline	6	6	↔

- 2.6 The Council submitted five of its claims and returns in accordance with the initial deadline set by the relevant government department. The Housing Subsidy Base Data Return was submitted after original deadline, it did meet the extended deadline agreed with the Department of Communities and Local Government. We certified all of the claims and returns within the relevant deadlines set by the Audit Commission.
- 2.7 The Council has improved its arrangements to submit claims and returns to us within the required timescales and this has enabled us to meet all the certification deadlines in 2009-10.

Certification work fees

- 2.8 Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

Exhibit Three: Hourly rates for certifying claims and returns for 2009-10

Role	2009-10	2008-09
Engagement lead	£325	£310
Manager	£180	£170
Senior auditor	£115	£110
Other staff	£85	£80

- 2.9 Our fee for certification work at the Council in 2009-10 was £33,937, compared to £24,178 for 2008-09. Our fee is above our estimate of £20,000 included in our audit fee letter presented to, and approved by, the Scrutiny Committee - Resources on 25 March 2009. This is due to the additional work being undertaken to certify the two claims that ultimately resulted in their qualification in 2009-10, these being the housing and council tax benefit scheme and the housing base data return. Details of our fee by claim and return and how this compares to last year are included at Appendix C.

Significant issues

- 2.10 During our certification work, the following significant issues were identified.

Housing and council tax benefit scheme

- 2.11 Our initial testing of a random sample of 80 claims identified one case where the assessor had incorrectly recorded the amount of income received by the claimant, resulting in an underpayment of housing benefit. As required by the Audit Commission's certification arrangements, 40 additional cases were reviewed and a further ten errors were identified in the 294 input transactions that related to those 40 cases. Six of these resulted in underpaid benefit, two in an overpayment (one case had both an over and under payment) and two had no impact on the amount paid to the claimant. In accordance with the certification requirements, the cell entries in the claim form affected by these errors were qualified and we were required to report the error rate identified to the Department for Work and Pensions.

- 2.12 Our initial sample of claims also identified five cases where we were unable to evidence that the rent stated on the benefit claim was the amount being paid by the claimant, as required by the Audit Commission's approach. The Council has stated that it is not required to request this evidence. We understand this to be a national issue which has been raised with the Department for Work and Pensions by the Audit Commission. Consequently, we have reported this to the Department but have not undertaken further testing.
- 2.13 Two further errors were identified through our initial sample. We completed additional testing in line with the Audit Commission's requirements and agreed the amendments required with the Council.
- 2.14 Failure to comply with the terms and conditions of the scheme may result in payments to the Council being withheld by the Department for Work and Pensions and may require further certification work to be carried out by ourselves in the future. The Council should consider whether any changes are required to the scope of the Council's current internal quality review arrangements over the accuracy of its claims in light of the errors identified above. This recommendation has been included at Appendix B.

Housing subsidy base data return

- 2.15 Following our recommendation in 2008-09, the Council has invested significant time in ensuring that entries in this return are consistent with data held in the Academy housing system.
- 2.16 During the year the Council amended the Academy housing records for approximately 150 dwellings, affecting their classification on the base data return. Whilst the Council provided detailed working papers supporting those dwellings that had been disposed of during the year, it was unable to identify those dwellings whose classification had changed prior to the deadline for our certification. As a result, we were required to raise a qualification over the dwelling analysis cells on the return.
- 2.17 At the request of the Department for Communities and Local Government, we reviewed the subsequent work that was undertaken by officers to address this issue. The result of this additional work enabled us to subsequently certify the claim as fairly stated on 26 November 2010. This supplementary work resulted in additional certification fees. In the future, the Council should ensure that an audit trail is available to support all reclassifications of dwellings on the base data return. This recommendation has been made at Appendix B.

Acknowledgements

- 2.18 We would like to take this opportunity to thank the Council's officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

December 2010

A Details of claims and returns certified for 2009-10

Claim or return	Value (£)	Amended?	Qualified?	Summary
Housing and council tax benefit scheme	40,314,144	Yes	Yes	Whilst the majority of the claim was fairly stated and in accordance with terms and conditions, our testing identified errors in the input of benefit claimants' weekly income and the audit trail supporting rent paid by claimants. Further details are included in section 2 of this report.
Pooling of housing capital receipts	200,648	No	No	The return was fairly stated and in accordance with terms and conditions.
HRA subsidy	4,029,656	No	No	The claim was fairly stated and in accordance with terms and conditions. Officers have improved the claim preparation process to ensure that the amendment required in 2008-09 did not recur.
HRA subsidy base data return	N/A	Yes	Yes	The return was initially qualified on 8 October 2010, as explained in section 2, due to a lack of an audit trail supporting the adjustments made to the Council's database of dwellings. Following our review of the additional work carried out by officers, this qualification was removed on 26 November 2010 enabling us to conclude that the return was fairly stated and in accordance with terms and conditions.

Claim or return	Value (£)	Amended?	Qualified?	Summary
Disabled facilities	270,000	No	No	The claim was fairly stated and in accordance with terms and conditions, except for the continued use by the Council of the 60% limit on the proportion of scheme costs funded from the Disabled Facilities Grant, a restriction that was withdrawn from 2008-09. The Council's funding claimed in year has therefore been increased, but this has been matched by a reduction in the grant carried forward and therefore there is no effect on the total amount claimed. Changes to the scheme terms and conditions should be reviewed.
National non-domestic rates return	60,617,799	No	No	The return was fairly stated and in accordance with terms and conditions.
Total	105,432,247			

B Action plan

Claim or return	Recommendation	Priority	Management response & implementation details
Housing and council tax benefit scheme	The Council should consider whether any changes are required to the scope of the internal quality review arrangements already in place to review the accuracy of claims processed in light of the errors identified during the certification of this claim.	Medium	Agreed – the Council will review whether any changes need to be made to its current internal review arrangements Head Of Treasury Services End of March 2011
HRA subsidy base data return	The Council should ensure that an audit trail is available to support all changes made to the classification of dwellings on the base data return.	Medium	Agreed – records will be kept to establish an audit trail of any changes to property data. This will be reconciled to the database on an annual basis. Housing – Repairs and Technical Services Manager Immediate
Disabled facilities	The Council should keep the terms and conditions of the scheme under review to ensure that changes are reflected in claims and returns submitted for certification.	High	Agreed – the Council will keep the terms and conditions of the scheme under review to ensure that changes are reflected in claims and returns submitted for certification. Head of Treasury Services Ongoing

C Certification work fees

Claim or return	Fee 2009-10 (£)	Fee 2008-09 (£)	Explanation for significant variances
Housing and council tax benefit scheme	20,111	13,060	Additional audit work required for those areas where extended testing necessary and to confirm qualification issues. Fee remains below median.
Pooling of housing capital receipts	862	1,163	Further efficiencies in audit work completed
HRA subsidy	1,830	2,030	Further efficiencies in audit work completed
HRA subsidy base data return	5,104	3,595	Additional work required to resolve those areas which were qualified and the subsequent work completed by the Council. Fee in line with upper quartile as expected
Disabled facilities	936	565	Additional work. Fee in line with median.
National non-domestic rates return	3,935	3,765	Additional work required. Fee below upper quartile.
Cost of reporting to those charged with governance	940	-	The cost of reporting to those charged with governance on the results of certification work should be charged as certification work under section 28 of the Audit Commission Act 1998.
Total	33,718	24,178	The total fee is higher than originally budgeted due to additional work required in those areas where qualification was necessary.

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 26 JANUARY 2011

EXECUTIVE
8 FEBRUARY 2011

REVENUE BUDGET PROPOSALS 2011/12

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 7 December 2010, the Executive approved a budget strategy based upon key assumptions including the likely level of available resources and identified spending pressures. This strategy, including the revised medium term financial plan, indicated that the Council needed to reduce its revenue budget by about £6 million over the next four years.
- 2.2 Savings proposals to reduce the base budget by £2.421 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 2011/12 and 2012/13 and this was in line with previous forecasts. For Exeter the guideline figures are as follows:
 - Formula Grant 2011/12 £9,219,387 (decrease 13.8% against 2010/11 'adjusted' formula grant)
 - Formula Grant 2012/13 £8,265,565 (decrease 10.3% against 2011/12 provisional formula grant)

The provisional settlement now indicates that in overall cash terms our 2011/12 grant will decrease by £1,471,049 against the 2010/11 adjusted grant amount of £10,690,436.

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 2011/12:

Expenditure

- Pay award 1.0% - to cover any pay award and increments
- Utilities 3.0%
- Insurance 3.0%
- Rates 4.5%
- Fuel 3.0%
- General Inflation Nil (see para 3.4 below)
- Income (excluding car parks) 3.0%

3.3 There has been no offer of an increase in pay for 2010/11. Unions have submitted a pay claim for 2011/12 of £250 for all employees, on which the Local Government Employers are consulting Councils. Given the Government's announcement of a pay freeze for employees earning more than £21,000 and an increase of £250 for those earning less, it is felt prudent at this stage to budget next year for pay increases and increments totalling 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 3.2%, up from 3.1% in September. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, however fell slightly to 4.5%, down from 4.6% a month earlier. The government target for the CPI measure remains at 2%.

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. Conversely, on the positive side, the low interest rates currently prevailing means that the cost of borrowing is lower than normal. 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. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2011/12

4.1 As indicated above the provisional settlement provides local authorities with their provisional funding allocations for the next two years (2011/12 and 2012/13) only. The final allocations are expected to be confirmed in January 2011. The City Council's provisional grant settlement for 2011/12 is £9.219 million and this represents an overall cash decrease of £1.471 million (13.8%) compared to the current year ('adjusted' £10.690 million).

4.2 The adjusted grant figure of £10.690 million for 2010/11 takes into account the transfer of funding responsibility for concessionary travel to Devon County Council from 1 April 2011. The amount of funding that has been 'taken' from Exeter is £3.688 million which comprises £1.356 million of formula grant and £2.332 million of specific grant.

4.3 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. They appear to show that in comparison with other Devon Districts the City Council has fared slightly better in percentage terms of formula grant reduced. The cut of 13.8% in formula grant next year compares to an overall average cut of 15% for all shire districts. This also compares with an average cut of 11.4% for Unitaries and 12.6% for Counties.

4.4 In the grant settlement the Government announced that councils will face an average cut of 4.4%; and that no local authority would experience a decrease of more than 8.9% in 2011/12, as a result of the grant reductions. It should be noted though that these figures relate to local authority "revenue spending power" – a new definition used by the Government, which encompasses an individual authority's:

- Council Tax Requirement;
- Formula Grant;
- Specific Grants; and
- NHS funding for social care (not applicable for district councils).

Appendix 3 shows a comparison of Devon authorities by using this new definition of revenue spending power. Using this measure Exeter does not compare favourably with the other Devon authorities.

5. MONITORING OF REVENUE SAVINGS – 2010/11

5.1 The revenue budget for the current financial year incorporated proposed savings of almost £1.1 million. If these are not achieved during the year then this may also have an adverse impact upon next year's budget. These savings are monitored during the year as part of the stewardship process and the most recent revenue budget overview report to Executive in December indicated that the Council is on track to deliver those savings. Based upon financial information for the first 6 months of this year Service Committee budgets are forecasting an underspend of more than £300,000.

6. FURTHER ISSUES TO BE CONSIDERED

6.1 Before the Council can finalise its revenue budget for next year there are a number of issues that require further consideration as follows: -

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

7. BUDGET CONSULTATION

7.1 This is the second year running that the Council has undertaken a full public consultation specifically on the budget. For public consultation on the 2011/12 budget, it was agreed to use a single survey which would be made available online, printed in the Express & Echo and sent to the Wavelength panel. The survey asked participants to decide whether to protect, reduce or stop spending on different service areas. A summary report of the results of this consultation is attached in Appendix 4.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Equality Impact Assessments (EQIA) form part of the Council's decision making process and are a tool to help the Council identify what effect or possible effects its work may have on different groups of people. All local authorities have a legal responsibility to assess their policies and functions, and to set out how they will monitor any possible negative impact on equality target groups. The Council needs to consider the impact on equalities of all new and reviewed Council strategies, policies, projects, services or functions, budget decisions and restructures. By anticipating the consequences of its actions on equality groups the Council can make sure that, as far as possible, any negative consequences are eliminated, minimised or counterbalanced by other measures, and opportunities for promoting equality are maximised. As part of this process, next year's revenue savings proposals have been assessed for any potential equality issues and EQIA's have been undertaken as appropriate with the results available on the council's web site.

9. COUNCIL TAX

- 9.1 Council tax in England increased by an average of 1.8% in 2010/11, its lowest increase since the introduction of council tax in 1993/94. By way of a comparison, in 2010/11 Exeter City Council increased its band D council tax from £119.46 to £124.84; an increase of £5.38 (4.5%). However, this still meant that Exeter had set the 4th lowest council tax out of all the other District Councils.
- 9.2 The provisional grant settlement confirmed that a local authority that freezes or reduces its Band D council tax in 2011/12 will receive an additional grant equivalent to having set a 2.5% increase from their 2010/11 level. Any grant paid to an authority for freezing or reducing its council tax in 2011/12 will be matched exactly in each subsequent year of the Spending Review to compensate for the income foregone for a freeze. Authorities will not have to continue to freeze or reduce their council tax from 2012/13 to continue to receive this grant. For Exeter the compensating grant that it will receive for freezing its level of council tax at the 2010/11 level will be £118,456.
- 9.3 The Localism Bill published on 13 December includes provisions to abolish Central Government capping and instead give the public the power to approve or veto excessive council tax rises. Any authority which wishes to increase its council tax beyond a threshold determined by the Secretary of State and approved by the House of Commons will be required to hold a referendum to seek the approval of their electorate. Local people would therefore have the final say on excessive increases; a majority no-vote would mean authorities having to refund their council taxpayers. It is expected that these provisions will come into effect from 2012/13 onwards. Council tax referendums will apply to all local, police and fire authorities.

10. NEW HOMES BONUS

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

into the budget for future years. When it is fully known how the new scheme will work the budgetary impact will be considered as appropriate.

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

11.1 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 2014/15)
- 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

11.2 An updated medium term financial plan (MTFP) covering the period 2010/11 to 2014/15 is attached in Appendix 5.

11.3 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. The latest forecast MTFP currently indicates that in addition to the savings proposed for next year the Council will need to reduce its revenue budget by a further £711,000 in 2012/13, £537,000 in 2013/14 and by a further £1.041 million in of 2014/15. This would amount to **a cumulative reduction of £4.710 million over the next four years** as shown in the table below:-

Year	Required Savings £000
2011/12	2,421
2012/13	711
2013/14	537
2014/15	1,041
Total	4,710

11.4 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 after 2012/13, 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.

12. BALANCES AND RESERVES

- 12.1 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 £3.276 million as at 31 March 2011, equivalent to 19.5% of Exeter's net revenue budget. The Council's revised medium-term financial plan (Appendix 5) indicates that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2014/15.
- 12.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2011/12 makes use of £119,000 from the following earmarked reserves: -

Transfer (from)/ to reserves

	£
Isca Bowls	10,000
Devon Home Choice	27,000
Planning Delivery Grant	<u>(156,000)</u>
	(119,000)

13. REVENUE ESTIMATES 2010/11 (APPENDIX 6)

- 13.1 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 8 February 2011. In total, Service Committee Expenditure for 2011/12 is £12,816,990 which is £4,387,210 less than the current year. A summarised breakdown of this decrease is shown below: -

	£000's
Service Committee Expenditure 2010/11	17,204
Reduction of Concessionary Travel from base	(1,658)
Net Inflation allocation	(32)
Other budgetary adjustments	(276)
Proposed revenue savings	<u>(2,421)</u>
Service Committee Expenditure 2010/11	12,817

- 13.2 In addition there are other items to take 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 borrowing in respect of the overall cash balances, and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2011/12 is planned to be £14,074,647, a decrease of £2,745,862 (16.3%) compared to 2010/11.

14. COUNCIL TAX BUDGET REQUIREMENT 2011/12

- 14.1 When the Formula Grant of £9,219,387 and special tax freeze grant of £118,456 are both taken into account the resultant net expenditure to be financed from council tax is £4,736,804 (as indicated in Appendix 6), a small increase of £6,142 (0.1%) compared to 2010/11.

- 14.2 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 2011/12. For next year it is forecast that the Collection Fund will be in a break even position.
- 14.3 As indicated above it is proposed that the net expenditure to be funded by council tax for 2011/12 is £4,736,804. When the tax base of 37,943 divides this amount, the proposed band D council tax for 2011/12 will be £124.84, which means that council tax will be frozen at the 2010/11 level.

15. SUMMARY

- 15.1 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 nil.

16. RECOMMENDATION

- 16.1 That Scrutiny Committee – Resources notes the recommendation to the Executive and comments accordingly.
- 16.2 Executive approves the Draft Revenue budget proposals for 2011/12 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

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SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
Chief Executive			
Reduction of Policy Officer working hours to 4 days	8,800		8,800
Reduction in community Involvement and consultation budgets	10,000		10,000
Reduction of CX working hours to 4 days	28,000		28,000
Reduction in staff in Chief Executive's Support unit by 1 fte	44,000		44,000
Reduction of CX/ACX Admin Support	8,800		8,800
Grants - various reduce by 20%	69,200		69,200
sub total	168,800	-	168,800
Corporate Services			
Internal Audit - Additional income from sale of CIPFA publication	20,000		20,000
Human Resources :			
Delete IT Trainer budget	35,000		35,000
Amalgamate all service training budgets	26,000	24,000	50,000
Legal Services :			
Joint procurement of research and precedents information	6,000		6,000
Reduced fees for practising certificates	4,700		4,700
IT :			
Reformat bulk printing templates	14,000		14,000
General repair/consumables and maintenance savings	11,000		11,000
BS security standard maintenance - to be provide inhouse	5,000		5,000
Staffing reduction 1.5 fte (copy centre and EDRMS)	38,000		38,000 *
Corporate Customer Services :			
Savings arising from combined elections	40,000		40,000
Election administration - casual staff, postage, training	9,000		9,000
Income from marriages/civil ceremonies at the Guildhall	10,000		10,000
Guildhall/Mayorality - reduced costs re transport, staffing etc.	13,500		13,500
Civic Centre - postage, vending, publications and office cleaning	42,000		42,000
CSC - cashiers service, service development	45,000		45,000 *

SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
Treasury Services :			
Not filling vacant posts in council tax section	58,700	18,500	77,200
Reduction of clerical support for benefits and council tax	20,100		20,100
Reduction of working days of an assessment officer	9,900		9,900
Service restructure - combine cashiers and creditors	21,900		21,900 *
Not filling currently vacant post in HB section	20,200		20,200
Reduction in planned overtime	2,100		2,100
Further reduction in clerical support for benefits and council tax	40,200		40,200 *
Deletion of Appeals Officer Post partly funded by EDDC	14,000		14,000 *
sub total	506,300	42,500	548,800
Community and Environment			
Environmental Health Services :			
Refuse Collection - efficiency savings from reorganisation of rounds	135,000		135,000
Refuse Collection - increased bulky waste charges	3,500		3,500
Refuse Collection - scale down free bulky collections	6,000		6,000
Recycling - increase garden waste collection charges	17,000		17,000
Increased income from recyclates yield	5,000		5,000
Introduction of charging for prime site public conveniences	4,000		4,000
Licensing - increase in fees and introduce city-wide scheme	27,700	24,000	28,000
Private Sector Housing - increase new HMO licensing fee	8,800		27,700
Pest control - increase in charges	1,900		8,800
Restructure of Commercial Team - deletion of vacant post	47,500		1,900
Community Patrol - service cut and restructure	68,000		47,500
Control Room - reduction in overtime and p/t vacant post	17,000		68,000 *
			17,000

SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
General Fund Housing :			
Restructure of Housing Needs Section	24,000		24,000
Re-negotiation of lease for 88 Alphington Road	3,000		3,000
Reduction in Strategic Housing Manager's hours	12,000		12,000
Restructure of Housing enabling/Empty Homes team	40,000		40,000
Use of commuted sum money	100,000		100,000
Leisure Services :			
ISCA Centre management incorporated within new contract	10,000		10,000
Income from s106 contributions for new play areas	5,000	7,000	12,000
Countryside Team - reduce staffing by 1fte	30,000		30,000 *
Head of Leisure & Museums - Flexible retirement	15,000	60,000	75,000
Cease all sports development work, play work and the scrapstore	150,000		150,000 *
Cemeteries :			
Increase memorial fees by 10%	4,400	4,800	9,200
Removal of 10 year exclusive rights of burial option	20,300	22,300	42,600
Parks and Open Spaces :			
Removal of funding for vacant apprentice post	16,900		16,900
Increase allotment rents by 18% from Sep 2011	2,900	5,900	8,800
Reduce standards on scrub maintenance	2,000		2,000
Increase winter sports fees	6,000		6,000
increase summer sports fees	3,000		3,000
Grass over some shrub beds	5,000		5,000
Reduce bowlings greens from 5 to 4	6,900		6,900
Reduce programmed litter collections	8,700		8,700
Reduce reactive team by 1 fte	17,300		17,300
Minimise end of season pitch renovation	2,000		2,000
Take 5 pitches out of play	5,000		5,000
Reduce number of changing rooms open at weekend by 2	8,400		8,400
Reduce maintenance at tennis courts	2,000		2,000
Reduce grass maintenance teams by removing agency posts	30,000	30,000	60,000
Reduce shrub maintenance further	5,000		5,000
Retender changing room cleaning	2,000		2,000
Cease weekend pitch inspection	4,000		4,000

SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
Cease summer weekend patrols of parks	5,500		5,500
Remove seasonal bedding in parks	3,500		3,500
Reduce action taken on unauthorised camping in Valley Parks	5,000		5,000
Administration :			
Restructure - additional savings above already budgeted for	17,500		17,500
Cessation of internal graphic design service	31,000		31,000 *
sub total	944,700	154,000	1,098,700
Economy and Development			
Operational Services and Transport :			
Deletion of all current vacant posts in Engineering Services	87,400		87,400
Reduced spending on transportation initiatives	25,600		25,600
Bring car park security arrangements in house	90,000		90,000
Delete 1 senior civil enforcement post	27,500		27,500 *
Delete 1 car park revenue officer and revise working patterns	19,800		19,800 *
Tourism :			
Additional income re Underground Passages	15,000		15,000
withdraw grant to visit Devon	3,000		3,000
Reduce design budget	1,000		1,000
EVIT/TIC budget	800		800
Increase group booking fees	2,500		2,500
Merging of Visitor Information and Tickets Manager post	18,000		18,000 *
Reduce/rationalise leaflet printing	11,200		11,200
Reduce Red Coat Guide marketing	3,300		3,300
Stop producing Heritage Open Days leaflet	2,000		2,000
Stop subscription to city breaks.org	3,000		3,000
Close EVIT for one day per week	13,000		13,000
Reduce tourism marketing	20,000		20,000

SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
Economic Development :			
Remove printing budget	1,300		1,300
Stop contribution to Devon County Show	2,000		2,000
Stop paying DCC research info contribution	3,200		3,200
Reduce maintenance and expenses budget	2,500		2,500
Stop contribution to Exeter Positive Steps	31,200		31,200
Reduce operational budgets	6,000		6,000
Restructure Marketing Post and Senior Economic Development Officer	40,000		40,000 *
Reduce investment marketing budget	10,000		10,000
Arts and Festivals :			
Stop contribution to Vibrasonic Festival	7,000		7,000
Summer Festival (Option 1) Reduce budget to £65,000 for smaller focussed programme	35,000		35,000
Delete one Festival assistant post	14,500		14,500 *
Stop City Council contribution to the City Lights switch on	7,200		7,200
Stop City Council contribution to Christmas Lights	31,000		31,000
Remove Autumn Festival budget	13,000		13,000
Estates Services :			
Continuation of acting up/backfill arrangements	57,500		57,500
Increase in fee income recovered from third parties	5,000		5,000
Savings on IT and Training budgets	5,000		5,000
Various budget savings at Livestock Centre	20,000		20,000
Various budget savings at Corn Exchange	15,000		15,000
Various budget savings at Markets	15,000		15,000
Delete vacant Markets Assistant post	2,000		2,000
Cease parking enforcement at Quay and Bradninch Place	5,000		5,000

SUMMARY OF POSSIBLE REVENUE SAVINGS 2011-12

	2011-12 £	2012-13 £	Total £
Planning Services :			
Reapportion costs to fee earning account	6,800		6,800
Additional Income from pre-application charges	20,000		20,000
Planning Enforcement - deletion of vacant post	26,200		26,200
Additional income from other new charges	10,000		10,000
Forward Planning	18,000		18,000
Assistant Conservation Officer - redundant or part-time	6,000		6,000 *
Urban Design Officer - deletion of post (1 of 3)	23,500		23,500 *
Technical Officer - deletion of post	19,500		19,500 *
sub total	801,500	-	801,500

* Indicates potential redundancy

SUMMARY

	2011-12 £	2012-13 £	Total £
Chief Executive	168,800	-	168,800
Corporate Services	506,300	42,500	548,800
Community and Environment	944,700	154,000	1,098,700
Economy and Development	801,500	-	801,500
Total	2,421,300	196,500	2,617,800

FORMULA GRANT DECREASES - DEVON AUTHORITIES

Authority	Adjusted Grant	Provisional Grant	Provisional Grant	Provisional Grant	Grant Decrease	
	2010/11 £m	2011/12 £m	2011/12 Decrease %	2012/13 £m	2012/13 Decrease %	2010/11 - 2012/13 £m %
Devon	211.428	185.803	-12.1%	171.129	-7.9%	-40.299 -19.1%
Plymouth	123.849	112.331	-9.3%	105.196	-6.4%	-18.653 -15.1%
Torbay	70.121	62.416	-11.0%	57.917	-7.2%	-12.204 -17.4%
East Devon	7.031	5.929	-15.7%	5.240	-11.6%	-1.791 -25.5%
Exeter	10.690	9.219	-13.8%	8.266	-10.3%	-2.424 -22.7%
Mid Devon	5.689	4.790	-15.8%	4.171	-12.9%	-1.518 -26.7%
North Devon	7.630	6.501	-14.8%	5.720	-12.0%	-1.910 -25.0%
South Hams	4.956	4.176	-15.7%	3.653	-12.5%	-1.303 -26.3%
Teignbridge	8.703	7.415	-14.8%	6.517	-12.1%	-2.186 -25.1%
Torrington	6.064	5.227	-13.8%	4.655	-10.9%	-1.409 -23.2%
West Devon	4.044	3.406	-15.8%	2.977	-12.6%	-1.067 -26.4%

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REVENUE SPENDING POWER DECREASES - DEVON AUTHORITIES

Authority	Revenue Spending Power 2010/11 £m	Revenue Spending Power 2011/12 £m	Revenue Spending Power Decrease £m	%
Devon	568.220	558.147	-10.073	-1.8%
Plymouth	241.406	230.899	-10.507	-4.4%
Torbay	140.324	135.491	-4.833	-3.4%
East Devon	16.761	15.747	-1.014	-6.0%
Exeter	16.782	15.440	-1.342	-8.0%
Mid Devon	12.247	11.466	-0.781	-6.4%
North Devon	16.054	14.784	-1.270	-7.9%
South Hams	12.173	11.532	-0.641	-5.3%
Teignbridge	19.299	18.163	-1.136	-5.9%
Torrige	10.864	10.122	-0.742	-6.8%
West Devon	9.362	8.821	-0.541	-5.8%

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Budget 2011/12 Consultation Report - SUMMARY

Background

For public consultation on the 2011/12 budget Members agreed to use a single survey which would be made available online, printed in the Express & Echo and sent to the Wavelength panel. In total **1437** responses were received across the three methods. This response gives us statistically reliable data.

Responses by source

- **Wavelength 838**
- **Online 439**
- **Express & Echo 160**

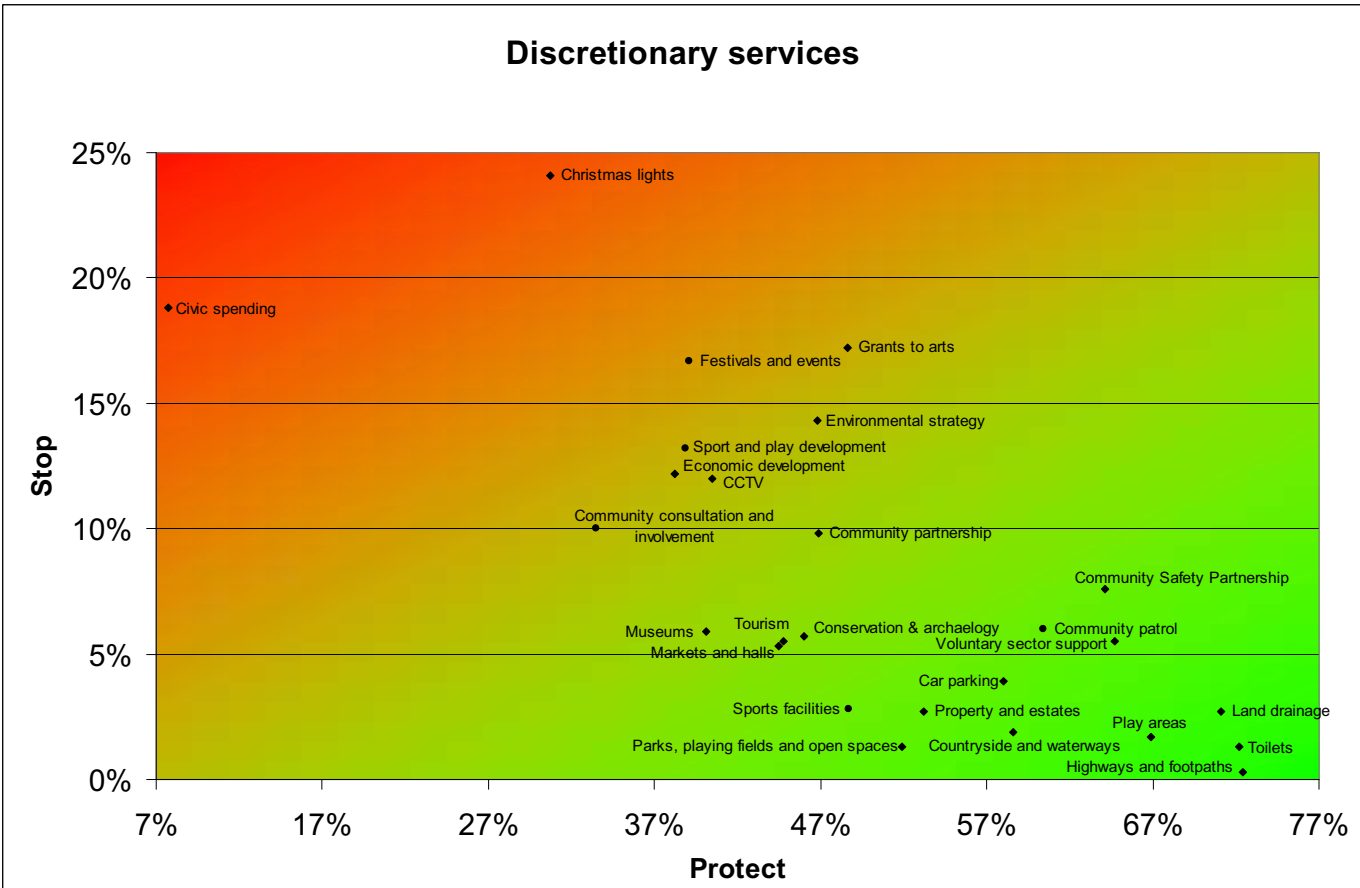
Methodology

The 2010 budget consultation work consisted of a single survey which asked participants to decide whether to Protect, Reduce or Stop spending on identified service areas categorised by Treasury Services. Participants were given the costs and income associated with each area. Services which are statutory did not have a Stop option.

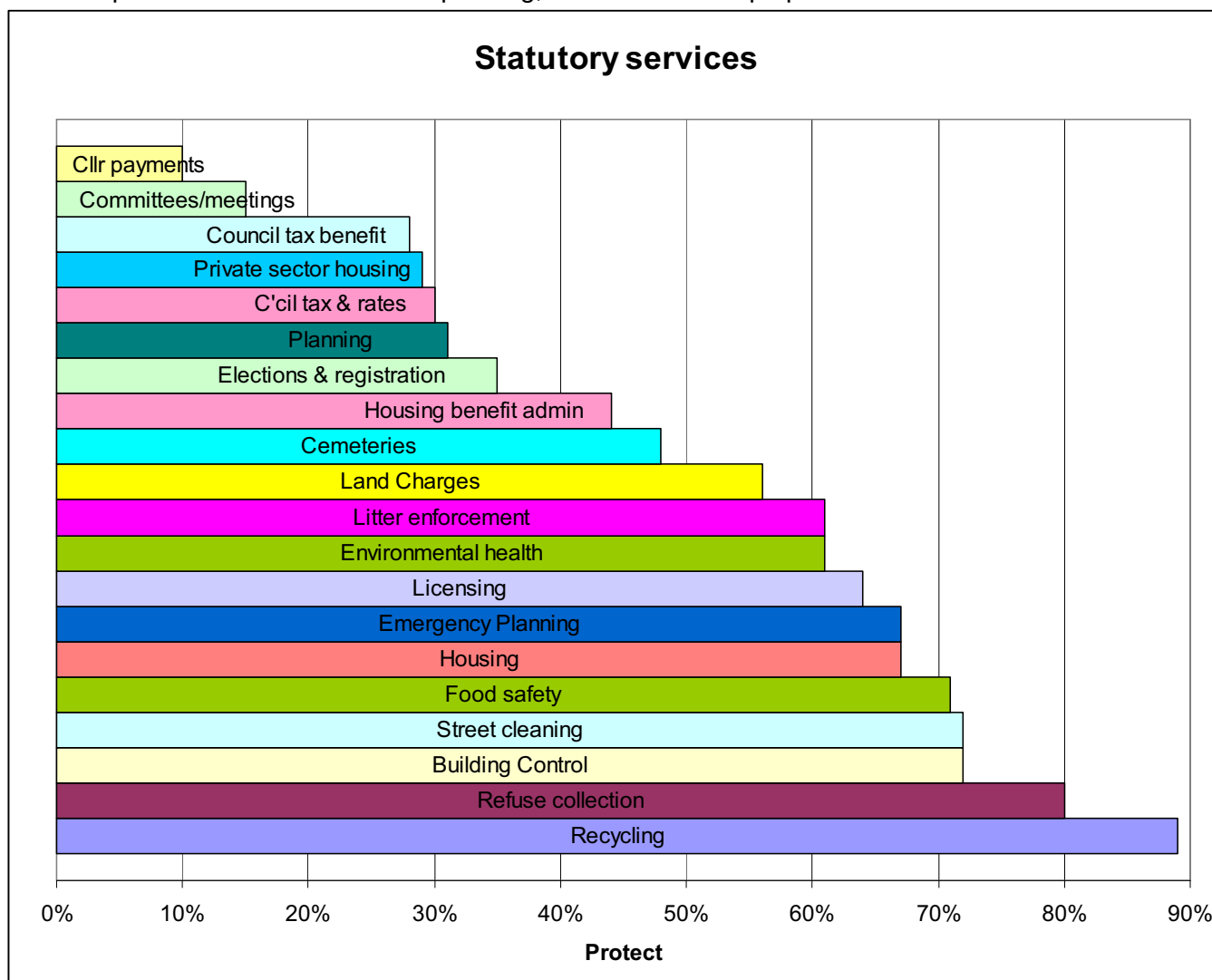
The survey was sent to the Wavelength panel at the end of September. The online survey went live on October 5 and the Express & Echo printed the survey in their edition of October 14.

Tables and results

The graph below plots the Stop score against the Protect score for each discretionary service. This gives an indication of public priorities. Services in the bottom right corner are more valued than services in the top left.



The graph below shows the Protect score for statutory services. For these services, respondents only had the option to Protect or Reduce spending, there was no Stop option.



Key Results

- **Highways & Footpaths, Toilets and Land Drainage** were the discretionary services that the public felt should be the most protected.
- **Civic Spending** was the least protected discretionary service.
- The discretionary services with the highest Stop scores were **Christmas Lights** and **Civic Spending**.
- **Refuse Collection** and **Recycling** were the statutory services with the highest protect scores.
- The statutory services the public felt least inclined to protect were **Councillors Expenses & Allowances (Cllr payments)** and **Supporting Committees & Meetings (Committees/meetings)**.

For a more detailed breakdown of these figures and a copy of the full report, please contact Rob Simmonds, Consultation Officer, ext 5891.

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

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Resources					
Central Government Support	12,090	9,219	8,266	8,180	7,483
Extra grant to compensate for council tax freeze		118	118	118	118
Council Tax - nil increase 2011/12 and 2.5% from 2012/13	4,730	4,737	4,880	5,026	5,178
Likely resources	16,820	14,074	13,264	13,324	12,779
Expenditure					
Service expenditure					
Committee expenditure base budget	17,204	17,583	13,926	13,894	13,934
Inflation		(32)	300	300	300
Potential increase in service costs		1,669	213	200	200
Repayment of capital borrowing	379	691	284	77	3
Identified reductions / additional income		(3,564)	(118)	0	0
Potential budget reductions		(2,421)	0	0	0
Supplementary Budgets	17,583	13,926	14,605	14,471	14,437
AIM Carry Forward	40				
Net Interest	112	100	100	100	100
Estimated Underspend	(373)				
Provision for Redundancy	1,000				
Capitalisation of Redundancy	(1,000)				
Other funding	17,362	14,026	14,705	14,571	14,537
Area Based Grant	(58)				
Contribution to/ (from) earmarked reserves	(556)	(119)	(20)	(710)	(717)
Contribution to/ (from) balances - Other	72	167	(710)	(710)	(717)
	(542)	48	(730)	(710)	(717)
Additional Savings Required		0	(711)	(537)	(1,041)
Total Net Budget	16,820	14,074	13,264	13,324	12,779
					0
Opening General Fund Balance	3,898	3,970	4,137	3,427	2,717
Closing General Fund Balance	3,970	4,137	3,427	2,717	2,000
Balance as a percentage of budget	23.6%	29.4%	25.8%	20.4%	15.7%

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DRAFT 2011/12 GENERAL FUND ESTIMATES

	2010/11 BUDGET £	2011/12 BUDGET £	CHANGE £	%
Scrutiny - Community	13,661,820	12,923,050	(738,770)	
Scrutiny - Economy	559,570	(2,256,560)	(2,816,130)	
Scrutiny - Resources	5,472,170	5,547,950	75,780	
FRS17 Pension Adjustment	861,140	(333,400)	(1,194,540)	
Less Notional Capital Charges	(3,350,500)	(3,024,690)	325,810	
SERVICE ESTIMATES TOTAL	17,204,200	12,856,350	(4,347,850)	(25.3)%
Net Interest	(100,000)	100,000	200,000	
Business Growth Incentive Grant	(50,000)	0	50,000	
Provision for Redundancy	500,000	0	(500,000)	
Minimum Revenue Provision	324,000	1,070,000	746,000	
SERVICE ESTIMATES NET EXPENDITURE	17,878,200	14,026,350	(3,851,850)	(21.5)%
Transfer to/(from) working balance	(570,171)	167,297	737,468	
Transfer to/(from) earmarked reserves	(487,520)	(119,000)	368,520	
GENERAL FUND EXPENDITURE	16,820,509	14,074,647	(2,745,862)	(16.3)%
Formula Grant	(12,089,847)	(9,219,387)	2,870,460	(23.7)%
Council Tax Freeze Grant	0	(118,456)	(118,456)	
COUNCIL TAX NET EXPENDITURE	4,730,662	4,736,804	6,142	0.1%

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 26 JANUARY 2011

EXECUTIVE 8 FEBRUARY 2011

CAPITAL PROGRAMME (2011/12 – 2013/14)

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund and Housing Revenue Account Capital Programmes for 2011/12 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 2011/12 as the unapplied capital receipts were fully utilised by the 2009/10 capital programme and the Council now needs 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 broadly 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.

3.7 In previous year's the Council has received support for private sector housing improvements from the Government's Regional Housing Pot which enabled the authority to set its budget at a level which was financed 100% from that grant. However, grant assistance ceases from 2011/12 and it is up to each authority to determine the level of programme which will have to be financed from authorities own resources.

3.8 A sum of £400,000 has been included in the proposed programme in each year from 2011/12 to cover the estimated expenditure required to meet the City's mandatory obligations to support energy efficiency measures and other improvements to private sector housing (based on the existing level of demand).

3.9 A borrowing requirement of £21.9 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 £66,000 for each £1 million that is borrowed which is historically low. The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

3.10 *Housing Revenue Account Available Resources*

The capital programme for 2011/12 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.

3.11 Based upon the medium term financial plan it is projected that borrowing will not need to commence until 2013/14 for HRA capital purposes, at which point the borrowing costs will have an incremental impact on housing rents.

3.12 *Council House Building Programme Available Resources*

Wave One of the Council House Building Programme is nearing completion. The programme is being 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.

3.13 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	2011/12 £	2012/13 £	2013/14 £	Future Years £
Pre-approved schemes	7,521,210	1,874,260	951,000	681,000
New bids	1,216,000	100,000		
Total General Fund Capital Programme	8,737,210	1,974,260	951,000	681,000

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 enhance the provision of mapping and information for visitors to Exeter City Centre; to continue to enhance the competitiveness of the city centre in relation to other centres in the region.

4.3.2 *An Electronic City*

The proposed programme for the next financial year includes provision to continue with the programmes to replace and upgrade the Council's PC's and enhance and upgrade the corporate network infrastructure, and to increase server and storage capacity to meet the current and predicted demand.

Budget provision is also sought to implement security controls to strengthen prevention of the disclosure of restricted and sensitive information and provide information assurance. This will ensure compliance with requirements for connection to the Government secure internet. Such connections will increase as more Government agencies are available online and connect to that network.

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 improving the city's parks, to build on the work of previous years, which has seen a significant increase in the appreciation and use of parks.

The programme will provide for a range of further improvements including the upgrading of paths and structures within parks and open spaces, and the renewal of fencing and paths and landscaping improvements to neighbourhood parks.

Other proposed schemes include:

- The next phase of the programme to replace allotment toilets
- The reroofing of St Katherine's Priory, to safeguard the structure and install insulation to modern standards, thereby reducing carbon emissions.
- Improvements to Cowick Barton changing rooms: replacing external paving, and repairing external walls and flashings to the rooflight.

4.3.4 *A City Where the Environment is Cared For*

Funding is requested for a range of environmental improvements to Cowick Street including enhancements to St Thomas Centre frontage (including tree planting, de-cluttering and a new recycling area), together with general enhancement to Cowick Street through co-ordinated street furniture and tree planting. This scheme is being undertaken following the development of detailed design with the Steering Group comprising community members, ward councillors and portfolio holder.

Funding is also requested for the provision of three green waste shredders, which will reduce the carbon footprint and improve operational efficiency, and in so doing adhere to reduced volume capacity at the green waste tip.

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 also required for works to Verney House arising from the stock condition survey. Replacing the roof covering will maintain the integrity of the office accommodation. As scaffolding will be a significant part of the cost, it is also appropriate to undertake external decorating at the same time.

Budget provision is also sought to replace the existing franking machine which is at the end of its life.

5. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

5.1 For 2011/12, the medium term financial plan provides for a capital programme of £6,734,270, including slippage from 2010/11 of £1,130,000. A copy of the HRA Capital Programme is attached at Appendix 5.

5.2 The HRA Capital Programme will be funded by:

- | | |
|------------------------------------|---------|
| • Major Repairs Allowance | £3.501m |
| • HRA Capital Receipts | £0.993m |
| • HRA Working Balance | £0.499m |
| • Revenue Contributions to Capital | £1.741m |

5.3 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.

5.4 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.

6. COUNCIL HOUSE BUILDING PROGRAMME

6.1 Wave 1

The Sivell Place development has now been completed whilst Merlin Crescent is expected to be completed by 31st March 2011. The 2011/12 capital programme provides for residual expenditure in respect of this scheme of £119,160. A copy of the Council House Building Programme (Wave 1) is attached at Appendix 6.

6.2 Wave 2

The bid to the Homes and Communities Agency for Wave Two of the programme was unsuccessful. Design fees for the planned scheme were incurred in 2009/10 and 2010/11 totalling £237,799 which it is hoped to recover in future from prospective developers as part of land transfer arrangements.

7. RECOMMENDATION

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

- The General Fund capital programme for 2011/12 as set out in Appendix 4
- The HRA capital programme for 2011/12 as set out in Appendix 5
- The Council House Building programme for 2011/12 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

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GENERAL FUND	2010/11 £	2011/12 £	2012/13 £	2013/14 £	Future Years £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	360,000	595,000	300,000	300,000	300,000	1,855,000
GF capital receipts		536,288	536,288			1,072,575
GF capital receipts from the Canal Basin Redevelopment						
Revenue Contributions to Capital Outlay	337,754	281,000	281,000	281,000	281,000	1,461,754
Disabled Facility Grant						
Regional Housing Capital Grant	1,453,623	0	0	0	0	1,453,623
Heritage Lottery Fund	1,691,467	965,200				2,656,667
Other - Grants/External Funding/Reserves/S106	1,215,056	309,477				1,524,533
Total Resources Available	5,057,900	2,686,965	1,117,288	581,000	581,000	10,024,152
GENERAL FUND CAPITAL PROGRAMME						
Committed Capital Programme	19,695,440	7,521,210	1,874,260	951,000	681,000	30,722,910
Proposed New Bids		1,216,000	100,000			1,316,000
Total General Fund	19,695,440	8,737,210	1,974,260	951,000	681,000	32,038,910
ESTIMATED SPEND IN YEAR	15,448,000	10,653,047	3,713,585	1,257,978	762,000	31,834,610
UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	5,057,900	2,686,965	1,117,288	581,000	581,000	10,024,152
Resources carried forward to finance estimated slippage in expenditure	(680,400)	342,371	92,844	160,886	0	(84,300)
Less Estimated Spend in Year	(15,448,000)	(10,653,047)	(3,713,585)	(1,257,978)	(762,000)	(31,834,610)
Borrowing Requirement	11,070,500	7,623,712	2,503,454	516,092	181,000	21,894,758
Uncommitted Capital Receipts	0	0	0	0	0	0

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HOUSING REVENUE ACCOUNT	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	110,711					110,711
Other HRA Sales	582,000				0	582,000
RTB sales, net of pooling	200,000	100,000	100,000	100,000	100,000	600,000
Major Repairs Allowance	3,342,883	3,480,984	3,481,000	3,481,000	3,481,000	17,266,867
Revenue Contributions to Capital	1,544,147	1,673,350	1,200,000	830,000	830,000	6,077,497
External contributions from utility company	69,965	0	0	0	0	69,965
Contributions from working balance	160,695	587,225	228,510	0	0	976,430
Total Resources available	6,010,401	5,841,559	5,009,510	4,411,000	4,411,000	25,683,470
CAPITAL PROGRAMME						
HOUSING REVENUE ACCOUNT						
MRA expenditure	3,342,883	3,480,984	3,481,000	3,481,000	3,481,000	17,266,867
HRA Programme - additional expenditure	1,406,807	2,889,016	1,160,510	1,160,510	1,160,510	7,777,353
Fees	368,000	364,270	368,000	368,000	368,000	1,836,270
Total Housing Revenue Account	5,117,690	6,734,270	5,009,510	5,009,510	5,009,510	26,880,490
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	110,711	892,711	0	0	0	110,711
Resources in Year	5,899,690	5,841,559	5,009,510	4,411,000	4,411,000	25,572,759
Less Estimated Spend	(5,117,690)	(6,734,270)	(5,009,510)	(5,009,510)	(5,009,510)	(26,880,490)
Borrowing Requirement		0	0	598,510	598,510	1,197,020
Uncommitted Capital Resources	892,711	0	0	0	0	0
WORKING BALANCE RESOURCES:						
Balance Brought Forward	2,681,729	2,521,034	1,933,809	1,705,299	1,705,299	2,681,729
Used in Year for Capital Programme	160,695	587,225	228,510	0	0	976,430
Balance Carried Forward	2,521,034	1,933,809	1,705,299	1,705,299	1,705,299	1,705,299

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COUNCIL HOUSE BUILDING PROGRAMME		2009/10	2010/11	2011/12	2012/13	TOTAL
		£	£	£	£	£
CAPITAL RESOURCES AVAILABLE						
Wave One						
Transfer from Affordable Housing Programme		204,470	510,500			510,500
Grant from Homes and Communities Agency			1,274,992	65,538		1,545,000
Total Resources Available		204,470	1,785,492	65,538	0	2,055,500
CAPITAL PROGRAMME						
		204,470	2,730,280	119,160	0	3,053,910
UNCOMMITTED CAPITAL RESOURCES:						
Resources in Year		204,470	1,785,492	65,538	0	2,055,500
Less Estimated Spend in Year		(204,470)	(2,730,280)	(119,160)	0	(3,053,910)
Borrowing Requirement			(944,788)	(53,622)	0	(998,410)
Grant to be Carried Forward		0	0	0	0	

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GENERAL FUND - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Deferred from 2010/11	Original 2011/12	New Bids 2011/12	Total 2011/12	2012/13	2013/14	Future Years	What the scheme is trying to achieve
			£	£	£	£	£	£	£	
PROSPEROUS CITY										
1	Basin / Quayside	MC	649,850	577,440		691,030	536,260	0	0	To deliver the regeneration of the Quayside by funding essential infrastructure improvements and land acquisition
	Sub Total - Prosperous City		649,850	577,440		691,030	536,260	0	0	
ACCESSIBLE CITY										
1	King William Street Car Park Refurbishment	RC	200,000			200,000				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	80,000			80,000				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
3	Strategic Signage Ph 3	RS			30,000	30,000				Electronic mapping scheme to enhance provision of mapping and information for visitors to Exeter City Centre and to continue to enhance the competitiveness of the city centre in relation to other centres in the region.
	Sub Total - Accessible City		280,000	0	30,000	310,000	0	0	0	
ELECTRONIC CITY										
1	Server and Storage Strategy	PE			40,000	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		37,500		37,500				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 & Mobile Devices Replacement Programme	PE			100,000	100,000				To provide a rolling programme of replacement and upgrades to the Council's PCs
4	Corporate Network Infrastructure	PE			30,000	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	Security Compliance for GCSx & PCI DSS	PE			48,000	48,000				Implementation of security controls to prevent the disclosure of restricted & sensitive information & provide information assurance. This will ensure compliance with requirements for connection to the Government Secure Internet. Such connections will increase as more Govt agencies are available online & connect to that network.
	Sub Total - Electronic City		0	37,500	218,000	255,500	0	0	0	

GENERAL FUND - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Deferred from 2010/11	Original 2011/12	New Bids 2011/12	Total 2011/12	2012/13	2013/14	Future Years	What the scheme is trying to achieve
			£	£	£	£	£	£	£	
CULTURAL AND FUN PLACE TO BE										
1	Playing Fields - General Improvements	PM	3,740			3,740				Continuation of improvements to playing fields and changing rooms.
2	Play Area Refurbishments	AC	154,220			154,220				Continuation of programme to improve children's play areas
3	Sports Facilities Refurbishment	AC		50,000		50,000				To undertake replacement and improvement projects at leisure facilities including contractual replacement projects and DDA improvements
4	Parks & Open Spaces Improvements - Paths & Structures	PM	40,000		170,000	210,000				To improve the parks to build on the work of previous years, which has seen a significant increase in the appreciation & use of parks. To reverse effects of insufficient maintenance over previous decades.
5	Contribution to RAMM re HLF Parks Bid	PM	176,800			176,800				Scheme to be undertaken on completion of the main RAMM conversion has been delayed as a result of the delay in that development
6	Exwick Community Centre	AC	18,260			18,260				To provide for fixtures and fittings, outside storage hut and lights for the games area in the new Exwick Community Centre
7	RAM Museum Redevelopment	AC		552,800		552,800				Major project using Heritage Lottery funding to enable significant modernisation of the Museum including improving access for the public
8	RAM Museum Off Site Store	AC	41,030			41,030				To provide a purpose built store for the Royal Albert Memorial Museum on land in Exton Road
9	Cowick Barton Changing Rooms - Replace External Paving	PM			20,000	20,000				To improve safe access to building and facilities
10	Cowick Barton Changing Rooms - Repair External Walls & Flashings to Rooflight & Chimneys	PM			8,000	8,000				To retain buildings in a safe and useable condition
11	Neighbourhood Parks & Local Open Spaces - Path & Fencing Renewal & Landscaping	PM			60,000	60,000				To encourage greater use and enjoyment of parks & open spaces, including access improvements to neighbourhood parks including renewal of fencing and paths, and landscaping improvements
12	Allotments - Next Phase of Toilet Replacement	PM			40,000	40,000				To undertake the next phase of this programme
13	Reroofing of St Katherine's Priory	AC			47,000	47,000				To retain buildings in a safe and useable condition. The works will safeguard the structure and in installing insulation to modern standards reduce carbon emissions.
Sub Total - Cultural and Fun Place To Be			434,050	602,800	345,000	1,381,850	0	0	0	

GENERAL FUND - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Deferred from 2010/11	Original 2011/12	New Bids 2011/12	Total 2011/12	2012/13	2013/14	Future Years	What the scheme is trying to achieve
			£	£	£	£	£	£	£	
HEALTHY AND ACTIVE CITY										
1	Disabled Facilities Grants	RN		281,000		281,000	281,000	281,000	281,000	To meet the legal duty to pay grants to enabled disabled people to remain in their homes
Sub Total - Healthy and Active City			0	281,000	0	281,000	281,000	281,000	281,000	
CARED FOR ENVIRONMENT										
1	Home Recycling Scheme	RN		60,000		60,000	60,000	60,000		To provide wheeled bins for new developments and additional green bins for recycling as requested by residents
2	Local Authority Carbon Management Programme	PM		100,000		100,000	100,000			To achieve a significant reduction in the Council's carbon dioxide emissions through the implementation of energy efficiency, renewable energy and sustainable transport initiatives
3	Improvements to Cemetery Roads and Pathways	PM		10,000		10,000	10,000			To continue the program of improving cemetery roads and pathways in order to provide a safer environment
4	Cemeteries and Churches Storage Improvements	PM	39,800			39,800				To carry out necessary improvements and repairs to vehicle and equipment storage at Higher Cemetery and Exwick Cemetery
5	Mild Recycling Banks	RN		10,000		10,000	10,000	10,000		To increase the number of bring bank sites in the city and increase recycling rates
6	City Centre Enhancements	KH	40,000	200,000		240,000	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
7	Purchase of 3 Green Waste Shredders	PM			36,000	36,000				To reduce costs of transporting material and composting, reduce the carbon footprint and improve operational efficiency, and in so doing adheres to reduced volume capacity at the green waste tip.
8	Mincinglake / Northbrook Study	DH		20,000		20,000				The study will result in the production of a model which will enable the flood risks to be properly assessed
9	Cowick Street Environmental Works	RS			100,000	100,000	100,000			To improve the environmental quality of Cowick St & Conservation Area. Key outcomes will be to enhance this entrance to Exeter & Cowick St Conservation Area, & support the local shops & business community, & improve the pedestrian environment. Large scale developments around Cowick st are likely to have an impact over the next few years and environmental improvements will help to encourage new residents to make use of their local shops, with potential reductions in traffic generation & congestion
Sub Total - Environment Cared For			79,800	400,000	136,000	615,800	480,000	270,000	0	
SAFE CITY										
1	Replace Digital Recording Equipment at Control Centre	RN		16,000		16,000	48,000			To provide for the replacement of digital recording equipment at the control centre
Sub Total - Safe City			0	16,000	0	16,000	16,000	0	0	

GENERAL FUND - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		Lead Officer	Deferred from 2010/11	Original 2011/12	New Bids 2011/12	Total 2011/12	2012/13	2013/14	Future Years	What the scheme is trying to achieve
			£	£	£	£	£	£	£	
HOUSING IN THE CITY										
1	Renovation Grants	RN		400,000		400,000	400,000	400,000	400,000	To assist in making private sector homes fit for habitation
2	Social Housing Grants	SW	1,914,850	2,023,180		3,938,030				To facilitate the provision of affordable housing in the City
3	Extratlet Plus	SW	100,000			100,000				
Sub Total - Housing in the City			2,014,850	2,423,180	0	4,438,030	400,000	400,000	400,000	
ACHIEVING EXCELLENCE IN PUBLIC SERVICES										
1	Vehicle Replacement Programme	PM			300,000	300,000				To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained
2	Verney House Works Arising from Stock Condition Survey	MC			45,000	45,000				To retain buildings in a safe and useable condition. Replacing the roof covering will maintain the integrity of the office accommodation. Whilst scaffolding will be a significant part of the cost, it is appropriate to undertake other works at the same time which also require scaffolding (ie external decorating)
3	Belle Isle Depot - Secure Equipment Storage	PM			125,000	125,000				To protect security of equipment
4	Replacement of Franking Machine	JS			17,000	17,000				To replace the existing franking machine which is expected (at current transaction rates) to reach its approved limit under Royal Mail regulations by around the end of next year.
5	Capitalised Staff Costs	AS		261,000		261,000	261,000			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			0	261,000	487,000	748,000	261,000	0	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME			3,458,550	4,598,920	1,216,000	8,737,210	1,974,260	951,000	681,000	

Lead Officer Key Table	
AC	Head of Leisure and Museums
AS	Head of Treasury Services
MC	Property Manager (Strategy)
KH	Director of Economy and Development
DH	Engineering and Construction Manager
JS	Head of Corporate Customer Services
PE	Head of IT Services
PM	Head of Contracts and Direct Services
RB	Head of Economy and Tourism
RC	Head of Parking, Engineering and Business Support
RS	Head of Planning and Building Control
RN	Head of Environmental Health Services
SW	Head of Housing and Social Inclusion

HOUSING - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		2010/11 B/FWD £	2011/12 £	2011/12 Total £	2012/13 £	2013/14 £	Total £
HOUSING IN THE CITY							
1	Adaptations		450,000	450,000	450,000	450,000	1,350,000
2	Asbestos Survey		100,000	100,000	100,000	100,000	300,000
3	Asbestos Work		200,000	200,000	200,000	200,000	600,000
4	Bathroom Replacements	100,000	250,000	350,000	600,000	600,000	1,550,000
5	Central Heating	400,000	1,100,000	1,500,000	976,710	976,710	3,453,420
6	Rennes House Heating System Replacement		200,000	200,000	-	-	200,000
7	Other works	50,000	150,000	200,000	-	-	200,000
8	Repainting	30,000	20,000	50,000	20,000	20,000	90,000
9	Structural Repairs		50,000	50,000	50,000	50,000	150,000
10	Fire Prevention Work	50,000	200,000	250,000	200,000	200,000	650,000
11	Communal Areas	100,000	100,000	200,000	100,000	100,000	400,000
12	Electrical Rewires Programmed		590,000	590,000	447,800	447,800	1,485,600
13	Energy Conservation		15,000	15,000	30,000	30,000	75,000
14	Environmental Improvements		25,000	25,000	25,000	25,000	75,000
15	Door Entry System Installation		10,000	10,000	10,000	10,000	30,000
16	Fees		364,270	364,270	368,000	368,000	1,100,270
17	Fire Alarms at Sheltered Accommodation		100,000	100,000	-	-	100,000
18	Replacement Concrete Canopies		250,000	250,000	-	-	250,000
19	Kitchen Replacements	400,000	900,000	1,300,000	900,000	900,000	3,100,000
20	Plastic windows/ doors reactive		20,000	20,000	20,000	20,000	60,000
21	Programmed Reroofing		250,000	250,000	252,000	252,000	754,000
22	Rendering of Council Dwellings		260,000	260,000	260,000	260,000	780,000
Total HRA Capital Programme		1,130,000	5,604,270	6,734,270	5,009,510	5,009,510	16,753,290

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COUNCIL HOUSE BUILDING PROGRAMME

	2009/10	2010/11	2011/12	2012/13	Total
	£	£	£	£	£
Wave One					
1	142,410	2,179,050	119,160		2,440,620
2	62,060	551,230	-		613,290
Total House Building Programme	204,470	2,730,280	119,160	-	3,053,910

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 26 JANUARY 2011

EXECUTIVE
8 FEBRUARY 2011

COUNCIL
22 FEBRUARY 2011

TREASURY MANAGEMENT STRATEGY REPORT 2011/12

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2011/12, as required under section 15(1)(a) of the Local Government Act 2003 and to seek adoption of revised clauses in respect of Treasury Management as part of the Council's Financial Regulations.

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. In 2009, CIPFA updated the guidance and require the adopted clauses from 2004 to be updated and re-approved.
- 2.2 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

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. The Council has taken the decision to disinvest the Externally Managed Fund and to use the investments to reduce overall borrowing. This has been reflected in the new strategy. Investments with the highest rated UK banks and local authorities have been increased to £3m per institution (or group of institutions).

4. CLAUSES TO BE FORMALLY ADOPTED

- 4.1 The following clauses to be adopted and replace section 13 of Financial Regulations:
1. The Council will create and maintain, as the cornerstones for effective treasury management :
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the treasury management policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of Exeter City

Council. Such amendments will not result in a material deviation from the Code's key principles.

2. The Council's Executive will receive reports on its treasury management policies, practices and activities, including, as a minimum:
 - An annual treasury management strategy including as a minimum an annual strategy and plan in advance of the year
 - A mid-year review
 - An annual report after the end of the financial year in the form prescribed in the TMPs.
- 3 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Head of Treasury Services, who will act in accordance with the Council's policy statement and TMPs and, if a CIPFA member, with CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council designates Scrutiny Committee – Resources to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

5. RISKS INVOLVED

- 5.1 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 our lending criteria substantially since then.

6. CONCLUSIONS

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

7. RECOMMENDATIONS

- 7.1 That Scrutiny and Executive support and Executive recommend to Council the adoption of the new Treasury Management clauses for inclusion in Financial Regulations and 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

EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2011/12

1. Introduction

- 1.1 The Council's strategy is based on the requirements of 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 strength of the UK economy's recovery from recession has surprised analysts and policymakers alike. A 2.0% increase in the six months to September left gross domestic product 2.8% higher than a year ago. Economic activity has been boosted by three main factors: the exceptionally loose stance of monetary policy, the lower value of sterling and the recovery in international trade. With exports cheaper because of the depreciation of sterling, the recovery in global trade has primarily benefited the manufacturing sector.
- 2.2 Despite the recession, inflation has remained high. The annual change in the consumer price index increased to 3.2% in October, and has been above the 2% target for 36 of the past 45 months. A number of factors have boosted consumer price inflation. The resumption of the 17.5% VAT rate, a rise in commodity prices and higher import prices due to the past depreciation of sterling have acted to offset the effect from weaker domestic demand.
- 2.3 The current factors boosting inflation are considered temporary by members of the Bank of England's Monetary Policy Committee (MPC) and not representative of the underlying demand and supply situation. Inflation is expected to remain above target throughout 2011, but fall below target in 2012 as the effect of these temporary factors wanes. This outlook is driven by the expectation that potential supply comfortably exceeds demand, and that this significant margin of spare capacity will bear down on pricing pressure. The continuing poor availability of credit and forthcoming fiscal tightening are expected to weigh on domestic demand throughout the forecast period.
- 2.4 The outlook suggests the MPC will look to maintain the current level of monetary policy to support demand in the face of potential difficulties. Our advisor's central forecast is for Bank Rate to remain at 0.5% for most of 2011, and although rising thereafter, remaining below "normal" levels until 2013. Longer-term interest rates are likely to rise slowly as the economic situation improves and government borrowing increases, but the rate of increase will be tempered by the coalition government's austerity measures and the fact that UK government debt is still considered to be a safe investment.
- 2.5 The high level of uncertainty surrounding the economic and political outlook means there are substantial risks on both sides of the economy. The speed of interest rate rises depends on the recovery in domestic demand, which in turn depends on private sector confidence and the strength of the global economy. Long-term rates may rise more significantly if investors risk appetite increases due to faster economic growth or, if planned spending cuts undershoot expectations, the government loses investor confidence. Equally rates could fall in the event of a sovereign default or non-financial event, as long as the UK retains its safe haven status.

2.6 *Sterling Consultancy Services central interest rate forecast – November 2010*

	Bank Rate	1 month LIBOR	3 month LIBOR	12 month LIBOR	25 year PWLB
Current	0.50	0.57	0.74	1.47	5.26
Q1 2011	0.50	0.60	0.80	1.60	5.45
Q2 2011	0.50	0.60	0.90	2.00	5.55
Q3 2011	0.50	0.60	1.00	2.50	5.65
Q4 2011	1.00	1.10	1.50	2.75	5.75
H1 2012	2.00	2.10	2.50	3.50	5.85
H2 2012	3.00	3.10	3.50	4.25	5.95
H1 2013	4.00	4.10	4.50	5.00	6.05

2.7 *HM Treasury Survey of Forecasts – November 2010*

	Average annual Bank Rate %			
	2011	2012	2013	2014
Highest	1.8	3.1	3.6	4.5
Average	0.7	1.5	2.5	3.1
Lowest	0.5	0.5	0.6	1.2

3. Current and Expected Treasury Portfolios

3.1 Current portfolio

The Council's treasury portfolio as at 31st December 2010 was as follows.

	Principal Amount £m	Interest Rate %
Investments - maturing 2010/11	1.9	0.71 - 0.73%
- maturing 2011/12	6.1	0.95 - 1.45%
- maturing later	0	-
Total Investments	8.0	0.71 – 1.45%
Debt - maturing 2010/11	0	-
- maturing 2011/12	10.0	0.75 – 0.80%
- maturing later	0	-
Total Debt	10.0	0.75 – 0.80%
Net Debt	2.0	

3.2 Expected changes

According to current cash flow forecasts, net investments are expected to reduce by £8 million by 31st March 2011 and remain very low by 31st March 2011, as a result of capital expenditure using up the money withdrawn from Investec.

The cash flow forecast includes planned borrowing of £7 million as part of the 2011/12 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 interest payments in 2011/12 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 small surplus funds, which represent income received in advance of expenditure plus balances and reserves held. Much of the Council's reserves have been used to reduce the amount of debt taken on during the current financial year. 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 limit ¹	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	£3m 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)	£3m each	1 week
UK Central Government	no limit	12 months
UK Local Authorities ⁴	£3m each	12 months

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 £3 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

- No non specified investments will be made by the Council.

4.6 Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £3 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 2011/12 – 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. Although these are essentially cash, a limit of £3 million is retained on the accounts. 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. There is no limit on the account, 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. Borrowing Strategy

- 6.1 The Council currently holds no long-term loans. The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2010 is expected to be £19.4 million, and is forecast to rise to £26.5 million by March 2011 as capital expenditure is incurred.
- 6.2 The maximum expected long-term borrowing requirement for 2011/12 is:

	£m
Not borrowed in previous years	19.4
Forecast increase in CFR	7.1
Loans maturing in 2010/11	0.0
TOTAL	26.5

- 6.3 However, to reduce risk and minimise cost, it has been decided to defer borrowing until later years, and to temporarily reduce the size of the Council's investment balance instead.
- 6.4 In addition, the Council may borrow for short periods of time (normally up to one month) to cover unexpected cash flow shortages.
- 6.5 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.

6.6 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.

6.7 Borrowing strategy to be followed

With short-term interest rates currently much lower than long-term rates, it continues 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.

7. **Treasury Management Prudential Indicators**

7.1 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.

8. **Other Matters**

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

8.2 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. 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, and
- training courses.

The quality of the advisory service is monitored by the Head of Treasury Services.

8.3 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.

8.4 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.

9. Investment Reports

- 9.1 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 2011

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 26 JANUARY 2011

EXECUTIVE
8 FEBRUARY 2011

LICENSING OF THE GUILDHALL FOR WEDDINGS AND CIVIL PARTNERSHIPS

1. PURPOSE OF THE REPORT

- 1.1 To propose an application be submitted to Devon County Council for the Guildhall to be licensed for weddings and civil partnerships.

2. BACKGROUND

- 2.1 For a number of years, any premise holder has been able to apply for their premises to be licensed by the local Registration Authority for the conduct of weddings and civil partnership ceremonies. There are some 16 approved premises within Exeter, which, in 2009, undertook 268 of the 610 ceremonies held in Exeter.
- 2.2 A fee is payable which, if the application is successful, then licenses the premises for three years. An inspection of the premises is undertaken by the County Registration Manager to ensure that it is appropriate and fitting for this use. Following this, the application has to be advertised in the local press during which time objections can be lodged on the grounds of unsuitability of the premises. If after a period of 21 days no objections are received, the premises are licensed for a period of three years.
- 2.3 As the Guildhall is such a unique building within the City, and already attracts a number of private bookings for dinners and receptions for which a fee is payable, it is considered likely that the Guildhall would be deemed suitable as a wedding venue, and would prove popular.

3. THE ISSUES

- 3.1 Due to an agreement between Devon County Council and this authority for the use of the Guildhall free of charge for three Citizenship Ceremonies per year, this Council would pay the costs associated with the necessary public notice (approximately £200) instead of the normal application fee of £2,000.
- 3.2 It is down to the licence holder to set the appropriate fee which hirers would pay for the use of their premises as the venue for their wedding or civil partnership. Research has been carried out locally to ascertain the fees charged in other City Centre venues, and it is proposed that a fee of £600 per wedding or civil partnership ceremony be charged. It is suggested that due to its uniqueness in the City, it will prove to be a popular venue which could generate in the region on 15 – 20 weddings per year, accruing £8,000 to £11,000 net income per annum after allowing for operational costs.

- 3.3 As part of the licence conditions, a 'responsible person' has to be on site for the hour before, and during, the wedding or civil partnership ceremony. It is suggested that the Senior Mace Sergeant be nominated as the responsible person, with all Guildhall staff as well as the Mayoral Support Officer and the Head of Corporate Customer Services, being also so designated.
- 3.4 Due to the popularity of the Guildhall for charity events and other private bookings, and so as to allow use of the Guildhall for such events to continue, it is proposed that in the first instance, weddings and civil partnerships only take place at the Guildhall on alternate Saturdays, with a maximum of 2 weddings or civil partnership ceremonies per day. For comparison, Larkbeare House which whilst only being offered on one Saturday per month, undertook 34 ceremonies in 2009. No ceremonies would be held on weekdays although it may be available for a Sunday or Bank Holiday hire subject to additional costs being covered.
- 3.5 The proposal of allowing the Guildhall to be used for weddings and civil partnerships will obviously have an impact on its availability for civic functions and other private hirings, particularly those which may need to be arranged at short notice. It is hoped that by suggesting the use of the Guildhall for ceremonies on alternate Saturdays, this will help alleviate this. Again, this will be reviewed after 12 months of operation.
- 3.6 The views of the Police and local Highway Authority have been sought with regards to access to the Guildhall for wedding vehicles. Neither have any objection to the proposal. However, the Traffic Regulation Order which restricts access to private vehicles to the High Street would need amending – this would cost approximately £1,000 due to the need for two public notices being published in a local newspaper. There is no budgetary provision for this. However, it is felt that the level of income which could be forthcoming will far exceed the one-off expenditure required to facilitate this.

4. THE PROPOSAL

- 4.1 It is proposed that an application to licence the Guildhall for weddings and civil partnership ceremonies be submitted to Devon County Council on the basis outlined in this report. The arrangement will be reviewed after 12 months of operation, and if no issues have been identified, the arrangement will continue for the duration of the initial licence (three years) when it will be reviewed again.

5. RECOMMENDED

- 5.1 That the Scrutiny Committee Resources supports and Executive approves the use of the Guildhall for weddings and civil partnerships along the lines detailed in this report.

HEAD OF CORPORATE CUSTOMER SERVICES

CORPORATE SERVICES DIRECTORATE

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES

26 JANUARY 2011

NON-HOUSING AIM BUDGET 2011/12

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 2011/12. 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 and the assembly and prioritisation of Heads of Service property requirements, a budget was established as;

(A)	Routine Servicing and Maintenance	£	441,980
(B)	Operational Essentials	£	82,020
(C)	Reactive Repairs	£	513,540
(D)	Lease Repairs	£	55,450
(E)	Service Department Recharges	£	343,650
(F)	Service Priorities and contingency	£	185,500

Total (Appendix G) **£** **1,622,140**

- 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 specific structures. The work is required annually to ensure plant, equipment and specific structures are maintained in a fully operational and safe state. The costs listed are either based upon historical cost information updated for either operational (due to changes in testing regulations) or inflationary increases, or for where new plant has been fitted and is now out of warranty.

The 2011/12 budget now includes provisions for resuming responsibilities for servicing and maintenance work, outside warranty agreements, following completion of the RAMM project. Provision has also been made in this year for periodic maintenance to City Wall in respect of removal of damaging plant growth and for periodic inspection and preventive maintenance to public car park ventilation fans.

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 and controlled throughout the year to ensure spending is targeted to mainly urgent and essential repair work. Similar monitoring provides evidence to consider whether the budget allocated remains 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 2011/12 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.

PRIORITISED WORK PROGRAMME

2.8 Service Priorities (Appendix F)

As part of the exercise to alleviate the financial pressures facing the Council next year the AIM group, in consultation with Heads of Service, conducted a vigorous prioritisation of requests for projects from services. This prioritisation process effectively limited the amount of service priorities to those that were considered only either urgent or essential.

It is 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 a contingency budget has again been set to allow for meeting such essential work demands as they arise. Nevertheless, this contingency budget has been reduced by some 40% from that set in 2010/11.

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

3 PROPOSALS

- 3.1 It is proposed that the sum of £1,622,140 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 £1,622,140 has been split into the categories of work in the year 2011/12 as outlined in this report.

HEAD OF CONTRACTS AND DIRECT SERVICES
HEAD OF TREASURY SERVICES
ACTING HEAD OF ESTATES SERVICES

COMMUNITY & ENVIRONMENT DIRECTORATE

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

None

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SERVICING AND MAINTENANCE WORK		EFIMS CODE	BUDGET 2011/12
1	Air conditioning maintenance (inclusive of and chiller plant)	Y006347	£13,320
2	Corn Exchange Building Service Contracts	Y006348	£5,750
3	Routine Maintenance to roller shutter doors	Y006349	£2,110
4	Livestock Market Service Contracts	Y006350	£15,110
6	Routine Maintenance of Lighting Conductors, Various Locations	Y006355	£1,200
7	Routine Maintenance of Lifts on Properties (not Civic Centre)	Y006356	£5,930
8	Routine Maintenance of Lifts, Various Car Parks	Y006357	£9,850
9	Fixed Installation testing of electrical installations and reactive work, various locations	Y006359	£53,420
10	Portable appliance testing of electrical equipment, various locations	Y006360	£15,810
11	Routine Maintenance of Stand-by Generators, Various Locations	Y006361	£2,000
12	Routine Maintenance of Sprinklers, Various Locations	Y006362	£14,460
13	Routine Servicing and Maintenance of Boiler and Heating Plant, Various Locations	Y006363	£6,000
14	Routine Maintenance of Heat/Ventilation Controls, Various Sites	Y006365	£18,500
15	Maintenance of Card Readers and Barriers in Car Parks	Y006366	£400
16	Routine servicing and maintenance outside warranty agreements at RAMM	Y006367	£8,750
17	Routine Testing of Fire Alarms	Y006369	£12,170
18	Routine Testing of Emergency Lighting	Y006370	£35,550
19	Routine Testing of Gas Pumping Station Boreholes	Y006371	£6,000
20	Routine Maintenance of Monuments	Y006372	£10,000
21	Inspections to structures and monuments (Technical Services Inspections)	Y006373	£17,500
22	inspections to ship canal lock gates and banks(Technical Services Inspections)	Y006374	£3,500
23	Exe Estuary - Hydrographic Surveys	Y006375	£5,150
24	Routine Servicing to Wallgates various locations	Y006376	£7,000
25	Routine Servicing of voltage reducer Civic Centre	Y006379	£1,600
26	Maintenance of automatic door sets in lobbies of Civic Centre	Y006380	£610
27	Paddling pools equipment inspection and maintenance	Y006385	£500
28	Routine Maintenance Gateway Feature Honiton Road	Y006386	£4,120
29	Routine Maintenance of Council owned footways	Y006388	£27,500
30	Annual Safety Inspection of Memorials	Y006389	£23,310
31	Cleaning of High Street Pyramid riddle	Y006390	£1,500
32	Routine Servicing and Maintenance of gas detection equipment in car parks	Y006392	£750
33	Alarm servicing at control centre	Y006393	£1,350
34	Fire protection equipment servicing and maintenance	Y006394	£4,300
35	Livestock Market annual structure maintenance	Y006345	£25,000
36	Legionella risk assessments	Y006395	£64,780
37	City wall maintenance	Y006397	£6,700
38	Car park fan maintenance	Y006398	£10,480

TOTAL ROUTINE SERVICING AND MAINTENANCE £

441,980

NON-HOUSING AIM FUND PROGRAMME 2011-12

OPERATIONAL ESSENTIALS	BUDGET 2011/12	Cost Centre Allocation	LEAD OFFICER
CIVIC CENTRE (LIFTS)	11,210	T054	J Street
CANAL	25,170	F030	Roger Coombes
CAR PARKS	26,810	M201	Roger Coombes
REACTIVE UNOCCUPIED PROPERTY	18,830	M001/M002	Mike Carson
TOTAL OPERATIONAL ESSENTIALS	82,020		

APPENDIX C

REACTIVE REPAIRS	BUDGET 2011/12	LEAD OFFICER
	£	
GENERAL REACTIVE WORK	399,250	Various R Coombes J Street
CANAL SPECIAL WORKS	30,890	
CIVIC CENTRE	83,400	
TOTAL REACTIVE REPAIRS	513,540	

APPENDIX D

LEASE REPAIRS	BUDGET 2011/12	LEAD OFFICER
	£	
LEASE REPAIRS	49,830	Mike Carson
HEALTH AND SAFETY CHECKS	5,620	Mike Carson
TOTAL LEASE REPAIRS	55,450	

APPENDIX E

SERVICE DEPARTMENT RECHARGES	BUDGET 2011/12	LEAD OFFICER
	£	
SERVICE RECHARGES	343,650	Paul Mc Cormick Dave Hubbard
TOTAL SERVICE RECHARGES	343,650	

REF	Cost Centre	Account Code	Job Code	SERVICE PRIORITIES	BUDGET 2011/12	COMMENT
1	F045	37001	Y006237	Rougmont Elevation Repairs and Redecoration	£45,000	
14	T054	37001	Y006238	Replacement of Civic Centre Lift Ropes and terminators	£7,000	
4	C103	37001	Y006239	Perimeter Roof Safety provision at Corn Exchange	£20,000	
11	F036	37001	Y006241	Replacing Water Supply Pipes on Park properties	£10,000	
5	M811	37001	Y006242	City Wall Repairs	£6,000	
6	F046	37001	Y006243	Repair Window St Nicholas Priory	£4,000	
12	M504	37001	Y006244	Partition removal at Underground passages	£4,000	
n/a	N/A			Asbestos survey non-housing	£30,000	
	N/A			Emergency Non Programmed & Other Contingency	£59,500	

TOTAL £185,500

<u>SUMMARY</u>	<u>APPENDIX</u>	BUDGET FOR 2011/12 £	COMMENTS
ROUTINE SERVICING AND MAINTENANCE WORK	A	441,980	
OPERATIONAL ESSENTIALS (cost centre funded)	B	82,020	
REACTIVE REPAIRS	C	513,540	
LEASE REPAIRS	D	55,450	
SERVICE DEPARTMENT RECHARGES	E	343,650	
SERVICE PRIORITIES	F	185,500	
TOTALS £		1,622,140	

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 26 JANUARY 2011

ESTIMATES 2011/12

1. INTRODUCTION

- 1.1 Attached are the draft estimates for 2011/12, which were discussed at an informal meeting of Scrutiny Committee - Resources on 13 December 2010.
- 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 With regard to inflation, an overall allowance of £100,000 has been set aside for next year. This includes an assumption with regard to increases in pay and increases for utility costs and contracts being offset by increases for fees and charges. For the following three years an overall inflation allowance of £300,000 has been included for planning purposes. The inflationary assumptions that have been included for next year are as follows:

• Pay	1.0% - to cover any pay award and increments
• Utilities	3.0%
• Insurance	3.0%
• Rates	4.5%
• Fuel	3.0%
• General Inflation	1.0% - see para 2.3 below
• Income (excluding car parks)	3.0%

- 2.2 There has been no offer of an increase in pay for 2010/11. Unions have submitted a pay claim for 2011/12 of £250 for all employees, on which the Local Government Employers are consulting Councils. Given the Government's announcement of a pay freeze for employees earning more than £21,000 and an increase of £250 for those earning less, it is felt prudent at this stage to budget next year for pay increases and increments totalling 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 3.2%, up from 3.1% in September. The Retail Prices Index (RPI), the alternative measure of inflation which includes housing costs, however fell slightly to 4.5%, down from 4.6% a month earlier. The government target for the CPI measure remains at 2%.

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 continue to be low. Conversely on the positive side, the low interest rates also mean that the cost of borrowing is cheaper than it has been in the past. However rates are beginning to rise and this has an effect on the financial position of the Council.

2.5 The Government has now announced the provisional local government finance settlement for 2011/12 and 2012/13 and this was in line with previous forecasts. For Exeter the guideline figures are as follows:

- Formula Grant 2011/12 £9,219,387 (decrease 13.8% against 2010/11 'adjusted' formula grant)
- Formula Grant 2012/13 £8,265,565 (decrease 10.3% against 2011/12 provisional formula grant)

The provisional settlement now indicates that in overall cash terms our 2011/12 grant will decrease by £1,471,049 against the 2010/11 adjusted grant amount of £10,690,436.

2.6 The adjusted grant figure of £10.690 million for 2010/11 takes into account the transfer of funding responsibility for concessionary travel to Devon County Council from 1 April 2011. The amount of funding that has been 'taken' from Exeter is £3.688 million which comprises £1.356 million of formula grant and £2.332 million of specific grant.

2.7 The provisional grant settlement confirmed that a local authority that freezes or reduces its Band D council tax in 2011/12 will receive an additional grant equivalent to having set a 2.5% increase from their 2010/11 level. Any grant paid to an authority for freezing or reducing its council tax in 2011/12 will be matched exactly in each subsequent year of the Spending Review to compensate for the income foregone for a freeze. Authorities will not have to continue to freeze or reduce their council tax from 2012/13 to continue to receive this grant. For Exeter the compensating grant that it will receive for freezing its level of council tax at the 2010/11 level will be £118,456.

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

A list of the proposed new schemes for Resources Scrutiny Committee 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 The changes in respect of 2011/12 Fees and Charges for the budget are included at **Appendix 3**.
- 2.11 The variance in respect of FRS 17 retirement benefits has increased this year as a result of the methodology used by the actuary. This is a notional figure, which is reversed out below the line; there is no impact on the Council Tax.

3. REVENUE BUDGET SAVINGS

- 3.1 Savings proposals to reduce the revenue base budget in 2011/12 by £2.446 million have been identified in order to alleviate the financial pressures that are facing the Council next year. These were reviewed by the all party Resources Member Working Group and were presented at the December meetings of Scrutiny Committees to consider next year's budget. However, due to the likelihood of further revenue pressures facing the Council beyond 2011/12 other savings will need to be identified for future years.

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

	£
Corporate Services	
<u>IT Services</u>	
BS security standard maintenance – to be provided in-house	5,000
Staffing reduction 1.5 FTE (copy centre and Information Management)	38,000
Reformat bulk printing templates	14,000
General repair/consumables and maintenance savings	11,000
<u>Treasury Services</u>	
Service restructure – combine Cashiering and Creditors	21,900
Not filling currently vacant post in Housing Benefits section	20,200
Reduction in planned overtime	2,100
Further reduction in clerical support for Benefits and Council Tax	40,200
Deletion of Appeals Officer post partly funded by EDDC	14,000
Not filling vacant posts in Council Tax section	58,700
Reduction of clerical support for Benefits and Council Tax	20,100
Reduction of working days of an assessment officer	9,900
<u>Corporate Customer Services</u>	
Customer Service Centre – cashiers service and service development	45,000
Savings arising from combined elections	40,000
Election administration – casual staff, postage, training	9,000
Income from marriages and civil ceremonies at the Guildhall	10,000
Guildhall/Mayoralty – reduced costs re transport, staffing, etc	13,500
Civic Centre – postage, vending, publications and office cleaning	42,000

Legal Services

Joint procurement of research and precedents information	6,000
Reduced fees for practising certificates	4,700

Internal Audit

Additional net income from sale of CIPFA publication	20,000
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Chief Executive Services

Reduction of CX working hours to 4 days	28,000
Reduction in staff in CX Support unit by 1 fte	44,000
Reduction of CX/ACX Admin Support	8,800
Reduction of Policy Officer working hours to 4 days	8,800
Reduction in Community Involvement and consultation budgets	10,000
Grants – various reduce by 20%	69,200
Emergency Planning Salary saving	5,000

Human Resources

Delete IT Trainer budget	35,000
Amalgamate all service training budgets	26,000

Total 680,100

4. KEY REVENUE BUDGET CHANGES PROPOSED FOR 2011/12

4.1 The Revenue budgets are attached at **Appendix 1**. The proposed budgets reflect some minor budget increases and some significant savings, the key changes are as follows:

86A1 REVENUE COLLECTION & BENEFITS

The net cost of Housing Benefits has increased to reflect the effect of the Housing Benefit Subsidy reforms which were introduced in 2010/11. This restricted the Housing Benefits Subsidy to the prescribed Local Housing Allowance rate applicable to each type of property occupied.

A large proportion of the net cost for 2010/11 was in respect of Non Housing Revenue Account Rent Rebates (i.e. temporary accommodation for homeless persons). This cost (£350k) has been transferred to Advisory Services in Scrutiny Committee – Community for 2011/12. The remaining additional net cost in this Management Unit for 2011/12 is mainly in respect of Rent Allowances for private rented accommodation.

There has been an overall reduction in the cost of administering Revenue Collection and Benefits due to staff savings and efficiencies, despite an increase in Benefits caseload, see also 86B1 Treasury Services below.

86A2 ELECTIONS & ELECTORAL REGISTRATION

There are Exeter City council elections planned for May 2011 and it has been assumed in the budget calculations that there will be a national referendum held at the same time. Subject to the two events taking place together, there will be an estimated £40,000 saving in 2011, along with some general efficiency savings.

86A3 CORPORATE

There has been an increase in volume and cost of the central bank charges.

There has been a decrease in the corporate cost allocation from 86B1 Treasury Services management and 86B8 Chief Executive Services due to budget reductions and efficiency savings referred to above.

86A4 CIVIC CEREMONIALS

The cost of improvements and repairs for the Guildhall has been increased through the AIM programme.

Additional net income is expected from Guildhall lettings and efficiency savings in operational costs.

86A5 DEMOCRATIC REPRESENTATION

There has been no inflation provision made in the budget for Members' Allowances in 2011/12.

86A6 GRANTS/CENTRAL SUPPORT/CONSULTATION

As part of the budget saving measures a reduction has been made in the core grants budget total.

The grants budget for Ring and Ride and Taxi Card has been transferred to Grants Committee from Scrutiny Committee – Economy.

Additional expenditure is being incurred on business rate relief as a result of the economic downturn.

86A7 UNAPPORTIONABLE OVERHEADS

There is a balance on Central Support Services and the AIM Fund contingency that appear within Unallocated Central Costs. The actual users of these services will be recharged during 2011/12.

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 2011/12.

86A8 CHIEF EXECUTIVE SERVICES

The staffing and operational costs of Chief Executive's Services have been reviewed and have resulted in budget savings throughout the department.

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 staffing and operational costs of Treasury Services have been reviewed and have resulted in budget savings throughout the department.

The cost of administering Housing Benefits has reduced overall despite an increase in caseload and a reduction in Government grant.

The depreciation of IT equipment and software in Accountancy Services, Council Tax Collection, NNDR Collection and Benefits Administration has resulted in reduced capital financing costs.

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

All of the service based training budgets throughout the Council have been transferred to HR and added to the corporate budget; this combined training budget has been reduced and will be managed by the unit.

Capital charges have increased due to the revaluation of IT software and equipment.

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 savings in operating costs.

86B5 CORPORATE CUSTOMER SERVICES

The cost centre T047 Information & GIS Management has been transferred to 86B6 IT Services, see below.

A range of cost saving measures, including staffing, have been made within Mail, Civic Centre and the Customer Service Centre services.

Capital charges have decreased due to the depreciation of IT software and equipment.

86B6 IT SERVICES

There have been some savings in the cost of administering and maintaining IT systems, including identifying printing savings in client departments through out the Council.

There has been a reduction in the capital financing costs due to the depreciation of IT software and equipment.

86B7 DIRECTOR CORPORATE SERVICES OFFICE

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

5. RECOMMENDATION

That Scrutiny Resources notes this report.

HEAD OF TREASURY SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling the report:

None

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APPENDIX 1

SCRUTINY COMMITTEE - RESOURCES

SUBJECTIVE ANALYSIS 5RESR	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	7,035,160	71,500	(270,220)	(21,500)	278,730	7,093,670
Transfer Payments	42,896,710	857,940	0	0	2,151,750	45,906,400
Premises	673,840	14,460	(16,000)	(10,000)	68,130	730,430
Supplies & Services	3,226,860	22,110	(151,130)	(8,500)	(213,890)	2,875,450
Transport	41,580	70	0	0	(2,280)	39,370
Support Services	7,439,910	74,060	0	0	(351,850)	7,162,120
Capital Financing	1,087,370	0	0	0	(270,520)	816,850
Total Expenditure	62,401,430	1,040,140	(437,350)	(40,000)	1,660,070	64,624,290
Income	(56,929,260)	(1,002,730)	(7,250)	0	(1,137,100)	(59,076,340)
Net Expenditure	5,472,170	37,410	(444,600)	(40,000)	522,970	5,547,950

OBJECTIVE ANALYSIS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
86A1 REVENUE COLLECTION/BENEFITS	1,800,240	2,570	0	0	52,860	1,855,670
86A2 ELECTIONS & ELECTORAL REG	347,320	3,420	(9,550)	(40,000)	12,710	313,900
86A3 CORPORATE	891,050	8,460	0	0	(2,490)	897,020
86A4 CIVIC CEREMONIALS	253,050	3,130	(23,720)	0	10,750	243,210
86A5 DEMOCRATIC REPRESENTATION	875,370	5,810	0	0	240	881,420
86A6 GRANTS/CENT SUPPORT/CONSULTATION	1,045,690	2,380	(74,200)	0	28,030	1,001,900
86A7 UNAPPORTIONABLE OVERHEADS	259,450	2,600	0	0	92,780	354,830
86A8 CHIEF EXECUTIVE SERVICES	0	(650)	(106,530)	0	107,180	0
86A9 STRATEGIC/ COMM PARTNERSHIPS	0	(450)	(780)	0	1,230	0
86B1 TREASURY SERVICES	0	8,820	(215,850)	0	207,030	0
86B2 INTERNAL AUDIT	0	(360)	(20,850)	0	21,210	0
86B3 HUMAN RESOURCES	0	(10)	198,950	0	(198,940)	0
86B4 LEGAL SERVICES	0	(1,220)	(20,740)	0	21,960	0
86B5 CORPORATE CUSTOMER SERVICES	(331,610)	2,020	(127,610)	0	457,200	0
86B6 IT SERVICES	331,610	900	(43,390)	0	(289,120)	0
86B7 DIRECTOR CORPORATE SERVICES	0	(10)	(330)	0	340	0
Net Cost	5,472,170	37,410	(444,600)	(40,000)	522,970	5,547,950

SCRUTINY COMMITTEE - RESOURCES

86A1 REVENUE COLLECTION/BENEFITS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	0	0	0	0	0	0
Transfer Payments	42,896,710	857,940	0	0	2,151,750	45,906,400
Premises	0	0	0	0	0	0
Supplies & Services	98,690	0	0	0	(14,700)	83,990
Transport	0	0	0	0	0	0
Support Services	2,087,530	20,860	0	0	(151,170)	1,957,220
Capital Financing	0	0	0	0	0	0
Total Expenditure	45,082,930	878,800	0	0	1,985,880	47,947,610
Income	(43,282,690)	(876,230)	0	0	(1,933,020)	(46,091,940)
Net Expenditure	1,800,240	2,570	0	0	52,860	1,855,670
Represented By						
S001 Revenue Collection	793,080	7,930	0	0	(121,780)	679,230
S002 Rent Allowances	(26,690)	(17,060)	0	0	154,270	110,520
S003 Statutory Contribution	24,680	0	0	0	(3,680)	21,000
S004 Council Tax Benefits	660,420	7,320	0	0	(11,310)	656,430
S005 Rent Rebates	347,390	4,370	0	0	4,690	356,450
S006 Housing Act Advances	1,360	10	0	0	220	1,590
S007 Non HRA Rent Rebates	0	0	0	0	30,450	30,450
Net Cost	1,800,240	2,570	0	0	52,860	1,855,670

SCRUTINY COMMITTEE - RESOURCES

86A2 ELECTIONS & ELECTORAL REGISTRATION	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	190,390	1,920	(7,550)	(21,500)	5,010	168,270
Premises	19,350	190	0	(10,000)	0	9,540
Supplies & Services	81,150	830	(2,000)	(8,500)	0	71,480
Transport	130	0	0	0	0	130
Support Services	55,540	540	0	0	8,700	64,780
Capital Financing	2,600	0	0	0	(1,000)	1,600
Total Expenditure	349,160	3,480	(9,550)	(40,000)	12,710	315,800
Income	(1,840)	(60)	0	0	0	(1,900)
Net Expenditure	347,320	3,420	(9,550)	(40,000)	12,710	313,900
Represented By						
S010 Electoral Registration	216,510	2,250	(5,550)	0	7,340	220,550
S011 District Council Elections	130,810	1,170	(4,000)	(40,000)	5,370	93,350
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	347,320	3,420	(9,550)	(40,000)	12,710	313,900

SCRUTINY COMMITTEE - RESOURCES

86A3 CORPORATE	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	(60,000)	(600)	0	0	60,600	0
Premises	0	0	0	0	0	0
Supplies & Services	192,130	1,650	0	0	15,530	209,310
Transport	0	0	0	0	0	0
Support Services	1,089,170	10,870	0	0	(67,060)	1,032,980
Capital Financing	0	0	0	0	0	0
Total Expenditure	1,221,300	11,920	0	0	9,070	1,242,290
Income	(330,250)	(3,460)	0	0	(11,560)	(345,270)
Net Expenditure	891,050	8,460	0	0	(2,490)	897,020
Represented By						
S015 Corporate Costs	843,290	8,060	0	0	(1,130)	850,220
S066 Treasury Management	47,760	400	0	0	(1,360)	46,800
U026 Procurement Policy	0	0	0	0	0	0
Net Cost	891,050	8,460	0	0	(2,490)	897,020

SCRUTINY COMMITTEE - RESOURCES

86A4 CIVIC CEREMONIALS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	150,380	1,560	(10,220)	0	8,670	150,390
Premises	41,730	1,050	0	0	3,020	45,800
Supplies & Services	51,650	60	(1,000)	0	30	50,740
Transport	5,390	50	0	0	0	5,440
Support Services	40,270	410	0	0	5,410	46,090
Capital Financing	38,650	0	0	0	(6,380)	32,270
Total Expenditure	328,070	3,130	(11,220)	0	10,750	330,730
Income	(75,020)	0	(12,500)	0	0	(87,520)
Net Expenditure	253,050	3,130	(23,720)	0	10,750	243,210
Represented By						
S036 Guildhall Chambers	91,670	1,990	(19,260)	0	10,930	85,330
S037 Mayorality	122,070	1,000	(4,460)	0	850	119,460
S039 Civic Hospitality	10,730	10	0	0	(120)	10,620
S040 Public Celebrations	14,810	90	0	0	(1,100)	13,800
S041 Twinning	13,770	40	0	0	190	14,000
Net Cost	253,050	3,130	(23,720)	0	10,750	243,210

SCRUTINY COMMITTEE - RESOURCES

86A5 DEMOCRATIC REPRESENTATION	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	16,380	100	0	0	100	16,580
Premises	0	0	0	0	0	0
Supplies & Services	286,480	0	0	0	(3,690)	282,790
Transport	800	0	0	0	0	800
Support Services	571,710	5,710	0	0	3,830	581,250
Capital Financing	0	0	0	0	0	0
Total Expenditure	875,370	5,810	0	0	240	881,420
Income	0	0	0	0	0	0
Net Expenditure	875,370	5,810	0	0	240	881,420
Represented By						
S016 Democratic Costs	539,220	5,150	0	0	1,630	546,000
S046 Members Allowances & Support	336,150	660	0	0	(1,390)	335,420
S055 Local Govt Review	0	0	0	0	0	0
Net Cost	875,370	5,810	0	0	240	881,420

SCRUTINY COMMITTEE - RESOURCES

86A6 GRANTS/CENT SUPP/CONSULT	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	0	0	0	0	0	0
Premises	0	0	0	0	0	0
Supplies & Services	807,070	0	(74,200)	0	37,240	770,110
Transport	0	0	0	0	0	0
Support Services	238,620	2,380	0	0	(9,210)	231,790
Capital Financing	0	0	0	0	0	0
Total Expenditure	1,045,690	2,380	(74,200)	0	28,030	1,001,900
Income	0	0	0	0	0	0
Net Expenditure	1,045,690	2,380	(74,200)	0	28,030	1,001,900
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	802,010	250	(69,200)	0	36,950	770,010
S052 Emergency Planning	35,990	360	0	0	(4,920)	31,430
S053 Community Safety	51,770	520	0	0	1,360	53,650
S054 Equalities Policies	0	0	0	0	0	0
S057 Community Inclusion & Involvement	91,150	910	0	0	(3,900)	88,160
S060 Community Consultation	64,770	340	(5,000)	0	(1,460)	58,650
Net Cost	1,045,690	2,380	(74,200)	0	28,030	1,001,900

SCRUTINY COMMITTEE - RESOURCES

86A7 UNAPP OVERHEADS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	283,850	2,840	0	0	(3,620)	283,070
Premises	0	0	0	0	59,500	59,500
Supplies & Services	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Support Services	(24,400)	(240)	0	0	36,900	12,260
Capital Financing	0	0	0	0	0	0
Total Expenditure	259,450	2,600	0	0	92,780	354,830
Income	0	0	0	0	0	0
Net Expenditure	259,450	2,600	0	0	92,780	354,830
Represented By						
S051 Unallocated Central Costs	(24,400)	(240)	0	0	96,400	71,760
S056 Superannuation	283,850	2,840	0	0	(3,620)	283,070
Net Cost	259,450	2,600	0	0	92,780	354,830

SCRUTINY COMMITTEE - RESOURCES

86A8 CHIEF EXECUTIVE SERVICES	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	887,580	9,150	(101,530)	0	44,830	840,030
Premises	0	0	0	0	0	0
Supplies & Services	107,250	460	(5,000)	0	(1,600)	101,110
Transport	4,690	0	0	0	(230)	4,460
Support Services	212,910	2,080	0	0	(14,130)	200,860
Capital Financing	15,490	0	0	0	10	15,500
Total Expenditure	1,227,920	11,690	(106,530)	0	28,880	1,161,960
Income	(1,227,920)	(12,340)	0	0	78,300	(1,161,960)
Net Expenditure	0	(650)	(106,530)	0	107,180	0
Represented By						
T081 Chief Executive	204,190	2,010	(40,130)	0	6,400	172,470
T082 Chief Executive Support Unit	387,440	3,920	(55,480)	0	12,950	348,830
T083 Member Services	303,740	3,050	(420)	0	6,400	312,770
T084 Press & Public Relations	202,070	1,640	(400)	0	1,630	204,940
T085 Emergency Planning	35,990	340	(5,100)	0	200	31,430
T086 Community Inclusion & Involvement	91,150	640	(5,000)	0	1,370	88,160
T087 Chief Executive Internal Recharges	(1,224,580)	(12,250)	0	0	78,230	(1,158,600)
Net Cost	0	(650)	(106,530)	0	107,180	0

SCRUTINY COMMITTEE - RESOURCES

86A9 STRATEGIC/COMM PARTNERSHIPS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	72,370	750	(780)	0	3,330	75,670
Premises	0	0	0	0	0	0
Supplies & Services	287,520	0	0	0	(258,000)	29,520
Transport	900	0	0	0	0	900
Support Services	13,230	100	0	0	(330)	13,000
Capital Financing	0	0	0	0	0	0
Total Expenditure	374,020	850	(780)	0	(255,000)	119,090
Income	(374,020)	(1,300)	0	0	256,230	(119,090)
Net Expenditure	0	(450)	(780)	0	1,230	0
Represented By						
S070 Community Safety Partnership	17,850	520	(500)	0	590	18,460
S071 Community Safety Projects	0	0	0	0	0	0
S075 Challenge and Support	0	0	0	0	0	0
S076 Family Intervention Project	0	0	0	0	0	0
S077 ASB Action Area Fund	0	(780)	0	0	780	0
S078 ASB Co-ordinator	33,930	330	(280)	0	1,210	35,190
S079 Local Strategic Partnership	520	0	0	0	0	520
S080 Community/Strat/Part/Recharge	(52,300)	(520)	0	0	(1,350)	(54,170)
Net Cost	0	(450)	(780)	0	1,230	0

SCRUTINY COMMITTEE - RESOURCES

86B1 TREASURY SERVICES	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	2,423,120	24,830	(218,150)	0	87,960	2,317,760
Premises	0	0	0	0	0	0
Supplies & Services	404,490	6,090	(12,700)	0	5,490	403,370
Transport	23,850	20	0	0	(2,050)	21,820
Support Services	1,732,280	17,260	0	0	(83,720)	1,665,820
Capital Financing	217,690	0	0	0	(81,010)	136,680
Total Expenditure	4,801,430	48,200	(230,850)	0	(73,330)	4,545,450
Income	(4,801,430)	(39,380)	15,000	0	280,360	(4,545,450)
Net Expenditure	0	8,820	(215,850)	0	207,030	0
Represented By						
T001 Accountancy Services	834,870	7,850	(17,500)	0	(46,500)	778,720
T002 Cashiering Services	156,020	1,560	(11,320)	0	(45,060)	101,200
T003 Council Tax Collection	778,030	6,300	(54,640)	0	(31,570)	698,120
T004 NDR Collection	15,050	2,230	(11,770)	0	(24,400)	(18,890)
T006 Benefits Customer Services	0	0	0	0	0	0
T007 Revenues Recovery	267,080	2,180	(6,700)	0	6,170	268,730
T008 L.H.A and NVQ Work	8,430	10	0	0	(270)	8,170
T009 Benefits Administration	917,290	18,170	(105,470)	0	62,960	892,950
T010 Benefits Investigation	275,940	2,990	(5,200)	0	10,240	283,970
T011 Benefits Joint Training Post	25,410	280	(2,200)	0	4,250	27,740
T013 Policy Treasury Services	97,710	940	(100)	0	5,070	103,620
T015 Administrative Support	59,440	660	(950)	0	9,230	68,380
U080 Treasury Internal Recharges	(3,435,270)	(34,350)	0	0	256,910	(3,212,710)
Net Cost	0	8,820	(215,850)	0	207,030	0

SCRUTINY COMMITTEE - RESOURCES

86B2 INTERNAL AUDIT	ESTIMATE 2010-11		INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
				RECURRING	NON-RECURRING		
Employees	197,710	2,030		(7,350)	0	5,210	197,600
Premises	0	0		0	0	0	0
Supplies & Services	850	0		0	0	0	850
Transport	550	0		0	0	0	550
Support Services	33,960	340		0	0	(1,160)	33,140
Capital Financing	0	0		0	0	0	0
Total Expenditure	233,070	2,370		(7,350)	0	4,050	232,140
Income	(233,070)	(2,730)		(13,500)	0	17,160	(232,140)
Net Expenditure	0	(360)		(20,850)	0	21,210	0
Represented By							
T018 Internal Audit	213,130	1,770		(20,850)	0	4,050	198,100
U081 Internal Audit Recharges	(213,130)	(2,130)		0	0	17,160	(198,100)
Net Cost	0	(360)		(20,850)	0	21,210	0

SCRUTINY COMMITTEE - RESOURCES

86B3 HUMAN RESOURCES	ESTIMATE 2010-11		INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
				RECURRING	NON-RECURRING		
Employees	473,890	4,510	221,150	0	(16,530)	683,020	
Premises	0	0	0	0	0	0	
Supplies & Services	77,070	1,220	(22,200)	0	100	56,190	
Transport	790	0	0	0	0	790	
Support Services	174,820	1,690	0	0	2,750	179,260	
Capital Financing	17,350	0	0	0	4,440	21,790	
Total Expenditure	743,920	7,420	198,950	0	(9,240)	941,050	
Income	(743,920)	(7,430)	0	0	(189,700)	(941,050)	
Net Expenditure	0	(10)	198,950	0	(198,940)	0	
Represented By							
T022 IT Trainer	16,080	130	0	0	(7,570)	8,640	
T024 Training	155,490	1,310	201,250	0	(2,500)	355,550	
T025 Human Resources	384,690	3,970	(1,900)	0	33,390	420,150	
T026 Payroll	141,290	1,570	(400)	0	(2,020)	140,440	
T027 Policy Human Resources	15,730	140	0	0	330	16,200	
U082 Human Resource Recharges	(713,280)	(7,130)	0	0	(220,570)	(940,980)	
Net Cost	0	(10)	198,950	0	(198,940)	0	

SCRUTINY COMMITTEE - RESOURCES

86B4 LEGAL SERVICES	ESTIMATE 2010-11		INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
				RECURRING	NON-RECURRING		
Employees	531,780		5,320	(14,740)	0	23,410	545,770
Premises	0		0	0	0	0	0
Supplies & Services	37,950		190	(6,000)	0	80	32,220
Transport	1,100		0	0	0	0	1,100
Support Services	94,530		950	0	0	15,060	110,540
Capital Financing	800		0	0	0	0	800
Total Expenditure	666,160		6,460	(20,740)	0	38,550	690,430
Income	(666,160)		(7,680)	0	0	(16,590)	(690,430)
Net Expenditure	0		(1,220)	(20,740)	0	21,960	0
Represented By							
T038 Legal Services	615,080		4,930	(20,740)	0	38,550	637,820
U083 Legal Internal Recharges	(615,080)		(6,150)	0	0	(16,590)	(637,820)
Net Cost	0		(1,220)	(20,740)	0	21,960	0

SCRUTINY COMMITTEE - RESOURCES

86B5 CORPORATE CUSTOMER SRVS	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	874,100	8,870	(78,330)	0	69,350	873,990
Premises	604,710	13,030	(16,000)	0	7,000	608,740
Supplies & Services	372,070	4,600	(37,030)	0	8,980	348,620
Transport	790	0	0	0	0	790
Support Services	597,670	5,950	0	0	(47,810)	555,810
Capital Financing	254,790	0	0	0	(88,420)	166,370
Total Expenditure	2,704,130	32,450	(131,360)	0	(50,900)	2,554,320
Income	(3,035,740)	(30,430)	3,750	0	508,100	(2,554,320)
Net Expenditure	(331,610)	2,020	(127,610)	0	457,200	0
Represented By						
T048 General Office	99,830	920	(1,340)	0	800	100,210
T051 Mail	229,430	2,310	(16,180)	0	9,190	224,750
T052 Telephones	204,900	1,890	0	0	(10,480)	196,310
T054 Civic Centre	1,031,100	16,130	(50,670)	0	(30,740)	965,820
T055 Customer Service Centre	1,134,900	11,090	(59,420)	0	(19,560)	1,067,010
U084 Corporate Customer Int Recharges	(3,031,770)	(30,320)	0	0	507,990	(2,554,100)
Net Cost	(331,610)	2,020	(127,610)	0	457,200	0

SCRUTINY COMMITTEE - RESOURCES

86B6 IT SERVICES	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	889,220	9,140	(52,390)	0	(15,260)	830,710
Premises	8,050	190	0	0	(1,390)	6,850
Supplies & Services	420,150	7,010	9,000	0	(3,350)	432,810
Transport	2,190	0	0	0	0	2,190
Support Services	489,120	4,850	0	0	(51,390)	442,580
Capital Financing	540,000	0	0	0	(98,160)	441,840
Total Expenditure	2,348,730	21,190	(43,390)	0	(169,550)	2,156,980
Income	(2,017,120)	(20,290)	0	0	(119,570)	(2,156,980)
Net Expenditure	331,610	900	(43,390)	0	(289,120)	0
Represented By						
T047 Information & GIS Management	331,610	3,880	(17,200)	0	(102,280)	216,010
T049 Dsktop & Network Support	805,610	3,410	(9,520)	0	(75,800)	723,700
T050 Helpdesk & Operations	356,130	4,020	12,990	0	(2,360)	370,780
T053 Copy Centre	165,640	2,950	(21,990)	0	16,400	163,000
T059 Business Dev & System Support	454,140	4,560	(5,810)	0	(9,620)	443,270
T060 Policy IT Development	105,460	1,030	(860)	0	(8,580)	97,050
T061 Website Administration	76,830	700	(500)	0	7,300	84,330
T062 E Government Support Costs	47,570	470	(500)	0	5,550	53,090
U085 IT Services Internal Recharges	(2,011,380)	(20,120)	0	0	(119,730)	(2,151,230)
Net Cost	331,610	900	(43,390)	0	(289,120)	0

SCRUTINY COMMITTEE - RESOURCES

86B7 DIRECTOR CORPORATE SERVICES OFFICE	ESTIMATE 2010-11	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	ESTIMATE 2011-12
			RECURRING	NON-RECURRING		
Employees	104,390	1,080	(330)	0	5,670	110,810
Premises	0	0	0	0	0	0
Supplies & Services	2,340	0	0	0	0	2,340
Transport	400	0	0	0	0	400
Support Services	32,950	310	0	0	1,480	34,740
Capital Financing	0	0	0	0	0	0
Total Expenditure	140,080	1,390	(330)	0	7,150	148,290
Income	(140,080)	(1,400)	0	0	(6,810)	(148,290)
Net Expenditure	0	(10)	(330)	0	340	0
Represented By						
T301 Corporate Services	140,060	1,390	(330)	0	7,150	148,270
T302 Director Corporate Int Recharge	(140,060)	(1,400)	0	0	(6,810)	(148,270)
Net Cost	0	(10)	(330)	0	340	0

GENERAL FUND - CAPITAL PROGRAMME 2011/12 AND FUTURE YEARS
SCRUTINY COMMITTEE - RESOURCES

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES	Lead Officer	Deferred from 2010/11 £	Original 2011/12 £	New Bids 2011/12 £	Total 2011/12 £	2012/13 £	2013/14 £	Future Years £	What the scheme is trying to achieve
ELECTRONIC CITY									
1	PE		40,000	40,000	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	PE		37,500	37,500	37,500				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	PE		100,000	100,000	100,000				To provide a rolling programme of replacement and upgrades to the Council's PCs
4	PE		30,000	30,000	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	PE		48,000	48,000	48,000				Implementation of security controls to prevent the disclosure of restricted & sensitive information & provide information assurance. This will ensure compliance with requirements for connection to the Government Secure Internet. Such connections will increase as more Govt agencies are available online & connect to that network.
Sub Total - Electronic City		0	37,500	218,000	255,500	0	0	0	
ACHIEVING EXCELLENCE IN PUBLIC SERVICES									
1	AS		261,000		261,000	261,000			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
2	JS		17,000	17,000	17,000				To replace the existing franking machine which is expected (at current transaction rates) to reach its approved limit under Royal Mail regulations by around the end of next year.
Sub Total - Achieving Excellence in the Public Services		0	261,000	17,000	278,000	261,000	0	0	
TOTAL GENERAL FUND CAPITAL PROGRAMME - RESOURCES		0	298,500	235,000	533,500	261,000	0	0	

Lead Officer Key Table	
Head of Treasury Services	AS
Head of Corporate Customer Services	JS
Head of IT Services	PE

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	Existing Charge			Recommended Charge from 01/04/2011		
	Fee	VAT	Total	Fee	VAT	Total
	£ p	£ p	£ p	£ p	£ p	£ p
<u>A 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	0.33	0.07	0.40
Colour A4	1.30	0.20	1.50	1.25	0.25	1.50
A3	2.61	0.39	3.00	2.50	0.50	3.00
<u>B 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	46.00	-	46.00
Committee Room B - Rennes (1/2 day up to 7.30pm)	55.00	-	55.00	58.00	-	58.00
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	115.00	-	115.00
Morning Coffee (Per cup)	0.61	0.09	0.70	0.62	0.13	0.75
Afternoon Tea (Per cup)	0.43	0.07	0.50	0.46	0.09	0.55
<u>C DATA PROTECTION ACT ENQUIRIES</u>						
(Maximum subject to Data Protection Act)	10.00	-	10.00	10.00	-	10.00
<u>D COUNCIL MINUTES</u>						
Inclusion on mailing list (per annum) for:						
1 Council Agenda/Committee Minutes	42.00	-	42.00	44.00	-	44.00
2 Planning Committee Agenda	98.00	-	98.00	103.00	-	103.00
3 Executive	70.00	-	70.00	73.00	-	73.00
4 Other Committee/Sub-committee Agenda	42.00	-	42.00	44.00	-	44.00
<u>E 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

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE – RESOURCES 26 JANUARY 2010

THE SHERIFF'S COACH

1. PURPOSE OF REPORT

- 1.1 To seek Members' views on moving the City's Sheriff's Coach from its current location (the Livestock Centre at Matford) to a private collection and storage arrangement.

2. BACKGROUND

- 2.1 As part of the preparatory work for the creation of the Customer Service Centre in 2005, the Sheriff's Coach was moved from its then location (in the foyer of the reception in Phase 2) to a display/storage facility at the Livestock Centre.
- 2.2 This matter was reported to both this committee in September 2005 (minute 59/05 refers) and the Executive in October 2005, where the resolution was that this arrangement be put in place for the medium term whilst alternatives were sought.
- 2.3 At that time, the Coach was used annually to lead the Lammas Fair celebrations, and was also brought out for other important Civic functions (i.e. the bicentenary commemorations of the Battle of Trafalgar).
- 2.4 However, a further decision was taken in 2007 that the costs of ensuring that the Coach was sufficiently roadworthy, as well as those of transportation and the required horses to enable it to take part in the Lammas procession did not justify the cost involved. It was, therefore, decided that it would no longer be used.
- 2.5 The purpose-built facility within which it is currently housed, was always considered to be a medium term solution, and whilst having some environmental controls, they are not sufficient to maintain the Coach in a stable condition. Its condition therefore is gradually deteriorating and will continue to do so. No suitable alternative location has been identified.
- 2.6 Whilst there are no rental costs for the current arrangement, charges of approximately £500 are incurred for the necessary electricity to run the environmental controls within the storage unit. The last time that the Coach was used, the necessary works to ensure that it was roadworthy cost approximately £350.

3. THE PROPOSAL

- 3.1 An approach has been received from Ben Ford Carriages of Morchard Bishop to store the Coach at their premises (together with the lamps and liveries that go with it), and ensure that the Coach is maintained to a roadworthy condition in return for an annual fee of £500.
- 3.2 Ben Ford Carriages is a private company which is run for commercial purposes in supplying horse drawn vehicles (and the horses) for weddings, funerals and other functions, including the Lord Mayor's Show in London. Indeed, they recently supplied the horse drawn carriage used as part of the Guildhall Shopping Centre's arrival of Father Christmas parade in Exeter on 20 November 2010. They also supply vehicles for the film and television industry and own a number of horses to pull such vehicles.

- 3.3 For these purposes, they privately own a large number of different vehicles, as well as storing a carriage for the Liveries of London – this latter arrangement has been in place for over 40 years and is similar to the one now proposed for the Sheriff's Coach.
- 3.4 The Sheriff's Coach will be added to their list of vehicles available to hire. Any potential hirings will be first agreed with the City Council, as will the fee, which will then come to the Council.
- 3.5 If the Council wished to use the Coach in the future, Ben Ford Carriages would arrange for the Coach to be transported to where it was wanted, as well as providing the horses required to pull it. Additional charges would be levied (very much in keeping with those charged on the last occasion the Coach was used) but there would be no additional cost in making the Coach roadworthy, as at present.
- 3.6 The Head of Corporate Customer Services has visited the site in Morchard Bishop, and concluded that the proposed secure storage arrangements would offer a more suitable environment and would maintain the vehicle for roadworthiness.

4 CONCLUSION

- 4.1 Whilst regrettable that the Coach will no longer be stored in Exeter, nor be on display, its current location and storage arrangements are not suited to the long term retention, condition and conservation of the Coach. The agreement would allow termination should the Council identify an alternative use for the Coach.

5. RECOMMENDATION

- 5.1 Members' views are sought on the proposal outlined in this report.

HEAD OF CORPORATE CUSTOMER SERVICES

CORPORATE SERVICES DIRECTORATE

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

Background papers used in compiling this report:

None.

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