

## **EXECUTIVE**

Date: Tuesday 10 December 2013  
Time: 5.30 pm  
Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Democratic Services Manager (Committees) on 01392 265275.

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

### *Membership -*

Councillors Edwards (Chair), Denham, Fullam, Hannaford, Mrs Henson, Owen, Pearson and Sutton

## **Agenda**

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

#### **1 Apologies**

To receive apologies for absence from Committee members.

#### **2 Declarations of Interest**

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

#### **3 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of item 11 on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part I, Schedule 12A of the Act.

**4 Major Grants and New Homes Bonus Panel**

To receive and adopt the minutes of the meeting held on 29 November 2013. -  
Minutes to follow

**5 Overview of General Fund Revenue Budget 2013/14**

To consider the report of the Assistant Director Finance.

(Pages 5 -  
24)

Scrutiny Committee – Resources considered the report at its meeting on 4  
December 2013 and its comments will be reported.

**6 Capital Monitoring Statement to 30 September 2013**

To consider the report of the Assistant Director Finance.

(Pages 25  
- 44)

Scrutiny Committee – Resources considered the report at its meeting on 4  
December 2013 and its comments will be reported.

**7 Treasury Management - 2013/14 - Half Year Update**

To consider the report of the Assistant Director Finance.

(Pages 45  
- 50)

Scrutiny Committee – Resources considered the report at its meeting on 4  
December 2013 and its comments will be reported.

**8 Living Wage**

To consider the report of the Deputy Chief Executive.

(Pages 51  
- 58)

Scrutiny Committee – Resources considered the report at its meeting on 4  
December 2013 and its comments will be reported.

**9 2014/15 Budget Strategy and Medium Term Financial Plan**

To consider the report of the Assistant Director Finance.

(Pages 59  
- 72)

**10 Individual Electoral Registration**

To consider the report of the Electoral Registration Officer.

(Pages 73  
- 78)

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

No representations have been received in respect of the following items in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

### **11 Shared ICT Services**

To consider the report of the Deputy Chief Executive to consider the business case for creating a shared ICT service – *report circulated to members* (Pages 79 - 88)

Scrutiny Committee – Resources considered the report at its meeting on 4 December 2013 and its comments will be reported.

### **Date of Next Meeting**

The next scheduled meeting of the Executive will be held on **Tuesday 21 January 2014** at 5.30 pm in the Civic Centre.

**A statement of the executive decisions taken at this meeting will be produced and published on the Council website as soon as reasonably practicable.**

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 Democratic Services Officer (Committees) on (01392) 265115 for further information.

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# Agenda Item 5

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - RESOURCES 4 DECEMBER 2013

EXECUTIVE  
10 DECEMBER 2013

COUNCIL  
17 DECEMBER 2013

#### OVERVIEW OF GENERAL FUND REVENUE BUDGET 2013/14

#### 1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the overall projected financial position of the General Fund Revenue Budget and Housing Revenue Account after six months, for the 2013/14 financial year.

#### 2. REVENUE POSITION – SUMMARY

2.1

FUND	Planned Transfer (to) / from Working Balance	Budget Variance September 2013 Over / (under)	Outturn Forecast Transfer 2013/14
	£	£	£
General Fund	267,700	(57,161)	210,539
HRA	(1,562,160)	1,525,275	(36,885)
Council own Build Houses	(34,070)	680	(33,390)

#### 3. GENERAL FUND – Appendix A

- 3.1 The Service Committee budgets shows a forecast overspend of £163,890 (1.3%) against a revised Service Committee Net Expenditure budget of £12,248,020. The key issues are set out below:

#### 3.2 Scrutiny Committee Community – (An overspend of £126,890)

MU Code	Management Unit	Over / (Underspend)	Detail
81A1	Environmental Protection	87,430	• Redundancies
81A4	Public Safety	10,380	• Redundancy partially offset by additional income

MU Code	Management Unit	Over / (Underspend)	Detail
81A6	Grounds Maintenance	48,340	<ul style="list-style-type: none"> <li>• Cost of dealing with illegal campers partially offset by additional income and cost savings.</li> <li>• Area of Budgetary Risk – see paragraph 4 below</li> </ul>
81A7	Museums Service	20,250	<ul style="list-style-type: none"> <li>• NNDR in respect of RAMM - appeal with Valuation Office.</li> <li>• Utilities at RAMM anticipated to exceed the budget.</li> <li>• Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer.</li> <li>• Area of Budgetary Risk – see paragraph 4 below</li> </ul>
81C2	SHS - Advisory Services	19,910	<ul style="list-style-type: none"> <li>• Void and reactive repairs costs expected to exceed budget, partially offset by recharge of costs.</li> <li>• Salary budgets – savings due to vacancies</li> <li>• Area of Budgetary Risk – see paragraph 4 below</li> </ul>
81C3	SHS – Housing Development	21,140	<ul style="list-style-type: none"> <li>• Additional consultants' fee expenditure offset by a transfer from earmarked reserves</li> </ul>
81D4	Street Cleaning	(44,150)	<ul style="list-style-type: none"> <li>• Savings expected on agency costs and expenditure on replacing litter bins</li> </ul>
81D5	Public Conveniences	(13,750)	<ul style="list-style-type: none"> <li>• Reduced water costs</li> </ul>
81D4	Cleansing Rechargeable Services	(54,000)	<ul style="list-style-type: none"> <li>• Reduced trade waste disposal costs</li> </ul>
81D8	Recycling	17,500	<ul style="list-style-type: none"> <li>• Reduced income offset by some savings on costs</li> <li>• Area of Budgetary Risk – see paragraph 4 below</li> </ul>

### 3.3 Scrutiny Committee Economy – (An underspend of £68,250)

MU Code	Management Unit	Over / (Underspend)	Detail
83A1	Property & Estates Services	(63,580)	<ul style="list-style-type: none"> <li>• Additional income from property portfolio - High Street and the Guildhall offset by a shortfall at South Street and Paris Street.</li> <li>• Void allowance used to offset shortfall at Paris Street and South Street.</li> </ul>
83A3	Car Parking	20,000	<ul style="list-style-type: none"> <li>• Income from parking fees is currently below the profiled budget. The shortfall is partially offset by additional income from other charges.</li> </ul>
83A4	Economic Development	36,430	<ul style="list-style-type: none"> <li>• Additional salary costs – transfer of staff member, additional costs offset by saving in Resources committee.</li> <li>• Christmas Lights core budget - approved by Executive.</li> </ul>
83A9	Building Control	(49,080)	<ul style="list-style-type: none"> <li>• Additional income – from Building Control fees anticipated.</li> <li>• The surplus will be transferred to the earmarked reserve.</li> </ul>
83B5	Planning Services	157,630	<ul style="list-style-type: none"> <li>• Planning fee income – projected to be significantly less than budget for year</li> <li>• Salary savings – saving on salary budget due to non-recruitment to vacant posts</li> <li>• Revenue contribution – Contribution to Cowick Street Environmental works capital scheme.</li> <li>• Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework.</li> <li>• Reserve – transfer from earmarked reserve to cover additional expenditure.</li> </ul>
83B8	Major Projects	(45,000)	<ul style="list-style-type: none"> <li>• Budget saving - The bus and coach station project has not progressed as anticipated this year to date which has substantially reduced the need for consultancy advice.</li> </ul>
83B9	Markets & Halls	(43,980)	<ul style="list-style-type: none"> <li>• Additional income – Corn Exchange and Livestock Centre income expected to exceed budget.</li> <li>• Additional Expenditure – Event promotion at Corn Exchange (offset by additional income) and additional expenditure on food and drink at venue.</li> </ul>

3.4 Scrutiny Committee Resources – (An underspend of £49,620)

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits	(58,330)	<ul style="list-style-type: none"> <li>Net additional reduction in cost of Housing Benefit payments to claimants based on current caseload and performance up to the threshold limit to the year end.</li> </ul>
86A4	Civic Ceremonials	30,000	<ul style="list-style-type: none"> <li>Reduced income from commercial letting despite a short-term let.</li> </ul>
86A7	Unapportionable Overheads	124,760	<ul style="list-style-type: none"> <li>The approved cost of pension fund contributions following redundancies – the individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made.</li> </ul>
86A8 86B7	Chief Executive Services & Strategic Directors	41,750	<ul style="list-style-type: none"> <li>The senior management at officer level was reviewed from three positions to two from 1<sup>st</sup> June 2013, with savings being made from 2014-15 onwards.</li> </ul>
86B1	Treasury Services	(42,010)	<ul style="list-style-type: none"> <li>Vacancies pending reorganisation.</li> </ul>
86B3	Human Resources	(22,620)	<ul style="list-style-type: none"> <li>There is expected to be an underspend in the central training budget as a consequence of reorganisations throughout the Council.</li> <li>The Human Resources Job Evaluations have been completed following reorganisation and the revised grades have now been applied.</li> </ul>
86B5	Corporate Customer services	(30,880)	<ul style="list-style-type: none"> <li>The installation of solar panels at the Civic Centre has reduced energy costs.</li> <li>There have been vacancies in the Customer Service Centre and reduced IT maintenance costs.</li> </ul>
86B6	IT Services	(55,900)	<ul style="list-style-type: none"> <li>A vacancy within the team, savings in software and system maintenance and reduced print usage will result in an overall underspend.</li> </ul>



#### 4. OTHER GENERAL FUND FINANCIAL VARIATIONS

##### 4.1

Other items	Over / (Underspend)	Detail
Net Interest Paid	(55,000)	<ul style="list-style-type: none"> <li>Continued low rates of interest have lowered the cost of borrowing;</li> <li>Better than forecast cashflow position has increased the level of interest received.</li> </ul>
Revenue Contribution to Capital	20,000	<ul style="list-style-type: none"> <li>In order to minimise the level of borrowing required, it has been agreed that savings will be found in revenue to fund a projected overspend in a capital project;</li> </ul>
Minimum Revenue Provision	(93,051)	<ul style="list-style-type: none"> <li>The Council's underlying need to borrow is lower than anticipated resulting in a lower requirement to set aside funds for the repayment of this debt.</li> </ul>

#### 5. HOUSING REVENUE ACCOUNT (HRA) (APPENDIX B)

##### 5.1 The main variations in the HRA are set out below:

MU Code	Management Unit	Over / (Underspend)	Detail
85A4	Repairs Fund Contribution	1,447,401	<ul style="list-style-type: none"> <li>Approved expenditure to finance Phase 2 of the Council's Own Build Programme – on four sites.</li> <li>Approved purchase of flats at Dean Clarke House.</li> <li>Further £200k forecast overspend in respect of repairs to empty properties. Options to mitigate this overspend are being investigated including a review of the void standard.</li> <li>£400k forecast overspend in respect of reactive repairs to council dwellings in order to meet current patterns of demand. This was highlighted as an area of budgetary risk in June.</li> </ul>

#### 6. SUPPLEMENTARY BUDGETS

##### 6.1 Since the budget was set, a number of additional budgets have been approved or requested for approval. These are set out in Appendix C and total £24,500 for the General Fund and £706,901 for the HRA.

## 7. AREAS OF BUDGETARY RISK

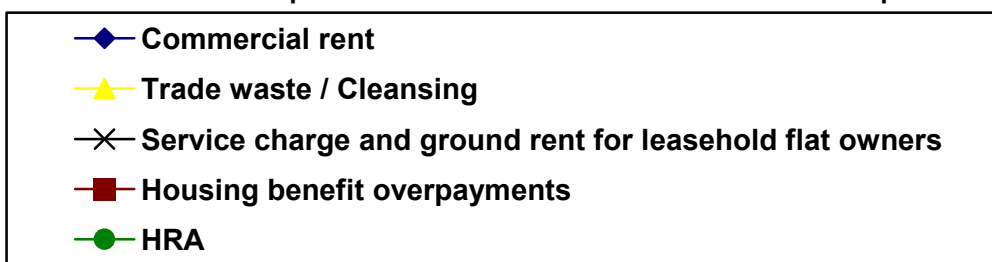
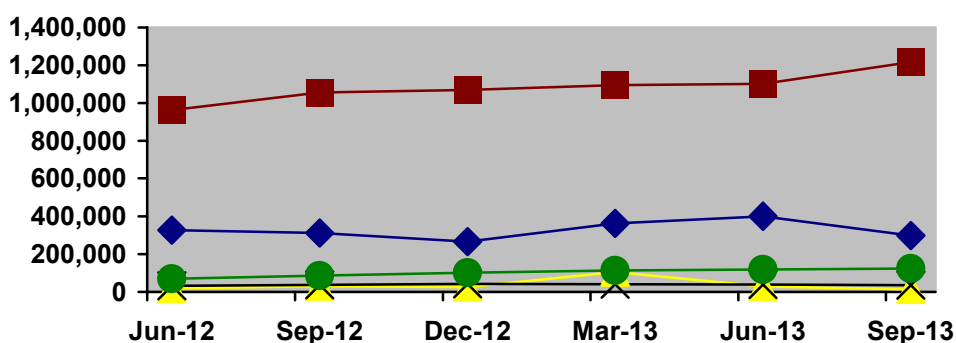
7.1 A number of areas have been identified as a budgetary risk within the budget. Although there has not necessarily been an issue identified yet, there is a risk that adverse conditions may impact of the Council's budget. A list of these key areas is set out in Appendix D.

## 8. OUTSTANDING SUNDRY DEBT

8.1 An aged debt analysis of the Council's sundry debts is shown in the table below.

Age of Debt	September 2012	September 2013
Up to 29 days (current)	£731,756	£751,941
30 days – 1 Year	£855,102	£978,166
1 – 2 years	£314,153	£401,400
2 –3 years	£241,261	£217,795
3 – 4 years	£110,201	£163,504
4 – 5 years	£92,804	£68,099
5 + years	£155,276	£175,986
<b>Total</b>	<b>£2,500,553</b>	<b>£2,756,891</b>

8.2 Of the outstanding debt, the graph below sets out the main services and debt trends for debt over 30 days old:



## 9. DEBT WRITE-OFFS

9.1 The following amounts have been written-off during the first three months of 2013/14:

• Council Tax	£ 58,144
• Business Rates*	£ 0
• Sundry Debt	£ 13,705
• Housing Rents	£ 4,155

\* Business Rates write-offs are considered during March 2014.

## 10. CREDITOR PAYMENTS PERFORMANCE

10.1 During the first six months of 2013/14, the percentage of invoices paid within 30 days was 95.54% , which is marginally higher than the 2012/13 performance of 94.69% and an improvement on the first three months of the year (95.14%).

## 11. RECOMMENDATION

- 11.1 That Scrutiny Resources Committee notes and Executive recommend that the Council approve:
- The General Fund forecast financial position for the 2013/14 financial year
  - The HRA forecast financial position for 2013/14 financial year
  - The additional supplementary budgets listed in Appendix C
  - The outstanding Sundry Debt position as at September 2013
  - The creditors' payments performance

## ASSISTANT DIRECTOR FINANCE

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

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

None

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APPENDIX A

GENERAL FUND  
2013/14 REVENUE ESTIMATES - SUMMARY  
as at 30 June 2013

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Forecast £	Variance to Budget £
SCRUTINY - COMMUNITY	13,108,610	21,750	13,130,360	13,257,250	126,890
SCRUTINY - ECONOMY	(3,909,720)	298,110	(3,611,610)	(3,624,990)	(13,380)
SCRUTINY - RESOURCES	5,717,220	141,840	5,859,060	5,809,440	(49,620)
Vacancy Management	(100,000)		(100,000)	0	100,000
less Notional capital charges	(3,029,790)		(3,029,790)	(3,029,790)	0
<b><u>Service Committee Net Expenditure</u></b>	<b>11,786,320</b>	<b>461,700</b>	<b>12,248,020</b>	<b>12,411,910</b>	<b>163,890</b>
Net Interest	140,000		140,000	85,000	(55,000)
Local Services Support Grant	(502,618)		(502,618)	(502,618)	0
New Homes Bonus	(2,204,830)		(2,204,830)	(2,204,830)	0
Revenue Contribution to Capital	0		0	20,000	20,000
Minimum Revenue Provision	1,358,000		1,358,000	1,264,949	(93,051)
<b><u>General Fund Expenditure</u></b>	<b>10,576,872</b>	<b>461,700</b>	<b>11,038,572</b>	<b>11,074,411</b>	<b>35,839</b>
Transfer To/(From) Working Balance	0	(267,700)	(267,700)	(220,539)	47,161
Transfer To/(From) Earmarked Reserves	2,442,865	(194,000)	2,248,865	2,253,865	5,000
<b><u>General Fund Net Expenditure</u></b>	<b>13,019,737</b>	<b>0</b>	<b>13,019,737</b>	<b>13,107,737</b>	<b>88,000</b>
Formula Grant	(7,811,885)		(7,811,885)	(7,811,885)	0
Council Tax Freeze Grant	(118,420)		(118,420)	(118,420)	0
Council Tax Support Grant	(598,243)		(598,243)	(598,243)	0
Pooling of Business Rates	(100,000)		(100,000)	(188,000)	(88,000)
<b><u>Council Tax Net Expenditure</u></b>	<b>4,391,189</b>	<b>0</b>	<b>4,391,189</b>	<b>4,391,189</b>	<b>0</b>
<b>Working Balance</b>	<b>March 2013</b>	<b>£ 3,358,047</b>	<b>£ 3,137,508</b>	<b>March 2014</b>	

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**HOUSING REVENUE ACCOUNT**  
**2013/14 REVENUE ESTIMATES - SUMMARY**  
as at 30 September 2013

Code	Approved Annual Budget	Actual Income / Expenditure to date	Current Outturn Forecast	Variance To Budget	Variance 2012- 13
	£	£	£	£	£
85A1 Management	2,758,140	1,150,970	2,791,424	33,284	(233,717)
85A3 Sundry Lands Maintenance	265,330	124,539	268,330	3,000	4,144
85A4 Repairs Fund Contribution	9,916,710	2,802,995	11,364,111	1,447,401	2,516,468
85A6 Capital Charges	2,186,900	0	2,213,490	26,590	0
85A8 Rents	(18,624,000)	(9,783,873)	(18,609,000)	15,000	(539,205)
85B2 Interest	1,934,760	968,088	1,934,760	0	46,706
85B4 Variance in Working Balance	1,562,160	-	36,885	(1,525,275)	(1,794,396)
<b>Net Expenditure</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Working Balance</b>	<b>6,290,297</b>		<b>31 March 2014</b>	<b>6,327,182</b>	

**COUNCIL OWN BUILD SITES**

Code	Approved Annual Budget	Actual Income / Expenditure to date	Current Outturn Forecast	Variance To Budget	Variance 2012- 13
	£	£	£	£	£
H006 Rowan House	(6,260)	(5,464)	(6,260)	0	(1,910)
H007 Knights Place	(45,620)	(27,383)	(43,620)	2,000	(8,519)
H008 Interest	7,530	0	7,530	0	(7,013)
H009 Capital Charges	10,280	0	8,960	(1,320)	(10,280)
Variance in Working Balance	34,070	-	33,390	(680)	27,722
<b>Working Balance</b>	<b>73,498</b>		<b>31 March 2014</b>	<b>106,888</b>	

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Funded by

<b>Resources</b>			<u><u>0</u></u>
<b>Community and Environment</b>			<u><u>0</u></u>
<b>Economy &amp; Development</b>			
<b>83A4</b>	Rugby World Cup - initial budget	New Homes Bonus	10,000
	Christmas Lights (approved by Executive)	General Fund Balance	14,500
			<u><u>24,500</u></u>
<b>HRA</b>			
<b>85A4</b>	COB Wave 2 Funding (approved by Executive)	HRA Working Balance	554,880
<b>85A4</b>	Acquisition of 3 flats (approved by Executive)	HRA Working Balance	127,521
			<u><u>706,901</u></u>
	<b>Overall Total</b>		<u><u>706,901</u></u>

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APPENDIX D

KEY AREAS OF BUDGET RISK

Community Scrutiny Committee

Budget Title	Approved Budget	Risk
<b>Revenue: Parks and open spaces</b> – cost of dealing with illegal campers	£1,665,800	The service is bearing the cost of dealing with the influx of illegal campers in the city’s parks and open spaces during the recent summer months. Expenditure in the year to date is £70,000 and the outturn forecast assumes that this could reach £75,000 by the end of the year. The cost is partially covered by additional income and cost savings, but the service is unable to fully absorb costs of this magnitude.
<b>Revenue: Recycling</b> – income from sale of recyclates	£5,750	Income from the sale of materials and recycling credits is estimated at £937,240. This level of income is dependent on the quantities collected, the quality of the materials collected and the market price achievable for the materials. These factors are largely outside the control of the Council and can fluctuate considerably. As this is a significant source of income for the Council, it represents a budgetary risk.
<b>Revenue: Museums</b> – utilities and National Non Domestic Rates costs	£2,068,440	<p>The utility costs at the Museum are projected to exceed the budget.</p> <p>Officers are continually monitoring the cost of utilities and updates are being provided to the Management Team.</p> <p>The National Non Domestic Rates budget is projected to exceed the budget. The rateable value of the Museum increased due to the redevelopment. An appeal has been lodged with the Valuation Office and the result of the appeal should be known by the end of the calendar year.</p>

APPENDIX D

KEY AREAS OF BUDGET RISK

Budget Title	Approved Budget	Risk
<p><b>Revenue: SHS – Advisory Services –</b>                      repair costs to private Sector Leased Properties, cost of emergency temporary accommodation</p>	<p>£1,501,010</p>	<p>The number of homeless cases approaching the service impacts on the budget in respect of emergency temporary accommodation.</p> <p>The council has a duty to house the homeless; if contracted accommodation is unavailable, emergency temporary accommodation will be used. High levels of usage of emergency temporary accommodation can result in the budget being exceeded.</p> <p>A large number of Private Sector Leased properties (PSL) are used for homelessness purposes. Repairs to leased properties are the responsibility of the council. If a PSL becomes void and repairs are required to return the property to the standard required significant costs can be incurred.</p>

## APPENDIX D

## KEY AREAS OF BUDGET RISK

## Economy Scrutiny Committee

Budget Title	Approved Budget	Risk
<b>Property &amp; Estates Services – Income budgets property portfolio</b>	£3,500,610	<p>Income dependant on properties let and the number of properties which are void for long periods of the year.</p> <p>Leases can be renegotiated at lower rate to ensure income streams are maximized but resulting in shortfall of income against budget.</p> <p>If properties are void there will be a loss of income and the council becomes liable for the Non Domestic Rates at the property. This could result in an overspend if void period is significant.</p>
<b>Car Parks – fee income</b>	£5,660,000	<p>A significantly increased budget was set for 2013/14. The results have fluctuated through the first half year and currently stand at approximately £40,000 less than the budget. At this stage it appears that this shortfall will be partially offset by additional income from recharges. However, this source of income can be affected by factors outside the control of Exeter City Council and even a small shortfall in percentage terms could be significant because of the size of the budget. The income is closely monitored and updates are provided to Members and the Senior Management Team on a monthly basis.</p>
<b>Planning Services – planning fee income</b>	£667,850	<p>Fee income projected to be significantly lower than budgeted based on to date figures. Continual monitoring of income is being carried out by officers.</p> <p>An update on the projected shortfall will be provided to Members and the Senior Management Team on a monthly basis.</p>

**APPENDIX D**

**KEY AREAS OF BUDGET RISK**

**Resources Scrutiny Committee**

<b>Budget Title</b>	<b>Approved Budget</b>	<b>Risk</b>
<b>Revenue Collection/Benefits –</b> Housing Benefit Subsidy	£40,833,830	The Council administers nearly £41m of Housing Benefit Subsidy for rent allowances and rent rebates. The claiming of subsidy is based on cost and administering within timescales varied from time to time by the Government. If timescales are not met, administrative errors minimized and overpayments reduced, there is a risk of paying out for Housing Benefit and only receiving a partial reimbursement of subsidy.
<b>Unapportionable Overheads –</b> Pension contributions	£291,290	Employer’s contributions to the Pension Fund for staff and retired staff are administered on the Council’s behalf by Devon County Council. A combination of reduced staffing, investment performance and life expectancy have meant that employer payments in to the scheme have been increasing. This is particularly relevant with the Council’s staff numbers reducing and the added risk of existing or new staff leaving or not joining the scheme. Employer’s contributions are based on current staff that are enrolled in to the Pension Fund, so if there are less staff, the per capita contribution will need to increase.

**APPENDIX D**

**KEY AREAS OF BUDGET RISK**

**HRA**

<b>Budget Title</b>	<b>Approved Budget</b>	<b>Risk</b>
Rental Income from Dwellings	£18,140,000 (revenue)	Right to Buy sales, number of new tenancies set at convergence rent levels, number of days lost through major works, rent lost in respect of void properties and welfare reform changes (for which an increased bad debt provision has been made) all impact on the annual rental income.
Asbestos Removal	£359,000 (revenue)	Potential under-spend as delays experienced when original contractor went into administration. Contractual issues regarding the removal of low level asbestos also being resolved.
External Low Maintenance & Painting	£750,000 (revenue)	External painting and repairs to flats require consultation with leaseholders prior to commencement. New contractor also appointed 1st April 2013 so works more weighted in later part of year allowing time for initial surveying work. Work in last 6 months exposed to risk of adverse weather conditions.
Kitchen Replacement Programme	£2,297,830 (capital)	The number of kitchens which can be replaced within approved budgets may vary dependent upon the cost of associated works such as electrical repairs and re-plastering, which varies per property. For 2013-14 it was planned that 499 kitchens would be replaced.
Bathroom Replacement Programme	£867,990 (capital)	The number of bathrooms which can be replaced within approved budgets may vary dependent upon the cost of associated works such as re-plastering, which varies per property. For 2013-14 it was planned that 322 bathrooms would be replaced.
Communal Areas	£161,530 (capital)	Potential under-spend as planned works to enhance flooring, doors and glazing to communal areas of flats are currently lower than budgeted
Repointing	£50,000 (capital)	Potential under-spend as re-pointing works are subject to referrals following inspections by Technical Officers

**APPENDIX D****KEY AREAS OF BUDGET RISK**

<b>Budget Title</b>	<b>Approved Budget</b>	<b>Risk</b>
Acquisition of Social Housing	£866,268 (capital)	The completion of acquisitions is dependent upon the progress on site by private developers as adverse weather, changes in the housing market etc may impact on the schedule of works
Knights Place	No budget (capital)	Significant works have been required to resolve water penetration issues at Knights Place and the costs and associated lost rental income will form part of a claim from the main contractor.



## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE – RESOURCES 4 DECEMBER 2013

EXECUTIVE  
10 DECEMBER 2013

COUNCIL  
17 DECEMBER 2013

#### CAPITAL MONITORING STATEMENT TO 30 SEPTEMBER 2013

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To report the current position in respect of the Council's revised annual capital programme and to advise Members of the anticipated level of deferred expenditure into future years.
- 1.2 The report seeks Member approval to amend the annual capital programme in order to reflect the reported variations.

#### 2.0 BACKGROUND

- 2.1 Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.
- 2.2 Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.

#### 3.0 REVISIONS TO THE CAPITAL PROGRAMME

- 3.1 The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee - Resources on 18 September 2013. From that report schemes totaling £3.344 million within the 2013/14 capital programme have now been deferred and are included within the 2014/15 budgets.

Description	£	Approval/Funding
<b>Capital Programme, as reported to Scrutiny Committee – Resources, 18 September 2013</b>	<b>21,020,080</b>	
Budget Deferred to 2014/15 & Beyond at Quarter 1	(3,343,950)	Approved by Executive 1 October 2013
Overspends/(Underspends) reported at Quarter 1	(285,160)	

King William Street Car Park (formerly Leighton Terrace Car Park) Resurfacing	96,000	£60,000 of this will be funded by a revenue contribution to capital outlay; the remainder will be new borrowing. Approved by Executive 1 October 2013
Private Sector Renewal	80,650	Clawback of loans
HRA Acquisition of Social Housing	59,890	Approved by delegated powers 14 February & 23 July 2013
New grants funded from the New Homes Bonus	35,000	Approved by Executive 1 October 2013
Refurbishment and Upgrade of Paddling Pools	12,550	S106 funding
City Centre Enhancements	9,500	Contributions from Land Securities and John Lewis
Other amendments	2,250	
<b>Revised Capital Programme</b>	<b>17,686,810</b>	

#### 4.0 PERFORMANCE

- 4.1 The revised capital programme for the current financial year is £17.687 million. During the first six months of the year the Council spent £6.044 million on the programme, which equates to 28.6% of the revised programme. This compares with £6.515 million (26.6%) being spent in the first six months of 2012/13.
- 4.2 The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2013/14 of £15.814 million with a further £2.299 million of the programme potentially deferred to 2014/15.
- 4.3 Appendix 2 shows the 2013/14 budget carried forward to 2014/15 and beyond at the first quarter and the proposed amount to be carried forward this quarter for Executive to consider for approval.
- 4.4 Appendix 3 shows the overall position for those schemes which span more than one financial year.

#### 5.0 AVAILABLE CAPITAL RESOURCES

- 5.1 In previous years the annual capital programme has been financed from Government allocated grants together with money from the Council's own capital receipts and capital reserves. However the funding from these sources has now reduced and as a result the Council has to use borrowing instead to fund a significant part of its proposed capital programme.
- 5.2 The available capital resources for the General Fund for 2013/14 are £2.622 million. An estimated spend of £6.255 million is required of which £3.634 million will have to be funded from borrowing. The available capital resources for the HRA for 2013/14

are £12.562 million. An estimated spend of £9.558 million is required leaving £3.003 million to be carried forward into 2014/15. Appendix 4 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next two years.

5.3 The value of actual capital receipts received to date in 2013/14 in respect of the General Fund and the HRA are:

	<b>General Fund £</b>	<b>HRA £</b>
<b>Balance as at 1 April 2013</b>	<b>0</b>	<b>1,263,927</b>
New Receipts	105,500	1,130,960
Ringfenced (Canal Basin)	60,000	
Ringfenced (Homelessness)	310,000	
Less HRA Pooling		(186,610)
<b>Balance as at 30 September 2013</b>	<b>475,500</b>	<b>2,208,277</b>

## 6.0 EXPENDITURE VARIANCES

6.1 The main variances and issues concerning expenditure that have arisen since 30 June are as follows:

<b>Scheme</b>	<b>Estimated Overspend / (Underspend)</b>	<b>Reason</b>
Vehicle Replacement Programme	(£28,390)	All vehicles within the programme have now been ordered giving rise to an underspend.
HRA Energy Conservation	(£40,000)	Planned works include installing solar panels at Hawthorn Road the remaining budget is declared as a saving
HRA Replacement Concrete Canopies	(£25,000)	No further spend against this budget is required in respect of these cosmetic replacements
HRA Electrical Rewiring	£128,000	Additional electrical re-wires identified through the kitchen and bathroom replacement programmes
HRA Central Heating Programme	£168,000	Increased number of system failures identified by routine servicing programme

HRA Boiler Replacement Programme	£223,000	Increased number of boiler breakdowns and lower than anticipated life expectancy of certain models
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## 7.0 SCHEMES WHICH MAY BE DEFERRED TO 2014/15 AND BEYOND

7.1 Schemes which have been identified since 30 June as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13/14 Budget	Budget to be Deferred	Reason
Wessex Loan Scheme	£647,840	£300,000	This budget has been reprofiled to more closely match anticipated grant expenditure.
Canal Basin and Quayside	£151,130	£47,480	Barriers to progress include: larger areas of spend such as pontoonage, boat storage improvements, paving of public realm, etc. require clarity on future management of the waterspace (Public Realm charged with preparing mooring strategy) and further private sector development activity that is not easy to generate at present.
Exhibition Way Bridge Maintenance	£45,000	Potentially £45,000	This scheme has already been deferred from 2012/13; the delays stem from staffing issues in Engineering. The current officer (who took over from another leaver) is leaving shortly although Engineering advise they are shortly to obtain a quote for the works. Due to uncertainty over how succession issues are to be resolved it is not possible to say at this point in time whether the budget will be spent this year.
Purchase of Land	£280,000	£280,000	This scheme has stalled because of concerns over unknown environmental liabilities and risks that may be associated with this purchase. Options are currently being considered but it is thought that any expenditure in this financial year is unlikely.

Planting Improvements in Riverside Valley Park	£14,910	£14,910	This budget is S106 money for planting close to Makro. There are no current proposals to spend the budget and the scheme will need to co-ordinate with the emerging Exeter Flood Defence Scheme proposals.
HRA Smoke Detector Replacements	£200,000	£200,000	Replacement of smoke detectors will form part of new gas servicing contract which is due to commence in April 2014.
HRA LAINGS Refurbishments	£365,270	£75,000	Refurbishment works to these defective properties are undertaken upon the end of a tenancy with the instruction of further works pending a further property being vacated.
HRA Acquisition of Social Housing	£866,270	£42,510	The acquisition of one out of the four flats at Dean Clarke House is unlikely to be completed until 2014/15 as it forms part of the site not scheduled for conversion until later this year.
COB Rennes Car Park	£205,080	£155,080	Major works are pending the outcomes of an options appraisal for the optimum long-term provision of social housing on a site-wide basis incorporating Rennes House.
COB Newport Road	£600,940	£290,950	Construction on each of these sites is due to commence by the end of the calendar year, the budget will need to be spread into next financial year.
COB Brookway	£654,670	£294,660	
COB Bennett Square	£594,190	£291,190	
COB Development at St Andrews Road	£10,230	£10,230	Project on hold as pending the outcomes of a village green application by local residents.
COB Land Purchase	£300,000	£300,000	Budget set aside for land purchase but currently prioritising development of Council owned land for the provision of new social housing.

## 8.0 ACHIEVEMENTS

8.1 The following schemes have been completed during the second quarter of 2013/14:

- **Play Area Refurbishments**

The refurbishment project at Chantry Meadow Play Area has been completed and improvements or final touches to larger, longer term projects at Digby

(Kings Heath Play Area), Crossmead (Sylvan Height Development) and Wonford Play Area have been made. In addition the brand new facility at Rydon Park has now been provided.

- **Flowerpot Skate Park**

The old timber-framed ramps have been replaced with a new and improved concrete surfaced skate park that is expected to last for 30 to 40 years. The facility has been a huge success in its first week of opening and has gained national press coverage.

- **Cowick Street Environmental Improvements**

The final stage of the improvement scheme to Cowick Street which started in July is now complete. Improvements have been made to the main shopping areas and other locations along the street and the historic centre of St.

Thomas. New seats and a tree have been planted outside the Natwest Bank and a permeable surfacing has replaced the tarmac beneath the trees at the Sawyers Arms to create better conditions for the roots. Other trees have been planted at different locations in the street. New seats, cycle racks, bollards and bins have been installed.

## **9.0 FURTHER FUNDING REQUESTS**

### **9.1 Provision of Lighting at Flowerpot Skate Park (£35,000)**

Flowerpot Skate Park was replaced with a state of the art concrete surfaced design during 2013; it has proven extremely popular since its creation and has even been subject to national press coverage. The skate park is used by many local young people (and some not so young), and is a really popular place for young people to hang out as well as practice their sports. The facility is used by skateboarders, BMX riders, inline skaters and scooter riders and certainly promotes physical activity and outdoor sports - it fits in very well with the wider health and wellbeing agenda. Furthermore there has been a lot of research (nationally) into how popular and well used youth facilities such as Flowerpot Skate park can reduce crime and anti social behaviour in their surrounding area.

Lighting of the skate park would open up this facility to create many more potential hours of safe and legitimate use per annum. There has already been significant investment to provide this facility, but due to the dark evenings, most people can't use the skate park after school or work during the winter and to some extent the autumn and spring as well. Lighting would allow the skate park to be used safely for a far greater portion of time. The lighting would be specifically designed to be appropriate and fit for purpose, and would be controlled so that an automatic switch off time is implemented (say 9pm), thereby causing minimal disturbance to any local residents within view of the skate park.

### **9.2 Energy Saving Projects (£120,000)**

In 2012/13 the council spent £850,000 on gas, oil and electricity. This is a 13% increase on the previous year and reflects not only rising fuel prices but also increased consumption across the Council's estate. To combat this unnecessary expenditure, the Council will pilot a range of proven renewable technology, together with other energy efficiency measures, to ensure sustained energy security and savings. The pilot will include several projects with the aim to deliver efficient use of investment, derive the greatest savings, long term income generation, and drive the development of an Energy Neutral Council. The projects will reduce the Council's carbon emissions and improve the physical condition of several buildings.

It is proposed that £56,820 from the Local Authority Carbon Management Programme budget, £30,560 from the Council Buildings – Solar Panels budget and £78,000 from the Invest to Save Opportunities budget also be added to the Energy Saving Project to give a total overall budget of £285,380.

**9.3 E-Tendering (£15,000)**

The Council has decided to introduce a Procurement Officer to co-ordinate procurement contracts across the Council. In order to facilitate this work an e-tendering system will be required, which will reduce staff administration time, allow more effective spend control and reduce the overall cost of tendering. The cost of the system is £15,000 and there is an ongoing cost of £5,000 per annum for licences. Prior to the budget being spent a full business case will be written demonstrating that the purchase will be self financing.

**10.0 RECOMMENDATION**

That Scrutiny Committee – Resources and Executive notes and Council notes and approves the current position in respect of the annual capital programme and the further funding requests set out in Section 9 above.

**ASSISTANT DIRECTOR FINANCE**

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

Background papers used in compiling this report:

None

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2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>COMMUNITY &amp; ENVIRONMENT</b>					
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>					
Play Area Refurbishments	345,060	26,468	363,410	(18,350)	0
Replace Running Track at Exeter Arena	375,000	0	375,000		0
Sports Facilities Refurbishment	39,950	9,950	45,000	(5,050)	0
Parks Improvements	25,170	13,442	25,170		0
RAMM Development	125,570	5,745	125,570		0
RAMM Off Site Store	7,050	6,859	7,050		0
Neighbourhood Parks & Local Open Spaces	10,840	6,800	10,840		0
Replacement of Flowerpot Skate Park	232,530	230,037	232,530		0
Refurbishment and Upgrade of Paddling Pools	149,720	21,750	149,720		0
Newtown Community Centre	11,580	10,472	11,580		0
Topsham Rugby Club Improvements	50,000	50,000	50,000		0
Exeter Community Centre Garden	340	336	340		0
Newcourt Community Association Centre	34,880	1,506	34,880		0
Exe Water Sports Association (Grant Towards Build)	25,000	0	25,000		0
Exwick Ark (Grant Towards Conversion)	50,000	44,478	50,000		0
Devonshire Place (Landscaping)	12,500	0	12,500		0
Bury Meadow (Landscaping)	11,500	10,915	11,500		0
Ride On (Set Up Workshop/Bike Hire)	5,000	5,000	5,000		0
Exeter Community Centre Garden - Phase 2	16,990	16,990	16,990		0
St James Forum (Queens Crescent Garden)	10,000	0	5,000	5,000	0
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)	15,000	0	7,500	7,500	0
Citizens Advice Bureau (Building Improvements)	10,000	0	2,500	7,500	0
<b>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</b>					
Public Toilet Refurbishment	990	0	990		0
Local Authority Carbon Management Programme	66,020	9,203	9,200		(56,820)
Improvements to Cemetery Roads & Pathways	4,000	0	4,000		0
<b>OTHER</b>					
Vehicle Replacement Programme	459,350	392,969	430,960		(28,390)

2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>HELP ME FIND SOMEWHERE SUITABLE TO LIVE</b>					
Disabled Facility Grants	339,720	226,114	339,720	0	0
Warm Up Exeter/PLEA Scheme	168,530	4,882	168,530	0	0
Renovation Grants	5,000	4,597	5,000	0	0
Wessex Loan Scheme	647,840	208,932	347,840	300,000	0
Glencoe Capital Works	4,960	0	4,960	0	0
St Loyes Design Fees	45,000	0	45,000	0	0
Private Sector Renewal Scheme	224,480	14,521	224,480	0	0
WHIL Empty Properties	194,000	194,000	194,000	0	0
The Haven	250,000	161,600	250,000	0	0
Temporary Accommodation Purchase	300,000	30	300,000	0	0
<b>MAINTAIN ASSETS OF OUR CITY</b>					
Council Buildings - Solar Panels	99,310	68,748	68,750		(30,560)
<b>COMMUNITY &amp; ENVIRONMENT TOTAL</b>	<b>4,372,880</b>	<b>1,746,343</b>	<b>3,960,510</b>	<b>296,600</b>	<b>(115,770)</b>

2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>ECONOMY &amp; DEVELOPMENT</b>					
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>					
Canal Basin and Quayside	151,130	8,632	103,650	47,480	0
<b>ACCESSIBLE CITY</b>					
National Cycle Network	76,920	76,912	76,920		0
John Lewis Car Park Refurbishment	2,330	200	2,330		0
King William Street Car Park (formerly Leighton Terrace Car Park) Resurfacing	96,000	0	96,000		0
<b>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</b>					
Cowick Street Environmental Works	168,480	103,894	168,480		0
City Centre Enhancements	35,150	8,417	35,150		0
Well Oak Footpath/Cycleway	59,940	46,766	59,940		0
Exhibition Way Bridge Maintenance	45,000	2,975	45,000		0
Purchase of Land	280,000	0	0	280,000	0
Paris Street Roundabout Landscaping & Sculptural Swift Tower	43,740	1,890	43,740		0
Heavitree Environmental Improvements	22,880	0	22,880		0
Ibstock Environmental Improvements	3,240	0	3,240		0
Planting Improvements in Riverside Valley Park	14,910	0	0	14,910	0
Central Station Environmental Works	185,000	185,000	185,000		0
<b>MAINTAIN THE ASSETS OF OUR CITY</b>					
Topsham Lock Leak	33,990	33,989	33,990		0
Verney House Window Replacement	60,000	0	60,000		0
<b>OTHER</b>					
Replacement of Car Park Pay & Display Machines	230,000	0	230,000		0
<b>PROSPEROUS CITY</b>					
Science Park	559,570	559,568	559,570		0
137 Cowick Street	3,160	0	3,160		0
<b>SAFE CITY</b>					
Security Measures for Riverside Valley Park	1,900	0	1,900		0
<b>ECONOMY &amp; DEVELOPMENT TOTAL</b>	<b>2,073,340</b>	<b>1,028,243</b>	<b>1,730,950</b>	<b>342,390</b>	<b>0</b>

2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>RESOURCES</b>					
<b>OTHER</b>					
Server and Storage Strategy	32,000	13,954	32,000		0
Security Compliance for GCSx & PCI DSS	21,110	4,020	21,110		0
Authentication Module	10,130	3,077	10,130		0
Corporate Network Infrastructure	22,000	6,696	22,000		0
PARIS Income Management System Upgrade	25,000	5,005	25,000		0
Invest to Save Opportunities	100,000	4,525	22,000		(78,000)
Energy Saving Projects	0	0	165,380		165,380
Capitalised Staff Costs	261,000	16,570	261,000		0
Upgrade of E-FIMS to v4.1	5,300	0	5,300		0
<b>RESOURCES TOTAL</b>	<b>476,540</b>	<b>53,846</b>	<b>563,920</b>	<b>0</b>	<b>87,380</b>

2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>HRA CAPITAL</b>					
Adaptations	630,000	229,307	630,000		0
Rendering of Council Dwellings	305,670	136,522	305,670		0
MRA Fees	389,030	17,025	389,030		0
Communal Door Entry System	10,000	2,791	10,000		0
Environmental Improvements - General	41,000	19,564	41,000		0
Programmed Re-roofing	300,000	77,436	300,000		0
Energy Conservation	160,960	13,634	120,960		(40,000)
Smoke Detector Replacements	200,000	0	0	200,000	0
LAINGS Refurbishments	365,270	2,490	290,270	75,000	0
Kitchen Replacement Programme	2,297,830	988,685	2,297,830		0
Bathroom Replacement Programme	867,990	471,803	867,990		0
Other Works	86,670	18,040	86,670		0
Repointing	50,000	11,434	50,000		0
Fire Precautionary Works to Flats	302,330	174,058	302,330		0
Communal Areas	161,530	0	161,530		0
Structural Repairs	147,380	5,853	147,380		0
Fire Alarms at Sheltered Accommodation	127,820	67,381	127,820		0
Replacement Concrete Canopies	73,690	45,944	48,690		(25,000)
Acquisition of Social Housing	866,270	211,485	823,760	42,510	0
Flood Prevention Works	10,000	0	10,000		0
Property Entrance Improvements	20,000	0	20,000		0
Rennes House Structural Works	10,000	2,328	10,000		0
Electrical Re-wiring	460,000	219,033	588,000		128,000
Central Heating Programme	245,160	149,495	413,160		168,000
Boiler Replacement Programme	260,000	147,234	483,000		223,000

2013/14  
CAPITAL MONITORING TO 30 SEPTEMBER 2013

	2013/14 Capital Programme Revised for Qtr 1 Forecast Spend	2013/14 Spend to 30 September	2013/14 Forecast Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances Under ( )
	£	£	£	£	£
<b>COUNCIL OWN BUILD</b>					
COB Wave 2 - Rennes Car Park	205,080	25,453	50,000	155,080	0
COB Wave 2 - Newport Road	600,940	59,149	309,990	290,950	0
COB Wave 2 - Brookway (Whipton Methodist Church)	654,670	62,359	360,010	294,660	0
COB Wave 2 - Bennett Square	594,190	57,097	303,000	291,190	0
Phase 3 Professional Fees	10,340	0	10,340	0	0
Phase 2 St Andrews Road	10,230	0	0	10,230	0
COB Land Purchase	300,000	0	0	300,000	0
<b>HRA TOTAL</b>	<b>10,764,050</b>	<b>3,215,598</b>	<b>9,558,430</b>	<b>1,659,620</b>	<b>454,000</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>17,686,810</b>	<b>6,044,031</b>	<b>15,813,810</b>	<b>2,298,610</b>	<b>425,610</b>

2013/14  
BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	£	£	£
	2013/14 Budget Carried Forward to 14/15 at Qtr 1	2013/14 Budget Carried Forward to 14/15 at Qtr 2	Total 2013/14 Budget Carried Forward to 2014/15 and Beyond
<b>COMMUNITY &amp; ENVIRONMENT</b>			
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>			
Play Area Refurbishments	52,170	(18,350)	33,820
Replace Running Track at Exeter Arena	375,000		375,000
Sports Facilities Refurbishment	143,660	(5,050)	138,610
RAMM Development	278,600		278,600
Replacement of Flowerpot Skate Park	12,000		12,000
Newtown Community Centre	50,000		50,000
Countess Wear Community Centre (Grant Towards Build)	70,000		70,000
Newcourt Community Association Centre	34,870		34,870
Exe Water Sports Association (Grant Towards Build)	25,000		25,000
Devonshire Place (Landscaping)	12,500		12,500
Alphington Village Hall (Repairs & Extension)	50,000		50,000
St Thomas Social Club (New Roof)	25,000		25,000
St James Forum (Queens Crescent Garden)		5,000	5,000
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)		7,500	7,500
Citizens Advice Bureau (Building Improvements)		7,500	7,500
<b>HELP ME FIND SOMEWHERE SUITABLE TO LIVE</b>			
Wessex Loan Scheme		300,000	300,000
St Loyes Design Fees	20,000		20,000
Infill Sites	350,000		350,000
<b>COMMUNITY &amp; ENVIRONMENT TOTAL</b>	<b>1,498,800</b>	<b>296,600</b>	<b>1,795,400</b>
<b>ECONOMY &amp; DEVELOPMENT</b>			
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>			
Canal Basin and Quayside	276,150	47,480	323,630
<b>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</b>			
Northbrook Flood Alleviation Scheme	200,000		200,000
Purchase of Land		280,000	280,000
Planting Improvements in Riverside Valley Park		14,910	14,910
<b>ECONOMY &amp; DEVELOPMENT TOTAL</b>	<b>476,150</b>	<b>342,390</b>	<b>818,540</b>

2013/14  
BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 1	2013/14 Budget Carried Forward to 14/15 at Qtr 2	Total 2013/14 Budget Carried Forward to 2014/15 and Beyond
	£	£	£
<b>RESOURCES</b>			
<b>OTHER</b>			
PC & Mobile Devices Replacement Programme	179,000		179,000
<b>RESOURCES TOTAL</b>	<b>179,000</b>	<b>0</b>	<b>179,000</b>
<b>HRA CAPITAL</b>			
Smoke Detector Replacements	200,000	200,000	400,000
LAINGS Refurbishments		75,000	75,000
Acquisition of Social Housing		42,510	42,510
Flood Prevention Works		10,000	10,000
Rennes House Structural Works	990,000		990,000
<b>COUNCIL OWN BUILD</b>			
COB Wave 2 - Rennes Car Park		155,080	155,080
COB Wave 2 - Newport Road		290,950	290,950
COB Wave 2 - Brookway (Whipton Methodist Church)		294,660	294,660
COB Wave 2 - Bennett Square		291,190	291,190
Phase 2 St Andrews Road		10,230	10,230
COB Land Purchase		300,000	300,000
<b>HRA TOTAL</b>	<b>1,190,000</b>	<b>1,669,620</b>	<b>2,859,620</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>3,343,950</b>	<b>2,308,610</b>	<b>5,652,560</b>



2013/14  
CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

	£	£	£	£	£
	Total Capital Budget to end of 2013/14	Total Forecast Spend to End of 2013/14	2013/14 Budget to be Carried Forward to 2014/15	2013/14 Programme Variances Under ()	
<b>COMMUNITY &amp; ENVIRONMENT</b>					
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>					
Replacement of Flowerpot Skate Park	248,410	248,410	0	0	
Refurbishment and Upgrade of Paddling Pools	202,000	202,000	0	0	
Newtown Community Centre	20,000	20,000	0	0	
Exeter Community Centre Garden	50,000	49,996	0	(4)	
<b>HELP ME FIND SOMEWHERE SUITABLE TO LIVE</b>					
Glencoe Capital Works	20,000	20,000	0	0	
St Loyes Design Fees	277,830	277,830	0	0	
<b>MAINTAIN ASSETS OF OUR CITY</b>					
Council Buildings - Solar Panels	247,470	247,470	0	0	
<b>COMMUNITY &amp; ENVIRONMENT TOTAL</b>	<b>1,065,710</b>	<b>1,065,706</b>	<b>0</b>	<b>(4)</b>	
<b>ECONOMY &amp; DEVELOPMENT</b>					
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>					
Canal Basin and Quayside	1,863,190	1,815,710	47,480	0	
<b>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</b>					
Cowick Street Environmental Works	221,360	221,360	0	0	
Well Oak Footpath/Cycleway	85,930	85,930	0	0	
<b>PROSPEROUS CITY</b>					
Science Park	727,120	727,115	0	(5)	
137 Cowick Street	153,400	153,400	0	0	
<b>ECONOMY &amp; DEVELOPMENT TOTAL</b>	<b>3,051,000</b>	<b>3,003,515</b>	<b>47,480</b>	<b>(5)</b>	
<b>HRA CAPITAL</b>					
<b>COUNCIL OWN BUILD</b>					
COB Wave 2 - Newport Road	600,940	309,990	290,950	0	
COB Wave 2 - Brookway (Whipton Methodist Church)	654,670	360,010	294,660	0	
COB Wave 2 - Bennett Square	594,190	303,000	291,190	0	
Phase 2 St Andrews Road	19,800	9,570	10,230	0	
<b>HRA TOTAL</b>	<b>1,869,600</b>	<b>982,570</b>	<b>887,030</b>	<b>0</b>	
<b>CAPITAL AND PROJECT BUDGET TOTAL</b>	<b>5,986,310</b>	<b>5,051,791</b>	<b>934,510</b>	<b>(9)</b>	

APPENDIX 4

GENERAL FUND	2013-14 £	2014-15 £	2015-16 £	TOTAL £
<b>CAPITAL RESOURCES AVAILABLE</b>				
Usable Receipts Brought Forward	0			0
GF Capital Receipts	945,000			945,000
GF Capital Receipts from the Canal Basin Redevelopment	86,601	323,630		410,231
Revenue Contributions to Capital Outlay	81,000			81,000
Disabled Facility Grant	294,717	290,000	290,000	874,717
Regional Housing Capital Grant	218,530	142,881		361,411
New Homes Bonus	347,600	547,370		894,970
Other - Grants/External Funding/Reserves/S106	648,272	48,727		696,999
<b>Total Resources Available</b>	<b>2,621,720</b>	<b>1,352,608</b>	<b>290,000</b>	<b>4,264,328</b>
<b>GENERAL FUND CAPITAL PROGRAMME</b>				
Capital Programme	6,922,760	7,174,955	1,251,000	15,348,715
Overspends/(Savings)	(28,390)			(28,390)
Slippage	(638,990)	638,990		0
<b>Total General Fund</b>	<b>6,255,380</b>	<b>7,813,945</b>	<b>1,251,000</b>	<b>15,320,325</b>

<b>UNCOMMITTED CAPITAL RESOURCES:</b>				
Capital Receipts Brought Forward	0	0	0	0
Resources in Year	2,621,720	1,352,608	290,000	4,264,328
Less Estimated Spend in Year	(6,255,380)	(7,813,945)	(1,251,000)	(15,320,325)
<b>Borrowing Requirement</b>	<b>3,633,660</b>	<b>6,461,337</b>	<b>961,000</b>	<b>11,055,997</b>
Uncommitted Capital Receipts	0	0	0	0

**APPENDIX 4**

<b>HOUSING REVENUE ACCOUNT</b>	<b>2013-14 £</b>	<b>2014-15 £</b>	<b>2015-16 £</b>	<b>TOTAL £</b>
<b>CAPITAL RESOURCES AVAILABLE</b>				
Usable Receipts Brought Forward	1,263,927			1,263,927
Major Repairs Reserve Brought Forward	2,269,804			2,269,804
Other HRA Sales	211,229	0	0	211,229
RTB sales	700,000	500,000	163,294	1,363,294
Major Repairs Reserve	2,213,490	2,186,900	2,186,900	6,587,290
Revenue Contributions to Capital	5,719,881	9,336,220	5,765,905	20,822,006
External contributions from utility company	183,536	0	0	183,536
Commuted sums	0	0	0	0
<b>Total Resources available</b>	<b>12,561,867</b>	<b>12,023,120</b>	<b>8,116,099</b>	<b>32,701,086</b>
<b>CAPITAL PROGRAMME</b>				
HRA Capital Programme	10,764,050	12,718,640	7,668,450	31,151,140
Overspends / (Savings)	454,000			454,000
Slippage	(1,659,620)	1,659,620		0
<b>Total Housing Revenue Account</b>	<b>9,558,430</b>	<b>14,378,260</b>	<b>7,668,450</b>	<b>31,605,140</b>
<b>UNCOMMITTED CAPITAL RESOURCES:</b>				
Usable Receipts Brought Forward	1,263,927	1,500,456	449,102	1,263,927
Major Repairs Reserve Brought Forward	2,269,804	1,313,781	0	2,269,804
Resources in Year	9,028,136	12,023,120	8,116,099	29,167,355
Less Estimated Spend	(9,558,430)	(14,378,260)	(7,668,450)	(31,605,139)
Uncommitted Capital Resources	3,003,437	459,097	896,751	1,095,947
<b>WORKING BALANCE RESOURCES:</b>				
Balance Brought Forward	6,290,296	6,327,181	3,805,399	6,290,296
HRA Balance Transfer - Surplus/(Deficit)	36,885	(2,521,782)	2,149,408	(335,489)
Balance Carried Forward	6,327,181	3,805,399	5,954,807	5,954,807
Balance Resolved to be Retained	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	3,327,181	805,399	2,954,807	2,954,807
<b>TOTAL AVAILABLE CAPITAL RESOURCES</b>	<b>6,330,618</b>	<b>1,264,496</b>	<b>3,851,558</b>	<b>4,050,754</b>

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## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - RESOURCES 4 DECEMBER 2013

#### EXECUTIVE 10 DECEMBER 2013

#### TREASURY MANAGEMENT – 2013/14 – HALF YEAR UPDATE

#### 1. PURPOSE OF REPORT

- 1.1 To report on the current performance for the 2013/14 financial year and the position regarding investments and borrowings at 30 September 2013. The report is a statutory requirement and is for information only with no key decisions required.

#### 2. TREASURY MANAGEMENT STRATEGY

- 2.1 The Council approved the 2012/13 treasury management strategy at its meeting on 26 February 2013. The Council's stated investment strategy was to continue to hold only small surplus funds and to use the Government's Debt Management Office, Local Authorities and to pursue the opening of a Money Market Fund. The Council's stated borrowing strategy was to maintain short-term borrowing as long as rates remained low. The Council is currently borrowing over 1 year periods.
- 2.2 The Assistant Director Finance is pleased to report that all treasury management activity undertaken during the period complied with the approved strategy, the *CIPFA Code of Practice*, and the relevant legislative provisions.

#### 3. INTEREST RATE PROSPECTS

- 3.1 Interest rate forecasts, provided by our Advisors, are set out below.

Period	Bank Rate	20-year PWLB rate
Q4 2013	0.50	4.25
Q1 2014	0.50	4.30
Q2 2014	0.50	4.35
Q3 2014	0.50	4.40
Q4 2014	0.50	4.45
Q1 2015	0.50	4.50
Q2 2015	0.50	4.55
Q3 2015	0.50	4.65
Q4 2015	0.50	4.75
Q1 2016	0.50	4.85
Q2 2016	0.50	5.05
Q3 2016	0.50	5.15
Q4 2016	0.50	5.15

#### 4. NET INTEREST POSITION

4.1 The General Fund shows an estimated net reduction in interest payable compared to the budget, the position is:

	<b>Estimate</b>	<b>Sept 13</b>	<b>Estimated Outturn</b>	<b>Variation</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Interest paid</b>	125,000	25,100	75,000	(50,000)
<b>Interest earned</b>				
Temporary investment interest	(36,000)	(10,450)	(42,000)	(6,000)
Other interest earned	(1,750)	(650)	(1,000)	750
Less				
Interest to HRA	41,500	20,250	40,500	(1,000)
Interest to s106 agreements	8,250	4,125	8,250	0
Interest to Trust Funds	2,500	1,250	2,500	0
Lord Mayors Charity	500	250	500	0
GF interest (received) / paid out	<u>15,000</u>	<u>14,775</u>	<u>8,750</u>	<u>(6,250)</u>
Net interest	<u>140,000</u>	<u>39,875</u>	<u>83,750</u>	<u>(56,250)</u>

4.2 The other interest earned relates principally to car loan repayments.

#### 5. INVESTMENT INTEREST

5.1 The Council is utilising the Government's Debt Management Office account and call accounts with the Bank of Scotland and Barclays. Appendix A sets out the institutions that the Council can use for deposits – this is known as our Counterparty list. A new Money Market Fund has also been set up by the Council, which also allows immediate access to our funds and spreads risk as it is pooled with investments by other organisations and invested across a wide range of financial institutions. Details of our current investments are set out below.

<b>Amount</b>	<b>Investment</b>	<b>Interest rate</b>	<b>Date of repayment</b>
£3,000,000	Bank of Scotland	0.40%	Immediate Access
£3,000,000	Barclays	0.50%	Immediate Access
£3,000,000	Ignis Money Market Fund	0.44% Estimate	Immediate Access

5.3 In respect of the Icelandic investments, further repayments of £160,000 have been made by Landsbanki meaning that £1.666 million has now been received back by the Council. Further repayments will be made as and when assets are sold.

## 6. BORROWINGS

6.1 The Council has maintained short term borrowing at £15m and long term borrowing at £56.884m. Details of the loans are set out in 7.2. The loan requiring repayment in January will be replaced and the Council may need to take out an additional £5m during the final three months of the financial year.

6.2

Amount	Lender	Interest rate	Date of repayment
£5,000,000	Oxfordshire CC	0.55%	14/01/2014
£5,000,000	Leicester CC	0.45%	15/09/2014
£5,000,000	Hull CC	0.50%	05/11/2014
56,884,000	PWLB	3.48%	28/03/2062

## 7. FUTURE POSITION

7.1 Short term borrowing remains very cheap and therefore the Council will continue to utilise this in the short term. Interest rates continue to fall and borrowing is being taken over a 364 day period.

7.2 Short term investments are being made through call accounts and money market funds, where cash can be accessed immediately. This has an ongoing impact on returns but increases the security of our cash.

## 8. RECOMMENDATION

8.1 That the Treasury Management report for the first six months of 2013/14 be noted.

## ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling the report:

None

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## Counterparty List

## Exeter City Council

5 November 2013

UK Banks and Building Societies with at least a Fitch F1 rating and a Moody's P-1 rating. Foreign owned F1+ and P-1.  
Minimum sovereign rating AA+ for both domicile country and parent country  
Suspend if review could prompt downgrade below criteria

Counterparty Name	FITCH RATINGS				MOODY'S RATINGS				S&P RATINGS				ASSETS		CAPITAL		Date	Comment	
	S/Term	L/Term	Viab	Sup	Outlook	Date	S/Term	L/Term	BFSR	Outlook	Date	S/Term	L/Term	Outlook	Date	£m			%
<b>United Kingdom</b>																			
Barclays Bank plc	F1	AA+	a	1	Stable	19-04-13	-	Aa1	-	Stable	22-02-13	-	AAA	Negative	05-04-13	1,490,321	10.9	Dec 12	
HSBC Bank plc	F1+	AA-	a+	1	Stable	16-05-13	P-1	Aa3	C	Negative	21-06-12	A-1+	AA-	Negative	23-08-12	1,666,681	12.3	Dec 12	
<b>Lloyds Banking Group</b>																			
→ Bank of Scotland plc	F1	A	-	1	Stable	19-09-13	P-1	A2	D+	Negative	21-06-12	A-1	A	Negative	08-11-12	924,552	12.0	Dec 12	33% Govt owned
→ Lloyds TSB Bank plc	F1	A	bbb+	1	Stable	19-09-13	P-1	A2	C-	Negative	21-06-12	A-1	A	Negative	08-11-12				
Standard Chartered Bank	F1+	AA-	aa-	1	Stable	07-02-13	P-1	A1	B-	Stable	26-11-10	A-1+	AA-	Negative	17-12-12	391,481	11.7	Dec 12	
<b>UK Building Societies</b>																			
Nationswide	F1	A	a	1	Stable	19-09-13	P-1	A2	C	Stable	24-10-13	A-1	A	Negative	16-08-13	190,718	12.3	Apr 13	
<b>Foreign Banks</b>																			
<b>Australia</b>																			
Australia & New Zealand Banking Group	F1+	AAA	-	-	Stable	29-11-11	-	Aaa	-	Stable	01-05-11	-	AAA	Stable	18-09-12	371,000	8.5	Sep 11	
Commonwealth Bank of Australia	F1+	AA-	aa-	1	Stable	24-02-12	P-1	Aa2	B-	Stable	18-05-11	A-1+	AA-	Stable	01-12-11	417,000	7.7	Jun 11	
<b>National Australia Bank Group</b>																			
→ National Australia Bank	F1+	AA-	aa-	1	Stable	24-02-12	P-1	Aa2	B-	Stable	18-05-11	A-1+	AA-	Stable	01-12-11	470,000	7.6	Sep 11	
Westpac Banking Corporation	F1+	AA-	aa-	1	Stable	24-02-12	P-1	Aa2	B-	Stable	18-05-11	A-1+	AA-	Stable	01-12-11	418,000	8.1	Sep 11	
<b>Canada</b>																			
Bank of Montreal	F1+	AA-	aa-	1	Stable	05-09-12	-	Aaa	-	Stable	26-07-12	-	AAA	Stable	25-10-11	294,000	9.1	Jul 11	
Bank of Nova Scotia	F1+	AA-	aa-	1	Stable	28-01-13	P-1	Aa3	C+	Stable	28-01-13	A-1	A+	Stable	13-12-12	350,000	9.6	Jan 11	
Canadian Imperial Bank of Commerce	F1+	AA-	aa-	1	Stable	28-01-13	P-1	Aa3	C+	Stable	28-01-13	A-1	A+	Stable	13-12-12	450,000	10.3	Jul 11	
Royal Bank of Canada	F1+	AA	aa	1	Stable	28-01-13	P-1	Aa3	C+	Stable	28-01-13	A-1+	AA-	Stable	13-12-12				
Toronto-Dominion Bank	F1+	AA-	aa-	1	Stable	28-01-13	P-1	Aa1	B	Stable	28-01-13	A-1+	AA-	Stable	13-12-12				
<b>Finland</b>																			
<b>France</b>																			
Caisse d'Amortissement de la Dette Sociale (CADC)	F1+	AA+	-	-	Stable	12-06-13	-	Aa1	-	Negative	19-11-12	-	AA+	Negative	13-01-12	-	-	-	-
Caisse des Depots et Consignations (CDC)	F1+	AA+	-	-	Stable	16-07-13	P-1	Aa1	-	Negative	20-11-12	-	AA+	Negative	19-02-13	-	-	-	-
<b>Germany</b>																			
Deutsche Bank AG	F1+	AAA	a	1	Stable	08-08-12	-	Aaa	-	Negative	23-07-12	-	AAA	Stable	01-08-12	1,965,000	10.1	Sep 11	7 UK branches
DZ Bank AG	F1+	A+	-	1	Stable	10-10-12	P-1	A2	C-	Stable	21-06-12	A-1	A	Stable	02-07-13	330,000	6.9	Jun 11	
KW Bankengruppe	F1+	AAA	-	1	Stable	24-07-12	P-1	A1	C-	Stable	06-06-12	A-1+	AA-	Stable	05-12-11	411,000	-	Sep 11	
Landesbank Berlin AG	F1+	A+	bbb-	1	Stable	18-04-12	P-1	Aaa	-	Negative	25-07-12	-	AAA	Stable	17-01-12	117,000	-	Sep 11	
Landesbank Hessen-Thüringen	F1+	A+	-	1	Stable	16-05-12	P-1	A1	D+	Stable	16-11-11	-	-	-	149,000	10.8	Sep 11		
<b>Netherlands</b>																			
ABN Amro Bank NV	F1+	AAA	-	1	Negative	05-02-13	-	Aaa	-	Negative	23-07-12	-	AAA	Negative	14-01-13	361,000	10.9	Sep 11	
Bank Nederlandse Gemeenten	F1+	AAA	-	1	Negative	31-10-13	P-1	A2	C-	Negative	13-03-13	A-1	A	Stable	16-11-12	100,000	-	Jun 11	
ING Bank NV	F1+	A+	a	1	Negative	06-02-13	P-1	A2	C-	Negative	15-06-12	A-1	A+	Negative	16-11-12	812,000	9.4	Jun 11	

Counterparty Name	FITCH RATINGS			MOODY'S RATINGS			S&P RATINGS			ASSETS £m	CAPITAL %	Date	Comment					
	S/Term	L/Term	Viab	Sup	Outlook	Date	S/Term	L/Term	BFSR					Outlook	Date	S/Term	L/Term	Outlook
Rabobank Nederland NV	F1+	AA	aa	1	Negative	04-04-13	P-1	Aa2	B-	Negative	13-03-13	A-1+	AA-	Negative	05-11-13	573,000	12.7	Jun 11
<b>Singapore</b>		<b>AAA</b>	-	-	<b>Stable</b>	<b>26-03-12</b>	-	<b>Aaa</b>	-	<b>Stable</b>	<b>30-04-12</b>	-	<b>AAA</b>	<b>Stable</b>	<b>31-08-12</b>			
DBS Bank	F1+	AA-	aa-	1	Stable	24-04-12	P-1	Aa1	B	Stable	07-08-13	A-1+	AA-	Stable	03-04-12	167,000	10.7	Sep 11
Oversea-Chinese Banking Corp	F1+	AA-	aa-	1	Stable	24-04-12	P-1	Aa1	B	Stable	10-10-12	A-1+	AA-	Stable	01-12-11	131,000	11.2	Sep 11
United Overseas Bank	F1+	AA-	aa-	1	Stable	24-04-12	P-1	Aa1	B	Stable	10-09-12	A-1+	AA-	Stable	01-12-11	114,000	12.3	Sep 11
<b>Sweden</b>		<b>AAA</b>	-	-	<b>Stable</b>	<b>19-07-12</b>	-	<b>Aaa</b>	-	<b>Stable</b>	<b>10-08-12</b>	-	<b>AAA</b>	<b>Stable</b>	<b>04-10-11</b>			
<b>Nordea Group</b>																		
→ Nordea Bank AB	F1+	AA-	aa-	1	Stable	13-07-12	P-1	Aa3	C	Stable	24-05-12	A-1+	AA-	Negative	19-07-13	578,000	11.0	Sep 11
→ Nordea Bank Finland plc	F1+	AA-	-	1	Stable	13-07-12	P-1	Aa3	C	Stable	24-05-12	A-1+	AA-	Negative	19-07-13	(domiciled in Finland)		
Svenska Handelsbanken	F1+	AA-	aa-	1	Stable	12-07-12	P-1	Aa3	C	Stable	24-05-12	A-1+	AA-	Negative	25-09-13	231,000	16.2	Sep 11
<b>United States</b>		<b>AAA</b>	-	-	<b>On watch</b>	<b>16-10-13</b>	-	<b>Aaa</b>	-	<b>Stable</b>	<b>18-07-13</b>	-	<b>AA+</b>	<b>Stable</b>	<b>10-06-13</b>			
Bank of New York Mellon	F1+	AA-	aa-	1	Stable	01-06-12	P-1	Aa1	B	On review	02-07-13	A-1+	AA-	Stable	11-06-13	206,584	13.4	Dec 11
Wells Fargo Bank NA	F1+	AA-	aa-	1	Stable	17-07-12	P-1	Aa3	C+	Stable	22-08-13	A-1+	AA-	Stable	11-06-13	856,000	9.4	Dec 11
<b>UK Local Authorities</b>																		
Birmingham City Council	-	-	-	-	-	-	-	Aa1	-	Stable	25-02-13	-	-	-	-	-	-	-
County Council	-	-	-	-	-	-	-	Aa1	-	Stable	25-02-13	-	-	-	-	-	-	-
Greater London Authority	-	-	-	-	-	-	-	-	-	-	-	-	AA+	Stable	11-03-10	-	-	-
Gloucester City Council	-	-	-	-	-	-	-	Aa1	-	Stable	25-02-13	-	-	-	-	-	-	-
London Borough Council	-	-	-	-	-	-	-	Aa2	-	Stable	25-02-13	-	-	-	-	-	-	-
Leamington Spa Town Council	-	-	-	-	-	-	-	Aa1	-	Stable	25-02-13	-	-	-	-	-	-	-
London Borough of Wandsworth	F1+	AA+	-	-	Stable	23-04-13	-	-	-	Stable	-	A-1+	AAA	Negative	17-12-12	-	-	-
London Borough of Kensington & Chelsea	F1+	AA	-	-	Stable	23-04-13	P-1	Aa2	-	Stable	25-02-13	A-1+	AA+	Stable	22-05-13	-	-	-
Transport for London	-	-	-	-	-	-	-	-	-	-	-	-	A+	Negative	05-12-12	-	-	-
Woking Borough Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

indicates ratings are on watch or review for possible upgrade, downgrade, or with uncertain direction. Outlooks refer to the long-term credit rating and indicate a likely direction of travel over a number of years. Bank and building society asset sizes relate to the whole group, including subsidiaries not listed. Capital refers to the published core tier 1 ratio.

The information provided by Arlingclose Ltd (the Company) includes institutions dealing in the London money market whose creditworthiness has been established by a third party. The Company accepts no responsibility for the information provided and does not guarantee the creditworthiness of the above institutions. The ultimate responsibility for determining the creditworthiness of a counterparty lies with the principal undertaking the transaction.

## EXETER CITY COUNCIL

### SCRUTINY COMMITTEE - RESOURCES 4 DECEMBER 2013

EXECUTIVE  
10 DECEMBER 2013

COUNCIL  
17 DECEMBER 2013

#### LIVING WAGE

#### 1. PURPOSE OF THE REPORT

- 1.1 The Leader of the Council, as part of his priority setting announcement for the 2013/14 financial year, instructed officers to consider how the Living Wage might be implemented within the Council. Specifically to consider the impact, both financially and organisationally, and to devise an appropriate plan to potentially enable implementation as from 1 January 2014.
- 1.2 This paper considers these specific issues and asks Members to approve a set of recommendations for implementing the Living Wage for employees with council contracts as from 1 January 2014.

#### 2. BACKGROUND

- 2.1 The Living Wage Campaign was launched by London Citizens in 2001 and called for every worker in the country to earn at least enough to meet the essentials of life. A number of successful campaigns were held, with various parties joining together to form the Living Wage Foundation. The Foundation is the lead body and provides accreditation, advice and support to potential and existing Living Wage employees.
- 2.2 The current Living Wage rate of £7.65 (outside London) was announced by the Chief Executive of the Joseph Rowntree Foundation on 4 November 2013. The rate is increased each year by the Living Wage Foundation based on a number of detailed calculations completed by the Centre for Research in social Policy at Loughborough University. Living Wage Employers have six months within which to apply the rate.
- 2.3 The rate is set by the Centre for Social Policy at Loughborough University and announced in November each year. It is based on the Joseph Rowntree Foundation Minimum Income Standard research in which members of the public identify what is needed for a minimum standard of living. This is then combined with an analysis of the actual cost of living including essentials like rent, council tax, childcare and transport to produce the Living Wage figure. As such, it is intended to meet the basic needs to maintain a safe, decent standard of living and enable individuals to have the ability to save for the future, based on a 40 hour week with no additional income.
- 2.4 Research by the Foundation has indicated that there are numerous benefits of a living wage both for the individual and the employer. In addition to reputational and ethical benefits for the employer research has identified improvements in the following areas:
  - morale and motivation

- quality of work
- recruitment and retention
- absenteeism rates
- consumer awareness and reputation.

2.5 Appendix 1 of this report sets out which Local Authorities in England and Wales have implemented, or firmly committed, to implementing the living wage.

### **3. LIVING WAGE ACCREDITATION**

3.1 There are two distinct elements to the Living Wage which directly impact on any potential implementation plan. The first, and simplest of these, is to use the Living Wage Rate to ensure that no employee earns less than this minimum, presently £7.65.

3.2 The second and more complex scenario is to become an accredited Living Wage Employer. This goes beyond paying Council staff the living wage pay rate and would include the following additional commitments:

- Asking contractors to comply with the living wage requirements and develop, in conjunction with the Living Wage Foundation, a set of achievable milestones for applying the living wage across all our contracts/contractors. Whilst there is no defined timescale, the Foundation would anticipate that all contractors would be complying with the Living Wage within 2-3 years. This would include both existing and any future contracted services.
- Where contractors are unable/unwilling to comply with the living wage requirements, the Council would need to make a commitment to renew contracts at the living wage rate.

3.3 For clarity, this paper does not consider or ask Members to approve the implementation of the full accreditation scheme to become a Living Wage Employer, but simply the implementation of the Living Wage hourly rate to Council employees.

### **4. OPERATIONAL AND FINANCIAL IMPACTS**

4.1 As previously stated, this report considers the application of a Living Wage for individuals with Council employment contracts. In addition since the Council applies its adopted pay scale to Casual Workers, the adoption of the Living Wage will, by default, apply to all casual workers.

4.2 It is also recommended that Apprentices be excluded from the application of the Living Wage in recognition of the additional support received as part of their training programme. Therefore they would remain on their currently rates of pay (see Appendix 2).

4.3 The implementation of the living wage rate of £7.65 would positively impact 64 individuals whose hourly rate is below this figure. This represents approximately 7-8% of the workforce (excluding casuals), with the majority of these employed within the Materials Reclamation Facility and Street Cleansing Service. At present no other operational staff would be affected.

4.4 The financial impact to the Council of introducing the Living Wage as from 1 January 2014 is estimated to be in the region of £28,000 (basic salary only) in the current

financial year. The on-going additional financial cost is impossible to calculate due to its direct dependence on the rate of increase in the Living Wage and its correlation to any future negotiated wage increases in the Council's salary scale. However it is deemed as prudent to allow a figure in the region of £25,000 per annum (based on a potential increase of 3% Living Wage and 1% pay increase) to cover any potential increase. These calculations do not include any additional costs associated with casual and agency employees.

- 4.5 The Trade Unions have agreed (subject to approval by Full Council) the revisions to the pay scale (attached as Appendix 2) that would enable the introduction of the Living Wage from 1 January 2014. This approach enables the Council to maintain the integrity of its grading structure in the short-term.
- 4.6 In simplistic terms the existing grading structure remains, with the number of spinal points being reduced to reflect the Living Wage rate. Therefore grade 1, rather than being four spinal points, becomes a single rate based on the living wage. In respect of grade 2, this moves from four spinal points to two; one based on the Living Wage minimum figure and a higher rate that currently exceeds the living wage rate. This can be seen by reference to Appendix 2.
- 4.7 The recommendations within this report are for implementation as from 1 January 2014. However since the living wage rate is reviewed each year, with any change in rate being announced in November, the intention would be that any increases to spinal column points associated with the living wage would be applied from 1 April each year. Employers have 6 months from the announcement of any increase in which to implement the increase, and an April effective date would be in line with the nationally agreed pay awards for all other employees.
- 4.8 It is additionally intended that any National Joint Council for Local Government (or Exeter City Council specific) spinal column points which are replaced by the introduction of the living wage would not be impacted by the nationally negotiated pay award. To clarify, rates increased to meet the Living Wage standard, would not also benefit from a negotiated salary increase in that same year. This would remove the potential incidence where an employee gets an increase in line with the Living Wage and, in addition, receives a nationally negotiated pay increase.
- 4.9 Consultation is on-going with the Trade Unions with regard to the proposals for implementation.
- 4.10 Given the financial challenges facing the Council and the substantial work involved in assessing and developing an approach during what is already a period of significant change, it is currently not the intention to introduce the Living Wage in relation to procured services. This is something that Elected Members may wish to consider in the future. In the meantime, the Council will want to encourage suppliers and employers to share its ambition to address the low wage economy.

## **5. RECOMMENDATIONS**

It is therefore recommended that approval is given to:

- a) adopt the Living Wage for employees with Council Contracts of Employment and associated casual staff (excluding apprentices), commencing 1 January 2014.

- b) delay the implementation of any future increases in the Living Wage until the subsequent April, to bring any increases in line with the national wage negotiation timetable,
- c) amend the current and future pay scales to reflect the changes invoked by the adoption of the Living Wage,
- d) increase the budgeted allocation by £25,000 in order to meet additional salary costs,
- e) amend the Council's Pay Policy to reflect the changes highlighted above,
- f) to conclude any outstanding negotiations with the recognised Trade Unions.

Mark Parkinson  
DEPUTY CHIEF EXECUTIVE

S:PA/LP/ Committee/1213SCR1/12.9.13/Updated 5.11.13/Updated 25.11.13

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

Background papers used in compiling this report

None

## Appendix 1

### Living Wage employers – as at June 2013

	<b>Implemented</b>	<b>Firmly committed</b>
East Midlands	Bassetlaw	Ashfield
	Leicester City	Derby City
	Mansfield	Newark & Sherwood
	Nottingham City	North Kesteven
	West Lindsey	
East of England	Colchester	Norwich
		Stevenage
London <sup>1</sup>	Barking & Dagenham	
	Brent	
	Camden	
	Croydon	
	Enfield	
	Greenwich	
	Haringey	
	Harrow	
	Hounslow	
	Lambeth	
	Lewisham	
	Newham	
	Richmond	
	Southwark	
	Tower Hamlets	
	Waltham Forest	
	Westminster	
North East	Newcastle	
Northern Ireland	<b>None</b>	
North West	Allerdale	Manchester <sup>2</sup>
	Blackpool	Oldham <sup>3</sup>
	Carlisle	Rochdale
	Chorley	Stockport
	Copeland	Trafford
	Hyndburn	Wigan
	Preston	
	Rossendale	
	Salford	
	Wirral	

<sup>1</sup> In addition Ealing, Hackney, Hammersmith & Fulham and Islington – have pay structure reasons that mean that all employees are already paid more than the Living Wage without the need to specifically adopt it

<sup>2</sup> Already has Manchester minimum wage of £7.15

<sup>3</sup> Already has Oldham rate of £7.11

	<b>Implemented</b>	<b>Firmly committed</b>
South East <sup>4</sup>	Brighton & Hove	
	Eastleigh	
	Epsom & Ewell	
	Tunbridge Wells	
	Waverley	
South West	North Dorset	Bristol
	Sedgemoor	Gloucester City
		Plymouth
Wales	Caerphilly	
	Cardiff	
	Swansea <sup>5</sup>	
West Midlands	Birmingham	
	Wolverhampton	
Yorkshire & Humberside	Sheffield	
	York	
<b>TOTAL</b>	<b>48</b>	<b>15</b>

<sup>4</sup> In addition , Elmbridge, Guildford, Maidstone, Swale and Tandridge have pay structures that mean all employees are paid at or above the Living Wage, but have not formally adopted it

<sup>5</sup> Only committed to paying for this year and no commitment to uprate



## Appendix 2

### Living Wage – Exeter City Council Pay Scale

The changes to the Council's existing pay scale have been agreed at JCNC on 2 September 2013, subject to approval of the implementation of a living wage for Council employees by Full Council.

#### WEF 1 April 2013

##### APPRENTICE

Aged 16	6,734
Aged 17	7,696
Aged 18	10,101

##### GRADE 1

4 <sup>#</sup>	12,519
5 <sup>#</sup>	12,688
6 <sup>#</sup>	12,866
7 <sup>#</sup>	13,167

##### GRADE 2

8 <sup>#</sup>	13,573
9 <sup>#</sup>	13,977
10 <sup>#</sup>	14,265
11	15,133

##### GRADE 3

11	15,133
12	15,442
13	15,851

##### GRADE 4

14	16,135
15	16,467
16	16,857
17	17,251

##### GRADE 5

18	17,585
19	18,233
20	18,890
21	19,570

#### WEF 1 January 2014

##### APPRENTICE

Aged 16	6,734
Aged 17	7,696
Aged 18	10,101

##### GRADE 1

10*	14,759~
-----	---------

##### GRADE 2

10*	14,759~
11	15,133

##### GRADE 3

11	15,133
12	15,442
13	15,851

##### GRADE 4

14	16,135
15	16,467
16	16,857
17	17,251

##### GRADE 5

18	17,585
19	18,233
20	18,890
21	19,570

\* Set by / increased in line with Living Wage (all other Spinal Column Points (SCP) are set by / increased in line with NJC for Local Government pay awards)

# Subject to deletion on 1 January 2014

~ As at November 2013 Living Wage Rate

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## EXETER CITY COUNCIL

EXECUTIVE  
10 DECEMBER 2013

### 2014/15 BUDGET STRATEGY AND MEDIUM TERM FINANCIAL PLAN

#### 1. PURPOSE OF THE REPORT

- 1.1 To provide a strategic overview of the budgetary position for the 2014/15 financial year and beyond including an indication of the likely level of available resources and the known demand for resources and the proposals to ensure that a balanced budget is achieved.

#### 2. BACKGROUND

- 2.1 Exeter City Council, like all other local authorities and public sector bodies, faces unprecedented reductions in its financial support from Government. The Comprehensive Spending Review 2013 set out the likely scale of cuts to local authority funding and for Exeter this is estimated to result in a further reduction in formula grant of approximately 44% between 2013/14 and 2017/18.

#### 3. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 Last year's Local Government Finance settlement included an indication of our formula grant for 2014/15. However the Comprehensive Spending Review 2013 indicated that further reductions would be made to Local Government funding meaning that these figures are likely to be revised. It is currently anticipated that the Draft Local Government Finance Report setting out the revenue funding for next year is not expected to be announced until late December 2013. At this stage therefore, the Medium Term Financial Strategy is based upon our best estimate of all the changes using both external advice and early release of some data by the Government.

#### 4. COUNCIL TAX

- 4.1 The Chancellor of the Exchequer has again announced funding for local authorities who decide to freeze council tax next year. If they do, councils, police and fire authorities will stand to receive an equivalent to raising their 2013/14 council tax by one per cent. In addition, the Government is likely to maintain the local authority tax referendum threshold at two per cent. The budget strategy for next year assumes that council tax will increase by 2%, which will raise an extra £122,000.

## 5. OTHER BUDGETARY ASSUMPTIONS

5.1 An overall allowance of £300,000 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.0%
Pay – Increments	0.5%
Electricity	8%
Gas	10%
Oil	12.0%
Water	5.1%
Insurance	3.0%
Rates	2.0%
Fuel	6.0%
General Inflation	0.0%
Income (excluding Car Parks)	2.5%

5.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added.

5.3 In respect of interest rates, next year's budget reflects the likelihood that whilst base rate may remain low, it is likely that the cost of borrowing will increase and the Council may begin to take out borrowing over a longer timeframe as a result.

## 6. LIKELY REVENUE RESOURCES 2014/15 TO 2017/18

6.1 The Government is due to announce the provisional grant settlement for local government in late December. Based upon the assumptions above regarding forecast grant reductions and levels of council tax then the resources available to the Council to finance its net revenue budget are set out below:-

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Government Grant	9,062	7,872	6,714	5,785	5,071
Council Tax	4,391	4,513	4,637	4,767	4,898
Excess Business Rates	574	783	809	835	864
		0	0	0	0
<b>Resources</b>	<b>14,027</b>	<b>13,168</b>	<b>12,160</b>	<b>11,387</b>	<b>10,833</b>
Increase/(decrease)		(859)	(1,008)	(773)	(554)
Annual % change		-6.1%	-7.7%	-6.4%	-4.9%

## 6. ADDITIONAL SPENDING PRESSURES

6.1 Additional Spending Pressures over the period are set out in Appendix 1 and total:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Additional Pressures	28	482	75	118	(11)

## 7. REVENUE SAVINGS AND OTHER BUDGETARY REDUCTIONS

- 7.1 Substantial work has been undertaken to identify savings over the next two years. The Savings proposed by Service are set out in Appendix 2 and summarised below:

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Savings identified		(1,480)	(884)	(55)	0

## 8. REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)

- 8.1 An updated Medium Term Financial Plan (MTFP) is set out in Appendix 3. The MTFP currently indicates that additional savings required over the next five years total £3,160,000. The additional savings over the medium term are set out in the table below:-

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Savings required	0	0	(1,259)	(1,302)	(599)

## 9. GENERAL FUND CAPITAL PROGRAMME

- 9.1 Attached at Appendix 4 is the proposed General Fund Capital Programme for the next three years. However, this is subject to a review of deferred schemes by Portfolio Holders and Senior Managers to ensure that all funding is still required. The total of the proposed programme is as follows:

	2014/15 £'000	2015/16 £'000	2016/17 £'000
New Bids	1,784	1,895	764
Pre-approved	6,593	2,016	1,257
<b>Total</b>	<b>8,377</b>	<b>3,911</b>	<b>2,021</b>

## 10. RISK ASSESSMENT

- 10.1 It has already been mentioned above in this report that our financial forecasts are based on a number of assumptions including the level of inflation, interest rates, income levels, support from the Government and general prevailing economic conditions. In addition there are a number of uncertainties that could affect the financial position either now or in the future. These include the level of future years' pension contributions, potential costs arising from the review of service plans, and the cost of any new statutory functions.

10.2 Although the Council faces risks from the assumptions and uncertainties outlined above these have been mitigated by the following:

- Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources
- Continuous monitoring and review of the key factors together with regular reports to Members on any key issues
- Regular budget monitoring meetings with budget managers to ensure that budget pressures are identified at the earliest opportunity
- The adoption of robust financial management arrangements including option appraisal, risk assessment and financial monitoring
- Retaining a prudent level of reserves and balances

## **11. RECOMMENDATION**

11.1 It is recommended that the contents of the report are noted and that the proposals to establish a balanced revenue budget and capital programme are approved.

### **ASSISTANT DIRECTOR FINANCE**

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

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

None

	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
<b><u>Unavoidable or Already Committed from Previous Years</u></b>				
Elections		43		43
Living Wage	28	108	25	25
Science Park Loan		91		
Planning income shortfall		168		
Rugby World Cup	10	60	140	(220)
Funding from NHB for Rugby World Cup	(10)	(60)	(140)	220
Pool Feasibility Study	50	50	(100)	
Funding from NHB for Pool Feasibility	(50)	(50)	100	
	<b>28</b>	<b>410</b>	<b>25</b>	<b>68</b>
<b><u>New Revenue Bids - Recurring</u></b>				
Enhanced Communications				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>New Revenue Bids - Non Recurring</u></b>				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Revenue Costs Arising from New Capital Bids</u></b>				
<b>General</b>				
Unsupported Borrowing Costs of Capital - Repayment of Loan	0	72	50	50
	<b>0</b>	<b>72</b>	<b>50</b>	<b>50</b>
<b>TOTAL</b>	<b>28</b>	<b>482</b>	<b>75</b>	<b>118</b>

IDENTIFIED REDUCTIONS

	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
AD		(160)			
AD		(50)			
AD		(255)			
AD		(129)	(43)	(55)	
AD		(140)	(110)		
AD		(277)	(156)		
AD		(68)	(21)		
CM		(92)			
CM		(50)			
CM		(30)	(354)		
		(53)	(200)		
Discretionary Rate relief now funded in Collection fund		(176)			
<b>Total Proposed Reductions</b>	<b>0</b>	<b>(1,480)</b>	<b>(884)</b>	<b>(55)</b>	<b>0</b>



MEDIUM TERM REVENUE PLAN (2013/14 - 2017/18)

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
<b>Resources</b>					
Central Government Support	7,843	7,754	6,714	5,785	5,071
Extra grant to compensate for council tax freeze	118	118	0	0	0
Council Tax Support Grant	598	0	0	0	0
Homelessness Grant	503	0	0	0	0
Business Rates in excess of target	400	604	625	645	667
Pooling of Business Rates	174	179	184	190	197
Council Tax - £5 pa 2013/14 and 2.0% following years	4,391	4,513	4,637	4,767	4,898
<b>Likely resources</b>	<b>14,027</b>	<b>13,168</b>	<b>12,160</b>	<b>11,387</b>	<b>10,833</b>
<b>Expenditure</b>					
<b>Service expenditure</b>					
Committee expenditure base budget	13,580	11,690	10,992	10,483	9,587
Inflation	272	300	300	300	300
Potential increase in service costs	28	482	75	118	(11)
Budgeted reductions	(2,190)				
	11,690	12,472	11,367	10,901	9,876
Supplementary Budgets and AIM Carry Forward	104				
Net Interest	140	240	812	822	852
Forecast Committee Underspend / other movements					
Repayment of capital borrowing	1,328	1,468	1,591	2,006	2,006
	13,262	14,180	13,770	13,729	12,734
<b>Other funding</b>					
Contribution to/ (from) earmarked reserves	238	0	0	0	0
Contribution to/ (from) balances - Other	527	468	(726)	(1,028)	(599)
	765	468	(726)	(1,028)	(599)
<b>Proposed savings identified</b>		<b>(1,480)</b>	<b>(884)</b>	<b>(55)</b>	<b>0</b>
<b>Annual savings required</b>				<b>(1,259)</b>	<b>(1,302)</b>
					<b>(2,561)</b>
<b>Total Net Budget</b>	<b>14,027</b>	<b>13,168</b>	<b>12,160</b>	<b>11,387</b>	<b>10,833</b>

**Total additional savings required by 2018/19 (3,160)**

Opening General Fund Balance	3,358	3,885	4,353	3,627	2,599
Closing General Fund Balance	3,885	4,353	3,627	2,599	2,000
Balance as a percentage of budget	27.7%	33.1%	29.8%	22.8%	18.5%

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000
New Homes Bonus	2,205	2,854	2,277	2,948	3,177	
New Homes Bonus - Capacity Building	(120)	(120)	(120)	(120)	(120)	
New Homes Bonus - Community Schemes	(286)	(286)	(286)	(286)	(286)	
New Homes Bonus - Major Infrastructure	(1,418)	(1,937)	(1,821)	(2,542)	(2,771)	
New Homes Bonus - Funding to General Fund (one off schemes)	(50)	(170)	(170)	0	0	
New Homes Bonus - Unallocated	(331)	(341)	120	0	0	
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15 £	2015/16 £	2016/17 £	Future Years £	What the scheme is trying to achieve
<b>COMMUNITY &amp; ENVIRONMENT</b>					
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>					
Play Area Refurbishments	33,820				To provide for the refurbishment of the play area at Station Road, Pinhoe
Heavitree Pleasure Ground Tennis Courts	40,000				To provide for the refurbishment of Heavitree Pleasure Ground Tennis Courts
Replacement of Flowerpot Skate Park	12,000				Retention sum which we hold back to pay the main contractor one year after completion
<b>Sub Total - Provide great things for me to see do and visit</b>	<b>85,820</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>HELP ME FIND SOMEWHERE SUITABLE TO LIVE</b>					
Disabled Facilities Grants	330,000	330,000	330,000	330,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes
Warm Up Exeter/PLEA scheme	100,000	100,000	100,000		To provide grants to assist with the installation of new heating systems and insulation measures
Renovation Grants	10,000	10,000	10,000		To assist in making private sector homes fit for habitation
Wessex Loan Scheme	150,000	100,000	100,000	150,000	Wessex Home Improvement Loans offer reduced interest loans to low-income households in order to undertake repairs or improvements
St Loyes Design Fees	20,000				To continue with the design works commenced in 2013/14
Infill Sites	350,000				To facilitate the redevelopment of the remaining Council owned infill sites
<b>Sub Total - Help me find somewhere suitable to live</b>	<b>960,000</b>	<b>540,000</b>	<b>540,000</b>	<b>480,000</b>	
<b>OTHER</b>					
Vehicle Replacement Programme	426,000	374,000	400,000		To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained
<b>Sub Total - Other</b>	<b>426,000</b>	<b>374,000</b>	<b>400,000</b>	<b>0</b>	

## GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15 £	2015/16 £	2016/17 £	Future Years		What the scheme is trying to achieve
				2014/15 £	2015/16 £	
<b>COMMUNITY &amp; ENVIRONMENT TOTAL</b>	1,471,820	914,000	940,000	480,000		
<b>ECONOMY &amp; DEVELOPMENT</b>						
<b>PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT</b>						
Canal Basin and Quayside	323,630					To deliver the regeneration of the Quayside by funding essential infrastructure improvements and land acquisition
Replacement of Running Track at Exeter Arena	375,000					To complete the works to replace the existing track with a superior impermeable membrane. Works are scheduled to complete in July 2014
Sports Facilities Refurbishment	56,430	56,430	56,430	169,290		To undertake replacement of plant and equipment within the leisure management contract.
RAMM Redevelopment	278,600					There are a number of possible payments expected in 2014/15
Newtown Community Centre		50,000				
Countess Wear Community Centre (Grant Towards Build)		70,000				
Newcourt Community Association Centre	34,870					
Exe Water Sports Association (Grant Towards Build)	25,000					
Devonshire Place (Landscaping)	12,500					
Alphington Village Hall (Repairs & Extension)	50,000					
St Thomas Social Club (New Roof)	25,000					
St James Forum (Queens Crescent Garden)	5,000					
2nd Exeter Scouts & Park Life (Urban Village Hall Heavitree Park)	7,500					
Citizens Advice Bureau (Building Improvements)	7,500					
RAMM - Replacement of Lift	50,000 #					The current lift installed before the redevelopment project will be replaced with one fit for purpose
Replace Red Monolith Interpretation Panels	25,000 #					To replace the existing 26 monoliths throughout the city as the information shown is out of date

## GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15	2015/16	2016/17	Future	What the scheme is trying to achieve
	£	£	£	Years £	
New Swimming Pool and Leisure Centre				tbc	
<b>Sub Total - Provide great things for me to see do and visit</b>	<b>1,276,030</b>	<b>176,430</b>	<b>56,430</b>	<b>169,290</b>	

## GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15 £	2015/16 £	2016/17 £	Future Years £	What the scheme is trying to achieve
<b>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</b>					
Northbrook Flood Alleviation Scheme	200,000	300,000			To provide match funding for the project proposed by the Environment Agency
Contribution towards Major Flood Prevention Works	3,000,000				To provide funds in accordance with a request from the Environment Agency
Purchase of Land	280,000				To provide greater opportunities for recreational activities that benefit public health and well being
Public Realm Works at Central Library	16,000 #				Contribution to public realm works associated with refurbishment of Central Library
Planting Improvements in Riverside Valley Park		14,910			For planting close to Makro
<b>Sub Total - Improve the env. and my neighbourhood</b>	<b>3,496,000</b>	<b>314,910</b>	<b>0</b>	<b>0</b>	
<b>MAINTAIN THE ASSETS OF OUR CITY</b>					
Repair to Turf Lock Gates	150,000 #				To repair the Turf Lock Gates. The money is to dam the canal, replace the outer gates, repair the lock pit, and repair the inner gates
Canal Bank Repairs and Strengthening	40,000 #				To repair and strengthen the canal bank adjacent to the Turf footway
Replace Roof Covering at Clifton Hill Sports Centre	80,000 #				To provide total replacement of the roof covering in order to stop the current frequent leak damage problem
Update of Electrical Distribution Equipment at Livestock Market	55,000 #				Some of the current electrical equipment does not meet current wiring regulations and British Standards. The works are required in order to handover the lease for the operation of the Livestock Centre to Kivells.
Boiler Replacement at Wonford Community Centre	14,250 #				To replace the failing boiler at Wonford Community Centre
St Nicholas Priory Improvements	44,000 #				To provide a range of works to the Priory including repair of defective stonework, refurbishment of ironwork and glazing, decoration of gutters and barge boards, repairs to the oak windows and replastering of the vaulted ceiling
<b>Sub Total - Maintain the assets of our city</b>	<b>383,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>ECONOMY TOTAL</b>					
	<b>5,155,280</b>	<b>491,340</b>	<b>56,430</b>	<b>169,290</b>	

## GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15 £	2015/16 £	2016/17 £	Future Years		What the scheme is trying to achieve
				£	£	
<b>RESOURCES</b>						
<b>MAINTAIN THE ASSETS OF OUR CITY</b>						
Guildhall - Re-Covering and Insulating of Roof		350,000				To replace the existing slate tiles on this Grade 1 listed building and replace along with insulation measures
<b>Sub Total - Maintain the assets of our city</b>	<b>0</b>	<b>350,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>OTHER</b>						
PC & Mobile Devices Replacement Programme	179,000					To provide a rolling programme of replacement and upgrades to the Council's PCs
Invest to Save Opportunities	100,000 #	100,000 #	100,000 #			To allow services to invest in assets that will provide an on-going revenue saving
Energy Saving Projects	1,210,000 #	1,795,000 #	664,000 #			The core aim for all projects is to reduce risk to the Council from the rapidly changing energy markets. The projects will address security of supply, mitigate the impact of inevitable increased energy costs, and bring income to the council
Capitalised Staff Costs	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 and surveyors
<b>Sub Total - Other</b>	<b>1,750,000</b>	<b>2,156,000</b>	<b>1,025,000</b>	<b>0</b>	<b>0</b>	
<b>RESOURCES TOTAL</b>	<b>1,750,000</b>	<b>2,506,000</b>	<b>1,025,000</b>	<b>0</b>	<b>0</b>	
<b>TOTAL CAPITAL PROGRAMME</b>						
	<b>8,377,100</b>	<b>3,911,340</b>	<b>2,021,430</b>	<b>649,290</b>		
New Bids #	1,784,250	1,895,000	764,000	0		
Pre-Approved	6,592,850	2,016,340	1,257,430	649,290		
<b>TOTAL CAPITAL PROGRAMME</b>	<b>8,377,100</b>	<b>3,911,340</b>	<b>2,021,430</b>	<b>649,290</b>		

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## EXETER CITY COUNCIL

EXECUTIVE  
10 DECEMBER 2013

### INDIVIDUAL ELECTORAL REGISTRATION

#### 1 PURPOSE OF REPORT

- 1.1 This report sets out the time scales and resource implications relating to the forthcoming implementation of Individual Electoral Registration (IER) and also gives an update on other matters relating to Electoral Registration and Elections in the foreseeable future.

#### 2 BACKGROUND

- 2.1 The Political Parties and Elections Act 2009 introduced the concept of IER into legislation. Following this, the Electoral Registration and Administration Act was passed in January 2013 and brought into place the necessary legislation to enable the transition from Household to Individual Electoral Registration, from 2014.
- 2.2 IER aims to increase public trust in the system and encourage people to take individual responsibility for their vote. It also aims to enable the introduction of online registration and reduce the perception of electoral fraud, whilst maximising completeness and accuracy of the register.
- 2.3 Accurate and complete electoral registers are essential for elections. However, electoral registers are also used for other important civic purposes, including selecting people for jury service and calculating electorates to inform Parliamentary and local government boundary reviews. Those not registered are not counted for these purposes. Registers are also used by credit reference agencies to confirm addresses supplied by applicants for bank accounts, credit cards, personal loans and mortgages.
- 2.4 However, much of the practical detail with regard to IER has yet to become fully understood. The appropriate Regulations have yet to be finalised and a final Ministerial decision regarding whether or not IER will go ahead in 2014, is due to be made by the end of November. (A verbal update on this will be given at the meeting).
- 2.5 Nevertheless significant preparation and planning has to be undertaken to give us any chance to allow IER to 'go live' from 1 July 2014, and work is already underway in this respect.
- 2.6 The project is primarily driven by the Cabinet Office, which has appointed County Leads and Regional Delivery Managers to assist Electoral Registration Officers (ERO's) to implement IER. However, it is the ERO's responsibility to ensure that IER is fully implemented within the timescales set out in law and that local authorities ensure sufficient resources are made available to achieve this.
- 2.7 The Government has set aside £108 million for additional costs relating to the implementation of IER. However, legislation requires each Local Authority to continue to fund the ERO's costs, as is currently the case.

### **3. INDIVIDUAL ELECTORAL REGISTRATION**

- 3.1 Currently, Exeter City Council (ECC) undertakes an annual electoral registration canvass each September and publishes a revised register on 1 December each year. The canvass involves sending a registration form to each household and relies upon someone from that household completing the form on behalf of all residents. The form requires name, address, nationality and date of birth where appropriate and requires each person to decide whether they wish to opt out of the edited version of the register. The form is signed by one person.
- 3.2 ECC currently has 52,000 properties and an electorate of 90,000. The current system requires that, following the issue of the initial canvass form, a reminder form is sent and then a personal visit made by a canvasser. ECC issues around 20 – 22,000 reminder forms and makes household visits to around 13,000 properties. The canvass currently underway has been delayed by legislation to try to ensure that the last register published before IER is introduced, is as accurate as possible. This register will be published on 17 February 2014.
- 3.3 From mid-June 2014, almost immediately following the combined ECC and European Parliamentary Elections due on 22 May, the transitional IER canvass will begin. The transitional canvass arrangements will be slightly different than they will be when IER becomes the normal system.
- 3.4 From 10 June 2014, each new resident must register individually, providing the information currently required but also providing their National Insurance Number (NINO) and date of birth, although the requirement for a signature will be removed.
- 3.5 However, anyone who is already on the register at 1 July will not need to provide personal identifier information. They will however need to be verified, with their details being cross checked with the Department of Work and Pensions (DWP) database. If successful, their details will be 'passported' onto the new register. If they subsequently move they will then need to provide NINO and date of birth information.
- 3.6 The Cabinet Office have created a Digital Design and Delivery Project, which will provide support to IER and enable online registration and confirmation of existing entries through data matching and verification. They have also created an IER Digital Service to facilitate the checking of information.
- 3.7 In July 2014, ECC will send the registration data it holds, via the IER Digital Service, for matching with the DWP database. Each elector will be given a match indicator of red, amber or green. Anyone with a green match will be confirmed and automatically added to the register. A confirmation notice will be sent to each elector in this category. Red or amber matches will require follow up work, and an invitation to register or a Household Enquiry Form (HEF) will be sent. Anyone who has a postal or proxy vote must either be a green match or respond to an invitation to register to continue with an absent vote arrangement. Any new elector, or anyone changing address, will be required to register individually from 10 June 2014.
- 3.8 A data transfer test run, conducted in July 2013, gave a green match rate of 72% for ECC, against a national average of 78%. If these results are repeated in the 'go live' data, this will mean that 63,000 electors will be confirmed and will be sent a letter confirming that they will be included in the next register. Around 22,000 electors will

receive an invitation to register and approximately 9,000 HEF's will be sent to properties that appear to be unoccupied. Every effort is therefore currently being made to increase the initial green matches, thereby decreasing the subsequent amount of work and consequential costs.

- 3.9 Evidence suggests that ECC's figures regarding green match rates are distorted by the number of students living in Exeter. Currently, students in Halls of Residence are registered centrally by the University Accommodation Office, in their role as householder. However, in the future they will only be able to provide the names of students and the ERO will be required to send invitations to register to each student.
- 3.10 The situation regarding the registration of students has been raised with the Cabinet Office, who have set up a working party to address these issues. ECC is part of a regional group engaged with this and we are actively talking with student accommodation providers to enlist their help.
- 3.11 The first IER register will be published on 1 December 2014 and will be in force for the UK Parliamentary Election of 7 May 2015. It is possible that there may be a fall in numbers registered in the short term, which could have an impact on the balance of electors across the City which would lead to further issues described in more detail at 6.2 (iii) below.
- 3.12 To counter this and to ensure that the register remains as accurate as possible during the five months between publication and the Parliamentary election, it is highly likely that targeted canvassing will be carried out.
- 3.13 The following canvass in Autumn 2015 will require a full IER process to be carried out, with HEF's being sent to every household. This will be followed by the issue of invitations to register, where new electors are identified.

#### **4. IER FUNDING**

- 4.1 As shown at 2.7 above, the Government has set aside £108 million for the implementation of IER. So far ECC has received a grant of £7,020.87. Further funding is due to be granted in April 2014 and we have been given an indication that this amount will be £52,066. A further grant of £13,016 will be available, provided that ECC's Section 151 Officer signs a statement giving an assurance that ECC will continue to fund electoral administration at the current level of costs – this has been done, therefore making a total grant of £65,082. There will also be funding for the financial year 2015/16 but there is, at the moment, no indication of what amount that will be, nor is it clear if any funding will be available after 2016 for the ongoing process of IER.
- 4.2 As has already been raised earlier in this report, it is envisaged that additional costs associated with the introduction of IER will be incurred primarily on printing, stationery and postage. It is estimated that these costs will be covered by this additional grant. However, it is unclear at the moment as to whether this grant will be sufficient to also cover any additional administration costs
- 4.3 The Cabinet Office also set aside £4.2 million for public engagement work but ECC (who submitted a joint application with all other authorities in Devon) was not successful in gaining any funding. A further grant may be available for additional canvass work after the publication of the 2014 register in February and the appropriateness of a further application, is currently being considered.

## **5. OTHER ELECTORAL CHANGES**

5.1 The Electoral Registration and Administration Act 2013, also introduced a number of changes to the conduct of elections, which are listed below:

- (i) The UK Parliamentary timetable will be extended from 17 to 25 working days, to bring it in line with other elections.
- (ii) The timing of polling district reviews will be brought into line with the 5 year fixed Parliament timetable.
- (iii) A Parliamentary candidate jointly nominated by two or more political parties will be able to use an emblem of one of the parties on the ballot paper.
- (iv) Police Community Support Officers will be allowed to enter a polling station (as Police Constables can).
- (v) The Electoral Commission can recommend Returning Officer fees are withheld or reduced for poor performance.
- (vi) Gives powers for the annual canvass to be abolished.
- (vii) Requires a person appointed as a proxy voter to be on the electoral register for the application to be granted.
- (viii) The ERO will be required to write, after an election, to all electors whose postal vote has been rejected and give a reason.
- (ix) A civil penalty will be introduced for failing to make a registration application, when requested to do so by an ERO.

## **6. ADDITIONAL ELECTORAL ACTIVITIES DURING IER TRANSITION**

6.1 Over the next 3 to 5 years, electoral systems will undergo the biggest changes and reforms for generations, whilst experiencing some of the busiest times in the electoral calendar.

6.2 Listed below are the main activities which will be undertaken by the Elections Team in the foreseeable future.

- (i) September 2013 – February 2014:

Continue with the last traditional canvass and publish register.  
Prepare for the implantation of IER, including training of staff, the formulation of a public engagement strategy, project plans and risk analysis.  
Preparations for combined elections in May 2014.

- (ii) March 2014 – May 2014

Conduct combined Exeter City Council and European Parliamentary elections on 22 May with verification & counts on 22, 23 and 25 May.  
Continue to prepare for IER, including system testing & contract negotiation.  
Begin data matching process.

(iii) June 2014 – December 2014

Begin a full statutory review of the suitability of all polling districts and places within the City.

Begin implementation of IER 'go live'.

Possible Local Government Boundary Commission ward boundary review, to establish and update the equality of electoral representation within the City.

Prepare for and conduct a Business Improvement District ballot.

(iv) 2015

Postal vote refresh

Prepare for and conduct ECC & UK Parliamentary elections due on 7 May

Begin first full IER canvass.

(v) 2016

Prepare for and conduct ECC and Police and Crime Commissioner elections due on 5 May.

#### **4 RESOURCE IMPLICATIONS**

- 4.1 Whilst some of the costs relating to IER, such as software development and national publicity, will be paid directly by the Cabinet Office; given the significant additional and ongoing workload anticipated over the next 3 to 5 years, it is inevitable that additional resources will be required locally, both in financial and staffing terms.
- 4.2 However, much of the process of IER is as yet unknown. Some economies could be made if, for example, the uptake of online registration grows and processes may be refined as time goes on. It is highly likely that the costs of IT, postage and printing will rise and could potentially double, with much of this being covered by the additional grant. It is also fairly certain that the level of staffing will need to increase.
- 4.3 Due to the number of unknown factors involved, it would be wise to proceed cautiously in this respect. Even if the volume of transactions does not increase by as much as anticipated, it is almost certain that the complexity will rise. It is therefore suggested that one additional full time clerical post at Grade 3, is created on a fixed term basis from 1 April 2014 until 31 March 2016. This would equate to an additional cost of £20,000 per annum. This could prove an opportunity for deployment within the Authority, which could release a saving elsewhere. If this does not prove to be sufficient any remaining resource shortfall can be met from existing casual resources, until a consistent and more predictable work load becomes established, when a further report will be made to a future Executive.
- 4.4 As set out above, there is currently no certainty as to the level of funding, if any, which may be available for the 2015/16 financial year and beyond to assist with the additional costs associated with the introduction of IER. Bearing in mind the Council's obligation to ensure that the Electoral Registration Officer has sufficient resources available to continue with his responsibilities, this lack of uncertainty as to future funding may leave the authority with a requirement to fund this additional post if or when Cabinet Office funding ceases.

- 4.5 It is also possible that, under the new system, it will be necessary to carry out door to door enquiries throughout the year rather than just during the canvass period. Until the workload is fully established, it would be best to manage this by utilising current canvassers on a casual basis. Again, this will be monitored and reported to a future Executive.
- 4.6 Due to the fact that each individual will need to be directly communicated with, there is likely to be a significant increase in postage, stationery and clerical time. For example, specifically designed envelopes will be required when sending invitations to register and more time will need to be taken in follow up work where electors no longer appear to be resident. This is likely to impact more significantly in 2015, when we will be required to carry out a full IER canvass.

## **5 RECOMMENDED**

### **That the Executive RESOLVES**

- (1) To note the content of this report as to future pressures on the Democratic Services Elections Team.
- (2) To approve the appointment of a temporary Clerical Assistant post (fixed term contract to 31 March 2016) with further updates on the resource implications associated with the matters detailed in this report being presented to future meetings.
- (3) To note the other measures being taken to ensure the Council's legal obligations are observed with regards to Electoral Registration and Election issues.

**John Street**  
**Electoral Registration Officer**

#### **Local Government (Access to Information) Act 1972 (as amended)**

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

Titles of supporting documents

Date

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