

EXECUTIVE

Date: Tuesday 4 February 2014

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 14 on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 2, 3 and 4 of Part I, Schedule 12A of the Act.

4 **Future Workings of Scrutiny**

To consider the recommendations of the Scrutiny Committee's that Executive are asked to re-establish a cross party working group to look into the future workings of Scrutiny and to bring back proposals to Executive and then, subject to approval, put before Full Council.

5 **Members Allowances 2014/15**

To consider the report of the Corporate Manager Democratic and Civic Support. (Pages 5 - 14)

6 **Annual Pay Policy Statement**

To consider the report of the Human Resources Business Manager. (Pages 15 - 24)

Scrutiny Committee – Resources considered the report at its meeting on 29 January 2013 and its comments will be reported.

7 **Treasury Management Strategy Report 2014/15**

To consider the report of the Assistant Director Finance. (Pages 25 - 34)

Scrutiny Committee – Resources considered the report at its meeting on 29 January 2013 and its comments will be reported.

8 **The Prudential Code for Capital Finance in Local Authorities (incorporating the Annual Statement of Minimum Revenue Position)**

To consider the report of the Assistant Director Finance. (Pages 35 - 54)

Scrutiny Committee – Resources considered the report at its meeting on 29 January 2013 and its comments will be reported.

9 **General Fund Revenue Estimates and Capital Programme 2014/15**

To consider the report of the Assistant Director Finance. (Pages 55 - 78)

10 **Consultation on Draft Development Brief for South West Alphington**

To consider the report of the Assistant Director City Development. (Pages 79 - 100)

11 Opening Hours for Civic Centre -Based Services

To consider the report of the Assistant Director Customer Access.

(Pages
101 - 108)

12 Research Project to Investigate Housing Need in Exeter

To consider the report of the Assistant Director Housing.

(Pages
109 - 112)

13 Empty Homes Strategy 2014-17

To consider the report of the Assistant Director Housing.

(Pages
113 - 114)

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.

14 Tender of Housing Gas Contract

To consider the report of the Assistant Director Housing.

(Pages
115 - 116)

Date of Next Meeting

The next scheduled meeting of the Executive will be held on **Tuesday 18 March 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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EXETER CITY COUNCIL

EXECUTIVE
4 FEBRUARY 2014

COUNCIL
25 FEBRUARY 2014

MEMBERS' ALLOWANCES 2014/15

1 PURPOSE OF REPORT

- 1.1 To consider the report and recommendations of the City Council's Independent Remuneration Panel in relation to Members' Allowances for 2014/15.

2 BACKGROUND

- 2.1 The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid. The 2003 Regulations permit members' allowances schemes to make provision for an annual adjustment of allowances by reference to a previously agreed index.
- 2.2 The Panel, comprising four representatives drawn from the business and voluntary sector, met on the 9 January 2014. In developing the Panel's recommendations for the 2014/15 Allowance Scheme, Councillors were invited to submit any comments on general and specific aspects of the allowances scheme for consideration by the Panel. Two councillors took up this opportunity.
- 2.3 The Panel's report is attached at Appendix 1. As for previous years, in arriving at its recommendations, the Panel reflected on the principles and methodology set out in the report of the independent adviser on Members' Allowances submitted to the Council in March 2001. In 2004, this Council, on the recommendation of the Independent Remuneration Panel, agreed that the index in accordance with which the allowances should be adjusted in future years would be the annual local government staff pay award for the previous year.
- 2.4 Following consideration of this principle at its meeting last year, and in recognition of the fact that the Basic and Special Responsibility Allowances had not been increased since 2008/09, the Panel had recommended that that these allowances be increased by 1% for the 2013/14 year only. The Panel therefore considered that as this increase had in effect been ahead of schedule, no further increase should be made this year.
- 2.5 As required by the Regulations, a notice was published in a local newspaper setting out the Panel's recommendations and notifying the public that copies of the report were available for inspection at the Civic Centre and on the Council's web site.

3 RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL

- 3.1 The Independent Remuneration Panel has made the following recommendations to Council in respect of Members' Allowances for 2014/15 that:-

- (1) the basic structure and principles of the current Members' Allowances scheme be retained for 2014/15;
- (2) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained;
- (3) the Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances should continue to be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year; (except for this coming year (2014/15) as that increase in staff pay had been recognised in last year's increase in allowances);
- (4) the Travel and Subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate;
- (5) the existing payment of £7.50 per month contribution toward broadband (one payment per household) be retained until such time as an alternative IT provision was made;
- (6) the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living Wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19)
- (7) the Panel considered that a sum of £50 be paid to the Independent Persons affiliated to the Audit & Governance Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year.)

4. FINANCIAL IMPLICATIONS

- 4.1 The budget for the scheme of allowances in 2014/15 totals £258,470 and that sum has been included in the estimates for 2014/15, subject to approval by Council on 25 February 2014. The Scheme recommended by the Panel for 2014/15 is attached at Appendix 2 to this report.

5. RECOMMENDED:-

- (1) That the Independent Remuneration Panel's recommendations as set in paragraph 3 above are considered and a recommendation made to Council regarding the Scheme.

CORPORATE MANAGER DEMOCRATIC AND CIVIC SUPPORT

21 January 2014

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

Background papers used in compiling this report:-

Report of the Independent Adviser on Members' Allowances, March 2001

EXETER CITY COUNCIL

Report of the Independent Remuneration Panel on Councillors' Allowances for 2014/15 9 January 2014

1 Introduction

- 1.1 The Independent Remuneration Panel met to consider Exeter City Council's Members' Allowances scheme for 2014/15. The Panel membership comprises:-
- Derek Phillips – business/public sector representative (appointed as Chair of the Panel)
Peter Lacey - business sector representative
Hazel Craddock - voluntary sector representative
Nigel Hillier – business sector representative
- 1.2 John Street (Corporate Manager Democratic and Civic Support), Sarah Selway, Democratic Services Manager (Committees) and Sharon Sissons (Democratic Services Officer) provided the Panel with general advice and support.
- 1.3 The Panel's deliberations related to the following main areas as required by the Local Authorities (Members' Allowances) (England) Regulations 2003:
- (i) the structure of the scheme and the level of basic allowances
 - (ii) special responsibility allowances (including the Lord Mayor's and Deputy Lord Mayor's expenses allowance)
 - (iii) updating of allowances
 - (iv) pensions
 - (v) travel and subsistence allowances
 - (vi) the Dependants' Carers' scheme
 - (vii) co-optees' allowances (including the new Independent Persons affiliated to the Monitoring Officer)

2. Methodology and Framework

- 2.1 The current regulations relating to Members' Allowances are set out in The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003. The Office of the Deputy Prime Minister's Guidance on Consolidated Regulations for Local Authority Allowances was used as a reference for the discussion.
- 2.2 The Panel noted the results of a number of regional surveys of allowances which provided a useful comparator of allowances paid for similar types and sizes of authority. It felt that Exeter City Council remained appropriately placed in terms of the allowances paid to Members within the context of other authorities.
- 2.3 The report of the meeting of the Chairs of Independent Remuneration Panels in the region, which highlighted good practice, was also noted.

3. Members' Responses

- 3.1 Councillors were invited to submit comments on the Members' Allowances scheme for consideration by the Panel. Two Members had sent written replies, and their comments were taken into consideration by the Panel in the course of their review.

The comments included proposals that the panel should recognise the public perception that that at time when so many of Exeter's residents were facing financial challenges that any increase or reduction in the allowance would be 'unethical and cause for deep concern amongst the electorate'. A comment was also made about the allowances being in line with local government pay awards, but that the scheme to pay certain employees of the City Council to bring them up the Living Wage should not be considered in respect of Members' Allowances, the broadband charge should not be increased and the Local Government Pension Scheme should continue to include Elected Members. Three Members also gave a verbal indication that they did not support any increase in their allowance.

4. Structure of Scheme and Basic Allowances

- 4.1 The formula for calculating allowances was developed in 2001 based on the advice of an independent consultant. This was calculated on an assumed number of days work (4 per month) undertaken by Members on Council business, which equated to 32 hours per month. From this was deducted a proportion (one third) of the total number of days to reflect an assumed voluntary element to the work. It was recognised that further survey work should be conducted to obtain more current information and reflect the wide range of duties and workload of Councillors. The Panel considered that alongside this work, some form of performance matrix could be considered to help inform future Review Panel deliberations.
- 4.2 The Panel noted that a review of Scrutiny had taken place, to ensure a better alignment between the responsibilities of the six Portfolio Holders and the management structure following the Council's Management restructure, and reduction in a number of senior officers, last year. The Council had retained the three Scrutiny Committees, but with the demise of the Standards Committee had also introduced an Audit and Governance committee. The Panel considered the ongoing workload of Members. It was noted that a Scrutiny Officer had been appointed to drive the Committee structure forward in a more programmed way.
- 4.3 The Panel discussed at length the need for a fundamental review of the scheme, but nevertheless considered that the present structure of the scheme should continue for the forthcoming year on the current basis.
- 4.4 The Panel did however request that a survey should be undertaken amongst all the Members seeking views as to, amongst other things, the number of hours spent on Council business. This would then form the basis of the Panel's deliberations when meeting to consider the 2015/16 Scheme.

Recommendation 1:

That the basic structure of the current Members' Allowances Scheme be retained for 2014/15.

5. Special Responsibility Allowances

- 5.1 The Panel agreed on the need to keep under review the levels of all Special Responsibility Allowances paid by the Council to ensure that they remained reflective of the responsibilities of the positions. With regard to the current year, the Panel considered that the existing structure and level of the Special Responsibility Allowances remained appropriate at present. The Panel also endorsed the principle that any Member qualifying for more than one Special Responsibility Allowance should be paid the higher allowance only.

Recommendation 2:

That the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained.

6. Updating of Allowances

- 6.1 Since 2004, the Panel had reviewed the mechanism by which the allowances were updated annually in line with the annual local government staff pay award for the previous year. It considered that this link with the annual staff pay award as opposed to the Retail Price Index or other factor, remained appropriate, and recognised that it reflected wages in the relevant sector as well as being transparent and easily understood. Furthermore, linking the allowances to the local government staff pay settlement agreed in the previous year also ensured that the additional resources would generally be known in good time for the formulation of the budget.
- 6.2 The Panel discussed the principles established for any increase in Members' remuneration. It was fully aware of the continuing and ever increasing financial challenges currently facing the Council. The Panel recognised the importance of the allowance keeping pace with the cost of living, particularly in wishing to retain and attract new Councillors.
- 6.3 The Panel acknowledged that a 1% increase in Basic and Special Responsibility Allowances was accepted for 2013/14, ahead of the eventual pay award of 1% to local government staff as part of their award in 2013/14. (This increase was not taken up by all Councillors.) The Panel, therefore felt that no further increase should be recommended for the forthcoming year.
- 6.4 It was agreed that the Living Wage of £7.65 would be paid to the lowest paid City Council employees with effect January 2014, however the Panel did not feel that it was appropriate to link any increase with the Members' Allowance.

Recommendation 3:

The Councillors' Basic and Special Responsibility Allowances including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances should continue to be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year, (except for this coming year (2014/15) as that increase in staff pay had been recognised in last year's increase in allowances);

7. Pensions

- 7.1 The Panel still welcomed the Council's decision in February 2009 to allow Councillors to join the Local Government Pension Scheme (LGPS), with benefits based on both Basic and Special Responsibility Allowances. It was noted that eight Councillors remained members of the scheme.
- 7.2 The Panel was disappointed that the Government had carried out a consultation to remove Councillors' access to the local government pension scheme. The consultation had ended last July, but no information on the decision to close the scheme to Councillors had been published. It had been anticipated that the scheme for Councillors would end in April 2014. The Panel re-iterated their commitment to the principle of membership of the LGPS having been extended to Councillors, and

still supported any measures that might encourage people from across a broad spectrum of the community to consider standing for Council and ultimately further enhance the diversity and quality of Councillors.

8. Travel, Subsistence and other Allowances

- 8.1 Section 8 of the Local Authorities (Members' Allowances') (England) Regulations 2003 had formalised the provisions relating to the payment of travel and subsistence allowances to Councillors and had specified the particular purposes for which they could be claimed.
- 8.2 The Panel noted that the general principles applying to the receipt of travel, subsistence and other allowances by Councillors were the same as those for staff of the Council. Reasonable expenses incurred in respect of travel outside the City, meals and accommodation will be reimbursed subject to appropriate documentary evidence being produced. The Panel also noted that it was a legal requirement for an annual advertisement to be placed, identifying the levels of travel, subsistence and other allowances paid to Members.

Recommendation 5:

That the travel and subsistence allowances provisions for staff continue to apply to Exeter City Councillors, where appropriate.

9. Broadband

- 9.1 It was noted that Members could claim a sum of £7.50 monthly (one per household) in respect of broadband charges. This allowance commenced when dial-up connection to the internet was more commonly used. Although broadband was increasingly included in a package of other services, the Panel felt that the payment was no longer so relevant in view of the recent technological advances. A review of IT for Members was being carried out, including a pilot to consider rolling out tablet technology to Members in place of the current laptop and printer. In view of this, and the ability for Council information to be accessible at any location via tablet technology, the Panel felt that, provided the current pilot is a success and tablets are made available to all members, those who took up this option, should be ineligible for receipt of the broadband allowance.

Recommendation

That the existing payment of £7.50, per month contribution toward broadband (one payment per household) be retained until such time as an alternative IT provision was made.

10. Dependants' Carers' Allowance

- 10.1 The Panel noted that Section 7 of the Local Authorities (Members Allowances) (England) Regulations 2003 had formalised the provisions for the payment to Councillors of a Dependants' Carers' Allowance in respect of such expenses of arranging for the care of their children or dependants as are necessarily incurred and had specified the particular purposes for which this could be claimed.
- 10.2 The current Dependants' Carers' Allowance Scheme accorded with the regulations and the Panel considered that this remained a good scheme. The Panel had retained the link to the minimum wage, and the understanding that the reimbursement of such

claims was taxed in line with HM Customs and Excise regulations. The Panel had recommended that any claim made under this Scheme should include an uplift of the standard rate of tax. The Panel now took note of the Living Wage level of £7.65, which is now the minimum payable to Council employees, and considers that this element of the allowances should remain consistent with the principle that the council had adopted. It was felt that the standard rate of income tax should be retained. It was noted that the current uptake was very low.

Recommendation 6:

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

11. Co-optees' and Independent Member Allowances

- 11.1 The payment of allowances to co-optees has been formalised by Section 9 of The Local Authorities (Members Allowances) (England) Regulations 2003. The Panel considered this should remain unchanged at a flat rate of £25 per meeting.
- 11.2 Following the implementation of the Localism Act 2011 and the subsequent abolition of the Standards regime on 1 July 2012, membership of the Independent Members ceased. New governance arrangements were introduced and included the need to appoint two 'Independent Persons' affiliated to the City Council's Monitoring Officer, who could be consulted in relation to any Member complaint. Two Independent Persons were appointed, and to date had not been called upon.
- 11.3 The Panel considered that the sum, per case, of £50 should continue to be made available for up to four hours work and £100 for four hours and over, per case, payable to each Independent Person (up to a maximum of £500 per person in any one year)

Recommendation 7:

The Panel considered that a sum of £50 be paid to the independent Persons affiliated to the Monitoring Officer for up to four hours work, and £100 for four hours and over, payable to each of the two independent Persons (up to a maximum of £500 per person in any one year.)

Derek Phillips (Chair)
The Independent Remuneration Panel for Exeter City Council
21 January 2014

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EXETER CITY COUNCIL**PROPOSED MEMBERS' ALLOWANCES SCHEME 2014/15**

	2013/14*	2014/15	
	£	£	
Basic Allowance			
Payable to all Councillors	4,474	4,474	
Special Responsibility Allowances**:-			
Leader (basic x 300%)	13,422	13,422	
Other Executive members with portfolios (basic x 150%) (x 5)	6,711	6,711	each
Other Executive members without portfolios (basic x 50%) (x 2)	2,237	2,237	each
Chairs of Scrutiny Committees (basic x 100%) (x 3)	4,474	4,474	each
Chair of Planning Committee (basic x 100%) (x 1)	4,474	4,474	
Chair of Licensing Committee (basic x 50%) (x 1)	2,237	2,237	
Chair of Standards Committee (basic x 25%) (x 1)	1,119	1,119	
* <i>Incorporating a 1% increase proposed by the Independent Remuneration Panel payable with effect from 1 April 2013</i>			
** <i>Any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only</i>			
Lord Mayor's Expenses Allowance	4,474	4,474	
Deputy Lord Mayor's Expenses Allowance ***	1,119	1,119	
*** <i>(25% of Lord Mayor's Expenses Allowance)</i>			

Dependants' Carers' Allowance

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living Wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

Exeter City Council

Dependants' Carers' Allowance Scheme

That the current Dependants' Carers' Allowance scheme is maintained and that the level of allowance, should now match the Living Wage currently offered to the lowest paid Exeter City Council employees of £7.65 (retaining the uplift of the standard rate of income tax, thus increasing the hourly rate to £9.19.)

A carer will be any responsible person who does not normally live with the councillor as part of that councillor's family.

An allowance will be payable if the dependant being cared for:

- is a child under the age of 14
- is an elderly person; or
- has a recognised physical or mental disability

who normally lives with the councillor as part of that councillor's family and should not be left unsupervised.

Qualifying duties are defined as meetings of the Council, its Committees and Sub-Committees, training events, briefings and such other duties as are specified by the relevant regulations*.

For meetings or duties within the Council's boundaries, the allowance will be paid for the duration of the meeting or otherwise approved duty plus an allowance for up to one hour's total travelling time before and after the meeting.

The actual cost of care will be reimbursed, up to a maximum of £9.19 per hour.

This allowance will be updated in line with the Living Wage adopted by the City council and an additional uplift of the standard rate of tax.

**Payment of allowance will be made under the powers of Section 100 of the Local Government Act 2000 and Section 7 of Part 2 of the Local Authorities (Members Allowances) (England) Regulations 2003.*

21January 2014

EXETER CITY COUNCIL

SCRUTINY RESOURCES
22 JANUARY 2014

EXECUTIVE
4 FEBRUARY 2014

COUNCIL
25 FEBRUARY 2014

ANNUAL PAY POLICY STATEMENT

1 PURPOSE OF REPORT

- 1.1 To set out the council's annual Pay Policy Statement 2014/15 which must be approved by Full Council each financial year in line with legislation.

2 BACKGROUND

- 2.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a statutory Pay Policy Statement each financial year commencing in 2012/13. The Secretary of State for Communities and Local Government issued further guidance in early 2013.
- 2.2 In line with statutory requirements, the Council's Pay Policy Statement has been reviewed and updated for 2014/15 for approval by full Council prior to publishing on the Council's website.
- 2.3 The revised policy takes into account the following changes:
- 2.3.1 Implementation of a living wage for Council employees which was approved at Full Council in December 2013
 - 2.3.2 Introduction of Full Council approval for: severance payments in excess of £100,000; appointments of former Chief Officers (in receipt of a severance payment not related to redundancy) to Chief Officer roles.
 - 2.3.3 Clarifying pension abatement arrangements for persons in receipt of a Local Government pension and engaged under employment and service contracts are determined in accordance with legislation and the relevant LGPS administering authority.

in addition to better reflecting the structure of the requirements in legislation and supplementary guidance.

3. RECOMMENDATION to Council

- 3.1 That the attached Policy be adopted and published following approval by full Council in accordance with the legislation.

CAROLINE HALL
HUMAN RESOURCES BUSINESS MANAGER

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

Background papers used in compiling this report:-

None

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Exeter City Council

Pay Policy Statement 2014/15

1 Purpose and scope of the Policy

- 1.1 Section 38 (1) of the Localism Act 2011 (Part 1, Chapter 8, Sections 38 to 43) requires English and Welsh local authorities to produce a statutory pay policy statement each financial year.
- 1.2 The Act requires that a relevant authority must approve, through Full Council, a pay policy statement for the following financial year and this must set out the authority's policies for the financial year relating to:
 - (a) the remuneration of its chief officers, (see Appendix 1)
 - (b) the remuneration of its lowest-paid employees (see Section 4 and Appendix 1), and
 - (c) the relationship between:
 - (i) the remuneration of its chief officers (Section 4 and Appendix 1), and
 - (ii) the remuneration of its employees who are not chief officers (see Section 4 and Appendix 1)
- 1.3 The statement must state:
 - (a) the definition of "lowest-paid employees" adopted by the authority for the purposes of the statement, and (see Section 3)
 - (b) the authority's reasons for adopting that definition. (see Section 3)
- 1.4 The statement must include the authority's policies relating to:
 - (a) the elements of remuneration for each chief officer, (see Section 2 and 5 and Appendix 1)
 - (b) remuneration of chief officers on recruitment, (see Section 5 and Appendix 1)
 - (c) increases and additions to remuneration for each chief officer, (see Section 5)
 - (d) the use of performance-related pay for chief officers, (see Section 5)
 - (e) the use of bonuses for chief officers, (see Section 5)
 - (f) the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and (see Section 5)
 - (g) the remuneration of chief officers who return to local authority employment (See Section 5)

- (h) the publication of and access to information relating to remuneration of chief officers. (see Section 6)
- 1.5 This policy also takes into account “Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012” and the letter from the Secretary of State to leaders of local authorities and chairs of fire and rescue authorities of 20 February 2013 which advocate:
- (a) Publishing the ratio between the highest paid employee and the median average earnings across an organisation (Section 4, Appendix 1)
 - (b) Explaining the approach to the setting and publication of fees for chief officers in respect of local election duties (Section 5)
 - (c) Setting out the policy for the remuneration of chief officers who return to Local Authority employment where the chief officer was a previously employed chief officer who left with a severance payment and applies to come back as a chief officer under an employment contract or contract for services (Section 5)
 - (d) Setting out the policy in respect of the employment of individuals and Chief Officers in receipt of a Local Government Pension Scheme pension, including pension abatement arrangements (Section 5)
 - (e) Full Council having the opportunity to approve salary packages and the cost of severance packages of £100,000 or more (Section 5)
- 1.6 In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time providing value for money to the residents of Exeter.
- 1.7 Exeter City Council already works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors and is open and transparent and complies with equal pay legislation.
- 1.8 This Statement complies with the requirements of the Localism Act 2011 and the statutory guidance issued by Communities and Local Government in ‘Openness and accountability in local pay: Guidance under section 40 of the Localism Act’ which was issued on 17 February 2012.

2 Definition of Chief Officers

- 2.1 The posts which are defined as ‘Chief Officers’ for the purposes of this Statement are those scheduled in the Local Government and Housing Act 1989 under sections 4(1), 5(1), 2(6, 7 and 8) together with other members of the councils Strategic & Senior Management Teams. For Exeter City Council this term includes:

- Chief Executive and Growth Director (Head of Paid Service Section 4(1))
- Deputy Chief Executive (Non-Statutory Officer Section 2 (7a))
- Assistant Directors (Non-Statutory Officers Section 2 (7a)) – including the responsibilities of the Section 151 Officer (Statutory Officer Section 2 (6d))
- Corporate Managers (including the responsibilities of the Monitoring Officer (Section 5(1))

2.2 The post of Chief Executive & Growth Director is made on terms and conditions of employment agreed by the Joint National Council for Chief Executives and supplemented by local terms and conditions of employment agreed by Exeter City Council.

2.3 The posts of Deputy Chief Executive, Assistant Director and Corporate Manager are made on the terms and conditions of employment agreed by the Joint National Council for Chief Officers and supplemented by terms and conditions of employment agreed by Exeter City Council.

2.4 With the exception of the Chief Executive and Growth Director and Deputy Chief Executive all Chief Officer posts as defined in this Statement are subject to job evaluation using HAY. The remuneration of the Council's Chief Officers is set out in Appendix 1.

3 Definition & Remuneration of Lowest Paid

3.1 All posts which are not designated as Chief Officers in accordance with this Statement, and with the exception of apprentice roles, are subject to job evaluation using the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service.

3.2 The Council has adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Living Wage as its minimum spinal column point, and the Living Wage of £7.65 / hour now equates to Grade 1 of the Council's pay scale.

3.3 The Council therefore defines its lowest paid employees as those on Grade 1 of the Council's pay scale. The Council has adopted this definition as it can be easily understood.

3.4 The Council has 14 grades (excluding Apprentice) on its existing pay scale for employees not designated as Chief Officer in this Statement. With the exception of Grade 1, each Grade provides for incremental progression of between 1 and 3 scale points subject to satisfactory service. Increments are applied on the 1 April each year (or on the 6 month anniversary of the employee's appointment if the appointment falls between October and March inclusive, with subsequent increments applying from 1 April each year) until the postholder reaches the maximum of the grade.

4 Relationship between Remuneration

4.1 The Hutton Review of Fair Pay in the Public Sector outlined that the most appropriate metric for pay dispersion is the multiple of Chief Executive to

median earnings. Whilst not a requirement of this Statement, tracking this multiple as recommended in the Code of Recommended Practice for Local Authorities on Data Transparency will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce.

- 4.2 The Council also publishes as part of this Statement the relationship between its Chief Executive and lowest paid employee. Both of these pay multiples are set out in Appendix 1.
- 4.3 Through this policy the pay multiple of the Chief Executive and Growth Director will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual full time salary payable to the Chief Executive and Growth Director be greater than 10, this will be reported to full Council for consideration.

5 Chief Officer Remuneration

- 5.1 The Joint Negotiating Committee has previously emphasised that 'it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.'
- 5.2 Salaries for chief officers operate on the basis of fixed pay points and are therefore not subject to a salary scale providing for incremental progression. New appointments will be made to the appropriate pay point in force at the time of the appointment. These fixed pay points will be agreed through an accountable and transparent process. Salary levels will be consistent with similar organisations which aim to pay according to median salaries. There will be due regard to balance the need to ensure value for money but enable Exeter City Council to recruit and retain high quality chief officers in the context of national, regional and local labour markets.
- 5.3 In determining any future changes to the remuneration package for appointments to Chief Officer posts as defined in this Statement, the Leader of the Council will take independent pay advice. The Leader will then, in consultation with the Chief Executive and Growth Director, except in relation to the pay of the Chief Executive and Growth Director, make recommendations which will be subject to the approval of full Council.
- 5.4 The Leader of the Council, in consultation with the Chief Executive and Growth Director, except in relation to the remuneration package of the Chief Executive and Growth Director, may recommend to full Council changes to the remuneration package following an annual review. Any changes to the remuneration packages will be subject to full Council approval.
- 5.5 Salary increases for Chief Officers defined in this Statement in relation to cost of living will be made in line with increases agreed by the Joint National Council's for Chief Officers and Chief Executives as appropriate.

- 5.6 At present, there are no additional payments made to chief officers in relation to performance related pay or the use of bonuses.
- 5.7 Any termination payments to chief officers on ceasing office will comply with Exeter City Council's Organisational Change and Local Government Pension Scheme Employer Discretions Policies which are subject to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006, as amended and in force at the time. All such payments are equally applicable to all employees. The Employer Discretions Policy and severance payments (which include redundancy / efficiency compensation, pension strain and pay in lieu of notice) in excess of £100,000 are subject to approval at Full Council. No additional payments will be made to Chief Officers without express approval by Full Council.
- 5.8 A chief officer appointment (under an employment contract or contract for services) will not be offered to any former chief officer in receipt of a severance payment, except in circumstances where they left employment as a result of being made redundant from their previous Chief Officer role, without the approval of Full Council.
- 5.9 Exeter City Council will not enter into employment or service contracts with any persons in receipt of a local government pension within 12 months of the termination date of their previous employment without the approval of Full Council. Employees of the Council who are also in receipt of a local government pension may have their pension abated in accordance with legislation / policy as enacted / determined by the relevant pension administrator.
- 5.10 The Council's Policy on Market Supplements applies to all posts at the Council, including Chief Officers. Evidence based market supplements will be subject to periodic review to ensure they continue to be justifiable. No Chief Officer is currently in receipt of a Market Supplement.
- 5.11 Additional payments are made by Central Government to officers (including the Returning Officer) carrying out additional duties at Parliamentary, European and other national elections and referendums. These payments are set nationally and are not within the scope of this Statement. Payments to the Returning Officer and other officials for duties in relation to City Council elections are linked proportionately to these national rates.

6 Transparency & Publication of Data

- 6.1 This Statement aims to ensure that the process for setting pay at a senior level is transparent fair and consistent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.
- 6.2 The Council will publish its Pay Policy Statement on the Exeter City Council website alongside information related to the Council's management structure. Further information relating to the remuneration of Chief Officers is published in the Council's annual Statement of Accounts.

7 Equality Impact Considerations

7.1 The principles of equal pay are integral to this policy and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:

- Like work where the woman and the man are doing the same job
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
- Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

8 Related Policies/Strategies, Procedures and Legislation

8.1 Exeter City Council pay and reward policies and procedures are operated within the framework of JNC and NJC terms as nationally negotiated and agreed and supplemented by local agreements. The Council applies the national framework for job evaluation and works within equality and equal pay legislation in order to apply all pay related issues in a fair, consistent and transparent way.

8.2 Key policies/procedures/strategies and legislation include:

- Exeter City Council Pay and Reward Policies, frameworks and local agreements
- Equal Pay Legislation
- Equality Act 2010
- Localism Act 2011
- Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012
- Local Government Act 1972
- Local Government & Housing Act 1989

1. Levels and elements of remuneration for each chief officer role as at March 2014

Post title	Full time Remuneration
Chief Executive and Growth Director	£110,000
Deputy Chief Executive	£88,000
Assistant Director x 7	£64,000
Corporate Manager x 4	£56,000

2. The FT remuneration of the lowest paid employee

Post title	Full time Remuneration
Solo Sweeper/MRF Operative	£14,759

3. The multiplier of the remuneration of the chief officer based upon taxable earnings:

Post Title	Full time Remuneration
Annual median pay of all employees	£19,570
Pay multiple of Chief Executive and Growth Director to median	5.62
Pay multiple of Chief Executive and Growth Director to lowest paid FT employee	7.45

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 22 JANUARY 2014

EXECUTIVE 4 FEBRUARY 2014

COUNCIL 25 FEBRUARY 2014

TREASURY MANAGEMENT STRATEGY REPORT 2014/15

1. PURPOSE OF THE REPORT

- 1.1 To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2014/15, as required under section 15(1)(a) of the Local Government Act 2003.

2. BACKGROUND

- 2.1 In February 2011 the Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year. In November 2011, CIPFA updated the guidance and require the adopted clauses from 2009 to be updated and re-approved.
- 2.2 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

3. KEY ISSUES TO BE CONSIDERED

- 3.1 This is a statutory Strategy to be adopted and the key issues to be considered are:
- Section 4.3 sets the limits on the value of investments to be held by any one institution and the type of institution that can be used. The only change from the current strategy is a proposal to increase the amount held in a money market fund and that lent to an Upper Tier Local Authority from £3 million to £5 million. This reflects the fact that in a Money Market Fund, the funds are spread across a range of institutions and therefore risk is spread. It will also allow the Council to access a higher interest rate on the investments. In respect of Upper Tier Local Authorities, the risk of default is considered to be very low.
 - Section 3 sets out the current levels of borrowing and investments, along with the estimated changes and the financial impact for the year on both the General Fund and HRA.
 - Sections 5 and 6 set out the planned strategy for the year, which Council must be satisfied meets their objectives and is in line with the level of risk they are comfortable to take.

4. RISKS INVOLVED

- 4.1 The investment limits are designed to reduce risk as far as possible, however with any investments there is a risk of default. The Council minimises this risk by keeping borrowing as low as possible and therefore the amount available for investment low. Investments tend to be in immediate access accounts, or short term (less than three months). The risk of keeping borrowing short term is that rates will rise causing the Council to lock into higher interest rates over the long term.

5. CONCLUSIONS

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

6. RECOMMENDATIONS

- 6.1 That Scrutiny and Executive support and Executive recommend to Council the adoption of the new Treasury Management Strategy and delegations contained therein.

ASSISTANT DIRECTOR FINANCE

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

1. Treasury Management Strategy

EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2014/15

1. Introduction

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

2. Economic Context

- 2.1 The past year has seen an improvement in growth in the UK economy, alongside a reduction in inflation back towards the target of 2%. However, the Bank of England has also stated that it will not consider raising interest rates until unemployment levels fall below 7% (currently 7.4%). The Bank is forecasting that this may not occur until 2016.
- 2.2 Although the credit risk in respect of banks has reduced, the plight of the Co-op is a timely reminder that risks remain within the financial services sector.

2.3 Interest rate forecasts

The Council's treasury management adviser, Arlingclose, believes that it could be late 2016 before official UK interest rates rise. However they also forecast that gilt yields (which PWLB rates are linked to) will rise by between 0.7 and 1.1% over that period.

2.4 *Arlingclose central interest rate forecast – December 2013*

	Bank Rate	20-year gilt yield*
Q1 2014	0.50	3.25
Q2 2014	0.50	3.30
Q3 2014	0.50	3.35
Q4 2014	0.50	3.40
H1 2015	0.50	3.50
H2 2015	0.50	3.65
H1 2016	0.50	3.85
H2 2016	0.50	4.15

* The Council can currently borrow from the PWLB at 0.80% above gilt yields

3. Current and Expected Treasury Portfolios

3.1 Current portfolio

The Council's treasury portfolio as at 31st December 2013 was as follows.

	Principal Amount £m	Interest Rate %
Investments - maturing 2013/14	7.0	Approx 0.40%
- maturing 2014/15	0.0	
- maturing later	0.0	
Total Investments	7.0	
Debt - maturing 2013/14	5.0	-
- maturing 2014/15	10.0	0.45% - 0.55%
- maturing later	56.9	3.48%
Total Debt	71.9	0.45% – 3.48%
Net Debt	64.9	

3.2 Expected changes

According to current cash flow forecasts, net borrowing is expected to increase by £5 million by 31st March 2014. The future cash flow forecast includes planned borrowing of £4.4 million as part of the 2014/15 capital programme. The decision of whether to take external long-term borrowing will be made in light of current and forecast interest rates.

3.3 Budget implications

The net budget for interest payments in 2014/15 is £125,000 in respect of the General Fund. The HRA covers the interest costs relating to the long term borrowing of £56.9 million. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4. Investment Strategy

4.1 The Council holds surplus funds, which represent income received in advance of expenditure plus balances and reserves held. Much of the Council's cash has been used to reduce the amount of debt taken on during the current financial year. Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the **security** and **liquidity** of its investments before seeking the highest rate of return, or **yield**.

4.2 Specified Investments

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

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

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

In-house investment	Monetary limit ¹	Time limit
UK owned banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£3m each	12 months
Foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1	£2m each	6 months
UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1	£3m each	3 months
Money market funds ² and similar pooled vehicles holding the highest possible credit ratings (AAA)	£5m each	3 months
UK Central Government	no limit	12 months
UK Local Authorities ³ Upper Tier Lower Tier	£5m each £3m each	12 months 12 months

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

² as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003

³ as defined in the Local Government Act 2003

4.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. For an individual bank, the limit is £3 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

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

4.6 Foreign countries

Investments in foreign countries will be limited to those that hold a AAA or AA+ sovereign credit rating from all three major credit rating agencies, and to a maximum of £3 million per country. Only banks that are domiciled in the UK but are owned in another country will be used and need to meet the rating criteria of and will count against the limit for both countries. There is no limit on investments in the UK.

4.7 Liquidity management

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

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

4.8 Credit ratings

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

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

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

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

4.9 Other information on the security of investments

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

4.10 Investment instruments

Investments may be made using any of the following instruments:

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

5. Planned investment strategy for 2013/14 – In-house

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

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

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

5.3 The Council will seek to utilise its call accounts (which are linked to base rate), money market funds (Ignis and CCLA) and use short-dated deposits up to 3 months to ensure liquidity of assets for day-to-day cashflow. Although these are essentially cash, a monetary limit in line with the banks credit rating is retained on the accounts. The Council will also make use of the Government's Debt Management Office to ensure the highest possible security for cash. Additionally, the Council's bankers, operate an immediate access call account, which automatically sweeps excess funds from our general bank account into one paying a higher interest rate. There is no limit on the account, with interest varying depending on the amount in the account. On occasion, where significant payments are to be made, there may be in excess of £3 million in this account.

6. Borrowing Strategy

6.1 The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2014 is expected to be £92.7 million, and is forecast to rise to £95.5 million by March 2015 as capital expenditure is incurred.

6.2 The maximum expected long-term borrowing requirement for 2013/14 is:

	£m
Not borrowed in previous years	34.2
Long term borrowing (HRA)	56.9
Forecast increase in CFR	4.4
Loans maturing in 2012/13	0.0
TOTAL	95.5

6.3 The Council made a one-off payment on 28 March 2012, to buy itself out of the HRA subsidy system. The final settlement figure of £56.884 million was confirmed in February 2012. The amount was borrowed from the Public Works Loans Board over a 50 year period and is repayable on maturity at the end of the loan term. The interest rate was 3.48% fixed for the term of the loan.

6.4 However, to reduce risk and minimise cost on the General Fund, it has been decided to defer borrowing until later years, and to reduce the size of the Council's investment balance instead.

6.5 In addition, the Council will borrow for short periods of time (normally up to one year) to cover cash flow shortages. Currently the Council has outstanding borrowing of £15 million, which was taken in three tranches for a period of one year at 0.45%, 0.50% and 0.55%.

6.6 Sources of borrowing

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

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

6.7 Debt instruments

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

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

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

- leases
- Private Finance Initiative.

6.8 Borrowing strategy to be followed

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

7. **Policy on Use of Financial Derivatives**

7.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).

7.2 The Localism Bill 2011 includes a general power competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The latest CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.4 Derivative counterparties

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

7.5 In reality, whilst the Council is required to include the above policy, the only type of transaction used is the forward deal, which means the Council agrees to borrow funds at a set price for a set period, in advance of the date the loan is actually taken. This is done to ensure the availability of funds at the time that they are needed.

8. Treasury Management Prudential Indicators

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

9. Other Matters

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

9.2 Investment consultants

The Council contracts with Arlingclose, who have taken over Sterling Consultancy Services to provide advice and information relating to its investment and borrowing activities. However, responsibility for final decision making remains with the Council and its officers. The services received include:

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

The quality of the advisory service is monitored by the Assistant Director Finance.

9.3 Investment training

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

9.4 Investment of money borrowed in advance of need

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

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

10. Investment Reports

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

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EXETER CITY COUNCIL

SCRUTINY COMMITTEE - RESOURCES 22 JANUARY 2014

EXECUTIVE 4 FEBRUARY 2014

COUNCIL 25 FEBRUARY 2014

THE PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES (INCORPORATING THE ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION)

1. PURPOSE OF THE REPORT

- 1.1 To set out the proposed 2014/15 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).

2. BACKGROUND

- 2.1 With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self regulation. This means that Councils are free to borrow for capital investment where the borrowing is affordable.
- 2.2 The Prudential Code was revised slightly during 2012. The “net debt and the capital financing requirement” has been amended to “gross debt and the capital financing requirement” and the proportion of net debt to gross debt indicator introduced last year has been withdrawn as it does not work.
- 2.3 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes.
- 2.4 The Prudential Indicators / MRP report will be incorporated within the Budget Book for approval at the full Council meeting as per the statutory requirement.

3. PRUDENTIAL INDICATORS

- 3.1 The proposed prudential indicators for the next three years are shown in Appendix A-C.

3.2 **Key issues to consider**

Appendix C summarises the prudential code indicators for the Council and of particular importance are

- the Capital Financing Requirement - demonstrates the amount that the Council has an underlying need to borrow, regardless of whether that amount has actually been borrowed;
- the Operational Boundary – this sets the amount of borrowing that the Council intends to keep within over the period covered by the indicators;
- The Authorised Limit – the maximum that the section 151 officer is allowed to borrow to cover the Operational Boundary and day to day Cashflow needs. The Council is not allowed to exceed this amount of borrowing without first authorising an increase to the limit.

4. **ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION**

4.1 The Regulations require that "a local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent".

4.2 Minimum Revenue Provision (MRP) is an amount set aside from revenue to meet the repayment of debt principal. It is in effect a replacement for depreciation that you would normally expect to see within a Company's Accounts. Under the old Regulations this was 4% of principal outstanding for the General Fund and no requirement to set aside MRP in the Housing Revenue Account. In local government accounting depreciation is charged and then reversed out so it does not affect the level of Council Tax, however MRP is charged to the General Fund and therefore does affect levels of Council Tax.

4.3 The Secretary of State for Communities and Local Government has issued guidance under section 21(1A) of the Local Government Act 2003. This states that "the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant."

4.4 The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 4 below:

- (a) Regulatory Method;
- (b) Capital Financing Requirement Method;
- (c) Asset Life (Equal Instalment) Method;
- (d) Asset Life (Annuity) Method; and
- (e) Depreciation Method

5.5 **Key issue to consider**

Section 6 sets out the proposed policy for MRP, which matches the amount set aside against the useful life of the assets. The only exception to this is the writing off of historic debt which is being undertaken over 50 years.

5. MRP OPTIONS

5.1 Regulatory Method

MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations as if they had not been revoked. In effect this is 4% of the debt principal outstanding.

5.2 Capital Financing Requirement Method

MRP is equal to 4% of the non-housing Capital Financing Requirement, which is a Prudential Indicator.

5.3 Asset Life (Equal Instalment) Method

Where capital expenditure on an asset is financed wholly or partly by borrowing then MRP is determined by reference to the life of the asset and an equal amount charged in each year.

5.4 Asset Life (Annuity) Method

MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing.

5.5 Depreciation Method

MRP is equal to the provision required in accordance with depreciation accounting in respect of the asset, including any amount of impairment chargeable to the Income and Expenditure Account. As standard depreciation rules are used where an asset is part financed by loan, e.g. 50% loan, 50% Capital Receipt, then the full 100% depreciation charge on the asset is required to be charged as MRP. MRP is required to be charged annually until the cumulative amount of the provision is equal to the original expenditure financed by borrowing. Should the asset be disposed of then the charge needs to continue as if the asset had not been disposed of unless the debt is repaid.

6. Minimum Revenue Provision Policy 2014/15

- 6.1 The Council's MRP policy is to match borrowing against specific capital investment and adopt the Asset Life (Equal Instalment) Method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. It is also simple to operate and gives certainty in each year as to the level of charge for principal. The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. The total capital financing requirement at the end of 2013/14 is likely to be approximately £92.6m, some of which has financed redundancy payments and other shorter dated expenditure. Therefore MRP for 2014/15 will be calculated based on the capital financing requirement at the end of 2013/14 using the varying periods of repayment. The MRP charge for 2014/15 will be approximately £1.470 million.

4. RECOMMENDATION

4.1 That the Executive recommend to Council the adoption of:

- The Prudential Indicators set out in Appendix A–C.
- The Annual Statement of Minimum Revenue Provision for the Council.

ASSISTANT DIRECTOR - FINANCE

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

Background papers used in compiling this report:

1. The Prudential Code for Capital Finance in Local Authorities
2. The Prudential Code Guidance Notes

General Fund Prudential Indicator Calculations

The purpose of the prudential indicators is to demonstrate that the Council's financial plans meet the statutory requirement to be affordable, prudent and sustainable.

General Fund Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Strategic Theme	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
OTHER	659	1,225	2,176	2,530	1,425
PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT	2,289	1,671	1,402	176	56
MAINTAIN THE ASSETS OF OUR CITY	235	163	383	350	0
HELP ME FIND SOMEWHERE SUITABLE TO LIVE	1,404	1,880	960	540	540
IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD	884	578	3,220	315	0
SAFE CITY	0	2	0	0	0
A LEARNING CITY	1	0	0	0	0
PROSPEROUS CITY	108	563	0	0	0
ACCESSIBLE CITY	1,334	175	0	0	0
Total General Fund Capital Expenditure	6,914	6,255	8,141	3,911	2,021

General Fund Financing costs

The figures for the actual financing costs will be taken from the Council's financial statements using the definition of financing costs specified in the Prudential Code. Estimates for the current and future years should be calculated in a manner consistent with this definition.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Interest payable with respect to short term borrowing	53	130	170	857	867
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(18)	(45)	(45)	(45)	(45)
Replacement for Minimum Revenue Provision (England and Wales)	1,107	1,328	1,470	1,521	1,423
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total General Fund Financing Costs	1,142	1,413	1,595	2,333	2,245

General Fund Estimates of the ratio of financing costs to net revenue stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers. An important theme of the Code is transparency. For this reason the authority's calculation of the net revenue stream should be consistent with the figure that can be identified in the Income and Expenditure Account for 'Net Operating Expenditure'.

When the Council is 'debt-free' the ratio of financing costs to net revenue stream will be negative. This reflects the fact that for 'debt-free' authorities, the negative financing costs are making a contribution to the Income and Expenditure Account.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Financing costs	1,142	1,413	1,595	2,333	2,245
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	13,757	14,027	13,168	12,160	11,387
Ratio of financing costs to net revenue stream %	8.3	10.1	12.1	19.2	19.7
Negative for a debt free authority	%	%	%	%	%

Estimates of the incremental impact of capital investment decisions on the Council Tax

A fundamental constraint on capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable council tax levels.

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	12,986	11,422	11,475
Total budgetary requirements for the authority with proposed capital programme	13,168	12,160	11,387
Difference	182	738	(88)
Incremental Impact on Band D Council Tax	£5.38	£21.71	-£2.58

General Fund Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual General Fund Capital Financing Requirement at 31 March 2013

	£'000
Estimate of General Fund Capital Financing Requirement 31 March 2012	111,474
Property, Plant and Equipment	41,265
Investment Properties	22,436
Heritage Assets	779
Intangible Assets / Other Long term Assets	(59,231)
Revaluation Reserve	(84,779)
Capital Adjustment Account	31,944
Estimate of General Fund Capital Financing Requirement 31 March 2013	31,944

Estimated General Fund Capital Financing Requirement at 31 March 2014

Estimate of General Fund Capital Financing Requirement 31 March 2013	31,944
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	2,790
Estimate of General Fund Capital Financing Requirement 31 March 2014	34,734

Estimated General Fund Capital Financing Requirement at 31 March 2015

Estimate of General Fund Capital Financing Requirement 31 March 2014	34,734
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	2,918
Estimate of General Fund Capital Financing Requirement 31 March 2015	37,652

Estimated General Fund Capital Financing Requirement at 31 March 2016

Estimate of General Fund Capital Financing Requirement 31 March 2015	37,652
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(560)
Estimate of General Fund Capital Financing Requirement 31 March 2016	37,092

Estimated General Fund Capital Financing Requirement at 31 March 2017

Estimate of General Fund Capital Financing Requirement 31 March 2016	37,092
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(915)
Estimate of General Fund Capital Financing Requirement 31 March 2017	36,177

HRA Prudential Indicator Calculations

APPENDIX B

Local authorities that have a Housing Revenue Account (HRA) are required to prepare separate calculations for their HRA and non-HRA elements.

HRA Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Help me find somewhere suitable to live	8,945	9,558	11,945	7,477	8,358
Total HRA Capital Expenditure	8,945	9,558	11,945	7,477	8,358

HRA Financing costs

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Interest payable with respect to short term borrowing	0	0	0	0	0
Interest payable under 'irredeemable' long term liabilities	1,989	1,989	1,989	1,989	1,989
Interest and investment income	(44)	(45)	(45)	(50)	(55)
Voluntary Revenue Provision (England and Wales)	0	0	0	0	0
Voluntary contribution to financing costs in respect of short-life assets	0	0	0	0	0
Total HRA Financing Costs	1,945	1,944	1,944	1,939	1,934

HRA Estimates of the ratio of financing costs to net revenue stream

APPENDIX B

For the Housing Revenue Account the net revenue stream, for the purposes of the Code, is the amount to be met from housing subsidy and rent income.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Financing costs	1,945	1,944	1,944	1,939	1,934
Net revenue stream	17,568	18,624	19,348	20,315	21,331
Ratio of financing costs to net revenue stream %	11.1	10.4	10.0	9.5	9.1
Negative for a debt free authority	%	%	%	%	%

Estimates of the incremental impact of capital investment decisions on the Housing Rents

A fundamental constraint on HRA capital investment by a local authority is its scope to afford its financial implications. For local authorities it is ultimately determined by a judgement about acceptable rent levels.

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Forecast HRA budgetary requirements for the authority with existing HRA capital programme	19,348	20,315	21,331
Forecast HRA budgetary requirements for the authority with proposed HRA capital programme	19,348	20,315	21,331
Difference	0	0	0
Incremental Impact on average weekly housing rents	£0.00	£0.00	£0.00

HRA Capital Financing Requirement

APPENDIX B

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Actual HRA Capital Financing Requirement at 31 March 2013

Description	£'000
Property, Plant and Equipment	192,200
Investment Properties	0
Revaluation Reserve	(3,611)
Capital Adjustment Account	(130,707)
Actual HRA Capital Financing Requirement 31 March 2013	57,882

Estimated HRA Capital Financing Requirement at 31 March 2014

Estimate of HRA Capital Financing Requirement 31 March 2013	57,882
Estimate of change in Property, Plant and Equipment	8,945
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(8,945)
Estimate of HRA Capital Financing Requirement 31 March 2014	57,882

Estimated HRA Capital Financing Requirement at 31 March 2015

Estimate of HRA Capital Financing Requirement 31 March 2014	57,882
Estimate of change in Property, Plant and Equipment	9,558
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(9,558)
Estimate of HRA Capital Financing Requirement 31 March 2015	57,882

Estimated HRA Capital Financing Requirement at 31 March 2016

APPENDIX B

Estimate of HRA Capital Financing Requirement 31 March 2015	57,882
Estimate of change in Property, Plant and Equipment	11,945
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(11,945)
Estimate of HRA Capital Financing Requirement 31 March 2016	57,882

Estimated HRA Capital Financing Requirement at 31 March 2017

Estimate of HRA Capital Financing Requirement 31 March 2015	57,882
Estimate of change in Property, Plant and Equipment	7,477
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(7,477)
Estimate of HRA Capital Financing Requirement 31 March 2017	57,882

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CLG Limit on indebtedness

The limit on indebtedness for the HRA is £57.882 m

Prudential Indicator CalculationsPRUDENTIAL INDICATORS OF AFFORDABILITYEstimates of Incremental Impact of Capital Investments Decisions on the Council Tax

This prudential indicator shows the potential impact of the capital investment decisions on the Council Tax.

Description	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Incremental Impact on Band D Council Tax	£5.38	£21.71	-£2.58

Estimates of Incremental Impact of Capital Investments Decisions on the Housing Rents

This prudential indicator shows the potential impact of the HRA capital investment decisions on the average weekly rent.

Description	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Incremental Impact on Average Weekly Housing Rents	£0.00	£0.00	£0.00

Total Actual / Estimates of Capital Expenditure

The prudential indicator for capital expenditure should be based upon a capital programme that takes into account the Council's asset management and capital investment strategies.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total General Fund Capital Expenditure	6,914	6,255	8,141	3,911	2,021
Total HRA Capital Expenditure	8,945	9,558	11,945	7,477	8,358
Total Actual / Estimates of Capital Expenditure	15,859	15,813	20,086	11,388	10,379

APPENDIX C

Prudential Indicator Calculations

Total Actual / Estimates of Financing Costs

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Total General Fund Financing Costs	1,142	1,413	1,595	2,333	2,245
Total HRA Financing Costs	1,945.00	1,944.00	1,944.00	1,939.00	1,934.00
Total Actual / Estimates of Financing Costs	3,087	3,357	3,539	4,272	4,179

Actual / Estimates of Ratio of Financing Costs to Net Revenue Stream

The net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers, and for the Housing Revenue Account, is the estimate of the amounts to be met from housing subsidy and rent income.

Since the Council is 'debt-free' the ratio of financing costs to net revenue stream will be negative. This reflects the fact that for 'debt-free' authorities, the negative financing costs are making a contribution to the consolidated revenue account.

Description	2012/13 Actual %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
General Fund Ratio of Financing Costs to Net Revenue Stream	8.3	10.1	12.1	19.2	19.7
HRA Ratio of Financing Costs to Net Revenue Stream	11.1	10.4	10.0	9.5	9.1

Prudential Indicator CalculationsActual / Estimates of Capital Financing Requirement

The Capital Financing Requirement will reflect the Council's underlying need to finance capital expenditure.

Description	2012/13 Actual £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
General Fund Capital Financing Requirement	31,944	34,734	37,652	37,092	36,177
HRA Capital Financing Requirement	57,882	57,882	57,882	57,882	57,882
Total Actual / Estimates of Capital Financing Requirement	89,826	92,616	95,534	94,974	94,059

Authorised Limit

In England and Wales the prudential indicator for the Authorised Limit for external debt for the current year is the statutory limit determined under Section 3 (1) of the Local Government Act 2003: 'A local authority shall determine and keep under review how much money it can afford to borrow'

The Authorised Limit should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable. The Authorised Limit must therefore be set to establish the outer boundary of the Council's borrowing, based on a realistic assessment of the risks.

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Borrowing	110,000	120,000	130,000
Other long term liabilities	0	0	0
Authorised Limit	110,000	120,000	130,000

Prudential Indicator CalculationsOperational Boundary

The Operational Boundary is the focus of day-to-day treasury management activity within the authority. It is a means by which the authority manages its external debt to ensure that it remains within the self-imposed Authorised Limit. The Operational Boundary may be breached temporarily on occasions due to variations in cashflow. However, a sustained or regular trend above the Operational Boundary would be significant and should lead to further investigation.

Description	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
Borrowing	95,000	115,000	120,000
Other long term liabilities	0	0	0
Operational Boundary	95,000	115,000	120,000

Actual External Debt

The prudential indicator for actual external debt will not be directly comparable to the authorised limit and operational boundary, since the actual external debt will reflect the actual position at one point in time.

Description	2012/13 Actual £'000
Actual borrowing as at 31 March 2012	64,934
Actual long term liabilities as at 31 March 2012	0
Actual External Debt as at 31 March 2011	64,934

Prudential Indicator Calculations
PRUDENTIAL INDICATORS OF PRUDENCE

Gross Debt and Capital Financing Requirement

The Code makes it necessary, if a financial strategy is to be prudent, that it is one in which in the medium term gross debt is only used for capital purposes. In the Code this requirement is to be demonstrated through a comparison of gross debt with the Capital Financing Requirement.

Description	£'000
Total Capital Financing Requirement at 31 March 2013	89,826

2013/14 Estimated Change in Capital Financing Requirement	
Capital expenditure	15,813
Application of useable capital receipts	(300)
Application of capital grants/contributions	(11,395)
The replacement for MRP	(1,328)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2013/14	2,790

2014/15 Estimated Change in Capital Financing Requirement	
Capital expenditure	20,086
Application of useable capital receipts	(300)
Application of capital grants/contributions	(15,398)
The replacement for MRP	(1,470)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2014/15	2,918

Prudential Indicator Calculations

2015/16 Estimated Change in Capital Financing Requirement	
Capital expenditure	11,388
Application of useable capital receipts	(300)
Application of capital grants/contributions	(10,127)
The replacement for MRP	(1,521)
Additional voluntary contributions	0
Total Estimated Change in Capital Financing Requirement 2015/16	(560)

Capital Financing Requirement:	
Estimated Opening Balance 2012/13	89,826
Estimated Closing Balance 2015/16	94,974
This is an increase over the three years of	5,148

Prudential Indicators for Treasury Management

The first prudential indicator for treasury management is not a numerical indicator, but a statement of good practice:

The Council adopts the 2011 edition of the CIPFA Code of Practice for Treasury Management in the Public Services' Adopted by the Council 7 February 2012 (Executive Committee)

Prudential Indicator CalculationsOperational Boundaries to Exposure to Interest Rate Risks

Interest rate risk management is a top priority for local authority management. The setting of upper limits has the effect of setting ranges within which the Council will limit its exposure to both fixed and variable interest rate movements.

Description	2014/15 £'000	2015/16 £'000	2016/17 £'000
Total projected interest payable on borrowing	2,159	2,846	2,856
Total projected interest receivable on investments	(90)	(95)	(100)
Net Interest	2,069	2,751	2,756
Upper limit - fixed rates = 100%	(90)	(95)	(100)
Upper limit - variable rates = 20%	(18)	(19)	(20)

This means that the Head of Treasury Services will manage fixed interest rate exposure within the range 0% to 100% and variable interest rate exposure within the range 0% to 20%

Operational Boundary to the Exposure Inherent in the Maturity Structure of Borrowings

This indicator is designed to be a control over the Council having a large concentration of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The indicator is, in effect, a limit on longer term interest rate exposure and is set for the forthcoming year.

The analysis of borrowing by maturity used in the Code uses the same periods as that required in the local authority SORP.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Period	Upper Limit	Lower Limit
Under 12 months	100%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	20%	0%
5 years and within 10 years	20%	0%
10 years and above	100%	0%

Prudential Indicator Calculations

Principal Sums Invested for Periods Longer than 364 Days

The purpose of the prudential limit for principal sums invested for periods longer than 364 days is for the Council to contain its exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

Description	At 31/3/2014 £'000
Longer-term investments	0
Less - Held for operational purposes	0
Current Assets - Investments	0
Current Assets - Cash and at Bank	0
Total available for investment longer term	0

Limits to be placed on investments to final maturities beyond year end:	£'000
31/03/14	0
31/03/15	0
31/03/16	0

EXETER CITY COUNCIL

EXECUTIVE
4 FEBRUARY 2014

COUNCIL
25 FEBRUARY 2014

GENERAL FUND ESTIMATES AND CAPITAL PROGRAMME 2014/15

1. PURPOSE OF THE REPORT

- 1.1 To approve the General Fund revenue estimates for 2014/15 and to recommend the Band D level of Council Tax for 2014/15. This report also includes the proposed Capital Programme for 2014/15 and future years, and a note of the proposals in respect of the Housing Revenue Account.

2. BACKGROUND

- 2.1 At its meeting of 10 December 2013, the Executive approved a budget strategy based upon key assumptions including the likely level of available resources and identified spending pressures. This strategy, including the revised medium term financial plan, indicated that the Council needed to reduce its revenue budget by about £3.2 million over the next four years after taking into account identified savings proposals of £2.4 million.
- 2.2 Since that meeting the Council has had notification of a range of additional unavoidable spending pressures and reductions in funding, along with an increase in income from Business Rates which have reduced the savings required to £3.107 million.

3. LOCAL GOVERNMENT FINANCE SETTLEMENT

- 3.1 The Government will announce the final Local Government Settlement in late January 2014. The Council is to receive £7.832 million in 2014-15, which is £40,000 lower than predicted within the Medium Term Financial Plan. It is proposed that the shortfall can be taken from balances.
- 3.2 Appendix 1 shows as a comparison the formula funding settlement figures for all Devon authorities. The figures show that in comparison with most other Devon Districts the City Council has fared slightly worse in percentage terms of formula funding reduced.
- 3.3 In the grant settlement the Government announced that councils will face an average cut of 2.9% based upon council's 'revenue spending power'. Revenue spending power is a definition used by the Government, which encompasses an individual authority's:
- Council Tax Requirement;
 - Formula Grant;
 - New Homes Bonus
 - Other Grants; and
 - NHS funding for social care (not applicable for district councils).

Appendix 2 shows a comparison of Devon authorities using this definition of revenue spending power. Using this measure Exeter's revenue spending power has reduced by 3.5% for 2014/15.

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 council tax by one per cent. The Council would receive £50,054 in Council Tax Freeze Grant for the next two years if it were to freeze Council Tax. In addition, the Government has yet to confirm the local authority tax referendum threshold but it is likely at best to be set at two per cent.

5. BUSINESS RATES POOL

5.1 Local Authorities in Devon have agreed to remain in the Business Rates pool for a second year. The benefits of the pool are that any additional growth within Devon is shared between the Council's in Devon rather than a levy being paid over to Central Government. However there are risks that where a Council's Business Rates income falls below their safety net, then it is the responsibility of the members of the pool to make payments to them rather than Central Government. The budget allows for a gain of £179,000 from pooling.

6. KEY ASSUMPTIONS

6.1 An overall allowance of £358,000 has been allowed 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%

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

6.3 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.

7. FURTHER ISSUES TO BE CONSIDERED

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

- Equality Impact Assessment
- New Homes Bonus
- Future spending pressures and review of the medium term financial planning process
- The level of reserves and balances

8. EQUALITY IMPACT ASSESSMENT

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

9. NEW HOMES BONUS

- 9.1 The New Homes Bonus is designed to create an effective fiscal incentive to encourage local authorities to facilitate housing growth. The scheme provides local authorities with a New Homes Bonus grant, equal to the national average for the council tax band on each additional property and paid for the following six years as an unringfenced grant. There is also an enhancement for affordable homes. Whereas previously DCLG has allocated additional funding for the scheme in 2011/12 and 2012/13, this has no longer been the case since 2013/14 with funding for the scheme being 'top-sliced' from mainstream grant funding.

- 9.2 To date the Council has received New Homes Bonus of £0.389 million in 2011/12, £1.323 million in 2012/13, £2.205 million in 2013/14 and provisionally been notified that it will receive a further £2.778 million in 2014/15. The Executive has approved a revised allocation that sets out how the New Homes Bonus funding should be used from 2013/14 onwards. Based upon this revision and using future estimates of New Homes Bonus funding the allocation is set out in the table below:-

Year	Top Slice £000's	Community Projects £000's	Major Infrastructure £000's	Unallocated £000's	Total £000's
2011/12	-	-	-	389	389
2012/13	120	361	601	241	1,323
2013/14	120	286	1,418	381	2,205
2014/15	120	286	1,937	435	2,778
2015/16	120	286	2,456	565	3,427
2016/17	120	286	2,976	694	4,076
2017/18	120	286	3,183	746	4,335
Total	720	1,791	12,571	3,451	18,533

- 9.3 In light of the current financial position that the Council faces, it is recommended that the amounts allocated for major infrastructure along with the unallocated funds are set aside to finance the proposed new leisure complex, with any additional funding left over used to support the revenue budget in terms of financing and repaying borrowing that has been incurred.

10. REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)

- 10.1 An updated Medium Term Financial Plan (MTFP) is set out in Appendix 3. There have been a number of changes to the financial plan since it was reported in December after additional spending pressures were identified either during the budget setting process or through announcements made during late December. The MTFP currently indicates that additional savings required over the next five years total £3,107,000. 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
Savings required	0	(376)	(2,386)	(345)

- 10.2 Looking to the longer term there are a number of uncertainties and factors that could affect the future financial position. These include: the amount of grant support from central government after 2014/15 including localisation of business rates, potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital programme commitments. Any additional revenue costs that are not currently identified within the medium term financial plan will now have to be met from further savings.

11. BALANCES AND RESERVES

- 11.1 The Council's current policy is such that the minimum level of the General Fund Balance will now be £2 million. This is considered a sufficient level taking into account the potential level of financial risk facing the Council in the medium term. The latest estimated position of the General Fund Balance is that it will be £3.124 million as at 31 March 2014, equivalent to 22.9% of Exeter's net revenue budget. The Council's revised medium-term financial plan (Appendix 3) indicates that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2015/16.
- 11.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2014/15 includes a net transfer to earmarked reserves of £2,202,000. This is broken down as shown below:-

Transfer (from)/ to reserves:

	2014/15 £'000
New Homes Bonus	<u>2,202</u> 2,202

12. REVENUE ESTIMATES 2014/15 (APPENDIX 4)

- 12.1 The Council's revenue estimates for next year have been considered during the current cycle of Scrutiny Committee meetings for the final budget report to the Executive on 4 February 2014. In total, Service Committee Expenditure for 2014/15 is £12,059,250 which is £272,930 higher than the current year.

12.2 In addition there are other items to take into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £165,000 for net borrowing in respect of the overall cash balances, £1,470,000 towards meeting the borrowing costs of the Council's capital programme, and new homes bonus grant and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2014/15 is planned to be £13,431,000, a decrease of £91,406 (0.7%) compared to 2013/14.

12.3 In respect of fees and charges, it is recommended that whilst fees and charges are proposed and approved during the February budget meeting of the Council, Assistant Directors, with the agreement of their Portfolio Holder, will be authorised to amend the fees and charges set throughout the year to respond to market conditions. Any amendments made will be reported during the budget monitoring process and no amendments will be made to car parking charges or statutorily set fees and charges. Furthermore it is also recommended that Council agrees to not publish fees and charges, which are considered to be commercially sensitive and where the Council is in competition for business.

13. COUNCIL TAX BUDGET REQUIREMENT 2014/15 (APPENDIX 5)

13.1 When all the Government Grant funding is taken into account the resultant net expenditure to be financed from council tax is £4,570,000 (as indicated in Appendix 4), an increase of £178,811 (4.1%) compared to 2013/14.

13.2 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2014/15. For next year it is estimated that the collection fund will have a small surplus (£21,866), which will be used to fund part of the expenditure to be financed from Council Tax.

13.3 After taking into account the surplus and the taxbase of 34,344, the proposed band D council tax for 2014/15 will be £132.43, which means that the council tax will increase annually by £2.59 or 1.99%. When the Government announces its proposals for a referendum, then this figure will be amended accordingly, if required.

14. HOUSING REVENUE ACCOUNT (HRA) (APPENDIX 6 & 7)

14.1 Next year will be the third financial year that the HRA has operated since the introduction of self-financing in April 2012. Self-financing enables local authority landlords to retain the income they collect from rents, service charges and other sources at a local level to deliver housing services and to invest in their housing stock.

14.2 The main features of self-financing are:

- The HRA continues to be framed by the Local Government and Housing Act 1989, which covers the detailed operation of the HRA; the structure and ring-fenced nature of the account therefore remain in place.
- The Government have set a Council Housing Borrowing Limit for each local authority (the cap). The cap is calculated as the authority's one-off debt settlement payment plus the debt associated with new build schemes built under contract with the Homes and Communities Agency. This equates to a debt cap of £57.882m for the Council and currently prevents the HRA from taking on any additional borrowing in 2014-15.

- The Chancellor's Autumn Statement announced that the cap limiting the amount councils can borrow will be increased by £150m in both 2015-16 and 2016-17. This allocation will be subject to a competitive bidding process with local authorities submitting proposals to build new homes using the additional borrowing facility.
- Local authorities are expected to maintain a long term business plan for housing for financial and service planning, monitoring progress and managing risk.

14.3 Rents in respect of council dwellings have been calculated in accordance with the Government's current social rent policy, which aims towards achieving rent convergence with housing associations by 2015-16. For 2014-15, an annual inflationary increase of 3.7% plus up to an extra £2 per week to help facilitate convergence will be implemented. This will result in an average annual rent increase of 6%, which is £4.09 per week over 52 weeks.

In April 2012 the Government raised the cap on Right to Buy (RTB) discounts to £75,000 and confirmed that receipts from the additional sales this would generate need to be used to fund replacement stock on a one-for-one basis. Each local housing authority is able to retain the additional RTB receipts, providing it can demonstrate that it has spent a sufficient amount on replacement homes within 3 years and have entered into an agreement with the Department for Communities and Local Government for the provision of replacement homes. Exeter City Council entered into an agreement with DCLG on 27 June 2012 and entered into an update of that Agreement on 28 June 2013 and is therefore able to retain the additional RTB receipts for local reinvestment.

15. CAPITAL PROGRAMME RESOURCES (APPENDIX 8)

- 15.1 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. This also has an ongoing impact on the Council's revenue budget. The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities developed by CIPFA. A separate report to this meeting of the Executive sets out the Council's Prudential Indicators for approval by members.
- 15.2 The available capital resources for General Fund and Housing for 2014/15 are £13.431 million. An estimated spend of £7.844 million is required in respect of the General Fund and £11.995 million for the HRA. The total spend on capital will be £19.839 million of which £6.998 million will have to be funded from borrowing. Appendix 8 sets out the forecast use of the resources available for the General Fund and the Housing Revenue Account and the likely amounts of borrowing that will be necessary to fund the capital programme in the future.
- 15.3 In order to keep borrowing to a minimum, and to reflect the proposed capital programme, it is recommended that Council remove the ring fence on the Canal Basin capital receipts to allow the section 151 officer to use capital receipts to finance any schemes and reduce borrowing wherever possible.

16. GENERAL FUND CAPITAL PROGRAMME (APPENDIX 9)

16.1 The proposed capital programme is set out in Appendix 9. The programme for 2014/15 totals £7.844 million. The capital programme has been set out in line with the Council's current purposes, in order to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one purpose, they have been placed under the purpose to which it is considered the scheme contributes the most.

17. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME (APPENDIX 10)

17.1 For 2014/15 the medium term financial strategy provides for a HRA capital programme of £11.995 million. This is funded from:

- Major Repairs Allowance £3.816 million
- Revenue Contributions to Capital £6.195 million
- Capital Receipts £1.984 million

18. RISK ASSESSMENT

18.1 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.

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

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

18.3 As part of the general budget-setting process the Council needs to also consider the risks inherent in the budgets set and the adequacy of the measures put in place to manage the potential risks.

19. STATEMENT OF THE ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 19.1 There is a requirement under Section 25 of the Local Government Act 2003 that requires the chief finance officer of a local authority to formally report to its members on the robustness of the estimates and the adequacy of its reserves when it is considering its budget and council tax.
- 19.2 I have already outlined above in this report the key assumptions that have been made in the budget proposals for next year including an assessment of the risks and mitigating factors. As the chief finance officer for this Council I therefore consider that the budget estimates for 2014/15 that have been prepared are both robust and achievable.
- 19.3 The Council's current policy is such that the minimum level of the General Fund Balance will be £2 million. This is considered a sufficient level taking into account the potential level of financial risk facing the Council in the medium term. The latest estimated position of the General Fund Balance is that it will be £3.124 million as at 31 March 2014, equivalent to 22.9% of Exeter's net revenue budget. The Council's current medium-term financial plan indicates that the General Fund Balance will be reduced to the minimum recommended level of £2 million by the end of 2015/16.
- 19.4 The Council's financial strategy recognises the need to maintain a General Fund Balance to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting this minimum amount of £2 million the following have been taken into account: -
- The size of the authority
 - The volatility of some income and expenditure budgets
 - The risks faced by the Council with regard to funding unforeseen events
 - The financial risks inherent in partnerships, outsourcing deals and as accountable body for external funding

The Council's estimated revenue Reserves are as follows: -

<u>Earmarked</u>	31/03/2013 £'000	31/03/2014 £'000	31/03/2015 £'000
Total Earmarked Reserves	3,021	4,799	7,001
<u>Non-Earmarked</u>			
General Fund Balance	3,358	3,124	3,141

20. PRECEPTS

- 20.1 Devon County Council, the Office of the Police and Crime Commissioner Devon and Cornwall (OPCC Devon and Cornwall) and the Devon and Somerset Fire Authority will all precept separately upon the council tax payers in Exeter. The County Council, OPCC Devon and Cornwall and Fire Authority will meet on the 20th, 7th and 17th February respectively. The recommendations are not yet known:

	2013/14	2014/15	Change	
	£	£	£	%
Devon County Council	1,116.36			
OPCC Devon and Cornwall	162.92			
Devon and Somerset Fire Authority	75.39			
Total Precept	1,354.67			

21. FINAL POSITION

21.1 Based upon the recommendations above the aggregate requirements of Exeter City Council, Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority will result in a council tax for the City of Exeter for 2014/15 of £xxx per Band D property.

21.2 This is an overall increase of £ (%) on the amount of £ levied for 2013/14.

21.3 The detailed figures are: -

Band	Exeter £	DCC £	Police £	Fire £	Total £
A					
B					
C					
D					
E					
F					
G					
H					

22. RECOMMENDATION

It is recommended that :

- 22.1 the Council's overall spending proposals in respect of both its revenue and capital budgets are approved;
- 22.2 the amounts allocated from the New Homes Bonus for major infrastructure along with the unallocated funds are set aside to finance the proposed new leisure complex, with any additional funding left over used to support the revenue budget in terms of financing and repaying borrowing that has been incurred;
- 22.3 Assistant Directors in consultation with their Portfolio Holders can vary fees and charges throughout the year to take account of market conditions, with the exception of car parking charges and statutory charges set by the Government. Commercially sensitive fees are no longer published;
- 22.4 the ring-fence on capital receipts for the Canal Basin project is removed;
- 22.5 the council tax for each Band be recommended to the Council as set out in section 21.3, subject to Devon County Council, OPCC Devon and Cornwall and the Devon and Somerset Fire Authority confirming their Band D levels respectively;
- 22.6 when the actual council tax amounts for Devon County Council, Devon and Cornwall Police Authority, and the Devon and Somerset Fire Authority are set then the revised council tax levels be submitted to Council on 25 February 2014 for approval;
- 22.7 Members note the Statement given by the chief finance officer as required under Section 25 of the Local Government Act 2003.

ASSISTANT DIRECTOR FINANCE

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

Background papers used in compiling the report:

None

FORMULA GRANT DECREASES - DEVON AUTHORITIES

Authority	Grant 2012/13 £m	Grant 2013/14 £m	Yearly Decrease %	Grant 2014/15 £m	Yearly Decrease %	Grant Decrease 2012/13 - 2014/15 £m	%
Devon	236.375	224.467	-5.0%	207.599	-7.5%	-28.776	-12.2%
Plymouth	132.855	127.561	-4.0%	114.307	-10.4%	-18.548	-14.0%
Torbay	74.968	71.157	-5.1%	64.299	-9.6%	-10.669	-14.2%
East Devon	6.337	5.833	-8.0%	5.140	-11.9%	-1.197	-18.9%
Exeter	9.487	9.031	-4.8%	7.832	-13.3%	-1.655	-17.4%
Mid Devon	5.003	4.839	-3.3%	4.286	-11.4%	-0.717	-14.3%
North Devon	6.895	6.540	-5.1%	5.742	-12.2%	-1.153	-16.7%
South Hams	4.492	4.217	-6.1%	3.696	-12.4%	-0.796	-17.7%
Teignbridge	7.920	7.421	-6.3%	6.491	-12.5%	-1.429	-18.0%
Torrige	5.409	5.206	-3.8%	4.584	-11.9%	-0.825	-15.3%
West Devon	3.687	3.604	-2.3%	3.168	-12.1%	-0.519	-14.1%

REVENUE SPENDING POWER CHANGES - DEVON AUTHORITIES

Authority	Revenue Spending Power 2013/14 £m	Revenue Spending Power 2014/15 £m	Revenue Spending Power Change £m	Revenue Spending Power Change %
Devon	561.790	552.742	-9.048	-1.6%
Plymouth	235.048	226.545	-8.503	-3.6%
Torbay	138.648	133.835	-4.813	-3.5%
East Devon	14.172	14.092	-0.080	-0.6%
Exeter	16.557	15.984	-0.573	-3.5%
Mid Devon	10.827	10.833	0.005	0.0%
North Devon	12.901	12.137	-0.763	-5.9%
South Hams	10.752	10.620	-0.133	-1.2%
Teignbridge	16.113	15.884	-0.229	-1.4%
Torridge	9.851	9.414	-0.437	-4.4%
West Devon	8.737	8.558	-0.178	-2.0%

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

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Resources					
Central Government Support	7,843	7,714	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	188	850	850	850	850
Pooling of Business Rates	0	179	184	190	197
Council Tax - £5 pa 2013/14 and 2.0% following years	4,391	4,570	4,674	4,804	4,937
Likely resources	13,641	13,431	12,422	11,629	11,055
Expenditure					
Service expenditure					
Committee expenditure base budget	13,580	11,786	12,059	10,689	8,761
Inflation	272	358	300	300	300
Potential increase in service costs	124	1,380	75	418	(11)
Budgeted reductions	(2,190)				
Supplementary Budgets and AIM Carry Forward	11,786	13,524	12,434	11,407	9,050
Net Interest	462	165	812	657	490
Forecast Committee overspend / other movements	184				
Repayment of capital borrowing	1,319	1,470	1,591	2,006	1,860
Other funding					
Contribution to/ (from) earmarked reserves	39	(280)	0	0	0
Contribution to/ (from) balances - Other	(234)	17	(1,141)	0	0
	(195)	(263)	(1,141)	0	0
Proposed savings identified		(1,465)	(898)	(55)	0
Annual savings required			(376)	(2,386)	(3,107)
Total Net Budget	13,641	13,431	12,422	11,629	11,055
Total additional savings required by 2017/18 (3,107)					
Opening General Fund Balance	3,358	3,124	3,141	2,000	2,000
Closing General Fund Balance	3,124	3,141	2,000	2,000	2,000
Balance as a percentage of budget	22.9%	23.4%	16.1%	17.2%	18.1%

DRAFT 2014/15 GENERAL FUND ESTIMATES

	2013/14 BUDGET £	2014/15 BUDGET £	CHANGE £	CHANGE %
Scrutiny - Community	13,108,610	9,745,370	(3,363,240)	
Scrutiny - Economy	(3,909,720)	(464,880)	3,444,840	
Scrutiny - Resources	5,717,220	5,634,170	(83,050)	
Vacancy Management	(100,000)	0	100,000	
Less Notional Capital Charges	(3,029,790)	(2,855,410)	174,380	
SERVICE ESTIMATES TOTAL	11,786,320	12,059,250	272,930	2.3%
Net Interest	140,000	165,000	25,000	
Minimum Revenue Provision	1,358,000	1,470,000	112,000	
SERVICE ESTIMATES NET EXPENDITURE	13,284,320	13,694,250	409,930	3.1%
New Homes Bonus	(2,204,830)	(2,778,000)	(573,170)	
Transfer to/(from) working balance	0	16,750	16,750	
Transfer to/(from) earmarked reserves	2,442,916	2,498,000	55,084	
GENERAL FUND EXPENDITURE	13,522,406	13,431,000	(91,406)	(0.7)%
Formula Funding	(7,811,885)	(7,714,000)	97,885	(1.3)%
Pooling of Business Rates	(100,000)	(1,029,000)	(929,000)	
Homelessness Grant	(502,618)	0	502,618	
Council Tax Support Grant	(598,294)	0	598,294	
Council Tax Freeze Grant	(118,420)	(118,000)	420	
COUNCIL TAX NET EXPENDITURE	4,391,189	4,570,000	178,811	4.1%

**EXETER CITY COUNCIL
2014/15 COUNCIL TAX - SUMMARY**

	2013/14	2014/15
Council Tax Base	33,820	34,344
General Fund Budget	4,391,189	4,570,000
Collection Fund (Council Tax) Surplus	0	(21,866)
TOTAL	4,391,189	4,548,134
	Total Expenditure £	Total Expenditure £
	Band D Council Tax £	Band D Council Tax £
	129.84	133.07
	0.00	(0.64)
	129.84	132.43

2014/15 HRA ESTIMATES

	2013/14 BUDGET £	2014/15 BUDGET £	CHANGE £	%
Management	3,413,880	3,505,140	91,260	
Restructure of Contracts Unit - transfer of Programme	0	434,850	434,850	
Works team	380,240	403,040	22,800	
Sundry Land Maintenance	5,119,530	6,542,900	1,423,370	
Repair & Maintenance Programme				
HRA SERVICE PROVISION EXPENDITURE	8,913,650	10,885,930	1,972,280	22%
Revenue Contribution to Capital	5,037,480	6,195,200	1,157,720	
Capital Charges	2,186,900	2,356,390	169,490	
Net Interest	1,934,760	1,935,060	300	
HRA EXPENDITURE	18,072,790	21,372,580	3,299,790	18%
Rents	(18,140,000)	(18,900,000)	(760,000)	
Service Charges	(873,750)	(952,960)	(79,210)	
Supporting People Subsidy	(123,000)	(123,000)	0	
Other	(648,200)	(610,070)	38,130	
HRA NET EXPENDITURE	(1,712,160)	786,550	2,498,710	
Transfer to / (from) HRA Working Balance	1,712,160	(786,550)	(2,498,710)	
TOTAL NET HRA BUDGET	0	0	0	

MEDIUM TERM REVENUE PLAN - HOUSING REVENUE ACCOUNT (2013/14 - 2016/17)

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Resources				
Rents	18,140	18,900	19,652	20,242
Proposed changes to Government social rent policy (cut short convergence by 1 year)	-	-	(185)	(185)
Service Charges	874	953	982	1,011
Supporting People subsidy	138	123	127	130
Other	644	615	635	654
Likely resources	19,796	20,591	21,211	21,852
Expenditure				
HRA expenditure base budget	9,737	10,702	10,887	11,214
Inflation	-	185	327	340
Supplementary budgets	150	-	-	-
Depreciation / amortisation	2,213	2,356	2,356	2,356
Revenue Contribution to Capital Outlay	5,720	6,195	4,829	6,433
Net interest	1,939	1,939	1,939	1,939
	19,759	21,377	20,338	22,282
Other Funding				
Contribution to / (from) HRA Working Balance	37	(786)	873	(430)
Total Net budget	-	-	-	-
Opening HRA Working Balance	6,290	6,327	5,541	6,414
Closing HRA Working Balance	6,327	5,541	6,414	5,984

GENERAL FUND	2013-14 £	2014-15 £	2015-16 £	2016-17 £	Future Years £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward	0					0
GF Capital Receipts	845,050	275,000				1,120,050
GF Capital Receipts from the Canal Basin Redevelopment	409,101	0				409,101
Revenue Contributions to Capital Outlay	81,000					81,000
Disabled Facility Grant	294,717	290,000	290,000	290,000	290,000	1,454,717
Regional Housing Capital Grant	361,411	0				361,411
New Homes Bonus	327,600	207,370	120,000			654,970
Other - Grants/External Funding/Reserves/S106	683,348	73,646	0			756,993
Total Resources Available	3,002,227	846,016	410,000	290,000	290,000	4,838,242
GENERAL FUND CAPITAL PROGRAMME						
Proposed New Bids	0	1,535,000	1,895,000	764,000	0	4,194,000
Committed Capital Programme	6,700,330	6,309,470	1,496,760	1,102,430	489,290	16,098,280
Total General Fund	6,700,330	7,844,470	3,391,760	1,866,430	489,290	20,292,280

ESTIMATED SPEND IN YEAR **6,700,330** **5,491,129** **4,727,573** **2,324,029** **1,049,219** **20,292,280**

UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	3,002,227	846,016	410,000	290,000	290,000	4,838,242
Less Estimated Spend in Year	(6,700,330)	(5,491,129)	(4,727,573)	(2,324,029)	(1,049,219)	(20,292,280)
Borrowing Requirement	3,698,103	4,645,113	4,317,573	2,034,029	759,219	15,454,038
Uncommitted Capital Receipts	0	0	0	0	0	0

HOUSING REVENUE ACCOUNT	2013-14 £	2014-15 £	2015-16 £	2016-17 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward					1,263,927
Major Repairs Reserve Brought Forward					2,269,804
Other HRA Sales	251,229	0	0	0	251,229
RTB sales	1,200,000	500,000	500,000	350,000	2,550,000
Major Repairs Reserve	2,213,490	2,356,390	2,356,390	2,356,390	9,282,660
Revenue Contributions to Capital	5,719,881	6,195,200	4,829,774	6,432,733	23,177,588
External contributions from utility company	183,536	0	0	0	183,536
Commuted sums	0	0	0	0	0
Total Resources available	9,568,136	9,051,590	7,686,164	9,139,123	38,978,744
CAPITAL PROGRAMME					
HRA Capital Programme	10,764,048	10,335,364	7,477,274	8,357,732	36,934,418
Overspends / (Savings)	454,000				454,000
Slippage	(1,659,617)	1,659,617			0
Total Housing Revenue Account	9,558,431	11,994,981	7,477,274	8,357,732	37,388,418
UNCOMMITTED CAPITAL RESOURCES:					
Usable Receipts Brought Forward	1,263,927	2,040,455	556,355	556,355	1,263,927
Major Repairs Reserve Brought Forward	2,269,804	1,502,981	43,690	252,580	2,269,804
Resources in Year	9,568,136	9,051,590	7,686,164	9,139,123	35,445,013
Less Estimated Spend	(9,558,431)	(11,994,981)	(7,477,274)	(8,357,732)	(37,388,418)
Uncommitted Capital Resources	3,543,436	600,045	808,935	1,590,326	1,590,326
WORKING BALANCE RESOURCES:					
Balance Brought Forward	6,290,296	6,327,181	5,540,631	6,414,115	6,290,296
HRA Balance Transfer - Surplus/(Deficit)	36,885	(786,550)	873,484	(429,634)	(305,815)
Balance Carried Forward	6,327,181	5,540,631	6,414,115	5,984,481	5,984,481
Balance Resolved to be Retained	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	3,327,181	2,540,631	3,414,115	2,984,481	2,984,481
TOTAL AVAILABLE CAPITAL RESOURCES	6,870,617	3,140,676	4,223,050	4,574,807	4,574,807

GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS				
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2014/15	2015/16	2016/17	Future Years
	£	£	£	£
COMMUNITY & ENVIRONMENT				
PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT				
Play Area Refurbishments	33,820			
Heavitree Pleasure Ground Tennis Courts	40,000			
Replacement of Flowerpot Skate Park	12,000			
Sub Total - Provide great things for me to see do and visit	85,820	0	0	0
HELP ME FIND SOMEWHERE SUITABLE TO LIVE				
Disabled Facilities Grants	320,000	320,000	320,000	320,000
St Loyes Design Fees	20,000			
Sub Total - Help me find somewhere suitable to live	340,000	320,000	320,000	320,000
OTHER				
Vehicle Replacement Programme	426,000	374,000	400,000	
Sub Total - Other	426,000	374,000	400,000	0
COMMUNITY & ENVIRONMENT TOTAL	851,820	694,000	720,000	320,000

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
	£	£	£	£	
ECONOMY & DEVELOPMENT					
PROVIDE GREAT THINGS FOR ME TO SEE DO AND VISIT					
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				These community schemes are all grants awarded from the New Homes
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				
St Sidwells Community Centre	40,000				
New Swimming Pool and Leisure Centre				tbc	
Sub Total - Provide great things for me to see do and visit	917,400	176,430	56,430	169,290	

GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	Future Years			
	2014/15 £	2015/16 £	2016/17 £	£
IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD				
Northbrook Flood Alleviation Scheme	200,000	300,000		
Contribution towards Major Flood Prevention Works	3,000,000			
Public Realm Works at Central Library	20,000 #			
Sub Total - Improve the environment and my neighbourhood	3,220,000	300,000	0	0
MAINTAIN THE ASSETS OF OUR CITY				
Repair to Turf Lock Gates	150,000 #			
Update of Electrical Distribution Equipment at Livestock Market	55,000 #			
Boiler Replacement at Wonford Community Centre	14,250 #			
Sub Total - Maintain the assets of our city	219,250	0	0	0
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park Loan	1,000,000			
Sub Total - Prosperous City	1,000,000	0	0	0
ECONOMY TOTAL	5,356,650	476,430	56,430	169,290

GENERAL FUND - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS

SCHEMES LISTED WITHIN COUNCIL PURPOSES	Future Years				What the scheme is trying to achieve
	2014/15 £	2015/16 £	2016/17 £	Years £	
RESOURCES					
OTHER					
Windows 7 Upgrade	65,000	65,000	65,000		Need to update Windows XP to 7 in order to maintain PSN compliance
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
Sub Total - Other	1,636,000	2,221,000	1,090,000	0	
RESOURCES TOTAL	1,636,000	2,221,000	1,090,000	0	
TOTAL CAPITAL PROGRAMME	7,844,470	3,391,430	1,866,430	489,290	
New Bids #	1,549,250	1,895,000	764,000	0	
Pre-Approved	6,295,220	1,496,430	1,102,430	489,290	
TOTAL CAPITAL PROGRAMME	7,844,470	3,391,430	1,866,430	489,290	

HOUSING REVENUE ACCOUNT - CAPITAL PROGRAMME 2014/15 AND FUTURE YEARS						
	2013-14	2014-15	2015-16	2016-17	Total	Total
	B/FWD	£	£	£	£	£
1		630,000	600,000	600,000	600,000	1,830,000
2		15,000	-	-	-	15,000
3		1,160,000	600,000	600,000	600,000	2,360,000
4		503,750	325,000	330,000	330,000	1,158,750
5		36,000	-	-	-	36,000
6		355,000	205,000	210,000	210,000	770,000
7		150,000	-	-	-	150,000
8		90,000	100,000	100,000	100,000	290,000
9		10,000	10,000	10,000	10,000	30,000
10		875,000	447,800	447,800	447,800	1,770,600
11		70,000	30,000	30,000	30,000	130,000
12		30,000	25,000	25,000	25,000	80,000
13		35,280	40,000	40,000	40,000	115,280
14		10,000	-	-	-	10,000
15		250,000	200,000	200,000	200,000	650,000
16		34,000	-	-	-	34,000
17		2,614,000	900,000	900,000	900,000	4,414,000
18	75,000	195,000	630,000	720,000	720,000	1,620,000
19		50,000	50,000	50,000	50,000	150,000
20		50,000	50,000	50,000	50,000	150,000
21		50,000	252,000	252,000	252,000	554,000
22		275,000	275,000	275,000	275,000	825,000
23		450,000	695,000	695,000	695,000	1,840,000
24		25,000	-	-	-	25,000
25		55,000	-	-	-	55,000
26	400,000	30,000	-	-	-	430,000
27		20,000	-	-	-	20,000
28		145,000	100,000	100,000	100,000	345,000
		8,688,030	5,484,800	5,584,800	5,584,800	19,757,630
PROVISION OF NEW COUNCIL HOMES						
28		42,507	250,000	500,000	500,000	1,292,507
29	155,080	-	1,492,474	2,272,932	2,272,932	3,920,486
30	290,950	511,982	-	-	-	802,932
31	294,660	652,791	-	-	-	947,451
32	291,190	507,561	-	-	-	798,751
33	10,230	-	-	-	-	10,230
34	300,000	-	-	-	-	300,000
		3,306,951	1,992,474	2,272,932	2,272,932	8,072,357
Sub total - Investment in the Provision of New Homes						
	1,859,617	10,135,364	7,477,274	8,357,732	11,994,981	27,829,987
Total HRA Capital Programme						

EXETER CITY COUNCIL

PLANNING MEMBER WORKING GROUP 4 FEBRUARY 2014

EXECUTIVE 4 FEBRUARY 2014

CONSULTATION ON DRAFT DEVELOPMENT BRIEF FOR SOUTH WEST ALPHINGTON

1 PURPOSE OF REPORT

- 1.1 This report has been prepared to seek Members' views on a draft Development Brief for South West Alphington; and to seek Members' approval of arrangements for public consultation on the Development Brief, in advance of its adoption as a Supplementary Planning Document. The Brief relates to the Council's purpose to 'deliver good development'.
- 1.2 The draft Development Brief is attached at Appendix 1.

2 BACKGROUND

- 2.1 Policy CP19 of the Exeter Core Strategy (2006-2026) allocates an area of land to the south west of Alphington (hereafter referred to as 'the site') for the development of around 500 dwellings and associated infrastructure including open space, low and zero carbon measures, enhancements to transport infrastructure and contributions towards educational, social and community facilities.
- 2.2 Following the adoption of the Core Strategy, a group of Alphington residents (the Alphington Village Forum) submitted an ombudsman case, arguing that public consultation undertaken by the City Council during the preparation of the Core Strategy had been insufficient and that, consequently, Alphington residents did not know about the proposed allocation of the site for development. The ombudsman determined in favour of the City Council.
- 2.3 The City Council subsequently decided to produce a Development Brief for the site, to inform the determination of future planning applications. In light of residents' concerns, the City Council has sought to involve Alphington residents in the Brief's production as far as possible. The contents of the draft South West Alphington Development Brief have been informed by:
- a series of five workshops held during 2013/14, attended by City Development Officers from Exeter City Council, Highways and Planning Officers from Devon County Council, Ward Councillors and members of the Alphington Village Forum;
 - the results of a questionnaire delivered to all households in Alphington in July 2013; and
 - a public exhibition at Alphington Village Hall in July 2013.
- 2.4 It is proposed that the Development Brief be subject to wider public consultation, so that it can be adopted as a Supplementary Planning Document and carry weight as a material consideration in the determination of any planning applications made to develop the site.
- 2.5 The site forms part of a larger planned urban extension encompassing adjoining land within Teignbridge District, to the south. Policy SWE1 of the Teignbridge Submission Local Plan (2013-2033) proposes an area of approximately 170 ha adjoining Exeter to be developed for the provision of at least 2,000 new dwellings, employment, a country

park and associated infrastructure. The Inspector's Report on the Local Plan is expected to be published in Spring 2014.

3 CONTENT OF THE DRAFT DEVELOPMENT BRIEF

3.1 Throughout the preparation of the draft Development Brief, the Alphington Village Forum has consistently expressed their concern about the ability of the site to accommodate 500 homes, as stipulated in the Core Strategy. They have pushed for a much lower yield of around 250-300 homes. Officers do not feel this would represent an efficient use of what is ultimately a sustainable site for development, particularly given the need for new housing in the City and the shortage of other suitable and developable sites. However, in view of the Forum's concerns, the draft Development Brief does not stipulate that the site needs to deliver 500 homes. Instead, it indicates a minimum net average density for the site of 30 dwellings per hectare (dph). Recent greenfield housing developments on the edge of Exeter have achieved an average of around 35dph.

3.2 The draft Development Brief also requires:

- the 'island site' on the eastern side of Shillingford Road to be developed as allotments. This is in addition to the standard Exeter Local Plan policy requirement for 10% of the site to be provided by the developer as public open space;
- the provision, as part of the 10% public open space, of a Local Equipped Area for Play on the area of the site to the west of Chudleigh Road and a Neighbourhood Equipped Area for Play (incorporating a Multi-Use Games Area) on the area of the site to the east of Chudleigh Road. This is in response to community concern about the shortage of children's play space in Alphington;
- 0.1 ha of land off Chudleigh Road to be safeguarded for the provision of a new health centre/doctor's surgery;
- a community recycling facility to be provided on-site;
- a mix of house sizes and 35% affordable housing, of which co-operative housing could form an element, and supports the provision of extra care housing as part of any development at the site;
- any development to be designed to an exceptional standard and in a way which integrates with existing development in Alphington whilst creating its own sense of place;
- the noise impact of the nearby A30 to be taken into account in the design of dwellings;
- the setting of of No. 72 Chudleigh Road, which adjoins the site and is a Grade II Listed property to be preserved;
- the archaeological remains contained within the site to be appropriately excavated and recorded;
- existing trees and hedgerows worthy of retention to be incorporated into the development, together with additional planting, particularly along the site boundaries;
- a road layout which limits vehicle speeds to 20 mph, whilst providing for a bus route through the site between Dawlish Road, Chudleigh Road and Shillingford Road;

- financial contributions to be paid through a Section 106 Agreement for three transport-related projects, all of which are essential to the sustainable development of the site in transport terms. The projects comprise a public realm enhancement scheme to calm traffic travelling through Alphington, a new cycle link to Matford and an extension/alterations to the A Bus Service between Alphington and the City Centre; and
- development to be designed so that it can connect in future to a Decentralised Energy Network.

3.3 In addition to the requirements for Section 106 contributions, the draft Development Brief makes it clear that any development on the site will be CIL liable. The amount of CIL that is payable will depend on the number and size mix of the homes proposed by the developer(s).

3.4 The Alphington Village Forum was provided with a copy of the draft Brief in advance of Executive and made a number of proposed amendments immediately prior to the finalisation of the agenda. Appendix 2 lists the main amendments that have been made to the draft Brief and those that are not considered to be appropriate.

4 PUBLIC CONSULTATION

4.1 It is proposed that the draft Development Brief be published for consultation on the Council's website, for a period of 6 weeks. The document and consultation arrangements will also be advertised in the local press, on the Council's Facebook page and on Twitter. All individuals and organisations listed on the City Development consultation database will be contacted directly for their views, either by email or letter. The Alphington Village Forum will be invited to publish the draft Development Brief on their website.

4.2 Comments received during the consultation period will be compiled and considered in a Consultation Statement, which will be published alongside the SPD when it is finally adopted.

4.3 Outline planning application(s) to develop the site are anticipated to be submitted in mid April 2014. Officers consider it important that public consultation on the draft Brief has concluded before any application(s) is submitted.

5 SUSTAINABILITY APPRAISAL AND EQUALITIES IMPACT ASSESSMENT

5.1 A Sustainability Appraisal and Equalities Impact Assessment of the draft Development Brief will be made available in time for the public consultation.

6 ADVICE SOUGHT / RECOMMENDATION

6.1 Planning Member Working Group is requested to support the draft Development Brief as a basis for public consultation.

6.2 Executive is recommended to agree the draft Brief as a basis for public consultation.

6.3 That authority be delegated to the Assistant Director City Development to agree any further minor editorial amendments requires prior to publication.

RICHARD SHORT
ASSISTANT DIRECTOR CITY DEVELOPMENT

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

Background papers used in compiling this report:

None

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DRAFT
DEVELOPMENT BRIEF
FOR
SOUTH WEST
ALPHINGTON

January 2014

Draft Development Brief for South West Alphington

EXECUTIVE SUMMARY

Land to the South West of Alphington (see Figure 1), from hereon referred to as 'the site', is allocated in the Exeter Core Strategy for the provision of new and much-needed housing in the City.

This Development Brief requires the site to be developed as a place which:

- Provides homes, including homes that are affordable to local people, that are of an exceptional standard of design;
- makes the best possible use of land and an excellent contribution to the character and appearance of Alphington;
- includes high quality community facilities for the new residents, comprising a site for a new health centre/doctors surgery, recycling facilities, allotments and public open space;
- encourages residents to walk, cycle or use public transport or a car club as an alternative to the private car;
- uses low and zero carbon energy and makes efficient use of natural and local resources; and
- respects existing trees and hedgerows, incorporating these within a green infrastructure framework.

INTRODUCTION

Status of this Brief

This Brief is currently in draft form for public consultation. The draft Brief will be reviewed and amended in response to the findings of the consultation. The City Council will then seek to adopt the Brief as a Supplementary Planning Document, which will provide the framework for the determination of any subsequent planning application(s) proposing to develop the site.

Who is the Brief for?

This Brief is aimed at those involved in planning and designing any new development at the site. It also provides those with an interest in the project – neighbours, local residents and any other interested parties – with guidance on the issues that will be considered during the planning process.

How has the Brief been prepared?

The draft Brief has been prepared by Exeter City Council, following a series of workshops attended by the Alphington Village Forum during 2012/13 and a public exhibition held in Alphington Village Hall in July 2013. The Brief also takes into account the results of a questionnaire about the proposed development of the site, which was sent to all Alphington residents in July 2013.

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THE SITE AND SURROUNDING AREA

The site is greenfield and lies on the southern fringe of Exeter, just within the City Council's boundary. Topographically, the site is slightly elevated above adjoining development to the north: land levels rise gently in a south-westerly direction, culminating in a ridgeline along which Markham Lane runs. Consequently, parts of the site are visible in distant views across the City. Therefore, any development of the site will impact not only upon the character and appearance of the immediate locality, but also upon the setting of Exeter. This sensitivity underlines the need for any development to be of exceptional quality.

The site's gross developable area measures approximately 14.9 ha and is traversed north to south by Shillingford Road and Chudleigh Road. Dawlish Road demarcates its eastern boundary. Part of the site's southern boundary, between Shillingford Road and Chudleigh Road, is denoted by the unmade and partly sunken Markham Lane. Part of the southern boundary between Chudleigh Road and Dawlish Road is denoted by a public right of way, which runs just outside the site.

The majority of the site comprises farmland, divided by hedgerows and the aforementioned highways into 9 fields. The developable area of the site also includes one dwelling: No.72 Chudleigh Road, an imposing early 20th Century detached dwelling with outbuildings and a large garden.

Land to the south is currently open countryside, separated from the site visually by the Markham Lane ridgeline and physically by the A30, which adjoins to the south-west. The site's northern boundary abuts Alphington, a largely residential area of the City. Facilities in Alphington include a primary school, church, various local shops, a village hall, a community hall and a doctors' surgery. The edge of Matford Industrial Estate lies approximately 250 m to the north-east of the site as the crow flies.

Existing housing in Alphington varies in age, style and materials. Dwellings on land immediately to the north of the site are predominantly late 20th Century. Properties along Shillingford Road and Chudleigh Road are laid out in linear format and are either single- or two-storey, predominantly detached and set within sizeable gardens. The residential areas between these two roads, and between Chudleigh Road and Dawlish Road, comprise housing estates laid out around sinuous cul-de-sacs, with small areas of public open space. Two-storey detached, semi-detached and terraced properties characterise these areas. Parking is primarily off-road, with some parking courts to the rear of dwellings. Net residential densities in these estates vary from around 20 dph (e.g. areas of Vestry Gardens, Chudleigh Road, Steeple Drive and Pulpit Walk) to around 54 dph (in areas of Lichgate Road and Tower Walk).

DEVELOPMENT REQUIREMENTS

This section of the Brief expands upon the key requirements set out in the Executive Summary.

The site must be developed as a place which:

- Provides homes, including homes that are affordable to local people, that are of an exceptional standard of design;
- makes the best possible use of land and an excellent contribution to the character and appearance of Alphington;
- includes high quality community facilities for the new residents, comprising a site for a new health centre/doctors surgery, recycling facilities, allotments and public open space.

To help achieve these requirements:

- The 'island' on the western side of Shillingford Road, which measures approximately 0.37 ha, must be provided and equipped by the developer as an allotment to meet the needs of new residents. See Figure 1 below for location. Specifications for the allotment are set out in Appendix A.
- An area of 0.11 ha is required as a local centre, comprising a site of 0.1 ha for the future provision of a health centre/doctor's surgery, together with a community recycling facility to be provided and equipped by the developer. The local centre should be located adjacent to and on the eastern side of Chudleigh Road. A potential location is shown Figure 1. Specifications for the recycling facilities are set out in Appendix A.
- In addition to the allotments, 1.44 ha of the site must be provided as level public open space. The public open space must be an integral element of the site's overall design and located so as to maximise the use of SUDs¹. All new homes must be within easy walking distance of the public open space. The open space must include a LEAP² on that part of the site to the west of Chudleigh Road and a NEAP (incorporating a MUGA)³ on that part of the site to the east of Chudleigh Road. Specifications for the LEAP, NEAP and SUDs are set out in Appendix A. Management arrangements for the LEAP and NEAP must be included in any development proposals.
- The remaining site area must be developed for residential use, at a density which represents an efficient use of land. An average net density of less than 30 dph is unlikely to be consistent with this. Recent developments on the edge of Exeter have achieved an average net density of around 35 dph. In order to respect the character and appearance of neighbouring residential areas, the topography of the site and its proximity to a Scheduled Ancient Monument, those areas along the northern and southern boundaries of the site must be developed at around 20 dph. Higher densities will be appropriate towards the centre of the site.
- The development as a whole must deliver a mix of housing that reflects the most up-to-date Strategic Housing Market Assessment for Exeter. At the time of adoption, this is the 2010 Exeter SHMA Update, which identifies the following housing requirement:

32% 1 bed	44% 2 bed	11% 3 bed	13% 4+ bed
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- Any development must include 35% affordable housing, to be provided on-site as an integrated part of the scheme. Co-operative housing must form part of the affordable housing mix.

¹ Sustainable Urban Drainage.

² Local Equipped Area for Play.

³ Neighbourhood Equipped Area for Play / Multi-Use Games Area.

- The City Council will accept the provision of an extra care facility as part of the development and as part of the affordable housing provision.
- All dwellings shall be designed to meet Lifetime Homes standards.
- Development must be of an exceptionally high standard of design. A Design And Access Statement must be submitted with any planning application, setting out the design concept and principles (including the approach to sustainable design) that have informed the proposals. The Statement must show how the scheme achieves exceptional design in relation to the City Council's policies and the site's context.
- The new development must have its own sense of place, whilst integrating with existing development in the area. Innovative design that responds to the challenges presented by the site's topography will be supported. Development proposals in the vicinity of the Markham Lane ridgeline must be accompanied by sections showing any impact upon the skyline and proposed boundary landscape treatments. No buildings on the site should exceed 2 storeys in height.
- The potential impact of noise from the nearby A30, Shillingford Road and Chudleigh Road must be taken into account in the design of new homes. Further information about noise constraints is set out in Appendix A.
- No.76 Chudleigh Road (The Gables), which adjoins the site, is a Grade II Listed Building dating from the early 19th Century. Any development must preserve the building and its setting.
- The site and its surroundings contain archaeological remains. None of the remains will have an impact on the layout or amount of new development, but will require excavation and recording. Further information is provided in Appendix A.
- An Arboricultural Report must be prepared at the pre-application stage and agreed with the City Council. The Report must identify all existing trees and hedgerows that are worthy of retention. These must be incorporated into a landscape framework for the new development, which must also include additional planting of trees and shrubs of species that are appropriate to the area. In particular, additional tree planting will be required along all road frontages and the southern / south-eastern boundaries of the site, in order to partly screen and buffer the development. Subject to the conclusions of the Arboricultural Report, trees within the site may be made the subject of a Tree Preservation Order.
- An ecology survey must be carried out by the developers at the pre-application stage, in order to establish the current ecological value of the site. The results of the survey must be reflected in the design of any new development. Features of ecological value must be retained and improved where appropriate. Further details about the requirements of the ecology survey are provided in Appendix A.
- Any residential development at the site will be liable for the payment of CIL, at a fixed cost of £80 per square metre (internal floorspace). Relief is available for affordable housing. Further information about CIL is set out in Appendix A.

The site must be developed as a place which:

- **encourages residents to walk, cycle or use public transport or a car club as an alternative to the private car.**

Development of the site will generate additional traffic. So that the existing highways network can accommodate this traffic, new residents must be encouraged to access jobs and facilities on foot, bicycle or public transport wherever possible. Accordingly:

- The developer must prepare a Travel Plan and an Air Quality Management Assessment (AQMA) at the pre-application stage. These must be agreed with the local planning authority. The AQMA must consider any increased loading on Exeter’s Air Quality Management Area.
- The following three off-site projects are necessary to the sustainable development of the site. The developer will be required to pay a financial contribution totalling £1,290,000 towards these three projects. The contribution will be secured by means of a Section 106 Agreement:

Project	Description	Cost to developer
Village Public Realm Enhancement Scheme	Footway widening, build-outs and raised tables to traffic calm/provide improved pedestrian and cycle access on a section of highway through Alphington Village	£440,000
Loram Way Cycle Link	Cycle route between the site and Marsh Barton Industrial Estate, including the new rail halt at Matford	£150,000
Upgrade Of/Extension To The A Bus Service	Support for putting on additional buses to extend the existing route so that it serves the development; also, so that two routes can be provided at an agreed trigger point during the construction of the development, between Alphington and the City centre (one via Cowick Lane as existing and one through Marsh Barton via Tan Lane).	£700,000

- The developer will be required to pay a financial contribution towards establishing a Car Club at the site, to help minimise traffic generated by any development. The total financial contribution will depend on the number of dwellings proposed and will be calculated in accordance with Chapter 11 of the City Council’s Sustainable Transport SPD. The contribution will be secured by means of a S106 Agreement.
- Shared-surface pedestrian and cycle paths must be provided to maximise permeability through the site. Figure 2 shows the required location of access/egress points. To promote safety, paths must be overlooked by housing and lit to suit the expected intensity of use. Paths must be integral to the site’s landscape design.
- A high quality pedestrian and cycle route is to be provided along the site’s southern boundary, including Markham Lane. Any new homes built along the southern boundary must be oriented to face the route, so as to promote safety through natural surveillance.
- All dwellings should include secure cycle parking in accordance with section 5.2 and Table 2 of the City Council’s Sustainable Transport SPD. Developers are encouraged to include charging facilities for electric vehicles, and as a minimum, ducting and potential for easy connection to the electricity network should be provided in accordance with section 6.5 of the SPD.
- Motor vehicle access into/out of the site must only be taken from Shillingford Road, Chudleigh Road and Dawlish Road.
- The development must be designed to ensure vehicular speeds of no more than 20 mph. A Home Zone layout⁴ will be supported. However, the layout must also allow for the provision of a bus route through the site between Dawlish Road, Chudleigh Road and Shillingford Road. The developer must provide bus stops and shelters along the route, at appropriate intervals.

⁴ Homes Zones are areas that have been especially designed to minimise vehicle speeds, for example using sharp changes in road direction, road narrowings where only one car can pass at a time, planting in the road and there being no distinction between where the road ends and the pavement begins.

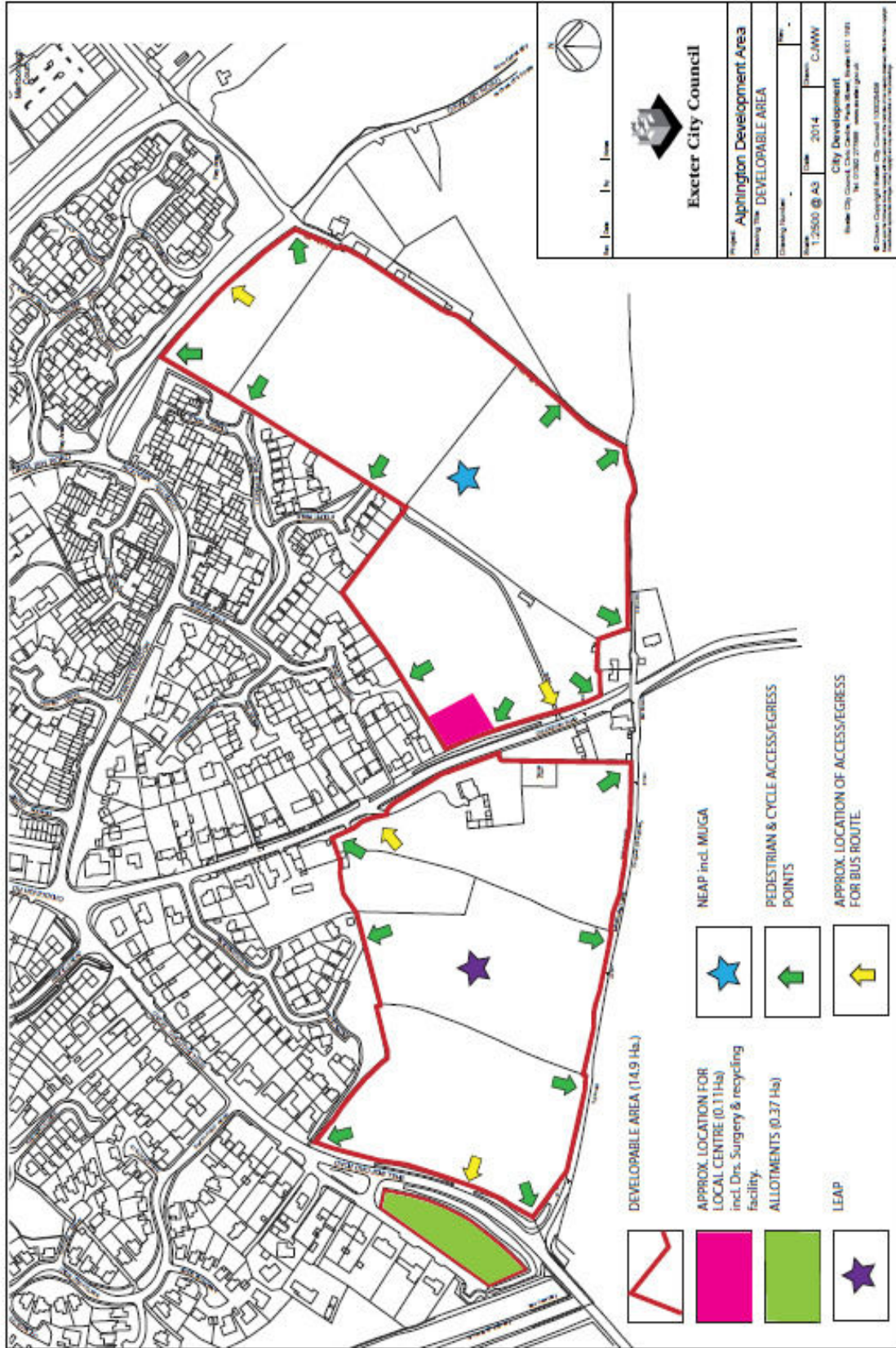
The site must be developed as a place which:

- **uses low and zero carbon energy and makes efficient use of natural resources.**

To help achieve this requirement:

- A Decentralised Energy Network providing low carbon heat to developments in this area (through a low temperature hot water district heating network) is viable and feasible. Therefore, development must be designed so that the internal systems for space and water heating are capable of being connected to such a network and the necessary on site infrastructure shall be put in place for connection of those systems to the network. If this is shown to not be viable or feasible for any individual development, then alternative solutions that would result in the same or better carbon emissions reduction must be implemented.
- The development must make efficient use of natural resources, locally sourced and recycled wherever possible, and minimising construction waste and water use.
- The development must achieve high standards of fabric energy efficiency, reduce energy demand, incorporate low carbon energy technologies and reduce carbon emissions from heat and power generation.
- With regard to street lighting, developers must have regard to Devon County Council policy and the low carbon agenda.

Figure 1



THE PLANNING PROCESS

Once adopted, this Brief will supplement Policy CP19 of the Exeter Core Strategy (adopted February 2012), which designates land to the south west of Alphington as a Strategic Allocation; and Core Strategy Policy CP17 which sets out development principles for the Strategic Allocation.

In addition to the site-specific requirements set out in this SPD, proposals must comply with all relevant policies contained in the Exeter Core Strategy, the Exeter Local Plan First Review (adopted 2005) and emerging policies within the Development Delivery Development Plan Document (DPD). The Supplementary Planning Guidance/Documents listed below must be taken into account:

- Affordable Housing SPD
- Archaeology and Development SPG
- Planning Obligations SPD
- Public Open Space SPD
- Residential Design Guide SPD
- Sustainable Transport SPD
- Trees in Relation to Development SPD

The site forms part of a larger planned urban extension encompassing adjoining land within Teignbridge District, to the south. Policy SWE1 of the Teignbridge Submission Local Plan ('Plan Teignbridge') (2013-2033) proposes an area of approximately 170 ha adjoining Exeter to be developed for the provision of at least 2,000 new dwellings, employment, a country park and associated infrastructure. The Inspector's Report on the Local Plan is expected to be published in Spring 2014. The South West Exeter Masterplan (2012), produced by consultants on behalf of Exeter City Council, Teignbridge District Council and Devon County Council, indicates how the urban extension might be delivered in a sustainable manner.

It is essential that applicants enter into pre-application discussions with the City Council at the earliest possible stage before submitting a planning application, in particular to agree the design of any scheme and the terms of the Section 106 Agreement. Any planning application submitted must be accompanied by all of the material identified as necessary in this Brief.

If a Section 106 Agreement is not completed within 90 days of the registration of any planning application, the application may be refused on the basis of the absence of an agreement making the necessary provisions.

CONTACTS

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Katharine Smith, City Development Officer. 01392 265283. Katharine.smith@exeter.gov.uk

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Allotments

The amount of land allocated for the provision of allotments is based on the National Society of Allotment and Leisure Gardeners' guideline of 20 plots (each measuring 10 rods, or 302.5 m²) per 1000 households.

Each plot provided within the new facility must measure a minimum of 5 rods (125m²). The allotment site should include a small area for car parking, a main track to allow for vehicular access and grassed circulation space between plots. Water must be supplied to the site and 1 trough provided per 5 plots. A storage shed (e.g. a steel container) that is large enough to accommodate (e.g.) a lawn mower must also be provided. The site must be securely fenced and gated. It is anticipated that ownership of and responsibility for running the allotment site will be transferred to a local community group.

Recycling Facility

The recycling facility should measure approximately 7 metres in width by 2 metres in depth and include 4 recycling banks for glass and textiles. It must be fenced with 'hit and miss' boarding and constructed on a concrete or paved plinth. The facility must be located adjacent to a highway so that it can be accessed by a recycling lorry. A lay-by with double yellow lines may be required adjacent to the facility to enable the lorry to park.

Public Open Space

The locational requirements for the children's play space arise from the physical barrier created by Chudleigh Road and the need to ensure the safety of children.

The LEAP must:

- be designed to serve children from 0-8 years of age;
- lie within 5 minutes walking distance of all new dwellings proposed on the western side of Chudleigh Road;
- measure at least 800m² to allow for the inclusion of informal space for ball games, with a minimum activity zone of 400m²;
- have a buffer of not less than 10m in depth between the edge of the activity zone and the boundary of the nearest dwelling and a minimum of 20m between the activity zone and the habitable room façade of the dwelling. The buffer should be planted to enable children to experience natural scent, colour and texture;
- contain at least 5 types of play equipment conforming to EN1176, of which at least 2 are individual pieces, rather than part of a combination multi-play unit. Each type of play equipment should be designed to stimulate one of the following activities: balancing, rocking, climbing/agility, sliding, social play. Additional items may focus upon rotating, swinging, jumping, crawling, viewing, counting or touching. No play equipment should overlook private gardens.

The NEAP must:

- be designed to serve children from 0-14 years of age;
- lie within 15 minutes walking distance of all new dwellings proposed;
- have a minimum activity zone of 1000m² that is divided into two parts, one containing a range of playground equipment and the other comprising a lit multi-use games area with a hard surface of at least 465m² (the minimum area needed to play five-a-side football);
- have a buffer of not less than 30m in depth between the activity zone and the boundary of the nearest dwelling. A greater distance may be needed where purpose built skateboarding

facilities are provided. The buffer should be planted to enable children to experience natural scent, colour and texture;

- contain at least 8 types of play equipment conforming to EN1176, comprising at least 1 item to stimulate rocking, touch, social or developmental play among younger children; at least 2 items to facilitate sliding, swinging or moderate climbing; at least 5 items to encourage either more adventurous climbing, single point swinging, balancing, rotating or gliding (e.g. cableway). At least 3 of these items should be individual play items rather than part of a combination multi play unit;
- include a convenient and secure parking facility for bicycles; and
- be appropriately lit and managed.

The LEAP and NEAP must both:

- be positioned beside a well-used pedestrian/cycle route;
- occupy a well-drained site with a grass or hard surface and feature an appropriate impact-absorbing surface beneath and around the play equipment conforming to EN 1177;
- have adequate space around the play equipment for informal play;
- contain seating for parents / carers in the vicinity of the play equipment and, in the case of the NEAP, other seating within the hard surfaced games area;
- contain litter bins at each access point and in the proximity of each group of seats
- have fencing of at least 1m in height around the perimeter of the activity zone, with two outward opening, self closing gates on opposite sides of the space;
- have a barrier to limit the speed of a child entering or leaving the facility;
- have a sign indicating (i) that the area is solely for use by children, (ii) that adults are not allowed to enter unless accompanied by children, (iii) that dogs are excluded, (iv) the name and telephone number of the operator of the facility to report any incident or damage to the play equipment and (v) the location of the nearest public telephone.

Provision of the LEAP will cost the developer an estimated £60,000. Provision of the NEAP will cost the developer an estimated £180,000.

All public open space provided on the site must be transferred to the City Council for management and maintenance. A commuted sum of approximately £X (to be determined prior to publishing the Brief for consultation) will be required for future maintenance⁵.

Noise

An Ambient Noise Survey will be required at the pre-application stage to establish background noise levels, taking into account traffic on Shillingford Road, Chudleigh Road and the nearby A30 and with regard to future traffic growth. The survey must make reference to WHO guidance, BS8233 and give consideration to the monitoring requirements presented in BS7445.

Reflecting the results of the Survey, a mitigation scheme for the external and internal areas of any new homes that are affected by noise will be required at the pre-application stage.

A Noise Management Plan will also be required, due to the potential for disturbance to existing residents during construction. The Plan should consider the noise impact in terms of guidance contained in BS5228 "Code of Practice for Noise and Vibration on Construction and Open Sites". The Plan should make reference to, and consider the various phases of the development and the likely impact of construction noise on existing residents, in terms of:

- Site location;
- Existing ambient noise levels;

⁵ Costs are approximate at this stage. The final sum will be calculated using the formula contained in X and will reflect the total number of proposed dwellings.

- Duration of site operations;
- Hours of work;
- Attitude of the site operator;
- Noise characteristics of the plant and machinery used on site; and
- Increased vehicle movements associated with the operation of the site.

A Dust Impact Assessment and Management Plan will also be required at the pre-application stage.

Flood Risk and Drainage (including SUDs)

The site lies within Flood Zone 1, which means it has less than a 1 in 1,000 annual probability of river flooding. However, given the size of the site, a full Flood Risk Assessment (FRA) which takes the effects of climate change into account has been undertaken⁶.

The FRA includes information on those areas of the site where SUDs could be used. SUDs must be used wherever possible and on-site attenuation where not. In either event, two Drainage Strategies (one for that part of the site to the west of Chudleigh Road and one for that part to the east) must be prepared by the applicant and agreed with the City Council at the pre-application stage. The Strategies must ensure that surface water runoff discharge mimics the existing (i.e. pre-development) regime.

The FRA also provides information on the location of foul drainage in the vicinity of the site. To serve that part of the site to the east of Chudleigh Road, connection will need to be achieved at the northern edge of the site in Dawlish Road. To serve that part of the site to the west of Chudleigh Road, connection will need to be achieved at the northern edge of the site in Veitch Gardens and Chudleigh Road. Each will require a 6 metre easement.

Archaeology

The potential for the site and surrounding area to contain archaeological remains was reviewed during production of the South West Exeter Masterplan⁷ and has been further assessed through detailed survey and some site investigation⁸ undertaken for one of the landowners. This work has identified a prehistoric barrow cemetery (a scheduled monument) and other potential remains immediately to the south of the site, together with other unscheduled prehistoric remains - including two possible ploughed out burial mounds and a possible settlement enclosure - within the site itself. No later remains have been identified within the site, except for former field boundaries of probable medieval and later date.

This preparatory work has identified no remains within the site that would merit preservation under national and local planning policy, and none that would therefore have an impact on the layout or amount of a new development. However, those remains that are present will require archaeological excavation and recording in lieu of their destruction, under the same policies, and in accordance with a programme of work agreed in advance with the planning authority under a planning condition.

⁶ Robson Liddle. December 2013. Aldens Farm East and West Sites, Alphington, Exeter, Flood Risk Assessment (2 reports).

⁷ Hughes, S & Valentin, J (2010) "Land Southwest of Exeter Development Masterplan Area. Archaeology and cultural heritage assessment, fieldwalking and geophysical survey". AC Archaeology report no. ACD114. Prepared on behalf of Teignbridge District Council, Exeter City Council, and Devon County Council.

⁸ Smith, W & Rainbird, P (2013) "Land adjacent to Chudleigh Road, Alphington, Exeter, Devon. Results of an archaeological trench evaluation." AC Archaeology report no. ACD668. Prepared for NPS South West Ltd, on behalf of Devon County Council.

Applicants must familiarise themselves with the reports and use them in the compilation of supporting information with their planning applications. They are also strongly advised to seek their own archaeological advice from an early stage, and from the start to plan for, and cost for, the necessary archaeological work that will be required. Further guidance on the scope of the latter should be sought from the City Council's archaeology officer at the pre-application stage.

CIL and Planning Obligations

The Community Infrastructure Levy (CIL) is a new form of charge that allows the City Council to raise funds from developers undertaking new building projects in Exeter. The money collected will be used to help provide a wide range of infrastructure that is needed as a result of development, including transport facilities, flood defences, schools, sports facilities and open spaces.

The CIL Payment Schedule contained on the City Council's website sets out when CIL payments must be made and spreads the cost where the liability of a scheme exceeds £50,000 (<http://www.exeter.gov.uk/index.aspx?articleid=13995>). Once money has been collected, it will be used by the City Council to help fund the types of infrastructure on the 'Regulation 123 List' contained on the website. The Council will also consult local communities on how to spend at least 15% of the CIL receipts collected in their area.

Geotechnical constraints

A geotechnical assessment of the site has been undertaken, including a risk assessment for potential contamination⁹. The Assessment concludes that the site does not present a risk to human health or controlled waters and that no further assessment or specialist remedial actions are required. No ground gas protection measures are necessary.

Development proposals must take into account the recommendations relating to building foundations that are contained in the geotechnical assessment.

Ecology

The ecology survey must include the identification of any protected species. Compensation and mitigation measures must be identified where appropriate and agreed with the City Council. The potential to use tree belts as wildlife corridors must be addressed.

Existing hedgerows and trees should be retained, with buffer zones, and opportunities should be identified for enhancing the biodiversity of the site. Regard should be had to the biodiversity guidance in the Council's Residential Design Guide SPD and to planning policy for biodiversity contained in the National Planning Policy Framework.

⁹ Robson Liddle Ltd for NPS South West Ltd: (1) May 2012. Desk Study and Generic Risk Assessment Report, Land at Aldens Farm (West), Alphington, Exeter; (2) January 2013. Ground Investigation Report, Land at Aldens Farm (West), Alphington, Exeter; (3) May 2012. Phase 1 Desk Study Report, Land at Aldens Farm East, Alphington, Exeter; (4) January 2013. Ground Investigation Report, Land at Aldens Farm (East), Alphington, Exeter.

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MAIN COMMENTS FROM ALPHINGTON VILLAGE FORUM**ACCEPTED:**

- Amend references to doctors surgery to refer to site for healthcare/doctors surgery.
- Include references to high standards of fabric energy efficiency, reducing energy demand, incorporation of low carbon technology and reduced carbon emissions from heat and power generation.
- Additional references to existing trees and hedgerows, incorporated within a green infrastructure framework.
- References to the need to light and manage public open spaces.
- Housing mix must reflect the most recent housing market assessment. The 2010 data will be updated to 2014 when available.
- Correction to age of 76 Chudleigh Road, as to whether C18 or C19.
- References to an ecology survey to be incorporated in an amended form, reflecting the process of survey leading to design, then retention and improvement where appropriate.
- Include car club as a travel mode to be encouraged as an alternative to the private car.
- Reference to the timing of support for additional buses.
- Reference to paths being enhanced by landscaping is not accepted, but include reference to paths being an integral part of landscape design.
- Provision of bus shelters at bus stops.
- Reference to efficient use of natural resources, locally sourced and recycled where possible and minimisation of waste.
- With regard to street lighting, reference will be included to the need to have regard to Devon County Council policy and low carbon agenda.

REJECTED:

- Requirement to meet standard for zero carbon homes introduced in 2016 rejected because requirements are set out in the Core Strategy.
- The Forum calculate a different gross site area. The brief reflects those advised by the landowners.
- Requirement to retain 72 Chudleigh Road with outbuildings and a large garden. This building is not locally listed and retention is not essential.
- Reference to allotments meeting the needs of local residents. Developers are only required to meet needs arising from the development.
- Reference to landscaping with trees to alleviate noise from the A30 and other roads. Attenuation should respond to the noise survey results. The draft Brief clarifies that the survey should have regard to future traffic levels.
- Requirement that all existing trees and hedgerows must be largely incorporated into a landscape framework. Requirement should follow from a tree survey. Some trees may have limited value or life.
- Air quality to be kept within existing levels. It needs to be within existing acceptable standards.
- Reference to creating a 20 mph zone in Alphington Village that is self enforcing. This may not be compatible with other design requirements.
- Deletion of reference to cycle route connection to new Marsh Barton rail halt.
- Requirement for signage to ensure enforceability of speed limit. This matter should be left to the highway authority.
- Deletion of reference to South West Exeter Masterplan, which is useful context.
- Ban on construction traffic passing through the village. This will be a matter for the Construction Environment Management Plan.

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EXETER CITY COUNCIL

**EXECUTIVE
4 FEBRAURY 2014**

OPENING HOURS FOR CIVIC CENTRE-BASED SERVICES

1 PURPOSE OF REPORT

- 1.1 This report provides Members with a review of the data related to the Thursday late night opening pilot for Civic Centre-based services and seeks Members' views on future opening hours for the relevant services.

2 BACKGROUND

- 2.1 The development of the Council's Customer Access work will include researching and analysing the most cost effective way of meeting customer demand, with a particular focus on determine the most appropriate channels for accessing the range of the Council's services. This report focuses on the Face to Face channel as well as the main telephone access point.
- 2.2 Members have expressed a commitment to ensuring that the services based at the Civic Centre are being offered to the public in a way that ensures that residents can access those services at a time that is suitable for them.
- 2.3 To determine what demand exists for services outside of 'traditional' Monday to Friday 9am to 5pm (the Customer Services Centre has always opened at 8:30am) operation of Civic-centre based services, Members agreed a pilot for Saturday morning opening of the Customer Service Centre (CSC). The conclusion of that pilot was that because only the CSC, including the telephone room was opened on Saturday morning, this did not provide a complete service for customers which led to frustration for both customers and staff. It also meant that once services returned on a Monday morning, they had a backlog of work from Saturday in addition to their work that was being generated during the working week.
- 2.4 As part of the development of the Help Me with My Financial/Housing System (the 'Help Me System'), the Council learned about the unseen costs of services dealing in isolation with residents who approach the Council with issues that span across services. Work has continued to analyse Customer Demand coming into the CSC via Face to Face and Telephone channels in order to determine how best to resource the CSC against that demand in order to maximise the use of staff resources as well as meet customers' needs.

3. THURSDAY LATE NIGHT OPENING

- 3.1 Members agreed on 19 March 2013, to test the demand for late night opening of Civic Centre-based services by agreeing an extension of the opening hours on Thursday by staying open until 7pm.

3.2 Members have been keen to demonstrate the Council's support for the development of the late night economy in the City by encouraging local businesses to extend their opening hours into the evening. Having the Council's main access channels of telephones and Face to face contact available until 7pm on Thursday demonstrated the Council's commitment to leading by example.

3.3 Members were mindful of the introduction of the Local Council Tax Support Scheme in April 2013. Some working-aged residents are now required to pay a proportion of their Council Tax liability for the first time. In addition, other changes as a result of Welfare Reform were introduced which together had an impact on residents. The Council was keen to ensure that working residents were able to access services outside of the hours that they might be at work.

3.4 The services that were included in late night opening were those identified as having the largest volumes of enquiries into the CSC and included:

- The Customer Service Centre
- Switchboard
- Housing Advice
- Housing Repairs
- Housing Estates
- Housing Development
- Income Recovery
- Programmed Major Works
- Planning
- Council Tax Recovery
- Council Tax Billing
- Business Rates
- Environmental Health and Cleansing Support teams
- Housing Benefits
- ICT

3.5 Data of footfall within the CSC was collected which related to a number of the service areas above; this is presented as Appendix One to this report. The data compares demand for the frontline service across the days of the week and broken down by hours of the day. The data in the chart 'Thursday - Service Demand by Hour' shows that whilst there is demand for services outside of 'traditional' opening hours on Thursday, this is mostly between 5pm and 6pm.

3.6 The data in Appendix One also presents customer demand broken down over the course of the working day and identifies the peak times where the Council would want to maximise its use of staff resources to ensure that we are responding to customer demand. This data shows that there is low demand between 8:30am and 9:00 am and high demand over the late morning/early afternoon period.

3.7 The data also confirms that that the majority of customer demand for services into the CSC and telephones outside of traditional opening hours falls into the Help Me system, i.e. Council Tax, Benefits and Housing Advice.

4 PROPOSAL

- 4.1 Based on the evidence of customer demand, it is proposed to make two amendments to the opening hours for the CSC.
- 4.2 It is proposed that, effective from 10 February 2014, the CSC opening time to the public be altered from 8:30am to 9am throughout the week. There may be implications for officers hosting meetings at Civic Centre which commence before 9am; if that is the case, those officers will be expected to make arrangements for their visitors to be met.
- 4.3 It is further proposed that the opening hours of the CSC be altered *from* 8:30am-5pm Monday to Friday and 8:30am to 7pm Thursday *to* 9am to 5pm Monday to Friday and 9am to 6pm on Monday and Thursday. The later opening alongside reallocation of staff resources will make a positive contribution to efforts to ensure that there are more resources allocated to the time of peak demand around lunchtime. The later opening time proposed from 8:30am to 9:00am will allow for staff resources within the CSC to be available until 6pm on two evening a week, without the need to use overtime payments or vary staff contracts.
- 4.4 Remaining open until 6pm two days a week would allow the Help Me System to continue to support working residents who find it difficult to visit during traditional opening hours and also reflects the findings from the Pilot in that there is some demand for services between 5pm and 6pm.
- 4.5 In preparation for Members' consideration, work has been done to establish the impact on customers of opening at 9:00am instead of 8:30am. In November, an average of 8 customers per day was recorded as visiting the CSC between 8:30am and 9:00am. This is out of an average of 243 recorded customers visiting the CSC daily. There were 3 occasions where visitors numbered between 20 and 40. These peaks resulted from pre arranged meetings.

Between 4 and 13 December, 25 customers visited the CSC between 8:30am 30 and 9am. Of these, 17 could have accessed the service in another way, (electronically or by phone), and 19 could have visited the CSC after 9am. In addition to these 25, we had 40 customers who were evenly spread between: contractors returning keys, appointments for the Registrar Service, (which opens at 9am), and general appointments and meetings. Consideration will need to be given to the services these affect but it should be noted that Registration appointments are now made later than 5pm on Thursdays in line with late opening.

- 4.6 Starting at 9:00am will not in isolation address the issue of peak demand at lunchtime; however, officers are seeking input from staff in the CSC on how best to address this.

5 RESOURCE IMPLICATIONS

- 5.1 Council approved a budget of £50,000 for the Thursday Late Night Opening Pilot, which included provision for contingencies. The cost of the Pilot is £22,314 which is allocated as: £5,516 for publicity and £16,798 for Staff Overtime costs. This includes on-costs and are based on overtime cost projections up to the end of January 2014.
- 5.2 There are no significant additional financial resources required for the proposed variance to the CSC opening hours with the exception of informing the public of the revised opening hours which will be done in the main through the Citizen, the Council's website, Social Media and the local media.
- 5.3 Should members agree the recommended amendment to opening hours, any required consultation with take place with affected staff.

6 RECOMMENDED

- 6.1 That Members note efforts to ensure that the staff resources are used effectively in order to meet customer demand as part of the Council's systems thinking approach;
- 6.2 That Members agree to the revised opening hours for the CSC effective from the completion of consultation with affected staff 2014 for the services included in the 'Help Me' System; and
- 6.3 That Members determine the end date of the current pilot of opening until 7pm on Thursdays.

BINDU ARJOON
ASSISTANT DIRECTOR CUSTOMER ACCESS

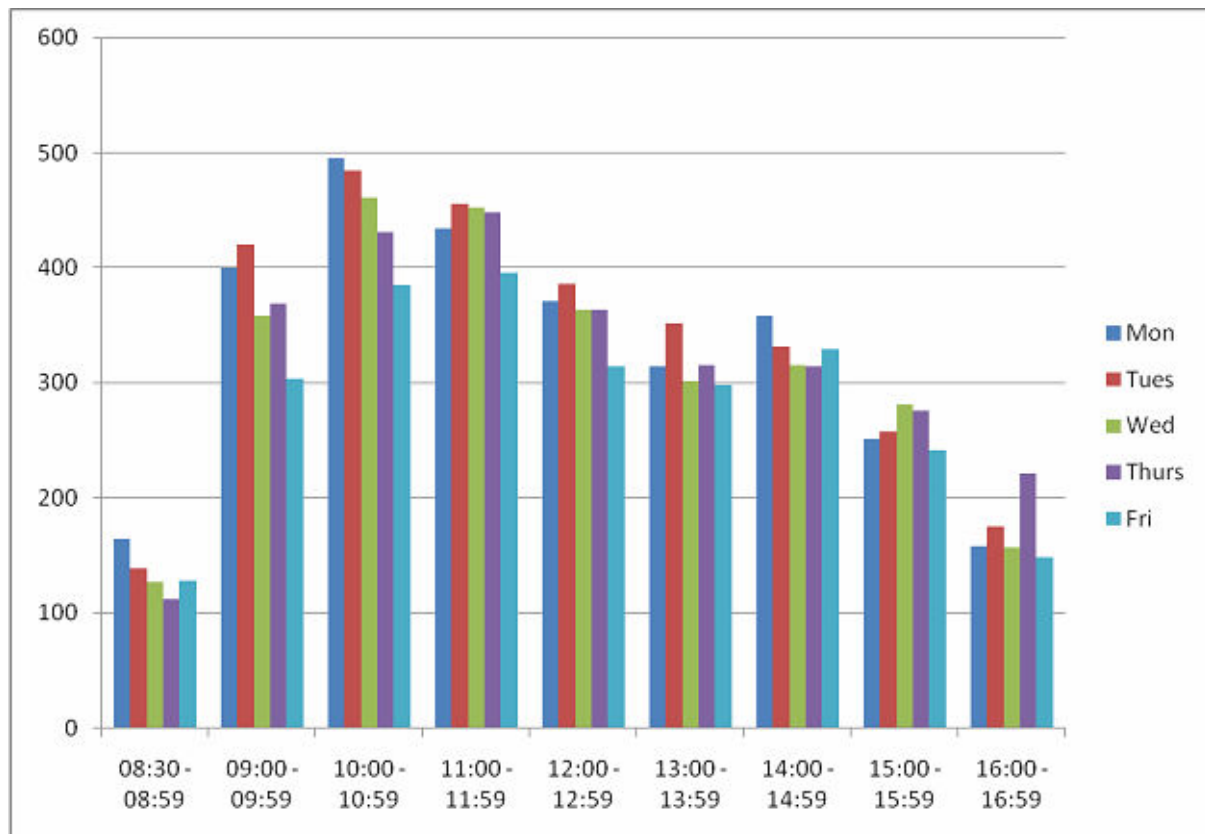
Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report:-

APPENDIX ONE

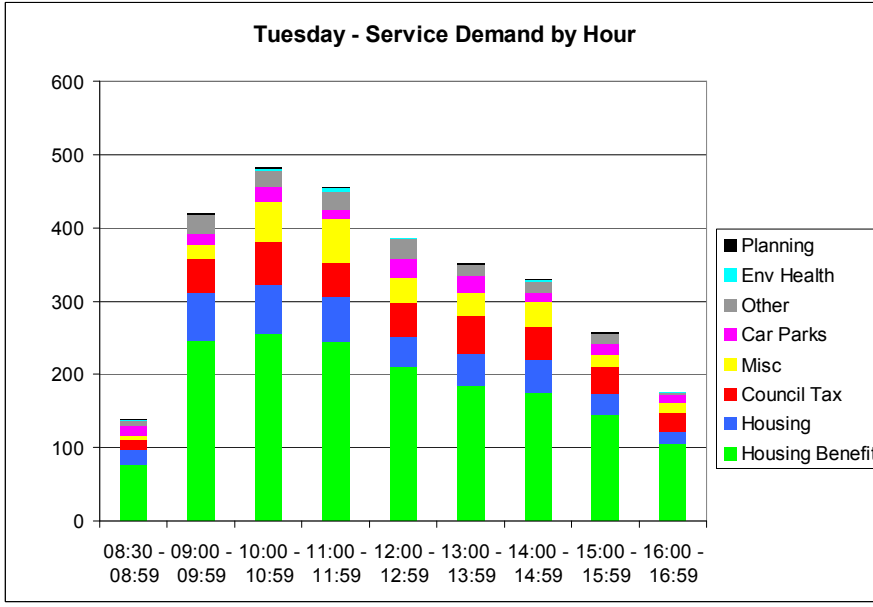
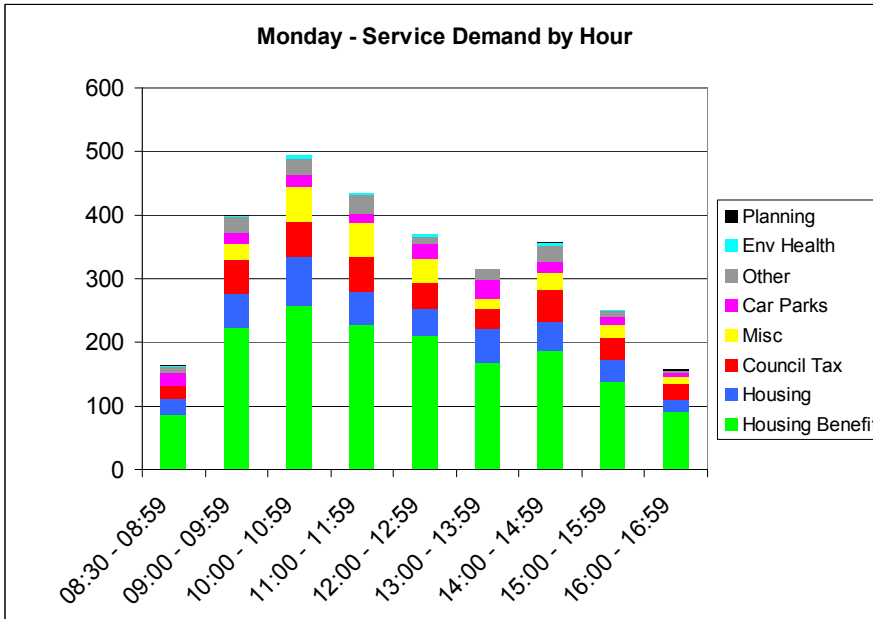
Measuring Customer Demand

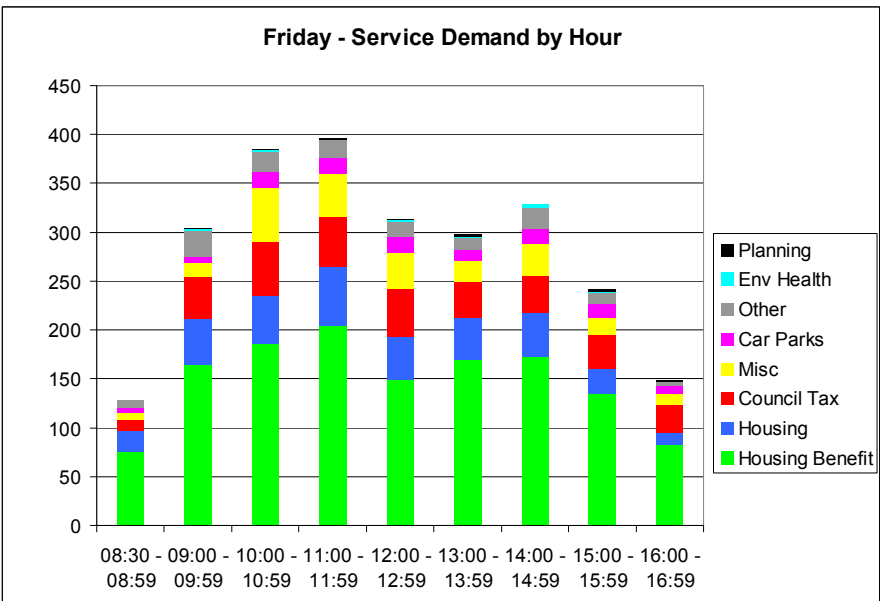
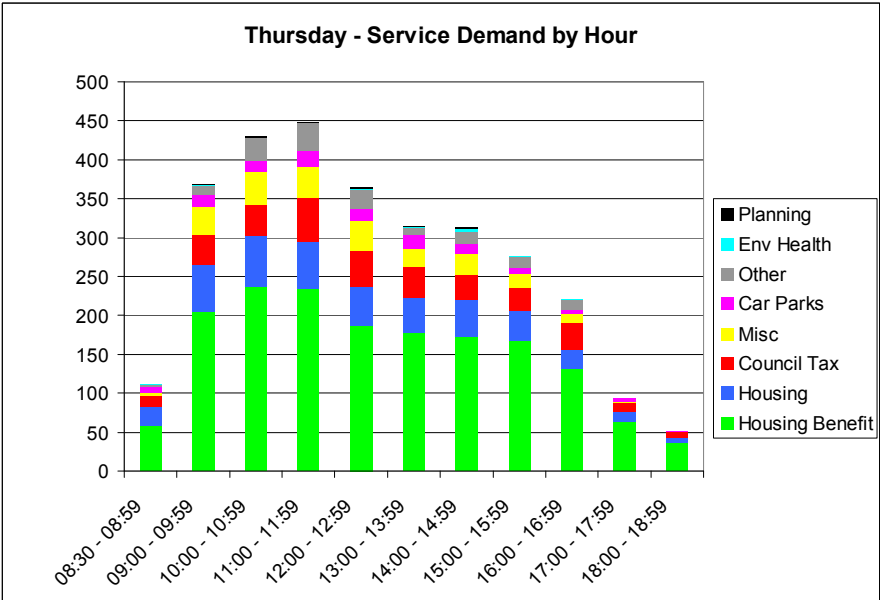
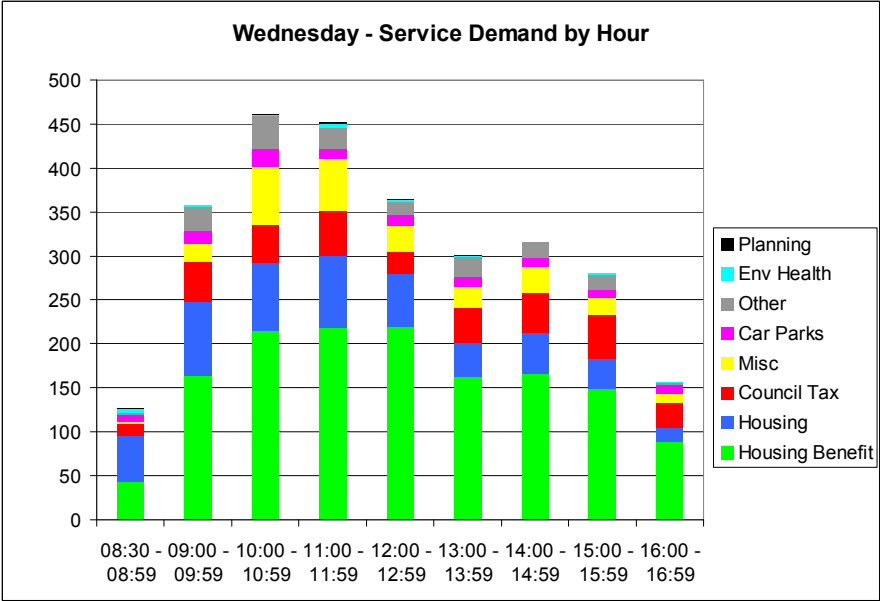
All figures shown are for the period 1 April 2013 to 17 October 2013

Daily Demand by Hour



Breakdown of Service Demand





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EXETER CITY COUNCIL

EXECUTIVE 4 FEBRUARY 2014

RESEARCH PROJECT TO INVESTIGATE HOUSING NEED IN EXETER

1 PURPOSE OF REPORT

- 1.1 This report requests approval of the Executive to carry out a major research project into housing need in Exeter.
- 1.2 The findings from the research will inform the new Housing Strategy; the Council's Allocations Policy; and the systems thinking review which is currently being undertaken under the purpose heading "Find Suitable Housing". This review is concerned with the provision of solutions to people's housing problems.

2 BACKGROUND

- 2.1 As part of both preparing a new Housing Strategy and carrying out the review of "Find Suitable Housing" we need to understand to a far more detailed level than we have up to now, the nature of housing need and housing demand in the City. To enable us to plan our response to the housing requirements of the people of Exeter we need to have an accurate idea of what those requirements are.
- 2.2 Some of the work necessary to discover this we are already doing ourselves, for example:
 - investigating and analysing our own Housing Register
 - carrying out a census of Exeter City Council tenants
 - employing consultants to update our Housing Market Assessment¹

However, all these activities are relatively limited (for example, although the Housing Market Assessment is an extremely useful document, it is principally composed of secondary data, including figures from our own housing register). Our housing register is not principally a measure of need (people can register even if they have no need and other people in Exeter may well be in need but have not registered) but is a record of people who wish to rent public sector housing. Council tenants are, by and large, adequately housed and only comprise an unrepresentative 10% of the population of the City.

¹ Exeter and Torbay Strategic Housing Market Assessment 2007, updated 2010

2.3 We need to be able to answer the following questions:

- What is housing need and housing demand in Exeter? How do they differ?
- How do we measure need not recorded on the Housing Register?
- How do we use that measurement to help us to provide the right housing in the right place?
- What are the housing issues and problems of the people of Exeter in whatever type or tenure of housing they live?
- What are their hopes and aspirations?
- What is the best way of meeting them?
- How is the housing market functioning in Exeter?
- What can we do to improve it?

3. THE RESEARCH PROJECT

3.1 We believe that the only way to answer these questions is to undertake original research of our own. As we have limited time and specialist staff capacity to undertake this work in-house, we have approached Exeter University for their help.

3.2 Following contact with Paul Cloke, Professor of Human Geography at the University, it was agreed that the research ought to cover:

- identification of need and demand
- identification of issues of affordability
- how many properties are required, where, and of what tenure mix

3.3 The research should address itself to the following key social groups affected by these issues, for example:

- homeless people
- unemployed people
- people who cannot work for any reason
- low paid people
- people who have been detrimentally affected by austerity-related welfare changes
- people whose rising household expenditure has jeopardised their housing status
- people needing secure and well serviced rental property
- households unable to afford mortgage costs (e.g. for first time home ownership)
- people forming new households because of relational breakdown
- elderly people with care needs
- other affected groups that may be more hidden

3.4 The University concluded that the best method to obtain the information needed was by way of a self-completing on-line survey for Exeter residents and workers. Such a survey would need

- **Extensive promotion and advertising** to make the survey opportunity known
- **A clear and easy-to-use survey instrument** that can be completed on-line via smartphone, tablet or computer, and subsequently assembled digitally for analysis
- **Access to residents not in conventional households**, such as homeless people. The research will need to undertake additional work within key agencies to enable the participation of these people
- **Access to people working in the city but living outside its boundaries**- this will require advertising through key employers, and /or visibility on radial transport routes

3.5 In practical terms the research will take the following form:

A team of experts from the University's Geography Department led by Professor Cloke will undertake the research itself and will carry out the necessary publicity. They will oversee and steer the project in partnership with the Council's Housing Development Team.

- 3.6 The mechanism for obtaining the necessary data will be an online survey using 'Survey Monkey' software. Following collection of data the researchers will undertake a full descriptive statistical analysis of the on-line survey findings, and will also provide a key-points analysis of qualitative text generated by the survey. They will also undertake strategic research with key institutions to enable people (such as homeless people) not in conventional households to complete the survey.
- 3.7 Following analysis, the researchers will provide the Council with a full draft report, and following consultation, a final report. They will also brief Councillors and Officers of their findings, and will include a question and answer session after the presentation(s).
- 3.8 The project from final agreement of the contract to the production of the Report is expected to take 5-6 months.
- 3.9 The budget for the research project including employment costs for university staff; publicity; design; carrying out the work; collecting data; analysing the results; preparing the Report and briefing interested parties has been capped at £30,000.

- 3.10 It is considered that the cost of this proposed project represents good value for money. The University, because it sets such high store on the value of the work itself and its partnership with Exeter City Council, has agreed not to charge us for the time of its principal two researchers. The only staff costs will be for a specially employed researcher who will carry out much of the day-to-day operational work. This will be in return for equal status in any resulting publicity.

5. RESOURCE IMPLICATIONS

- 5.1 The cost of the Research Project will not be funded from the Housing Revenue Account or the General Fund but will be met from Commuted Sums (that is, money received from developers in lieu of on-site provision of affordable housing). We are able to use such funding so long as we can demonstrate that it will contribute to the development of affordable housing. This the project will do as it will enable us to identify what kind of housing is required in which location – the first step towards accurate and efficient housing provision.

6 RECOMMENDED

- 6.1 That Executive approves the undertaking of a Research Project to investigate housing need in Exeter and, by extension, the functioning of the housing market in Exeter. This Research Project will inform the new Housing Strategy.**
- 6.2 That this research will be carried out by Exeter University in partnership with the Council's Housing Development Team. The total cost will not exceed £30,000 net.**

Originator: Mark Jolly

Roger Coombes
Assistant Director - Housing

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

Background papers used in compiling this report:-

Titles of supporting documents: None

EXETER CITY COUNCIL

EXECUTIVE
4 FEBRUARY 2014

EMPTY HOMES STRATEGY 2014-17

1.0 PURPOSE OF REPORT

- 1.1 To recommend the adoption of the Empty Homes Strategy 2014-17 which sets out how the Council will deal with privately owned empty homes within the city.

2.0 BACKGROUND

- 2.1 The Council recognises that an empty property can have a considerable negative impact upon a local community and can in some circumstances blight an area and the houses in the locality. Empty homes can often attract vandalism and anti-social behaviour which can lead to crime or an increased fear of crime. Empty homes are also a wasted housing resource at a time when there is a significant housing need in the City.
- 2.2 There has been considerable recent government focus on returning empty properties back into use. With housing demand much greater than supply, returning long-term empty properties to use is a necessity for local authorities to help meet housing need.
- 2.3 To date, the Council has achieved considerable success in returning empty homes to use through the preferred route of cooperation and assistance. The number of empty properties in Exeter is currently at the lowest it has been in the last 5 years. However, informal action does not always achieve the desired outcome and the Council recognises that the use of formal enforcement action is an important tool to achieve success.
- 2.4 The empty homes Enforcement Policy approved in March 2013 reflects a growing recognition that firmer sanctions must be in place to deal with long-term empty properties and the existence of such measures must be made clear to owners. Since the policy has been adopted and where enforcement measures have been made clear to empty property owners and in some cases threatened as a last resort it has resulted in 19 long term empty properties which have been brought back into use since April 2013.
- 2.5 The strategy has been consulted upon widely amongst other Council departments and all Members during Autumn 2013. As part of the public consultation for the draft Housing Strategy, 33% of respondents stated that bringing empty properties back into use should be the main priority of the Council's Housing Service. This strategy builds upon the work carried out by the Council over recent years and follows on from the previous Empty Homes Strategy which expires in 2014.

3.0 EMPTY HOMES STRATEGY 2014-17

- 3.1 The Empty Homes Strategy outlines the Council's approach to ensuring that the number of long term empty properties across the City is minimised. The

Empty Homes Strategy reflects the changes in government and Council policy in recent years.

3.2 The empty homes strategy has been developed in line with the following Corporate Plan purposes:

- Improve the environment and my neighbourhood
- Help me find somewhere suitable to live
- Keep my city safe and looking good

The five key objectives which flow through the new Strategy are:

- To maintain and improve the accuracy of empty homes data.
- To raise awareness of empty homes issues.
- To encourage empty home owners to return them back into use.
- To prioritise empty homes for enforcement action.
- To strengthen and develop new partnerships to reduce the number of long-term empty properties.

3.3 It is intended that the strategy is a working document and will change over time to reflect changes in policy and procedure. It is also supported by a detailed action plan which sets out how the Council plans to achieve its objectives.

4.0 FINANCIAL IMPLICATIONS

3.1 There are no additional financial implications over and above the Council's current commitment towards empty homes.

5.0 RECOMMENDED

4.1 That Executive approves the Empty Homes Strategy 2014-2017

Originating Officer: Caroline Massey

**ROGER COOMBES
ASSISTANT DIRECTOR HOUSING**

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

Background papers used in compiling this report:-

None

By virtue of paragraph(s) 2, 3, 4 of Part 1 of Schedule 12A of the Local Government Act 1972.

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