

SCRUTINY COMMITTEE - RESOURCES

Date: Wednesday 2 July 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 Sharon Sissons, Democratic Services Officer (Committees) on 01392 265115 or email sharon.sissons@exeter.gov.uk

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

Membership -

Councillors Baldwin (Chair), Mottram (Deputy Chair), Bialyk, Brock, Bull, George, Lyons, Morris, Robson, Sheldon, Spackman, Tippins and Winterbottom

Agenda

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

1 Apologies

To receive apologies for absence from Committee members.

2 Minutes

To sign the minutes of the meeting held on 19 March 2014.

3 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.

4 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 17 and 18 on the grounds that they involve the likely disclosure of exempt

information as defined in paragraphs 1, and 3 of Part I, Schedule 12A of the Act.

5 Questions from the Public Under Standing Order 19

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

Details of questions should be notified to the Corporate Manager Democratic & Civic Support at least three working days prior to the meeting. Further information and a copy of the procedure are available from Democratic Services (Committees) (265115) also on the Council web site: <http://www.exeter.gov.uk/scrutinyquestions>

6 Questions from Members of the Council Under Standing Order 20

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

7 Portfolio Holders' Statement

Councillor Edwards (Leader) Councillor Pearson (Enabling Services) and Councillor Hannaford (Customer Access) to present priorities for 2014/15. (This document will be circulated under separate cover).

Items for Executive

8 Annual Scrutiny Report 2013/14

To consider the report of the Corporate Manager Democratic/ Civic Support. (Pages 5 - 30)

9 Capital Monitoring 2014/15 and Revised Capital Programme for 2015/16 and Future Years

To consider the report for the Assistant Director Finance. (Pages 31 - 56)

10 Overview of Revenue Budget 2014/15

To consider the report of the Assistant Director Finance. (Pages 57 - 78)

11 Treasury Management 2013/14

To consider the report of the Assistant Director Finance. (Pages 79 - 84)

12 Local Government Pension Scheme Discretions

To consider the report of the HR Business Manager. (Pages 85 - 96)

Items for Discussion

- 13 **Annual Workforce and Learning and Development Profile**
To consider the report of the Human Resources Business Manager. (Pages 97 - 114)
- 14 **Budget Monitoring - Scrutiny Resources - Final Accounts 2013/14**
To consider the report of the Assistant Director Finance. (Pages 115 - 122)
- 15 **New Homes Bonus Update**
To consider the joint report of the Principal Project Manager (Infrastructure Management & Delivery) and Assistant Director Finance. (Pages 123 - 130)
- 16 **Members Allowances Paid 2013/14**
To consider the report of the Corporate Manager Democratic and Civic Support. (Pages 131 - 134)

Part II: Items for Consideration with the Press and Public Excluded

- 17 **ICT Shared Service Option**
To consider the report of the Deputy Chief Executive. (Pages 135 - 140)
- 18 **Corporate Property Interim Structure and Issues**
To consider the report of the Property Manager. (Pages 141 - 160)

Date of Next Meeting

The next **Scrutiny Committee - Resources** will be held on Wednesday 17 September 2014 at 5.30 pm

Future Business

The schedule of future business proposed for this Scrutiny Committee and other Committees of the Council can be viewed on the following link to the Council's website:

<http://www.exeter.gov.uk/forwardplan>

Councillors can view a hard copy of the schedule in the Members Room.

Individual reports on this agenda can be produced in large print on request to Democratic Services (Committees) on 01392 265111.

This page is intentionally left blank

REPORT TO SCRUTINY COMMITTEE –RESOURCES

Date of Meeting: 17 June 2014 (Community), 25 June 2014 (Audit and Governance), 26 June 2014 (Economy) 2 July 2014 (Resources) and 15 July 2014 (Executive)

Report of: The Scrutiny Programme Officer

Title: Annual Scrutiny Report 2013/2014

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Executive Function

1. What is the report about?

An update on the progress and work of Scrutiny for the period 2013/2014 in direct relation to the appointment of the Scrutiny Programme Officer in July 2013, to include synopsis of Task and Finish Group investigations, review and proposal for Scrutiny system changes and timetabling/plans for 2014/2015.

2. Recommendations:

- (a) **That Members of the Committee consider the content of the Annual Scrutiny Report and are invited to comment as to whether they are content with the progress and direction of Scrutiny over the past year together with the proposals on direction for the forthcoming year.**
- (b) **That the Annual Scrutiny Report is approved for public circulation on the Council's website.**

3. Reasons for the recommendation:

- (i) To demonstrate to Members, Officers and the general public how the scrutiny process is working at Exeter City Council in order to provide accountability and transparency and further confidence in the democratic process.
- (ii) To enhance the profile of scrutiny at Exeter City Council.

4. What are the resource implications including non financial resources.

None.

5. Section 151 Officer comments:

Not applicable.

6. What are the legal aspects?

Not applicable.

7. Monitoring Officer's comments:

Not applicable.

8. Report details:

See attached document.

9. How does the decision contribute to the Council's Corporate Plan?

- Ensuring a well run Council.
- To invoke public confidence that the Council is addressing economic, social and environmental challenges through effective scrutiny to improve the quality of life for Exeter residents (where possible) whilst working with partners to achieve this aim.
- To demonstrate that all Councillors and members of staff are committed to delivering high quality services and working for the benefit of the City.

10. What risks are there and how can they be reduced?

Not applicable.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

None.

12. Are there any other options?

Not applicable.

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

Background papers used in compiling this report:-

None

John Street

Corporate Manager, Democratic Services and Civic Support

Contact for enquires: Anne-Marie Hawley, Democratic Services (Committees)
Room 2.3, 01392 265275

ANNUAL SCRUTINY REPORT 2013/2014

Foreword

The past year has seen many positive changes in the way in which Scrutiny operates at Exeter City Council with the appointment of a dedicated Scrutiny Programme Officer in July 2013. The post was created following recommendation by a cross party Task and Finish Group who identified a strong need for dedicated scrutiny support. The new officer role would primarily assist Councillors with their Scrutiny work, whilst facilitating the role of the Scrutiny Committees by providing specific support to Task and Finish Groups, undertaking research and analysis of information, writing reports and presenting findings to the appropriate Committee (if required) and to review the overall effectiveness of the current Scrutiny function at Exeter City Council. In addition to this, the Localism Act 2011 (Section 9FB) now provided Districts with the legislative authority to designate a “statutory scrutiny officer”.

The Role of Scrutiny

The Scrutiny Committees at Exeter City Council consist of Councillors who do not sit on the Executive Committee. The purpose of the Scrutiny Committees is not only described in the Terms of Reference for those Committees (contained in full within the Council’s Constitution) but must also encompass the following principles to ensure the continued delivery of good and effective scrutiny at Exeter City Council:-

1. To provide a “critical friend” approach to Executive policy and decisions – a constructive, robust and purposeful, non-adversarial challenge, holding the Executive and Council officers accountable for policy and service decisions.
2. To provide a platform for the voice and concerns of the public to be heard.
3. To review issues in an a-political manner.
4. To drive improvement of the Council overall by promoting community well-being and working towards improving the quality of life of Exeter residents.
5. To provide strategic review of corporate policies, plans, performance and budgets.
6. To assist in the joining up of public and other services.
7. To review the effectiveness of budget and service prioritisation.
8. To make an impact on service delivery.
9. To set the Council’s Annual Scrutiny Work Programme.

A Synopsis of the Terms of Reference for the Scrutiny Committees at Exeter City Council

Scrutiny Committee – Economy

The Economy Committee evaluates and monitors the performance of all tourism, economic development, transportation, parking, estates, planning (except purely development control matters), markets and events, leisure and museums and technical (including flooding) services. It also considers draft budget proposals which fall within its remit and reviews strategies and policies emanating from the work and functions of those services which it holds accountable (in accordance with the work plan agreed in consultation with the Council and Executive). Scrutiny Economy also assists in the process for adoption and approval of

the Exeter Local Development Framework and for the preparation of other elements of the Development Plan by the Regional Assembly, Devon County Council and other local authorities.

Scrutiny Committee – Community

The Community Committee works with other agencies on issues such as social inclusion and community safety. It undertakes reviews of appropriate strategies and policies emanating from the work and functions of the community and environment services. It evaluates and monitors the performance of all housing, contracts, community engagement, environmental health (including cleansing), river and canal, parks and open spaces, CCTV/Home Call services and reviews the budget and financial performance within these areas. This Committee also scrutinises the work of the Exeter Community Safety Partnership and monitors the effectiveness of the Council's partnerships with other agencies. Health issues are also scrutinised by this Committee particularly in line with the requirement for an annual review of the Health and Well Being Board.

Scrutiny Committee – Resources

The Resources Committee evaluates and monitors the performance of Human Resources, IT, Business Transformation, Finance and all central and corporate services. It advises Executive on staffing issues including industrial relations, health and safety, equalities and diversity, and draft budget proposals which fall within its remit. It reviews progress made within the Corporate Plan.

Scrutiny Committee – Audit and Governance

The Audit and Governance Committee monitor performance against the internal audit plan, reviews any revisions to the plan and considers any issues arising from the half yearly audit reports. It comments on the scope and depth of external audit work to ensure value for money and commissions work from internal and external audit. In addition to this, the Committee monitor the Council's regulatory framework including the effective development and operation of risk management and corporate governance; the Council's compliance with its own and other published standards and controls; advises the Council on the adoption of Codes of Conduct as well as the hearing and determining of allegations of misconduct. It also approves the Council's Statement of Accounts. The Audit and Governance Committee could be perceived as providing the Council with an "inward looking" scrutiny function.

What has Scrutiny Achieved for the Year 2013/2014?

Besides the continuation of the work scheduled on the existing Scrutiny Work Programme the following was achieved:-

- Appointment of a dedicated Scrutiny Programme Officer – July 2013.
- Instigation of the Scrutiny Annual Work Programme Meeting involving Chairs and Deputy Chairs of the respective Scrutiny Committees, Party Leaders and Portfolio Holders.

- The Ancillary Work Programme Meeting involving Chairs and Deputy Chairs of each Scrutiny Committee to discuss any outstanding issues following the Annual Scrutiny Work Programme Meeting and to ensure matters are initially progressing in the right direction.
- Regular Scrutiny Review Group meetings with Chairs and Deputy Chairs of Scrutiny Committees to ensure a “rolling review” of the Work Programme, Task and Finish Groups and suggested improvements to the existing Scrutiny system.
- Scrutiny Training for all scrutiny committee members (highlighted as a priority).
- Revision of Members’ handbook in relation to Scrutiny.
- Scrutiny induction training for Members incorporated into the Members’ induction training programme as from 2014.
- Financial Reporting Task and Finish Group (Resources).
- Finance training for Members (highlighted as a specific requirement).
- Cost of Living Forum (to include Housing and Wages sub groups) (Economy).
- Procurement Task & Finish Group (Audit and Governance).
- Housing Allocation (Devon Home Choice) Task and Finish Group (Community)
- Involvement with the South West Scrutiny Network (with future provision to host regional meetings at Exeter City Council) and building links with other Local Authority Scrutiny Departments ranging from local level to across the country. This presents an ongoing opportunity to compare and exchange ideas on the effective running of scrutiny which can only benefit Exeter City Council.
- Provision of an Annual Report on Scrutiny so that Members, officers and the general public are kept informed of the effective progress and the continued evolution of scrutiny at Exeter City Council.
- Structured timetabling for Scrutiny 2014/2015:-
 - 25/04/14 : Officer pre-election work programme meeting.
 - (03/06/14 : Full Council Meeting).
 - 12/06/14 : Scrutiny induction training for Members.
 - (17/26th June and 2nd July – Scrutiny cycle).
 - 14/07/14 : Scrutiny Annual Work Programme Meeting 2014.
 - 29/07/14 : Full Council : Task & Finish Group Member nominations to be secured by this date.
 - 01/08/14 : Commence with new Task and Finish Group workload with an aim to complete at least 8 Groups within the 2014/2015 municipal year.




Scrutiny 2013/2014 has been very much about “setting the scene”, reviewing current systems, identifying Members’ priorities and improving what the Council already has in place; providing dedicated officer support for Members as well as coordinating Task and Finish Groups on particular subjects specifically brought to the forefront of the existing workload by Members.

A more in depth review of the work of Scrutiny during July 2013 to April 2014 (outside the scheduled Work Programme) is detailed below, which demonstrates the benefits of specific and targeted investigation and the importance of re-thinking (and continually monitoring) the scrutiny system and function at Exeter City Council, as a whole, to ensure a high standard of scrutiny is achieved and maintained.

Scrutiny Systems Review 2013/2014

The appointment of the Scrutiny Programme Officer presented an opportunity to review the effectiveness of the current Scrutiny system already in place at Exeter City Council and to consider whether or not the existing system could be enhanced and improved. A series of meetings were held with Chairs and Deputy Chairs of the Scrutiny Committees to develop possible improvements to the Scrutiny function which were put forward to Scrutiny Economy, Resources and Community during the January 2014 cycle of meetings.

These suggestions encompassed the following proposals:-

- That a new format of Agendas should be trialled for the next cycle of Scrutiny Committee Meetings. The new style would include three main sections:-
 -  Items for discussion.
 -  Items for Executive (recommendations).
 -  Items for information only (accompanied by a link on the Agenda).
- That unless requested by Scrutiny Chairs, the Chief Executive or the Deputy Chief Executive, Council Officers would not present their reports at Committee ensuring better time management of meetings.
- If Members had questions regarding Officer Reports, they could notify the relevant Officer and Committee Services Officer of these questions in good time prior to the Committee meeting. Members would then have the opportunity to put these questions directly to the Officer at the Committee meeting.
- The Scrutiny Chairs would take a more pro-active role in the Committee Meeting “pre-meet” specifically to decide what should be included within the Agenda and what should be excluded.
- Portfolio Holders’ Reports could be separated out from the Scrutiny Committee Work Programme/Agendas and extra time given prior to the Full Council Meetings for Members to address the Reports and ask questions of the Portfolio Holders. This would seem to present an ideal opportunity as all 6 Portfolio Holders would already be available to attend the Full Council meeting together with all other Members. This would free capacity on the Scrutiny Work Programme and free further time at Scrutiny Committee Meetings for other issues to be debated.
- That this concept could be trialled at the next Full Council meeting for Members’ approval.
- That the Scrutiny Chairs, Deputy Chief Executive, Corporate Manager of Democratic and Civic Support and the Scrutiny Programme Officer review how effective these new changes are, once trialled, and consider Members’ comments and any further changes or improvements which would enhance and improve the Scrutiny process and system at Exeter City Council; and continue to monitor the contents of the Scrutiny Work Schedule.
- That a list of scheduled Members’ Briefings be circulated to all Members as soon as possible detailing Presentation topics and dates.

Members of Scrutiny Economy, Resources and Community considered that as previous proposed changes to Scrutiny had been considered and recommended through a cross party working group, a similar group should be re-established to consider these latest proposals. This was accepted by the Executive and Full Council. It was also considered that the presentation of the Portfolio Holder reports prior to meetings of Full Council would mean an additional time commitment, particularly for working Councillors which could present a

problem. Whilst Members acknowledged these concerns, they also welcomed the opportunity to meet with all of the Portfolio Holders in a more informal setting and to look at further ways to develop the scrutiny process.

The cross party Task and Finish Group is due to be founded and initiated following the Local Elections in May 2014. The Group will then meet to address the recommendations put forward.

The Annual Work Programme Meeting : 25th July 2013

This newly devised meeting presented an opportunity for Members to review, prioritise and adapt the existing Scrutiny Work Programme Schedule and to identify those areas and subjects which they felt were of particular concern and to highlight topics which they felt were of sufficient importance to merit Task and Finish Group investigation. All Members were given the opportunity to comment and provide their suggestions prior to the meeting and these ideas and requests were put forward by the Chairs and Deputy Chairs of the Scrutiny Committees, Party Leaders and Portfolio Holders (at the meeting) for consideration and prioritisation.

Task and Finish Groups

Through the Annual Scrutiny Work Programme Meeting, Councillors identified and prioritised various issues for Task and Finish Group investigation which were not already included on the Scrutiny Work Programme. The Scrutiny Programme Officer arranged, initiated and coordinated these Groups.

Financial Reporting (Scrutiny Resources)

Councillors identified a need for clarity within the current financial reporting format which would enable them to have a better understanding of the reports presented to them and would allow them to more easily identify the key issues upon which they needed to take important decisions.

Membership:-

Cllr Baldwin (Chair)
Cllr Ruffle
Cllr Pearson
Cllr Owen
Cllr Donovan
Mark Parkinson, Deputy Chief Executive
Dave Hodgson, Assistant Director of Finance

Remit:-

1. To review the current regime of reporting financial matters.
2. To review the current presentation of financial reports – can they be presented in a more meaningful and user friendly way?
3. Is there any flexibility to alter the presentation of financial information presented?
4. Can reports be simplified whilst still adhering to current statutory requirements and current Council policy?
5. To provide examples of alternative presentation of financial reporting.
6. To clarify figures relating to budget and spend so that it would be easier for Members to identify issues from financial reports which may need attention (for example,

review of management in a particular area or an increase in need which may lead to a budget review).

7. To enhance and simplify financial reports.

This piece of work linked with Council aims and priorities of ensuring a “well run” Council whilst enhancing accountability and transparency.

The Group identified four main areas of specific interest:-

- Budget
- Spend
- Variance
- Income – is income being generated?

The Assistant Director of Finance produced a list of financial reports and confirmed that there would be more flexibility to alter the monitoring financial reports rather than the Statutory reports. Various reports were reviewed by the Group, which included:-

Treasury Management Strategy, Treasury Management Half Year Update Report, Treasury Management Outturn Report, Prudential Code Indicators, Council Tax Base and NNDR1 Report, Annual Governance Statement, Statement of Accounts, Budget Monitoring Reports – general overview, Budget Monitoring Report (30th June 2013), Scrutiny Committee (Resources) Outturn Report April 2012 to March 2013, Overview of General Fund Report, Outstanding Sundry Debts, Creditor Payments Performance, Overview Report, Revisions to Capital Programme, Capital Monitoring to September 2012

Councillors generally placed great emphasis on accuracy, relevance, clarity and simplicity together with a need for Members’ finance training with the overall priority being that all Members should be able to easily identify the information of high concern and should not feel alienated by the way in which the information was presented.

The views of all Councillors were sought and the Task and Finish Group considered that the following points were of particular importance:-

- Significant over and under-spends need to be highlighted.
- There should be comparisons with similar reporting periods in the previous financial year which would help Councillors see how the current situation equates with final out-turn.
- There should be a more obvious tracking of borrowing.
- That Members’ grasp and understanding of the financial reports should be paramount.
- That there should be less use of jargon which can lead to confusion.

Subsequently, the format of the monitoring financial reports was altered to highlight the key variances in the budget monitoring reports and the areas of budgetary risk. The reports were also refined (where possible) and a “key issues” section (particularly within the Statutory reports) was included for the benefit of Members, which highlighted those areas requiring key decisions. The changes to the financial reports were trialled during the September 2013 cycle of Scrutiny Committee meetings so that all Members would have the opportunity to comment upon the new style of financial reporting. Feedback was obtained from Members who commented that the changes implemented to financial reporting so far were very helpful and made the documents much clearer to understand.

In addition to this the Executive Committee commented that:-

- The new style of financial reporting was much easier to understand.
- It would be helpful to have an analysis available over a preceding 5 year period so that any trends could be identified. It was felt that this would be useful information to have for informal budget meetings.
- It would be helpful if visual (colour) charts could be used to relay trend information so that Members could easily identify differences and fluctuations.

It was also suggested that a glossary of financial terms (limited to one page) should be attached to every financial report which would provide further clarity.

Subsequently, the Treasury Management update report (due for submission to Scrutiny Resources in November 2013 and then to Executive in December 2013) was altered so that borrowing and investment figures were reported in a clearer way to ensure that the borrowing figures in particular, were highlighted. Two specific aspects which were seen as requiring particular clarity were:-

- (a) The physical cash borrowed.
- (b) Accounting classification of the borrowing, for example, fixed assets –v- finance.

Further comments were obtained from Members in relation to the new financial reporting format following the January 2014 cycle of Committee meetings and the subsequent Full Council meeting. Members' comments were positive and all agreed that the change in the format of financial reporting was of great benefit and provided much needed clarity.

In addition to the changes already implemented, the following suggestions received from the Assistant Director of Finance were also considered by the Group in order to achieve further improvement:-

- That the half yearly Treasury Management Report should be simplified and adopt a more tabular form, also trialling the inclusion of trend data.
- A front sheet summary should be attached to the Budget Book in respect of each area and movement in budget which would also set out the changes so that Members could focus on what really has changed and the trend data.
- Fees and charges information should remain the same and the format of reporting/information should remain unaltered.
- A key issues page should be introduced in the form of a covering report, in relation to the Statutory Reports (which cannot be altered in content). This would highlight areas of importance and whereabouts in the main document Members could find the necessary information.
- A clearer explanation would be provided to the Audit and Governance Scrutiny Committee in 2014 in respect of the Statement of Accounts. The main area of importance highlighted to Members was identified as the Auditors' report. If Members were not happy with a particular aspect then they would have the opportunity to say so.

It was agreed that because of the nature of some reports (eg, the annual reports) the changes to the format and style of financial reporting would be a work in progress. The key reports for Members to focus upon should relate to budget monitoring.

As a direct result of this Task and Finish Group, financial reporting at Exeter City Council has undergone a successful review and reports have been adapted to clarify information so that Members can easily identify the key issues upon which they need to concentrate so that they can make well informed key decisions. As a result of this Task and Finish Group it was also highlighted that all Members would benefit from finance training and subsequently training was arranged by the Scrutiny Programme Officer who also ensured that Finance training for Members was incorporated into the Annual Induction Training Programme available to all Councillors as from 2014.

Cost of Living Forum (Scrutiny Economy)
(incorporating Wages and Housing Sub Groups)

The Cost of Living, in specific relation to Exeter, was flagged as a high priority subject for further investigation and of particular cross party interest. The overriding objective was to work with a wide range of partners to establish exactly how the Council might assist Exeter residents, with specific attention to the subject of wages (and implementation of the living wage), housing and affordability. Reliable statistical information and research findings were identified as being of paramount importance to the Forum and its ability to consider strategies and solutions in order to provide recommendations to its parent committee (Scrutiny Economy). With the approval of Executive in March 2014, Marchmont Observatory (Exeter University) in partnership with the Forum, are now conducting a local research programme to provide accurate (statistical) information as part of the next stage of investigation. The Forum's work is ongoing and will stretch across the parameters of the local elections in May 2014 with a focus on concluding what practical, innovative steps can be taken by the Council to tackle the difficulties faced by Exeter residents in relation to the cost of living.

Membership:-

- Cllr R. Denham (Chair for Forum and Wages Sub Group)
- Cllr P. Bialyk
- Cllr L. Robson
- Cllr R. Crew (Chair of Wages Sub Group)
- Cllr T. Wardle
- Cllr Mrs Henson
- Cllr A. Leadbetter
- Cllr S. Brock
- Ms Sue Parr (Job Centre Plus)
- Mr Peter Lacey (Lay Lead at University of Exeter on Infrastructure and the Capital Programme, External Affairs and Corporate Social Responsibility and Environmental Sustainability).
- Mr Steve Barriball representing Citizens Advice Bureau.
- Post Graduate Student (University of Exeter/Science Dept.)
- Mr Mark McSheehy representing South West TUC.
- Mr Simon Bowkett representing Exeter CVS.
- Mr Richard Ball (Assistant Director – Economy)
- Ms Nicola Forsdyke (Housing Options Manager)
- Ms Laura Fricker (Housing Benefits Manager)
- Ms Jayne Hanson (Mobile Benefits Training Officer)
- Ms Dawn Rivers (Community Involvement and Inclusion Officer – Policy)
- Ms Melinda Pogue-Jackson (Policy Officer)

Remit:-

- To gather evidence to establish a baseline on wages and cost of living in the City of Exeter.
- To gather and analyse evidence on the impact that low wages and high relative cost of living has on residents in the City of Exeter (taking a broad perspective on impacts and to include Health and Wellbeing).
- To gather and analyse evidence on particular problems (for example, the impact of students on private sector rents).
- To explore (in partnership with a broad range of stakeholders) strategies and solutions to problems identified following the gathering of evidence for this Forum.

Since its inception, the Forum established that it was crucial to identify the potential benefits of the work it could do together with a clear indication of the positive outcomes that could be achieved. The goal of the Forum was to conduct research and investigations so that this piece of work could be used to:-

- Better inform (through the gathering of evidence and multi agency/organisation participation) the City Council and other agencies involved of the difficulties faced and possible solutions relating to the Cost of Living in direct relation to regional wages in contemplation of existing Policies and any proposed Policy changes.
- Improve and enhance the collaborative effort on a cross agency and organisational basis, against continual reduced funding for the public sector.
- Provide innovative ways in which to tackle the difficulties faced by Exeter residents in direct relation to the Cost of Living and reduced public sector funding.
- Build relationships with cross agency partners, organisations and stakeholders, to provide an opportunity to discuss the issues and provide practical coping strategies and solutions (for example, to discuss with local businesses the Living Wage and associated issues with a view to encouraging local businesses to adopt the Living Wage)

With that said, the Forum was still conscious that just because this topic was of substantial cross party interest and currently generated specific public and media interest, it remained important to justify undertaking this work in line with the Council's existing aims and priorities. This point was addressed at the first meeting of the Forum on the 24th October 2013 where it was agreed that this project did comply with those aims and objectives, particularly:-

- ❖ To enhance Exeter as the regional capital and to work in partnership to improve the quality of life for all people living, working and visiting the City. (Vision 20:20/Community Plan).
- ❖ "Help me get back to financial independence" (Corporate Plan 2012 – 2014).
- ❖ "Help me find somewhere suitable to live" (Corporate Plan 2012 – 2014) – *Affordable Housing/set fair and affordable Council Rents/improve access to affordable private sector tenancies/provide financial assistance to those most in need to make private sector homes fit for habitation, safe and decent.*
- ❖ The Core Strategy - 3.4 (The Sustainable Community Strategy) which states that:- 'Sustainable communities are places where people choose to live and work. They are safe places, offering opportunities for everyone, where the environment is respected and with the housing, amenities, schools, hospitals, and transport links that people need to live well. To become a sustainable city, Exeter must balance the economic, social and environmental aspects of the Community'.

The Economy Projects Officer provided the Forum with a brief presentation of statistical data currently available relating to wages and housing trends. However, the Group soon established that the data was unreliable with issues as to accuracy and did not embrace the specific locality of Exeter. Therefore it was of very limited use, but was the only data available at the present time.

The Forum Members identified a wide range of areas which they proposed should be investigated such as:-

- ✚ How do people feel?
- ✚ Equalities.
- ✚ Underemployment/zero hours and the links to part time work.
- ✚ Wages/low pay.
- ✚ People moving out of affordable housing.
- ✚ Sectors and types of employment (jobs by skill/sector).
- ✚ Affordability of housing by sector – growth of private rented sector/housing association (welfare reform action group).
- ✚ Energy/utilities.
- ✚ Transport.
- ✚ Debt – helping people with financial problems.
- ✚ Management of money.
- ✚ Static wages – Chamber of Commerce data
- ✚ Is our skills agenda keeping up or are people outside the City coming in?
- ✚ Econometrics study.
- ✚ Customer service centre data.
- ✚ “Who lives where?” relative to job type and the impact on communities.
- ✚ Impacts such as mental health issues.
- ✚ Access to affordable credit.
- ✚ People moving out of the City for affordable housing.

Members of the Forum suggested that the next meeting should provide an opportunity to explore the definition of poverty and deprivation in Exeter, what this means and to what extent Exeter is affected. It was also agreed that a representative from the research department at Exeter University should be invited to participate together with a representative from the Chamber of Commerce.

The second meeting of the Forum took place in November 2013. Since the first meeting information had been sourced from The Joseph Rowntree Foundation concerning the definition of poverty and the importance of distinguishing between “relative” versus “absolute” poverty was highlighted. Available research on the Living Wage had also been provided by South West TUC; representatives had been invited from Devon County Council and Exeter University together with an Exeter City Council employee currently in receipt of a low wage and a representative from the Federation of Small Businesses.

The Forum was particularly interested to hear from the Council’s employee to understand what life was like for him and what difficulties he faced as a direct result of receiving a low wage coupled with the cost of living. They could also explore what it would mean to this individual if he were in receipt of the Living Wage and what impact this would have for him and his family. This employee felt that the Living Wage should be pushed forward and implemented as it would benefit everyone on a low wage. He commented that the cost of

living is always rising but his wage, in comparison, has not. His input to the Forum, which demonstrated the practical difficulties of his situation, proved extremely helpful and provided Members of the Forum with first hand information and the opportunity to ask many questions.

It was becoming increasingly apparent that the Forum should concentrate on where the Council as a whole (and its partners) could make a difference to Exeter residents and this would involve prioritising the main areas to be investigated whilst also considering impact and baseline.

The priority areas were identified as **Housing** and **Wages**.

It was agreed that two working “sub groups” would be created from the existing Forum Members to discuss and identify research areas whereupon they would feed back their findings to the main Forum.

The specific (but not exclusive) remit of each sub group was defined as:-

Housing

- ✚ Cost of private sector rental and issues surrounding that.
- ✚ Mortgages and issues around other housing options such as affordable housing.
- ✚ Fees and charges.

Wages

- ✚ Are jobs not paid enough and need to be paid better? (Low wages).
- ✚ Availability of higher skilled jobs? (Higher skilled jobs usually equate to higher paid jobs).
- ✚ Underemployment – zero hours contract.
- ✚ Pressure on employers – the impacts and pressures affecting decision making.
- ✚ The impact that the living wage could have in Exeter.

The Forum concluded that that there was a specific need to encompass an “Evidence Based Review” and to consider Business Rates and costs which formed part of the equation.

The Housing Sub Group

The Housing Sub Group met in December 2013 and identified the following issues for research and consideration:-

- The cost of private sector rental.
- Whether students are influencing private sector rental and whether they are better able to afford the cost?
- Condition of rental properties.
- Should Exeter University build further student accommodation this would have an effect on the private rental sector within Exeter.
- What is the standard of living for the individual who lives in Exeter?

- What makes people decide to live in or out of Exeter when they work in Exeter? It was considered that there could be reasons such as family base or schools for children

The Group considered that it would be important to view the whole picture rather than concentrate on isolated areas only but that accurate and local research was required on which the Forum could confidently recommend a way forward.

It was ascertained that two questions should be considered by the main Forum:-

- (a) How far should we go with the research on Housing?
- (b) How much should the Council consider spending on obtaining that research?

Exeter University representatives agreed to provide research recommendations and a costing which the main Forum could consider. They would also formulate research questions based on the Forum's aims and objectives and the information from meetings so far, so that the Forum Members could identify the important questions and ascertain where the Council and respective organisations could make a difference.

The Group highlighted that the Housing Report (which was due to be placed before the Executive Committee in February 2014) dealt with research as to housing need in Exeter, taking into account investing in new housing and the way forward over the next 10 years in this respect. This was viewed as presenting an ideal opportunity for the Cost of Living Forum to feed into this piece of work.

Reference was made to the Welfare Reform Action Group Report which Devon County Council had produced (and which had been circulated to Forum members).

In summary, the Group agreed that an assessment was required as to:-

- *What the housing need and demand is in Exeter and how they differ.*
- *How do we measure that and how do we use this measurement?*
- *Are we meeting need?*
- *How is housing functioning in Exeter and how can we improve it?*

Wages Sub Group

The Wages Sub Group met in January 2014 and was initially provided with an overview on business rates and reliefs by the Senior Rates Officer. This was of particular benefit given that business rates have the potential to greatly influence the relationship between business and wages and more particularly whether employers are in a position to pay higher wages to their staff.

The Group highlighted that employee costs and fixed premises costs are the main expense for businesses and considered whether it would be possible to use the Living Wage to balance out business rates.

It became apparent that there was a real need to investigate what was happening at the lower end of the wages bracket (ie, the lowest 10% as their earnings have not risen since 2004 based on the statistical information available). Zero hours contracts were also discussed in the context of people being unable to obtain mortgages or satisfy private sector

rental prices and there was a concern that this current situation would not promote economic growth.

The Group agreed that they needed to concentrate their efforts on reviewing the situation for people with no options who were in receipt of the minimum wage. Another area which the Group felt could be influenced was encouraging an environment where more money is generated within the Exeter economy which would be good for businesses and therefore the people of Exeter.

It was recognised that Islington, York and Brighton Councils respectively had carried out a lot of work in persuading their local businesses to implement the Living Wage and it would be helpful for the Forum to hear from representatives of these Councils so that they could explain how they have achieved that.

It was agreed that the provision of the Living Wage really depended upon what employers could currently afford and it was recognised that the current margins for small businesses are very tight. However, when the economy starts to recover, and businesses start to do better, how could Exeter City Council encourage this benefit to be passed through to wages?

Following discussion of these points the Group was able to decide that further information was required in the following areas:-

- ✚ Wages data was essential but needed to be presented in a more “broken down way”.
- ✚ People in both the business community and working individuals should be asked whether zero hours contracts work for them.
- ✚ A need to establish what the real impact is in respect of low pay.
- ✚ Find out what the cost of low pay is to the City, economy and local services.
- ✚ Find out what the counter benefits are of higher pay.
- ✚ Establish what the pro’s and con’s are of the Living Wage, bearing in mind that one aspect to consider is that some companies will say that they can’t afford to pay the Living Wage.
- ✚ What areas can Exeter City Council influence in respect of pay?
- ✚ Employers need to be provided with evidence as to why it would be of benefit to introduce the Living Wage.
- ✚ A need to look at household income in tandem with the Living Wage.
- ✚ Obtain specific data regarding the wages of people who live in the City of Exeter.
- ✚ Survey a section of Exeter residents to find out if they work in Exeter and how many are paid below the Living Wage.
- ✚ Find out what the negative impacts of low pay are on businesses, individual and the public sector.
- ✚ Survey businesses to find out the cost of doing business and their thoughts around wages – particularly paying higher wages.
- ✚ Identify a Council that has already addressed these issues - could they visit the Forum to talk about their experiences and what they have done to resolve the issues?
- ✚ Produce an annual survey on earnings.

At the third meeting of the Forum, Members were able to hear from a representative of the Exeter branch of a national company regarding the Living Wage (which had recently been implemented by the company in its London outlets). The representative explained that the reason why they implemented the Living Wage (in London) was because they discovered that a lot of their staff were working three jobs at once – most people employed by them worked on part time contracts and implementation of the Living Wage was seen as allowing their employees to focus on one job and so that they could afford to eat properly. Feedback from staff in receipt of the Living Wage currently indicates that they are now able to concentrate on the one job and they can afford to look after themselves better. The company have also seen a reduction in the figures relating to sickness absence for employees and staff turnover. However, they hadn't rolled out payment of the Living Wage on a national level because it would prove too expensive. The main reason related to premises costs which currently ran at 26%. Taking this into consideration together with the expense of paying the Living Wage, the concept would fall "out of balance". The company would then be in a position where, if they paid the Living Wage nationally, they would be paying their staff more but wouldn't be able to afford the cost of the premises so shops would have to shut.

The Sub Groups also had the opportunity to report back to the Forum. A recurring theme indicated was a lack of accurate statistical data and further research was required and an issue which both Groups had identified. It had become clear that there were substantial gaps in the information and data currently available to the Forum and it would be unwise to base recommendations upon inaccurate information. In relation to what the Forum could hope to achieve within a reasonable timescale it was evident that a reliable baseline of statistics and information would be required (on a local level) so that trends could be monitored over a period of time. It was agreed that the Forum was ultimately looking for strategies and solutions in line with the key objectives they had set and if targeted, accurate evidence was available, this would allow Members to collectively establish a way forward. It was recognised that the success of Council policy and decision making is reliant upon sound and accurate information so that a balanced and informed view can be reached enabling sound policies to be invoked and good decisions to be reached.

More detailed, accurate and local research information could be achieved with assistance from Exeter University (Marchmont Observatory) and the Forum duly considered the University's research proposal.

The Forum established that the main question to ask was:-

"How much research do we need and what do we want to achieve?"

The main requirements were:-

- ❖ ***To obtain a clear set of indicators that we are confident in - a "Cost of Living dashboard" which can be used to inform policy making and decisions outside of the Forum.***
- ❖ ***To obtain a baseline of information on indicators.***
- ❖ ***To formulate a methodology which may be repeatedly used to collect information so that future trends can be measured.***

The Forum agreed to submit an interim report to Scrutiny Economy Committee requesting a recommendation to Executive for funding for the University research proposal. This research was seen as imperative to the continuation of this piece of work and further progression and ultimately recommendations could not be made without it.

The interim report was placed before Scrutiny Economy Committee on the 6th March 2014 and it highlighted that the results of the research could positively influence Council policy decisions in respect of Housing and Economy by:-

- Encouraging other employers to adopt the Living Wage.
- Driving up economic spend within the City if businesses are persuaded to adopt the Living Wage.
- Persuading employers to pay the Living Wage which could potentially decrease the burden on the State and the tax payer.
- To ascertain if improvements would be possible in respect of the Council's Housing Policy to increase affordability of housing thereby assisting Exeter residents.
- Providing good, reliable statistical information which would provide a sound basis for Council decisions in relation to investment.
- The results of the proposed research could be available to feed into and influence the 2014/2015 Scrutiny Work Programme.

The report recommendation was approved by Scrutiny Economy and on the 18th March 2014 the report was submitted to the Executive Committee which broadly welcomed this initiative. It was therefore resolved that the Executive would approve the research proposal and funding.

The Cost of Living Forum – where next?

The Cost of Living Forum represents an ongoing piece of work with Exeter University beginning their research in June 2014. Once the research has been completed the Cost of Living Forum will meet again to consider the results of the research and what potential impact it has in so far as implications are concerned together with establishing how the Council and its partners can make a direct difference to Exeter residents in respect of housing, wages, living costs and affordability.

Housing Allocation Scheme Task and Finish Group (Scrutiny Community)

The housing allocation system was identified as a priority area for review by Scrutiny Community. It was felt that the current system should be reviewed with consideration given to whether a streamlined and direct system for housing would be preferable to the current system. Exeter City Council could consider what schemes and systems other Local Authorities operated and compare these in order to see what worked well, what didn't and whether Exeter's existing scheme needed changing. Issues identified as causing problems with the current system included multiple bids and how Exeter allocates points. One of the main aims of the review was to ensure that a firm, but fair and robust system was in place which would naturally counteract these issues whilst ensuring that the public held a realistic expectation as to what Exeter City Council could offer.

Membership:-

Cllr Shiel (Chair)
Cllr Mitchell
Cllr Morris
Cllr Hannaford
Cllr Crow
Ms Bindu Arjoon (Assistant Director, Customer Access)
Mr Rupert Warren (Devon Home Choice Coordinator)
Mr Lawrence Blake (Housing Needs Manager)
Ms Sarah Richards (Housing Options Manager)

Remit:-

- Review how the Council allocates social housing stock available.
- What do we want any applicable Policy to achieve for us?
- What is the best model to deliver this objective? Does our current model deliver sufficiently or does the Council need to consider implementing a different model (with consideration given to available resources).

Review of this area would link in with the Councils aims and objectives by:-

- ❖ Meeting Housing Needs (Corporate Plan 2012 – 2014/Message from Leader).
- ❖ “Help me find somewhere suitable to live” (Corporate Plan 2012 – 2014/Our purposes).
- ❖ Ensuring that no-one spends a second night sleeping on the streets. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Preparing and consulting on the Affordable Housing Supplementary Planning Document to guide provision of affordable housing and the introduction of an increased requirement of 35%. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Setting fair and affordable council rents and using increased flexibility to decide how housing is allocated in Exeter. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Bringing privately owned empty homes back into use. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Encouraging the Private Sector Leasing and Extralet schemes to improve access to affordable private sector tenancies and drive up standards in private rental properties. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ Improving the Council’s existing housing stock to high energy efficiency and sustainability standards. (Corporate Plan 2012 – 2014/Key Actions).
- ❖ “Providing suitable housing” and “Being a good landlord” in line with Portfolio Holder’s priorities.
- ❖ Ensuring that “The supply of housing should meet the needs of all members of the Community” (Core Strategy: Submission Core Strategy Policy CP5: Meeting Housing Needs : page 35).

The Group first met in December 2013 and it was soon established that it would be helpful to hear from a representative of a similar Authority to talk about their housing allocation scheme and how it worked. Firstly, the Group needed to review how the current housing allocation system worked in Exeter and the Devon Home Choice Coordinator was asked to provide a presentation which would encompass the history of the Devon Home Choice Scheme for the Group.

One aspect to consider was that as part of the Devon Home Choice Scheme, Exeter City Council enjoys a good working relationship with other landlords in Exeter (such as Housing

Associations for instance) and if the Council decided to depart from the Devon Home Choice Scheme that working relationship could be affected and this should be taken into account within the overall context of other issues.

The Group also identified a need for absolute statistics on why people are bidding and why they are turning down properties.

An overview of the Scheme was provided during the second meeting of the Group where it was explained that Devon Home Choice was a choice based scheme where properties were advertised. The Scheme is overseen by a management board consisting of representatives from all 10 Devon Authorities and 6 of the bigger Housing Authorities and if any changes to policy or approach are suggested the Members of the Board are required to take the proposals back to their individual Local Authority/Housing Association for approval.

The Scheme is meant to allow people the freedom to move around Devon but in actual fact it would appear that most people don't want to do that and would prefer to stay within their locality. Applicants can re-apply as many times as they like and bid for up to three properties a week on line. The Scheme is accessible to all which was construed as a potential flaw in itself because anyone could apply and therefore there are thousands currently on the waiting list. Applicants are placed in "Bands" and although Band E reflects those with no housing need, there had previously been a legal requirement to keep this band. However, since the Localism Act was introduced, this legal requirement became obsolete and therefore the Group considered that this was an aspect that could be changed to save Council resources in dealing with people, when in fact they had no discernible housing need nor chance of successfully bidding for a property.

The Group was interested to hear that other local Councils had recently reviewed this situation in respect of their schemes and some had now decided not to register Band E. Other Local Authorities were currently consulting on this issue particularly since the introduction of the Localism Act.

The figures available indicated that Exeter had more "Band B's" than other Authorities because of the way we assess Health and Well Being in connection with other organisations. It was highlighted that Band B contains a lot of people who are looking to move and contains a lot of "under occupiers", whereas Band A individuals were only in Band A for 4 weeks after which time they are actively reviewed to make sure that they are bidding.

Many aspects were discussed by the Group including preference to those who provide a positive community contribution and those people downsizing because of the tax implications.

It became clear that each individual Local Authority that was party to the Devon Home Choice Scheme could set the criteria of what they wanted as long as it was within the parameters of the Scheme. What became increasingly apparent to the Group was that the Devon Home Choice Scheme for Exeter required tailoring to Exeter's needs.

A representative from the Housing Department at Portsmouth Council attended the next meeting and informed the Group that Portsmouth operated a different housing allocation scheme which they devised themselves on the basis that it would primarily take into account the customers' needs which they felt were not being met under the previous scheme.

Portsmouth's current scheme was described as an "informed choice lettings scheme" working on a "triage" system which came into operation from the customer's first point of contact with the Council.

It was extremely beneficial for the Group to hear from the Portsmouth representative as its Members were able to ask a wide range of questions such as:-

- How does Portsmouth deal with the issue of particular people taking advantage of the system – for instance, people who put in multiple bids and refuse consecutive offers for questionable reasons?
- How does Portsmouth deal with the anti social behaviour issues? Are they tougher on these areas?
- Does Portsmouth have a "Band E"?
- Does Portsmouth award extra points for certain people? For instance, Armed Forces personnel or people in employment?
- How does the Portsmouth system work?
- What are Portsmouth's goals?
- How much interconnectivity is there between housing, council tax support and housing options? How far has Portsmouth gone with this aspect?
- Time taken to house people in relation to Portsmouth.
- How did the Welfare Reform affect Portsmouth?
- What measures do managers focus on at Portsmouth with regards to Housing Options?

As a result of the information provided by the Devon Home Choice Coordinator and the representative from Portsmouth Council, the Group was able to ascertain that Exeter City Council needed to:-

- Correct tenants' expectations to ensure a focus on those with higher need.
- Analyse property needs and housing standards and get the right balance which would be key to the success of the system (as the Council is often battling against limited resources and soaring demand).
- Test the implementation of ideas and changes in a "live" environment so that a proven concept is immediately available to ensure that the proposed changes would be sound. In other words, an absolute knowledge of what will happen is required so that the prospects of success are known beforehand, prior to changes being rolled out on a permanent basis.
- Ask the Customer exactly what they need when they come through the door, obtaining as much information as possible at the outset.
- Stem those who take advantage of the system by placing multiple bids and then refuse consecutive offers for questionable reasons.

The Housing Options Manager (working for Exeter City Council but also in connection with Teignbridge District Council) was able to provide the Group with valuable insight into how a local, neighbouring Authority is dealing with the issues which had been identified by the Group in relation to Exeter.

Following the Group's enquiries, the provision of information and Group discussion it was established that the following recommendations be made to the Scrutiny Community Committee for reference to the Executive for approval:-

- ✚ That the current Housing Allocation model (Devon Home Choice Scheme) should be kept and improved rather than replaced.
- ✚ Band E should be removed.
- ✚ A more efficient, fair, firm and cost effective way of managing the offers should be implemented therefore improving and streamlining service delivery and attracting savings – mainly by speaking with individuals face to face or over the 'phone rather than form filling and duplication of work.
- ✚ A culture change is needed within the Council when dealing with applicants. Changes in the way in which individuals are assessed are necessary, ie, the individual should not solely be assessed for their housing band but have their actual needs assessed and should then be directed towards the right Council Department or Organisation that would be in the best position to assist that individual and meet their "real" needs as this may not necessarily equate to a housing need.
- ✚ Drive towards finding the perfect accommodation for that specific individual first time (as per the Portsmouth model). Refusals are time consuming to deal with from a housing management point of view and finding out far more data at the outset along with multiple viewings should reduce the number of refusals.
- ✚ Three refusals should be the maximum allowed for each individual.
- ✚ The proposed changes should be the subject of a 6 week consultation before implementation, and this could be carried out by utilising mainly on line enquiries to stem the cost of the consultation. The consultation would include external partners such as Devon County Council, voluntary sector agencies, individuals who are on the housing register, partner housing associations and members of staff from whom views would be sought as to the proposed changes.
- ✚ There should be a 2 year residency test in order to establish the eligibility to apply for accommodation (in line with the Government's new Statutory guidance in this respect).
- ✚ Change the way in which properties are advertised – this was suggested as a selective measure rather than a blanket proposal and a change in advertising could be used as a tool with which to keep an area "balanced".
- ✚ Extra points should be made available, for instance, to people if they are able to demonstrate a need to stay in a particular part of the city because it is convenient for work, such as they currently walk or cycle to work, therefore moving would incur extra costs to a low income household, or, in an area/housing complex where there is a high number of long term workless households and the Council needs to help encourage a more balanced and sustainable approach.
- ✚ The Council could amend the current Housing Policy to protect against the concern that an individual could be the subject of

redundancy therefore putting that individual in a “non working” situation which is not of their making and which could, if the Council were not astute, place that individual at a disadvantage for the purposes of the Housing Register.

- ✚ Utilising local lettings plans so that a balance of different individuals with different needs is maintained.

The Assistant Director, Customer Access and the Housing Needs Manager are currently preparing their report encompassing these recommendations.

Procurement Task and Finish Group (Audit and Governance)

The Audit and Governance Committee highlighted Procurement as an area which would benefit from specific review as it was apparent that the current process contained flaws which needed addressing. At present procurement is mostly dealt with on a “department by department” basis which demonstrates a real need to “join up” the areas. The Council needs to be sure that the statutory and legal obligations in respect of procurement are certainly understood by all those dealing with this area. The Legal Services Department and the Housing and Contracts Officer have already carried out work, in the interim, by updating the Council’s contract regulations, but this represented only one aspect of that which required addressing.

At the first meeting of this Group, it became apparent that some progress had already been made as an agreed budget was now in place for a dedicated Procurement Officer. However, that Officer had not been appointed yet and a Job Evaluation exercise was in the process of being set prior to advertisement of the post.

The Group was cautious of progressing this Task and Finish Group because any suggested improvements or changes to the procurement system could not be implemented until a Procurement Officer had come into post. However, the Group was keen to discuss the issues and set a scope.

Two key areas which the Group highlighted as key areas for consideration related to “compliance” and “minimising risk” and it agreed that it may be helpful to look at other Local Authorities to see how they dealt with these issues and the procurement process in general.

Members felt that a more efficient procurement process would potentially maximise the value of contracts entered into by the Council and ensure that the Council is getting the best deal, with the potential to save money in the process.

The Group heard from the Corporate Manager, Legal Services who highlighted points for the Group’s consideration, such as:-

- Part of the role of the Procurement Officer would be to see how the Council can procure goods and services at good value.
- Procurement has to be within a legal framework as the potential litigious and economic risks are high if the Council get it wrong.
- There is an opportunity for the Council to save money on existing contracts.
- The current procurement process could be improved.

- There is a need for a robust training programme for Members and Officers, once a dedicated Procurement Officer is in post. Such training could also be offered within the Induction Training for Members.
- Standing Orders relating to Procurement will need to be the subject of revision and this task will be possible once the Procurement Officer is in post.
- Officers need to work out what the value of the contract is and this is where experience and expertise is currently lacking.
- Effective contract management is required as well as a good procurement process.
- Procurement is a massive area taking into account entering into contracts, the management of those contracts and the relationship with people involved in those contracts both internally and externally.

Following discussions, the Group was able to establish issues which required specific consideration and these related to:-

- Compliance and risk – to minimise the chance of litigation against the Council.
- Value – are we getting the best value out of our contracts?
- Impact of our commissioning decisions.
- Training/member briefing on Procurement.
- Consideration of impact areas.
- Guidelines available for any Service Manager who needs to procure.

The Group also felt that there may be a need to look at commissioning models in order to consider alternative models; to look at how many contracts are outsourced and to review service delivery. As procurement is such a wide ranging subject, the Group identified that it must tailor its review to specific areas. The following questions required answers:-

“What’s out there?”

“What’s acceptable?”

“Are we achieving value for money?”

The Group agreed that it would be helpful to schedule the next meeting once the Procurement Officer was in post as it would be crucial for this Officer to have input into this Group because the Officer would be responsible for implementing changes or improvements to the procurement process.

The Scrutiny Work Programme 2014/2015 : Current Aims, Existing Workload and Target

Following the progress made in respect of the Council’s scrutiny function over the past 10 months and since the appointment of a dedicated Scrutiny Programme Officer, it is now possible to more effectively organise the Scrutiny Work Programme for the year ahead, liaising with Members to identify priority areas for investigation, set tasks, set targets and project some of the existing Task and Finish Group work for the 12 month period ahead.

The following points do not take into account the Task and Finish Group suggestions that will be provided by Members at the Annual Work Programme Meeting (in July 2014), but is designed to provide a flavour of the direction of the Scrutiny Work Programme for the year ahead:-

- Members and Officers to re-assess the existing Scrutiny Work Programme for 2014/2015 through the Annual Scrutiny Work Programme Meeting (14/07/14).
- Members to identify areas for possible Task and Finish Group investigation and prioritise these, particularly against other areas identified during the 2013/2014 programme.
- Scrutiny system changes (already identified) to be implemented subject to Executive and Full Council approval.
- To continue the work of the Cost of Living Forum to identify how Exeter City Council and its partners may improve the quality of life and affordability of living for the residents of Exeter.
- Health and Well Being - to instigate the scrutiny of the Public Health Plans (in line with DLGSG recommendations).
- To instigate scrutiny review of the Housing Revenue Account.
- To conduct a spotlight review of the Council's current twinning arrangement and funding.
- To conduct a spotlight review of Community Patrol and the need for Out of Hours Operatives.
- To continue with the work of the existing Procurement Task and Finish Group.
- To reach and exceed a target of 8 Task and Finish Groups to be completed within the period 1st August 2014 to 30th April 2015.

Possible improvements based on the experiences of 2013/2014

- Task and Finish Group member nominations should be received more quickly. Therefore, nominations will be requested following the Annual Scrutiny Work Programme meeting (scheduled on the 14th July 2014) and will be required by 29th July 2014 (Full Council Meeting). This will enable the Task and Finish Group workload to be structured with the initial Groups commencing from August 2014. This will minimise delay whilst maximising the potential volume of Task and Finish Groups for the period running between 1st August 2014 to 30th April 2015.
- To improve the collaborative working relationship between the Scrutiny Committees and the Executive, inviting Members with a leading role in both Scrutiny and Executive Committees to the regular Scrutiny "rolling review" meetings.
- To encourage Members to utilise "spotlight reviews".

Conclusion and Thanks

Scrutiny is an ever evolving process at both local and national level and improvements to the scrutiny function should be viewed as an ongoing process with continued improvement in mind. The Scrutiny process provides Members with the chance to examine the workings of the Council and get directly involved in the development of Council policy. Through effective scrutiny, Members can ensure that the work of the Council is subject to democratic checks and that the provision and delivery of services is continually improved where possible. It

also presents an opportunity for the views and needs of the local community, stakeholders and local organisations to be taken into account.

Members' suggestions covering all aspects of scrutiny, including topics for potential investigation, are always welcomed during formal scrutiny committee meetings or via direct contact with the Scrutiny Programme Officer or Chairs/Deputy Chairs of the relevant Scrutiny Committees.

Successful scrutiny function depends upon maintaining a good, collaborative working relationship between Members and Officers throughout the Council together with external partners, local people and communities which will serve to maximise the potential benefits in many areas not only for the Council, but more importantly, the residents of Exeter. The Scrutiny Programme Officer would like to take this opportunity to thank all those Members, officers and external organisations who have participated in the Task and Finish Groups and consultations to date.

For further details regarding scrutiny at Exeter City Council please contact the Scrutiny Programme Officer:-

Anne-Marie Hawley (Democratic Services)
anne-marie.hawley@exeter.gov.uk
(01392) 265110

Agenda Item 9

REPORT TO: SCRUTINY COMMITTEE RESOURCES, EXECUTIVE, COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Report to: Executive - 15 July 2014
Council - 29 July 2014
Report of: Assistant Director Finance
Title: Capital Monitoring 2013/14 and Revised Capital Programme for 2014/15 and Future Years

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise members of the overall financial performance of the Council for the 2013/14 financial year, in respect of the annual capital programme.

To seek approval of the 2014/15 revised capital programme, including commitments carried forward from 2013/14.

2. Recommendations:

It is recommended that Scrutiny Committee – Resources notes and Council approves:

(i) **The overall financial position for the 2013/14 annual capital programme.**

(ii) **The amendments and further funding request to the Council's annual capital programme for 2014/15.**

3. Reasons for the recommendation:

Local authorities are required to estimate the total of capital expenditure that it plans to incur during the financial year when it sets the prudential indicators for capital expenditure. This shows that its asset management and capital investment strategies are affordable, prudent and sustainable.

Capital expenditure is a significant source of risk and uncertainty since cost variations, delays and changing specifications are often features of large and complex capital projects.

In order to manage the risks associated with capital programming the annual capital programme is updated every three months to reflect any cost variations, slippage or acceleration of projects.

4. What are the resource implications including non financial resources

The financial resources required are set out in the body of this report.

5. Section 151 Officer comments:

This report has been prepared on behalf of the Section 151 Officer to set out the financial position of the Capital Programme as at 31 March 2014 ahead of inclusion in the Council's annual Statement of Accounts.

6. What are the legal aspects?

The capital expenditure system is set out in the Local Government and Housing Act 1989.

7. Monitoring Officer's comments:

The Monitoring Officer has no issues to raise on the content of this report.

8. Report Details:

CAPITAL MONITORING STATEMENT TO 31 MARCH 2014

8.1 Revisions to the Capital Programme

The 2013/14 Capital Programme, including commitments brought forward from 2012/13, was last reported to Scrutiny Committee - Resources on 19 March 2014. From that report schemes totalling £1.610 million within the 2013/14 capital programme have now been deferred and are included within the 2014/15 budgets.

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 19 March 2014	16,264,960	
Budget Deferred to 2014/15 & Beyond at Quarter 3	(1,610,440)	Approved by Executive 1 April 2014
Overspends/(Underspends) reported at Quarter 3	(141,190)	
Storage of Archives	65,000	S106 funding
Paris Street Roundabout	25,760	S106 funding
Wessex Home Improvement Loans	28,500	Repayment of loans
National Cycle Network	25,350	Contribution from Devon County Council
Sports Facilities Refurbishments	9,950	Contribution from Parkwood towards the underlay at Isca bowls
Northbrook Watercourse	11,000	Contribution from Devon County Council
Disabled Facilities Grants	12,730	Contributions from Housing Associations
HRA Acquisition of Social Housing	136,150	Delegated powers 9 December 2013
Other	650	
Revised Capital Programme	14,828,420	

8.2 Performance

Capital expenditure in the year amounted to £11,829,575, a reduction of £2,998,845 on the planned figure of £14,828,420.

The actual expenditure during 2013/14 represents 79.8% of the total approved for the revised Capital Programme, which means £2.5 million will need to be carried forward to be spent in future years, as indicated in Appendix 1.

Appendix 2 shows the overall position for those schemes which span more than one financial year.

8.3 Capitalisation of Staff Costs

In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, any costs attributable to bringing a fixed asset into working condition for its intended use qualify as capital expenditure. Directly attributable costs include the labour costs of certain Council employees, which have been directly involved in the construction or acquisition of a specific asset.

During the financial year, the cost of the Council's IT developers, engineers and surveyors have been treated as capital expenditure, based upon timesheet information.

Several large capital schemes have required a high commitment in staff time, including the:

- Installation of Photo Voltaic panels and other energy saving projects
- Continuation of the replacement of J Based legacy systems
- Delivery of the kitchen and bathroom replacement programmes and re-roofing of Council dwellings

The total value of staff time charged to capital schemes for 2013/14 amounted to £194,100.

8.4 Capital Financing

The capital expenditure in 2013/14 of £11,829,575 was financed as follows:

	General Fund £	HRA £	Total £
Housing Revenue Account (Revenue)		5,607,605	5,607,605
HRA Major Repairs Reserve		809,353	809,353
Capital Grants & Contributions	807,037	213,971	1,021,008
Capital Receipts	1,304,182	821,651	2,125,833
Revenue (New Homes Bonus etc)	366,344		366,344
Borrowing	1,899,432		1,899,432

4,376,995	7,452,580	11,829,575
------------------	------------------	-------------------

The available capital resources for the General Fund for 2013/14 are £2.478 million. Total General Fund capital expenditure is £4.377 million of which £1.899 million will be funded from borrowing. The available capital resources for the HRA for 2013/14 are £13.294 million. Total HRA capital expenditure is £7.453 million leaving £5.841 million to be carried forward into 2014/15. Appendix 3 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next three years.

The value of actual capital receipts received in the last quarter in respect of the General Fund and the HRA are:

	General Fund £	HRA £
Balance as at 31 December 2013	1,370,231	2,494,460
New Receipts	39,998	473,561
Less HRA Pooling		(88,499)
Balance as at 31 March 2014	1,410,229	2,879,522

8.5 Expenditure Variances

The main variances and issues concerning expenditure that have arisen since 31 December are as follows:

Scheme	Estimated Overspend / (Underspend) £	Reason

Re-pointing	(17,599)	From 2014-15 these works have been re-classified as revenue expenditure in accordance with proper accounting practice. The unspent balance will therefore not be carried forward in the capital programme.
Communal Areas	(36,705)	Further significant spend of this budget is pending the outcomes of a prioritisation process for the next phase of improvements to communal areas including the provision of new flooring, doors and glazing. The budget for 2014-15 is considered sufficient for the next phase of works.
Electrical Re-wiring	(113,002)	A worst case scenario was adopted for the cost of electrical re-wires, whereby it was considered that a high proportion of electrical tests would identify a full property re-wire in accordance with health and safety regulations. However, a saving has occurred due to a lower number of necessary re-wires.
Central Heating Programme	(61,074)	A saving has occurred following a lower than anticipated number of system replacements as recommended through the routine inspection regime.
Boiler Replacement Programme	(60,729)	A saving has occurred following a lower than anticipated number of boiler breakdowns during the Winter months.

8.6 Schemes to be Deferred to 2014/15 and Beyond

Schemes which have been identified since 31 December as being wholly or partly deferred to 2014/15 and beyond are:

Scheme	Revised 13/14 Budget £	Budget to be Deferred £	Reason
Play Area Refurbishments	353,410	131,210	Schemes at Bull Meadow, Crossmead and Cowick Barton will now be undertaken in 2014/15
Refurbishment and Upgrade of Paddling Pools	149,720	27,460	Most of the work was completed in 2013/14 with the remainder being carried out in early 2014/15
Warm Up Exeter	168,530	163,650	This will provide grants to householders for solid wall insulation. The tendering process has now been completed and the new scheme will be launched in June.

Private Sector Renewal Scheme	224,480	159,080	Fewer properties have been taken on to the scheme is 13/14 than in previous years. The scheme is to be reviewed to consider options that increase supply, reduce scheme management costs and to offer smaller amounts of repayable grants so it could cover more properties
Temporary Accommodation Purchase	300,000	300,000	The need for temporary accommodation is being reviewed as part of the work around the "community hub" and following the outcome of care contracts awarded by DCC. Until this has been completed it is unlikely that this budget will be used.
Grant to the Red House Hotel	165,000	85,000	The final instalment of this grant is scheduled to be paid in July.
Canal Basin and Quayside	158,650	79,840	A new boat trailer has been ordered to improve the operation of winter boat storage
Exhibition Way Bridge Maintenance	45,000	39,980	Progress has been delayed while access agreements are negotiated with Network Rail
Replacement of Car Park Pay & Display Machines	230,000	47,770	This project was delayed by the bad weather in January and March
Replace Running Track at Exeter Arena	375,000	368,000	Work was started in late March and is expected to complete in late July
RAMM Development	125,570	105,400	Some payments will not be required until 2014/15
Storage of Archives	65,000	64,230	It is expected that this work will be completed by the Autumn
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	62,430	ECC have been advised that the foundations would have to be much more substantial than envisaged and that additional ground investigations were needed to determine this: this work was recently completed. We are currently awaiting the agreement of the designer and manufacturer.
Heavitree Environmental Improvements	22,880	22,880	No land owners have agreed to have trees planted on their land

Energy Saving Projects	285,380	180,170	The installation of two Photo-Voltaic projects has been delayed: <ul style="list-style-type: none"> • RAMM – proceeding well but taking time as Planning/Listed Building Consent has had to be sought • Phoenix – delayed due to discussions regarding leasehold and PV ownership
COB Wave 2 – Newport Road	185,350	95,990	It was previously reported that works on site were hoped to commence in January 2014. However, following the tendering process it was necessary to undertake a value engineering exercise to realign costs with approved budgets and this has resulted in a minor delay.
COB Wave 2 – Whipton Methodist Church	222,670	64,800	
COB Wave 2 – Bennett Square	163,280	73,030	
St Loyes Design Fees	10,340	45,000	Design works to progress the Extra care scheme are pending the appointment of a project manager and other key consultants.

8.7 Achievements

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

- **Play Area Refurbishments**

The project at Beacon Avenue (Chaucer Grove) has been completed. Children can enjoy a new basket swing; an exciting climbing and multi-play structure and a unique 'climbing tarantula' which consists of a trampoline within a series of climbing ropes. Cradle seat swings, a play house and some springy animals have also been provided for younger children.

Work has also been completed at Sylvan Heights. Two separate mini play spaces have been provided and each aims to target children of slightly different ages. A new basket swing, an exciting rope climbing structure and a naturalistic balancing trail through the trees have been provided for children aged six to 12 years, whilst a set of cradle swings, a spinning disc roundabout, a spring see-saw, a mini climbing net and a play train have been provided for the under 5s.

- **Canal Basin & Quayside**

A new boardwalk has been constructed around 60 Haven Road, improving accessibility around the basin.

- **Canal Bank Repairs and Strengthening**

This work averted the real potential of serious and widespread flooding and property damage. That the council released the money prematurely saved a large area of Exminster Marshes.

- **Topsham Rugby Club Improvements**

New changing facilities make the premises suitable for female players and children. The Council is helping the club to access further external funding to take full advantage of the legacy from the Rugby World Cup.

- **Bury Meadow Landscaping**
The new park gates were installed in 2013. The park was entered in the RHS “It’s Your Neighbourhood” scheme, and helped the combined St Davids entry to secure a Silver Pennant award. The interpretation panel has since been installed to complete the project.
- **Exeter Community Garden**
Now known as the Mulberry Garden, it was entered in the RHS “It’s Your Neighbourhood” scheme, and helped the combined St Davids entry to secure a Silver Pennant award.
- **Verney House Window Replacement**
The window replacement project has been completed which will improve the energy performance of the building.
- **Communal Door Entry System**
Seven new systems have been installed to replace defective systems
- **Energy Conservation**
39 Photo Voltaic panel systems have been fitted to new roofs

8.8 Capital Programme 2014/15 (Appendix 4)

The revised Capital Programme for 2014/15, after taking into account the carried forward requirements from 2013/14 as well as additional approvals and other changes, now totals £24,180,130.

In addition to adding the carry forwards from 2013/14, the 2014/15 approved budget has also been increased for the following changes:

Description	£	Approval/Funding
Approved Budget	21,515,800	
2013/14 Budget Deferred to 2014/15 & Beyond at Quarter 4	2,505,850	
Disabled Facility Grants	15,180	Additional grant funding
New grants funded from the New Homes Bonus	135,800	Approved by Executive 18 March 2014
Upgrade to Capita system	7,500	Revenue contribution to capital outlay
Revised Programme 2014/15	24,180,130	

9.0 Further Funding Request

9.1 New Fire Walls (£19,000)

The councils current firewalls have reached end of life and are no longer eligible for software upgrades, revisions and patches. As part of the councils ongoing commitment to data security these now need to be replaced, we also have to strengthen our security to adhere to the new PSN guidelines. Part of this will require the council to implement a dual firewall walled garden architecture, something we cannot achieve with our current equipment.

10. How does the decision contribute to the Council's Corporate Plan?

The Capital Programme contributes to all of the key purposes, as set out in the Corporate Plan.

11. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates.

12. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

13. Are there any other options?

No

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries: Democratic Services (Committees), Room 2.3, (01392) 265115

This page is intentionally left blank

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
COMMUNITY & ENVIRONMENT				
KEEP PLACE LOOKING GOOD				
Play Area Refurbishments	353,410	222,199	131,210	(1)
Replacement of Flowerpot Skate Park	232,530	244,170	(11,640)	0
Refurbishment and Upgrade of Paddling Pools	149,720	122,264	27,460	4
Parks Improvements	25,170	13,442	11,730	2
Neighbourhood Parks & Local Open Spaces	16,840	8,820	8,020	0
Improvements to Cemetery Roads & Pathways	4,000	4,000	0	0
Public Toilet Refurbishment	990	0	0	(990)
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY				
Vehicle Replacement Programme	430,960	428,694	0	(2,266)
HELP ME FIND SOMEWHERE TO LIVE				
Disabled Facility Grants	351,920	328,002	23,920	2
Warm Up Exeter/PLEA Scheme	168,530	4,882	163,650	2
Renovation Grants	5,530	5,527	0	(3)
Wessex Loan Scheme	376,340	360,729	15,610	(1)
Glencoe Capital Works	4,960	1,066	3,890	(4)
Private Sector Renewal Scheme	224,480	65,403	159,080	3
The Haven	162,060	186,017	(23,960)	(3)
Temporary Accommodation Purchase	300,000	0	300,000	0
Grant to the Red House Hotel	165,000	80,000	85,000	0
Grant to St Petrocks	10,050	10,050	0	0
WELL RUN COUNCIL				
Local Authority Carbon Management Programme	9,200	9,203	0	3
Council Buildings - Solar Panels	68,750	68,760	0	10
COMMUNITY & ENVIRONMENT TOTAL	3,060,440	2,163,228	893,970	(3,242)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
ECONOMY & DEVELOPMENT				
KEEP PLACE LOOKING GOOD				
Canal Basin and Quayside	158,650	78,805	79,840	(4)
Exhibition Way Bridge Maintenance	45,000	5,015	39,980	(5)
John Lewis Car Park Refurbishment	2,330	200	2,130	0
King William Street Car Park (formerly Leighton Terrace Car Park) Resi	96,000	90,328		(5,672)
Replacement of Car Park Pay & Display Machines	230,000	182,229	47,770	(1)
Canal Bank Repairs & Strengthening	40,000	29,121	10,880	1
Topsham Lock Leak	33,990	33,989		(1)
Northbrook Flood Alleviation	11,130	13,000	(1,870)	0
National Cycle Network	102,670	99,472	3,200	2
Security Measures for Riverside Valley Park	1,900	1,780		(120)
PROVIDE GREAT THINGS FOR ME TO SEE & DO				
Replace Running Track at Exeter Arena	375,000	7,000	368,000	0
Sports Facilities Refurbishment	54,950	27,494	27,460	4
RAMM Development	125,570	10,095	105,400	(10,075)
RAMM Off Site Store	6,860	6,859		(1)
Storage of Archives	65,000	772	64,230	2
DELIVER GOOD DEVELOPMENT				
Newcourt Community Hall (S106)	20,000	5,664	14,340	5
Newtown Community Centre	11,580	11,584		4
Topsham Rugby Club Improvements	50,000	50,000	0	0
Exeter Community Centre Garden	340	336		(4)
Newcourt Community Association Centre	34,880	1,506	33,370	(4)
Exe Water Sports Association (Grant Towards Build)	10,000	37,758	(27,760)	(2)
Exwick Ark (Grant Towards Conversion)	50,000	50,000	0	0
Devonshire Place (Landscaping)	5,000	0	5,000	0
Bury Meadow (Landscaping)	11,940	11,943		3
Ride On (Set Up Workshop/Bike Hire)	5,000	5,000	0	0
Exeter Community Centre Garden - Phase 2	16,990	16,990	0	0
St James Forum (Queens Crescent Garden)	2,500	1,900	600	0
2nd Exeter Scouts & Park Life ("Urban Village Hall" Heavitree Park)	5,000	5,000	0	0
Citizens Advice Bureau (Building Improvements)	2,500	0	2,500	0

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
Cowick Street Environmental Works	167,440	167,436		(4)
City Centre Enhancements	35,150	12,931	22,220	2
Well Oak Footpath/Cycleway	61,370	60,627	740	(3)
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	7,067	62,430	(3)
Heavitree Environmental Improvements	22,880	0	22,880	0
Central Station Environmental Works	185,000	185,000	0	0
Works at Central Library		20,000	(20,000)	0
HELP ME RUN A SUCCESSFUL BUSINESS				
Science Park	559,570	559,568		(2)
WELL RUN COUNCIL				
Verney House Window Replacement	60,000	44,959		(15,041)
137 Cowick Street	2,850	2,851		1
ECONOMY & DEVELOPMENT TOTAL	2,738,540	1,844,280	863,340	(30,921)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
RESOURCES				
WELL RUN COUNCIL				
Server and Storage Strategy	32,000	15,066		(16,934)
Security Compliance for GCSx & PCI DSS	21,110	8,918	12,190	(2)
Authentication Module	10,130	3,077		(7,053)
PC & Mobile Devices Replacement Programme	10,910	11,048		138
Corporate Network Infrastructure	22,000	12,505	9,490	(5)
Mobile Iron Software	25,000	24,545		(455)
PARIS Income Management System Upgrade	25,000	20,911	4,090	1
Upgrade of E-FIMS to v4.1	5,300	0	5,300	0
eTendering System	15,000	0	15,000	0
Invest to Save Opportunities	22,000	21,916		(84)
Energy Saving Projects	285,380	105,208	180,170	(2)
Capitalised Staff Costs	261,000	146,293		(114,707)
RESOURCES TOTAL	734,830	369,487	226,240	(139,103)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
HRA CAPITAL				
MAINTAIN OUR PROPERTY ASSETS				
Adaptations	630,000	619,136		(10,864)
Rendering of Council Dwellings	275,670	241,289	18,500	(15,881)
MRA Fees	389,030	385,128		(3,902)
Communal Door Entry System	10,000	10,144		144
Environmental Improvements - General	41,000	43,587		2,587
Programmed Re-roofing	300,000	284,688	15,310	(2)
Energy Conservation	120,960	120,558	400	(2)
Smoke Detector Replacements	0	1,772	(1,770)	2
LAINGS Refurbishments	290,280	263,425	26,850	(5)
Kitchen Replacement Programme	2,297,830	2,263,121	34,710	1
Bathroom Replacement Programme	867,990	863,139	4,850	(1)
Other Works	61,670	84,554	(22,880)	4
Repainting	50,000	32,401		(17,599)
Fire Precautionary Works to Flats	282,330	275,243	7,090	3
Communal Areas	86,530	23,185	26,640	(36,705)
Structural Repairs	27,380	12,993	14,390	3
Fire Alarms at Sheltered Accommodation	127,820	112,522	15,300	2
Replacement Concrete Canopies	48,690	45,979		(2,711)
Flood Prevention Works	10,000	0	10,000	0
Rennes House Structural Works	10,000	24,163	(14,160)	3
Electrical Re-wiring	560,000	422,368	24,630	(113,002)
Central Heating Programme	413,150	317,889	34,190	(61,071)
Boiler Replacement Programme	370,000	262,391	46,880	(60,729)

2013/14
CAPITAL MONITORING TO 31 MARCH 2014

	2013/14 Capital Programme Revised for Qtr 3 Forecast Spend	2013/14 Spend	2013/14 Budget to be Carried Forward to 2014/15 and Beyond	2013/14 Programme Variances (Under)/Over
	£	£	£	£
HELP ME FIND SOMEWHERE TO LIVE				
Acquisition of Social Housing	347,640	347,637		(3)
St Loyes Design Fees	45,000	0	45,000	0
COB Wave 2 - Rennes Car Park	50,000	56,650	(6,650)	0
COB Wave 2 - Newport Road	185,350	89,359	95,990	(1)
COB Wave 2 - Brookway (Whipton Methodist Church)	222,670	157,874	64,800	4
COB Wave 2 - Bennett Square	163,280	90,248	73,030	(2)
Phase 3 Professional Fees	10,340	1,135	9,200	(5)
HRA TOTAL	8,294,610	7,452,580	522,300	(319,730)
TOTAL CAPITAL BUDGET	14,828,420	11,829,575	2,505,850	(492,995)

2013/14
CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

	£	£	£	£	£
	Total Capital Budget to end of 2013/14	Total Spend to 31 March 2014	2013/14 Budget to be Carried Forward to 2014/15	2013/14 Programme Variances Under ()	
COMMUNITY & ENVIRONMENT					
KEEP PLACE LOOKING GOOD					
Replacement of Flowerpot Skate Park	248,410	260,047	(11,640)	(3)	
Refurbishment and Upgrade of Paddling Pools	214,550	187,094	27,460	4	
HELP ME FIND SOMEWHERE TO LIVE					
Glouce Capital Works	20,000	16,103	3,890	(7)	
WELL RUN COUNCIL					
Council Buildings - Solar Panels	216,910	216,922	0	12	
COMMUNITY & ENVIRONMENT TOTAL	699,870	680,166	19,710	6	
ECONOMY & DEVELOPMENT					
KEEP PLACE LOOKING GOOD					
Canal Basin and Quayside	1,870,710	1,790,865	79,840	(4)	
DELIVER GOOD DEVELOPMENT					
Newtown Community Centre	20,000	20,000	0	(0)	
Exeter Community Centre Garden	50,000	50,000	0	(0)	
Cowick Street Environmental Works	221,320	221,313	0	(7)	
Well Oak Footpath/Cycleway	87,360	86,617	740	(3)	
HELP ME RUN A SUCCESSFUL BUSINESS					
Science Park	727,120	727,115	0	(5)	
WELL RUN COUNCIL					
137 Cowick Street	153,090	153,086	0	(4)	
ECONOMY & DEVELOPMENT TOTAL	3,129,600	3,048,996	80,580	(24)	
HRA CAPITAL					
HELP ME FIND SOMEWHERE TO LIVE					
COB Wave 2 - Newport Road	191,580	95,588	95,990	(2)	
COB Wave 2 - Brookway (Whipton Methodist Church)	223,070	158,274	64,800	4	
COB Wave 2 - Bennett Square	164,030	90,998	73,030	(2)	
St Loyes Design Fees	277,830	232,844	45,000	14	
Phase 2 St Andrews Road	9,570	9,574	0	4	
HRA TOTAL	866,080	587,278	278,820	18	
CAPITAL AND PROJECT BUDGET TOTAL	4,695,550	4,316,440	379,110	(0)	

APPENDIX 3

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	800,048	460,000				1,260,048
GF Capital Receipts from the Canal Basin Redevelopment	410,231					410,231
Revenue Contributions to Capital Outlay	75,540					75,540
Disabled Facility Grant	294,717	305,183	290,000	290,000	290,000	1,469,900
Regional Housing Capital Grant	45,824	315,587				361,411
New Homes Bonus	290,804	370,670	120,000			781,474
Other - Grants/External Funding/Reserves/S106	560,399	126,993				687,392
Total Resources Available	2,477,563	1,578,433	410,000	290,000	290,000	5,045,996
GENERAL FUND CAPITAL PROGRAMME						
Capital Programme	6,533,810	7,844,470	3,391,760	1,866,430	489,290	20,125,760
Overspends/(Savings)	(173,265)					(173,265)
Slippage	(1,983,550)	1,983,550				0
Total General Fund	4,376,995	9,828,020	3,391,760	1,866,430	489,290	19,952,495
ESTIMATED SPEND IN YEAR	4,376,995	6,879,614	5,322,638	2,324,029	1,049,219	19,952,496

UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	2,477,563	1,578,433	410,000	290,000	290,000	5,045,996
Less Estimated Spend in Year	(4,376,995)	(6,879,614)	(5,322,638)	(2,324,029)	(1,049,219)	(19,952,496)
Borrowing Requirement	1,899,432	5,301,181	4,912,638	2,034,029	759,219	14,906,500
Uncommitted Capital Receipts	0	0	0	0	0	0

APPENDIX 3

HOUSING REVENUE ACCOUNT	2013-14 £	2014-15 £	2015-16 £	2016-17 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward	97,171	176,000	0	0	1,263,927
Major Repairs Reserve Brought Forward	1,518,426	750,000	500,000	350,000	2,269,804
Other HRA Sales	2,323,273	2,356,390	2,356,390	2,356,390	273,171
RTB sales	5,607,605	6,438,286	4,829,774	7,852,550	3,118,426
Major Repairs Reserve	213,971	0	0	0	9,392,443
Revenue Contributions to Capital	0	0	0	0	24,728,215
External contributions from utility company	0	0	0	0	213,971
HCA funding	0	0	1,490,225	700,000	700,000
Committed sums	0	300,000	1,490,225	2,009,775	3,800,000
Total Resources available	9,760,446	10,020,676	9,176,389	13,268,715	45,759,957
CAPITAL PROGRAMME					
HRA Capital Programme	7,452,580	10,335,364	7,477,274	8,357,732	33,622,950
St Loyes Extracare Scheme		373,058	1,490,225	4,129,592	5,992,875
Overspends / (Savings)		1,659,617			0
Slippage - September		1,303,769			1,659,617
Slippage - December		477,216			1,303,769
Slippage - March					477,216
Total Housing Revenue Account	7,452,580	14,149,024	8,967,499	12,487,324	43,056,427
UNCOMMITTED CAPITAL RESOURCES:					
Usable Receipts Brought Forward	1,263,927	2,057,869	1,050,665	1,050,665	1,263,927
Major Repairs Reserve Brought Forward	2,269,804	3,783,728	662,584	871,474	2,269,804
Resources in Year	9,760,446	10,020,676	9,176,389	13,268,715	42,226,226
Less Estimated Spend	(7,452,580)	(14,149,024)	(8,967,499)	(12,487,324)	(43,056,427)
Uncommitted Capital Resources	5,841,597	1,713,249	1,922,139	2,703,530	2,703,530
WORKING BALANCE RESOURCES:					
Balance Brought Forward	6,290,296	5,963,219	4,853,583	5,727,067	6,290,296
HRA Balance Transfer - Surplus/(Deficit)	(327,077)	(1,109,636)	873,484	(1,849,451)	(2,412,680)
Balance Carried Forward	5,963,219	4,853,583	5,727,067	3,877,616	3,877,616
Balance Resolved to be Retained	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	2,963,219	1,853,583	2,727,067	877,616	877,616
TOTAL AVAILABLE CAPITAL RESOURCES	8,804,816	3,566,832	4,649,206	3,581,146	3,581,146

Notes: further £1,207,125 required from HRA in 2017/18 re St Loyes, excludes £280k re 7 Hill Lane, demands identified from stock condition surveys, increased budget for wider Rennes House site development; requirements for resolving damp ingress, COB Wave 3 etc

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	£	£	£	£	£
	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme	
COMMUNITY & ENVIRONMENT					
KEEP PLACE LOOKING GOOD					
Play Area Refurbishments	131,210	43,820		175,030	
Replacement of Flowerpot Skate Park	(11,640)	12,000		360	
Flowerpot Skate Park Lighting		35,000		35,000	
Heavitree Pleasure Ground Tennis Courts		40,000		40,000	
Topsham Recreation Ground					
Refurbishment and Upgrade of Paddling Pools	27,460			27,460	
Parks Improvements	11,730			11,730	
Neighbourhood Parks & Local Open Spaces	8,020			8,020	
KEEP ME/ MY ENVIRONMENT SAFE & HEALTHY					
Vehicle Replacement Programme		426,000		426,000	
HELP ME FIND SOMEWHERE TO LIVE					
Disabled Facility Grants	23,920	320,000	15,180	359,100	
Warm Up Exeter/PLEA Scheme	163,650			163,650	
Wessex Loan Scheme	15,610			15,610	
Glencoe Capital Works	3,890			3,890	
Private Sector Renewal Scheme	159,080			159,080	
WHIL Empty Properties		194,000		194,000	
The Haven	(23,960)	87,940		63,980	
Temporary Accommodation Purchase	300,000			300,000	
Grant to the Red House Hotel	85,000			85,000	
COMMUNITY & ENVIRONMENT TOTAL	893,970	1,158,760	15,180	2,067,910	

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme	£	£	£
ECONOMY & DEVELOPMENT							
KEEP PLACE LOOKING GOOD							
Canal Basin and Quayside	79,840						79,840
Exhibition Way Bridge Maintenance	39,980						39,980
John Lewis Car Park Refurbishment	2,130						2,130
Replacement of Car Park Pay & Display Machines	47,770						47,770
Canal Bank Repairs & Strengthening	10,880						10,880
Northbrook Flood Alleviation Scheme	(1,870)	200,000					198,130
Major Flood Prevention Works		3,000,000					3,000,000
National Cycle Network	3,200						3,200
Repair to Turf Lock Gates		150,000					150,000
PROVIDE GREAT THINGS FOR ME TO SEE & DO							
Replace Running Track at Exeter Arena	368,000						368,000
Sports Facilities Refurbishment	27,460	56,430					83,890
RAMM Development	105,400	278,600					384,000
Storage of Archives	64,230						64,230
Livestock Market Electrical Distribution Boards		55,000					55,000
Wonford Community Centre Boiler		14,250					14,250

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	£	£	£	£	£
	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme	
DELIVER GOOD DEVELOPMENT					
Newcourt Community Hall (S106)	14,340	14,900		29,240	
Newtown Community Centre		34,870		34,870	
Newcourt Community Association Centre	33,370			33,370	
Exe Water Sports Association (Grant Towards Build)	(27,760)	40,000		12,240	
Devonshire Place (Landscaping)	5,000	20,000		25,000	
Alphington Village Hall (Repairs & Extension)		50,000		50,000	
St Thomas Social Club (New Roof)		25,000		25,000	
St James Forum (Queens Crescent Garden)	600	7,500		8,100	
2nd Exeter Scouts & Park Life ("Urban Village Hall" Heavitree Park)		10,000		10,000	
Citizens Advice Bureau (Building Improvements)	2,500	7,500		10,000	
St Sidwells Community Centre		40,000		40,000	
Newtown Community Centre			50,000	50,000	
Wear United			50,000	50,000	
Alphington Church			16,000	16,000	
Exeter City Football in the Community			19,800	19,800	
City Centre Enhancements	22,220			22,220	
Well Oak Footpath/Cycleway	740			740	
Paris Street Roundabout Landscaping & Sculptural Swift Tower	62,430			62,430	
Heavitree Environmental Improvements	22,880			22,880	
Ilbstock Environmental Improvements		3,240		3,240	
Works at Central Library	(20,000)	20,000			
HELP ME RUN A SUCCESSFUL BUSINESS					
Science Park Loan		1,000,000		1,000,000	
ECONOMY & DEVELOPMENT TOTAL	863,340	5,402,290	135,800	6,401,430	

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme	£
RESOURCES					
WELL RUN COUNCIL					
Security Compliance for GCSx & PCI DSS	12,190			12,190	
PC & Mobile Devices Replacement Programme			65,000	65,000	
Corporate Network Infrastructure	9,490			9,490	
Windows 7 Upgrade		65,000	(65,000)		
Capita Upgrade			7,500	7,500	
PARIS Income Management System Upgrade	4,090			4,090	
Upgrade of E-FIMS to v4.1	5,300			5,300	
eTendering System	15,000			15,000	
Invest to Save Opportunities		100,000		100,000	
Energy Saving Projects	180,170	1,210,000		1,390,170	
Capitalised Staff Costs		261,000		261,000	
RESOURCES TOTAL	226,240	1,636,000	7,500	1,869,740	

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	£	£	£	£	£
	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme	
HRA CAPITAL					
MAINTAIN OUR PROPERTY ASSETS					
Adaptations		630,000			630,000
Rendering of Council Dwellings	18,500	305,000			323,500
MRA Fees		35,280			35,280
Communal Door Entry System		10,000			10,000
Environmental Improvements - General		30,000			30,000
Programmed Re-roofing	15,310	50,000			65,310
Energy Conservation	400	70,000			70,400
Smoke Detector Replacements	(1,770)	430,000			428,230
LAINGS Refurbishments	26,850	270,000			296,850
Kitchen Replacement Programme	34,710	2,614,000			2,648,710
Bathroom Replacement Programme	4,850	1,160,000			1,164,850
Other Works	(22,880)	75,000	(7,500)		44,620
Fire Precautionary Works to Flats	7,090	270,000			277,090
Communal Areas	26,640	165,000			191,640
Structural Repairs	14,390	265,000			279,390
Fire Alarms at Sheltered Accommodation	15,300				15,300
Flood Prevention Works	10,000				20,000
Property Entrance Improvements		20,000			20,000
Rennes House Structural Works	(14,160)	450,000			435,840
Automatic Doors - Faraday House		15,000			15,000
Bridespring/Mincinglake Road Works		36,000			36,000
Common Area Footpaths/Wall Improvements		150,000			150,000
Higher Barley Mount Improvements		34,000			34,000
Lift Replacement - 98 Sidwell Street		50,000			50,000
Replacement of Lead Water Mains		25,000			25,000
Communal Garden Retaining Walls		55,000			55,000
Soil Vent Pipe Replacement		20,000			20,000
Electrical Central Heating		35,000			35,000
Capita Upgrade			7,500		7,500

BUDGETS CARRIED FORWARD TO 2014/15 AND BEYOND

	2013/14 Budget Carried Forward to 14/15 at Qtr 4 (Proposed)	2014/15 Approved Capital Programme (includes 13/14 carry forward for Qtr 1-3)	Additional 2014/15 Approvals/Funding and Virements	2014/15 Revised Capital Programme
	£	£	£	£
Electrical Re-wiring	24,630	875,000		899,630
Central Heating Programme	34,190	320,000		354,190
Boiler Replacement Programme	46,880	503,750		550,630
HELP ME FIND SOMEWHERE TO LIVE				
Acquisition of Social Housing		904,580		904,580
St Loyes Design Fees	45,000	20,000		65,000
COB Wave 2 - Rennes Car Park	(6,650)	155,080		148,430
COB Wave 2 - Newport Road	95,990	927,570		1,023,560
COB Wave 2 - Brookway (Whipton Methodist Church)	64,800	1,084,790		1,149,590
COB Wave 2 - Bennett Square	73,030	938,470		1,011,500
Phase 3 Professional Fees	9,200			9,200
Phase 3 St Andrews Road		10,230		10,230
COB Land Purchase		300,000		300,000
HRA TOTAL	522,300	13,318,750		13,841,050
TOTAL CAPITAL BUDGET	2,505,850	21,515,800	158,480	24,180,130

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE- RESOURCES, EXECUTIVE AND COUNCIL

Date of Meeting: Scrutiny Committee Resources - 2 July 2014

Executive - 15 July 2014

Council - 29 July 2014

Report of: Assistant Director Finance

Title: Overview of Revenue Budget 2013/14

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To advise Members of the overall financial position of the HRA & General Fund Revenue Budgets for the 2013/14 financial year and to seek approval for the General Fund working balance, HRA working balance, a number of supplementary budgets and the creation of new earmarked reserves.

2. Recommendations:

It is recommended that Scrutiny Resources Committee and the Executive note the report and Council notes and approves (where applicable):

2.1 That the net transfer of £3,419,871 to Earmarked Reserves as detailed in paragraph 8.3.6 is approved.

2.2 That supplementary budgets of £267,310 be approved as detailed in paragraph 8.3.8

2.3 That Earmarked Reserves at 31 March 2014 be noted;

2.4 That the Council Tax account and collection rate be noted;

2.5 That the outstanding sundry debt, aged debt analysis and debt write-off figures be noted;

2.6 That the creditor payments performance be noted;

2.7 By taking into account the overall financial position of the Council, the General Fund working balance at 31 March 2014, be approved at £3,364,639;

2.8 That the Housing Revenue Account working balance at 31 March 2013 is approved at £5,963,219 and the Council Own Build working balance is approved at £103,512.

3. Reasons for the recommendation:

3.1 To formally approve the Council's end of year financial position and carry forward any budgets that were not spent but the funding is still required.

4. What are the resource implications including non financial resources.

4.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 8.3.7, 8.2.1 and 8.2.4 respectively.

4.2 A request for supplementary budgets totalling £249,460 has been included in the report.

5. Section 151 Officer comments:

5.1 The report represents the financial position as at 31 March 2014. In respect of the year, whilst there are some areas of the Council that have struggled to remain within budget, the overall position in respect of the General Fund is positive, with a small addition to the working balance. The earmarked reserve to assist with funding the leisure complex now stands in excess of £2 million.

6. What are the legal aspects?

6.1 There are no legal issues raised by this report.

7. Monitoring Officer's comments:

This report raises no Monitoring Officer issues.

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2013/14
	£	£	£
General Fund	267,700	(274,293)	(6,593)
HRA	(879,760)	1,206,837	327,077
Council own Build Houses	(34,070)	4,056	(30,014)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The Outturn Statement shows a reduction in the working balance of £327,077 to stand at £5,963,219. This is a significant variance from the proposed addition to the balance of £879,760 at the start of the year.

Movement	2013/14
Opening HRA Balance, as at 01/04/13	£6,290,297
Deficit	(£327,077)
Balance, as at 31/3/14	£5,963,220

8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)	Detail
Repairs and Maintenance Programme	£974,245	<ul style="list-style-type: none"> As reported to this committee during the year, this is due to a rise in the number of reactive repairs reported during the financial year. An overspend occurred in respect of repairs to void properties which reflects an increased number of empty properties along with a higher proportion of properties requiring more extensive work.

8.2.3 The Major Repairs Reserve is 'ring fenced' for capital works. After transfers, the balance on the Major Repairs Reserve will stand at £3,783,724 at 31 March 2014.

Movement	2013/14
Opening Major Repairs Reserve, as at 1/4/13	£2,269,804
Revenue monies set aside during 2013/14	£2,323,273
Amount used to finance capital expenditure during 2013/14	(£809,353)
Balance, as at 31/3/14	£3,783,724

8.2.4 The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing. The total budget variances for 2013-14 have resulted in a net surplus of £30,014, which will be transferred to the COB working balance.

Movement	2013/14
Opening Council Own Build, as at 01/04/13	£73,498
Surplus	£30,014
Balance, as at 31/3/14	£103,512

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show an overall underspend of £22,256 against a revised budget of £12,248,020. The main variances are:

8.3.2 Scrutiny Committee Community – (An overspend in total of £159,794)

Management Unit	Over / (Underspend)	Detail
Environmental Protection	63,870	<ul style="list-style-type: none"> • Redundancy costs arising from the deletion of the posts of Environmental Health Manager and two Environmental Health Assistants. • Underspends on supplies and services budgets (equipment, kennelling and publications). • Support service recharge in respect of Legal Services less than budget.
Health & Safety, Licensing & Commercial	(67,833)	<ul style="list-style-type: none"> • Income from licensing exceeded the budget • Saving on pay and agency staff budgets. • Support service recharge in respect of Information Technology, Legal Services and Human Resources less than budget.
Grounds Maintenance	89,611	<ul style="list-style-type: none"> • Cost of dealing with illegal campers partially offset by additional income and cost savings. • Arboricultural costs exceeded the budget. • Rents received exceeded the budget. • Underspend on the AIM priorities budget in respect of works at Rougemont Gardens, budget carry forward required.
SHS – Advisory Services	445,057	<ul style="list-style-type: none"> • Void and reactive repairs costs exceeded budget partially offset by recharge of costs. • Additional expenditure on homeless prevention initiatives. • Salary budgets – savings due to vacancies • Year end figure in respect of income received from Housing Benefits significantly less than previously reported • Surplus on Devon Home Choice – transferred to earmarked reserve.

Management Unit	Over / (Underspend)	Detail
SHS – Housing Development	(60,300)	<ul style="list-style-type: none"> • Additional consultants fee expenditure offset by a transfer from earmarked reserves and S106 income. • Additional income from recharge of costs for time officers spend on Housing Revenue Account related work. • Support Service Recharges less than budget.
Street Cleaning	(101,604)	<ul style="list-style-type: none"> • The implementation of the Living Wage has had a material impact in this service. • Overtime budget underspent and saving on expenditure on replacing litter bins.
Recycling	(100,297)	<ul style="list-style-type: none"> • The implementation of the Living Wage has a material impact in this service. • Additional superannuation and agency staff costs. • Following the agreement of a new contract for the sale of some recyclates, the income from sale of recyclates exceeded the budget. • Savings have been achieved on haulage costs.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £200,738)

Management Unit	Over / (Underspend)	Detail
Property & Estates Services	(100,772)	<ul style="list-style-type: none"> • Additional income from property portfolio - High Street, Guildhall and Commercial Road offset by a shortfall at South Street, Cowick Street and Paris Street. • Underspend on utilities and sub contractor budgets, offset by additional insurance costs. • Asset Improvement & Maintenance (AIM) budgets in respect of lease properties underspent. A budget carry forward request in respect of works at Bradninch Place required.

Management Unit	Over / (Underspend)	Detail
Building Control	(72,604)	<ul style="list-style-type: none"> • Additional income from Building Control fees higher than projected. • Building Control Reserve – surplus transferred to the earmarked reserve. • Additional income from Land Charges fees and street naming. • Redundancy costs arising from the deletion of the Building Control Manager, Land Charges and Records Officer and Assistant Land Charges and Property Records Officer posts. • Support Service recharges less than budget.
Planning Services	116,100	<ul style="list-style-type: none"> • Planning fee income – significantly less than budget. • Salary savings – saving on salary budget due to non-recruitment to vacant posts • Redundancy costs arising from the deletion of Planning Office Manager and Technical Officer posts. • Support Service recharges less than budget. • Revenue contribution – Contribution to Cowick Street Environmental works capital scheme. • Additional expenditure – Habitats Assessments, Community Infrastructure Levy and Local Development Framework. • Reserve – transfer from earmarked reserve to cover additional expenditure.
Major Projects	(86,685)	<ul style="list-style-type: none"> • Budget saving - The bus and coach station project has not progressed as anticipated in the period which has substantially reduced the need for consultancy advice.
Leisure Facilities	(92,021)	<ul style="list-style-type: none"> • Underspend on AIM service & maintenance and reactive repair budgets. • The annual contractual increase on utility costs was less than the budgets which resulted in an underspend.

Management Unit	Over / (Underspend)	Detail
Markets & Halls	(223,185)	<ul style="list-style-type: none"> • Additional income from events and sales of food and drink at the Corn Exchange. • Additional income at Livestock Centre - income sources which exceeded the budget were boardroom hire, auctioneers fees, car parking, open air markets and lettings. • Additional Expenditure – Event promotion at Corn Exchange and additional expenditure on food and drink at venue (offset by additional income). • Underspends on sub contractor and AIM budgets. An AIM budget carry forward is required in respect of the electrical works at the Livestock Centre
Museums Service	98,899	<ul style="list-style-type: none"> • Costs incurred in respect of RAMM redevelopment legal claim, the costs will be met by a transfer from the earmarked reserve. • The costs associated with the sale of Rougemont House have resulted in a budget overspend. • NNDR in respect of RAMM – appeal with Valuation Office. • Offset by backdated NNDR refund – RAMM Central Library and S106 funding transfer. • Electricity and water budgets at RAMM exceeded the budget, partially offset by underspend on gas budget. • Premises maintenance budgets at RAMM overspent.

8.3.4 Scrutiny Committee Resources – (An underspend in total of £179,926)

Management Unit	Over / (Underspend)	Detail
Democratic Representation	(109,901)	<ul style="list-style-type: none"> • A budget was created for Business Transformation that was unspent this year, so the balance of £29,770 has been requested to be carried forward. • Savings have been made in nearly all central support services so the recharges to Democratic Representation have reduced.
Revenue Collection/Benefits/ Customer Service Centre	(332,704)	<ul style="list-style-type: none"> • There was a net additional reduction in the cost of Housing Benefit payments to claimants based on a reduced caseload, performance up to the threshold limit and overpayments recovery. The overall variance represents 0.49% on the original budget of £43.36m. • Grant received for Local Welfare Support has been used to fund our administration costs. • There were redundancy costs and reduced income from court fees that have led to a small increase in the cost of Council Tax collection. • The cost of upgrading IT systems was funded by increased grant funding. • Vacancies in the Customer Service Centre resulted in operational savings with further savings resulting from reductions in central support services costs across the management unit following their respective service reviews.
Corporate	65,237	<ul style="list-style-type: none"> • The senior management at officer level was reviewed from three positions to two from 1st June 2013 with a resulting redundancy that will be funded by savings being made from 2014-15 onwards. • A refund was received from the abolition of the Audit Commission, thereby reducing the Audit fees paid by the Council.

Management Unit	Over / (Underspend)	Detail
Unapportionable Overheads	222,250	<ul style="list-style-type: none"> • The approved cost of pension fund contributions following redundancies – the individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made. • Employer’s past service pension fund contributions have been underrecovered, with the overall estimated impact on General Fund services being shown in this management unit during the budget monitoring process until being recharged back to the services of the Council at the year-end. • There was an overall credit balance on central support services and unallocated A.I.M. and miscellaneous income.
Corporate Civic Centre Services	(113,250)	<ul style="list-style-type: none"> • The installation of solar panels at the Civic Centre has reduced energy costs. • The repair and maintenance costs at the Civic Centre (AIMS) was underspent. • Central support services were underspent. • Some of the external postage work is now undertaken by an external supplier and is charged direct to services rather than through the central franking machine.
IT Services	(89,109)	<ul style="list-style-type: none"> • A vacancy within the team, savings in software and system maintenance and reduced print usage has resulted in an overall underspend. • More of the work undertaken by IT staff was capitalised resulting in less of a cost to the revenue services throughout the Council. • Central support services were underspent.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid / Investment Gain	(153,419)	<ul style="list-style-type: none"> • Continued low rates of interest have lowered the cost of borrowing; • Better than forecast cashflow position has increased the level of interest received. • An investment gain has been recognised in respect of the sale of the fund held in Landsbanki.
Revenue Contribution to Capital	366,344	<ul style="list-style-type: none"> • Virtually all the projects funded by revenue relate to those projects approved for funding from the New Homes Bonus and are covered by a transfer from Earmarked Reserves.
Minimum Revenue Provision	79,066	<ul style="list-style-type: none"> • The Council's underlying need to borrow is lower than anticipated resulting in a lower requirement to set aside funds for the repayment of this debt. However following the sale of the funds held in Landsbanki, the Council has made a voluntary repayment to write off the amount remaining, which had originally been capitalised. This is offset by the investment gain above.
Business Rates	(1,687,646)	<ul style="list-style-type: none"> • The new Business Rates scheme shows additional income to the Council of £1,787,646 against the budget of £100,000. • However this is due to the figures being based, as required, on the start of year projections. The final figures demonstrate an actual additional income of £457,069 with the balance having to be repaid to the Collection Fund in 2014-15. • It is proposed therefore that the difference is to be placed in an Earmarked Reserve to be repaid as required (see 8.3.6 below)

8.3.6 Earmarked Reserves

Five new Earmarked reserves are being proposed:

Earmarked reserve	Amount	Detail
Natura 2000	57,020	<ul style="list-style-type: none"> To fund mitigation works on the impacts of new housing development on sites of European ecological significance.
Neighbourhood Planning	36,553	<ul style="list-style-type: none"> To fund any initiatives to prepare neighbourhood plans for communities, such as that adopted for St James ward.
Insurance	223,000	<ul style="list-style-type: none"> To set aside an amount to cover any potential future issues in respect of claims against the Council that are not covered by our insurance policy.
Redundancy	250,000	<ul style="list-style-type: none"> To set aside funds to support the necessary reduction in costs in future years.
NNDR Deficit	1,330,577	<ul style="list-style-type: none"> The new Business Rates scheme runs a Collection Fund similar to that run for Council Tax. The Council's accounts are based on the original estimates and therefore show a large surplus, much of which will have to be repaid to the Collection Fund next year. It is proposed therefore to set this amount aside.

During 2013/14 there has been an overall net contribution to Earmarked Reserves of £3,419,871 as shown in Appendix C.

Movement	2013/14
Opening Balance, as at 01/04/13	£3,020,661
Net additions	£3,419,871
Balance, as at 31/3/14	£6,440,532

8.3.7 General Fund Balance

During 2013/14 there has been an overall net contribution to the General Fund Balance of £6,593. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

Movement	2013/14
Opening Balance, as at 01/04/13	£3,358,047
Surplus	£ 6,593
Balance, as at 31/3/14	£3,364,640

8.3.8 Supplementary Budgets

There is a small requirement for supplementary budgets in 2014/15 as the Council has identified at the end of the year a number of revenue budgets that have not been spent but where a commitment is required in the following financial year. It is therefore proposed that supplementary budgets totalling £267,310, identified in Appendix D are approved in 2014/15. Of the total above, £80,000 relates to the HRA.

8.3.9 In addition an additional budget is requested to fund the Parking review for the Council. This will identify the future parking needs of the City and will also identify the parking needs of the new leisure complex. The budget required is £90,000.

8.4 COUNCIL TAX

8.4.1 As at 1 April 2013, arrears amounted to £2.554m, the movements during 2013/14 were as follows:

	£m	£m
Arrears at 1 April 2013		2.554
Add:		
2012/13 debits raised net of discounts, benefits and transitional relief	51.076	
Less:		
Payments received	(51.176)	
Refunds and change in pre-payments	0.527	
Write-offs	<u>(0.084)</u>	
Arrears at 31 March 2014		<u>£2.897</u>

8.4.2 Against the arrears of £2.897m, a bad and doubtful debt provision of £855,000 has been provided, calculated in accordance with the appropriate accounting guidelines.

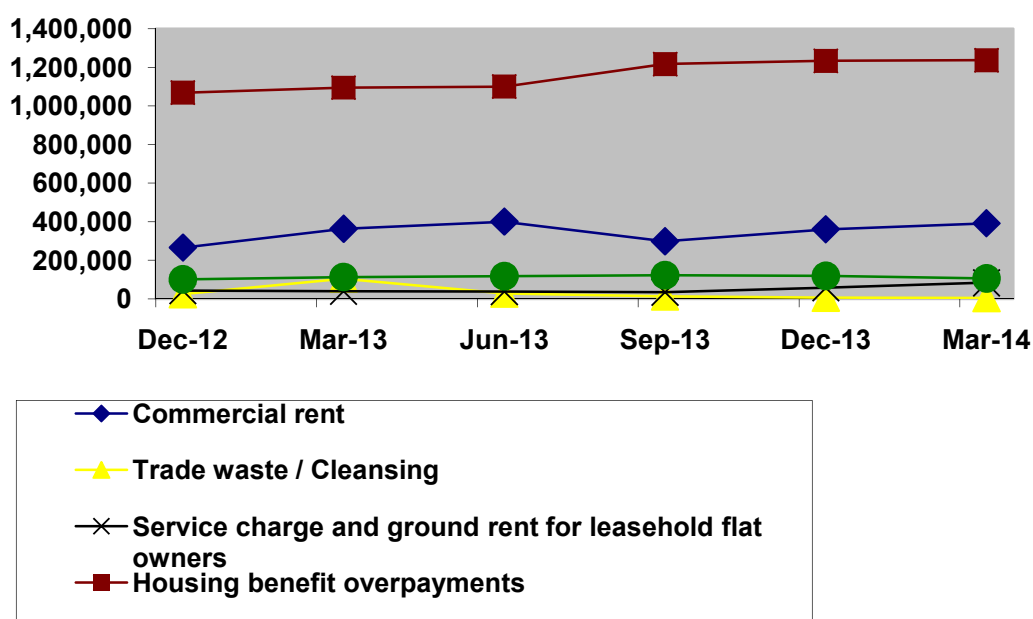
8.4.3 The 'In-Year' collection rate has decreased in comparison with the previous year. The collection rate for 2013/14 was 96.5% compared with 97.3% in 2012/13. This is due to the move from Council tax Benefit to the Local Council Tax Support Scheme, which means some individuals who use to pay no Council Tax now have to pay at least 20%. The Collection Rate is in line with the target set.

8.5 OUTSTANDING SUNDRY DEBT

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

Age of Debt	March 2013	March 2014
Up to 29 days (current)	£1,104,106	£1,425,531
30 days – 1 Year	£ 941,024	£1,360,144
1 – 2 years	£ 381,736	£465,665
2 –3 years	£ 192,661	£219,889
3 – 4 years	£ 155,925	£107,701
4 – 5 years	£ 59,427	£92,602
5 + years	£ 186,878	£174,446
Total	£3,021,756	£3,845,978

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



8.6 DEBT WRITE-OFFS

8.6.1 The following amounts have been written-off during 2013/14:

	2013/14	2012/13
• Council Tax	£83,940	£187,044
• Business Rates	£366,058	£401,209
• Sundry Debt	£138,915	£37,602
• Housing Rents	£ 72,921	£ 10,004

8.7 CREDITOR PAYMENTS PERFORMANCE

8.7.1 Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 95.69% for 2013/14 compared with 94.79% for 2012/13.

9. How does the decision contribute to the Council's Corporate Plan?

9.1 This is a statement of the financial position at the end of the 2013/14.

10. What risks are there and how can they be reduced?

10.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Team and Members.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 Not applicable

12. Are there any other options?

12.1 Not applicable

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

HOUSING REVENUE ACCOUNTS BUDGET MONITORING 2013-14

APPENDIX A

APRIL 2013 TO MARCH 2014

Code	Approved Annual Budget	2013-2014 Outturn	Variance To Budget	Variance To Budget
	£	£	£	%
85A1	2,758,140	2,863,035	104,895	3.8
85A3	265,330	280,894	15,564	5.9
85A4	4,879,230	5,853,475	974,245	20.0
85A5	5,719,880	5,607,605	(112,275)	(2.0)
85A6	2,186,900	2,323,273	136,373	6.2
85A8	(18,624,000)	(18,532,506)	91,494	(0.5)
85B2	1,934,760	1,931,300	(3,460)	(0.2)
85B4	879,760	(327,077)	(1,206,837)	(137.2)
Variance in Working Balance				
Net Expenditure	0	0	0	
Working Balance	6,290,296	5,963,219		

COUNCIL OWN BUILD SITES

Code	Approved Annual Budget	2013-2014 Outturn	Variance To Budget	Variance To Budget
	£	£	£	%
H006	(6,260)	(8,696)	(2,436)	38.9
H007	(45,620)	(36,958)	8,662	(19.0)
H008	7,530	4,855	(2,675)	(35.5)
H009	10,280	10,785	505	4.9
Variance in Working Balance	34,070	30,014	(4,056)	(11.9)
Working Balance	73,498	103,512		

This page is intentionally left blank

GENERAL FUND
2013/14 REVENUE OUTTURN - SUMMARY

APPENDIX B

	Annual Budget £	Supplementary Budgets £	Revised Annual Budget £	Year End Outturn £	Variance to Budget Q4 £	Variance to Budget Q3 £
SCRUTINY - COMMUNITY	9,961,200	46,750	10,007,950	10,167,744	159,794	215,050
SCRUTINY - ECONOMY	(762,310)	273,110	(489,200)	(689,938)	(200,738)	(27,180)
SCRUTINY - RESOURCES	5,717,220	141,840	5,859,060	5,679,134	(179,926)	100,500
Senior Management Restructure	(100,000)		(100,000)	0	100,000	100,000
less Notional capital charges	(3,029,790)		(3,029,790)	(2,931,176)	98,614	0
<u>Service Committee Net Expenditure</u>	11,786,320	461,700	12,248,020	12,225,764	(22,256)	388,370
Net Interest	140,000		140,000	79,872	(60,128)	(47,000)
Investment gain	0		0	(93,291)	(93,291)	0
Local Services Support Grant	(502,618)		(502,618)	(502,618)	0	0
New Homes Bonus	(2,204,830)		(2,204,830)	(2,204,830)	0	20,000
Minimum Revenue Provision	1,358,000		1,358,000	1,437,066	79,066	(31,080)
Revenue Contribution to Capital	0		0	366,344	366,344	0
MMI Payment	0		0	5,858	5,858	0
<u>General Fund Expenditure</u>	10,576,872	461,700	11,038,572	11,314,165	275,593	330,290
Transfer To/From(-) Working Balance	0	(267,700)	(267,700)	6,593	274,293	(322,923)
Transfer To/From(-) Earmarked Reserves	2,442,865	(194,000)	2,248,865	3,419,871	1,171,006	111,215
<u>General Fund Net Expenditure</u>	13,019,737	0	13,019,737	14,740,629	1,720,892	118,582
Formula Grant	(7,811,885)		(7,811,885)	(7,845,131)	(33,246)	(30,582)
Council Tax Freeze Grant	(118,420)		(118,420)	(118,420)	0	0
Council Tax Support Grant	(598,243)		(598,243)	(598,243)	0	0
Pooling of Business Rates	(100,000)		(100,000)	(1,787,646)	(1,687,646)	(88,000)
<u>Council Tax Net Expenditure</u>	4,391,189	0	4,391,189	4,391,189	0	0
Working Balance		£ 3,358,047		3,364,640		March 2014
March 2013						

This page is intentionally left blank

	01.04.2013	Movement	31.03.2014
PRINCESSHAY/MAJOR PROJECTS	(19,458.80)		(19,458.80)
PARTNERSHIP	(15,017.25)		(15,017.25)
CONSERVATION	(2,338.96)		(2,338.96)
VEHICLE LICENSING	(36,641.58)	(8,610.00)	(45,251.58)
S 57 GRANTS	(19,613.00)		(19,613.00)
SURE START	(20,000.00)		(20,000.00)
BUILDING CONTROL	(68,321.28)	(79,392.43)	(147,713.71)
LOCAL DEV FRAMEWORK	(74,558.13)	10,674.56	(63,883.57)
ROMAN	(2,495.09)	2,495.09	0.00
ADULT LEARNING CENTRE	(2,333.36)	2,333.36	0.00
MALLINSON	(134,075.59)		(134,075.59)
OLD MILL	(5,498.86)		(5,498.86)
BOTTLE BANK	(42,468.08)		(42,468.08)
ISCA BOWLS	(32,446.22)		(32,446.22)
PLAY EQUIPMENT	(22,470.00)		(22,470.00)
EMPTY HOMES	(14,808.17)	14,808.17	0.00
SHIP	(7,438.00)		(7,438.00)
HOUSING ASSESSMENT	(9,299.51)	8,055.00	(1,244.51)
EXWICK LAND	(27,034.75)		(27,034.75)
Climate Change	(6,709.04)		(6,709.04)
DEVON HOME CHOICE	(70,097.54)	(33,451.22)	(103,548.76)
LLC - PERSONAL SEARCHES	(34,355.83)		(34,355.83)
Homeless reserve	(44,000.00)	44,000.00	0.00
Strategic Review reserve	(139,999.77)	15,057.00	(124,942.77)
Habitat Assessment	(45,094.19)	4,492.50	(40,601.69)
Green Travel	(31,473.09)		(31,473.09)
AFU Archiving	(56,287.95)	18,952.93	(37,335.02)
Countryside Grants	(14,500.43)		(14,500.43)
Grass Cutting	(30,000.00)		(30,000.00)
EBAC	(9,964.45)	(8,547.20)	(18,511.65)
Museum of the Year	(100,000.00)		(100,000.00)
RAMM Legal Costs	(500,000.00)	51,817.00	(448,183.00)
Exe Harbour Review	(5,000.00)	5,000.00	0.00
Natura 2000	0.00	(57,020.00)	(57,020.00)
Neighbourhood Planning	0.00	(36,552.69)	(36,552.69)
Contractors	0.00	(223,000.00)	(223,000.00)
Redundancy Reserve	0.00	(250,000.00)	(250,000.00)
New Homes Bonus	(1,376,862.60)	1,376,862.60	0.00
NHB - Local Community Infra	0.00	(325,224.30)	(325,224.30)
NHB - MI & Unallocated	0.00	(1,837,800.00)	(1,837,800.00)
NHB - Committed to Pool	0.00	(440,156.94)	(440,156.94)
NHB - Committed - Unalloc/MI	0.00	(344,087.38)	(344,087.38)
NNDR Deficit	0.00	(1,330,577.00)	(1,330,577.00)
	(3,020,661.52)	(3,419,870.95)	(6,440,532.47)

This page is intentionally left blank

Funded by

Resources			
Systems Review		Earmarked Reserve	29,770
Uncommitted grant funds		General Fund Balance	4,650
PR Consultant		General Fund Balance	13,200
			<u><u>47,620</u></u>
Community and Environment			
AIM Carry Forward		General Fund Balance	10,130
			<u><u>10,130</u></u>
Economy & Development			
Bus & Coach Station Site		New Homes Bonus	45,000
City Centre BID		New Homes Bonus	21,850
AIM Carry forward		General Fund Balance	62,710
			<u><u>129,560</u></u>
General Fund Total			<u><u>187,310</u></u>
External painting to dwellings		HRA Balance	80,000
HRA Total			<u><u>80,000</u></u>
Overall Total			<u><u>267,310</u></u>

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE – RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Executive - 15 July 2014
Council - 29 July 2014
Report of: Assistant Director Finance
Title: Treasury Management 2013-14

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To report the overall performance for the 2013-14 financial year and the position regarding investments and borrowings at 31 March 2014.

2. Recommendations:

That Scrutiny and Executive support, and Executive recommend to Council the Treasury Management report for the 2013-14 financial year.

3. Reasons for the recommendation:

It is a statutory requirement for the Council to publish regular reports on Treasury Management to Council. This includes an annual Treasury Management Strategy and half yearly report and a year-end report as a minimum.

4. What are the resource implications including non financial resources

The report is an update on the overall performance in respect of treasury management for the 2013-14 financial year. Therefore, there are no financial or non financial resource implications.

5. Section 151 Officer comments:

Officers have complied in full with the Treasury Management Strategy for 2013-14. All investments and borrowing have been undertaken within the parameters set by Council.

6. What are the legal aspects?

It is a statutory requirement for the Council to publish regular reports on Treasury Management to Council. This includes an annual Treasury Management Strategy and half yearly report and a year-end report as a minimum.

In February 2012 the Council adopted the updated *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to report on its performance at the end of each financial year.

7. Monitoring officer Comments

This report raises no issues for the Monitoring officer.

8. Report Details:

8.1 Final Net Interest Position

The General Fund shows an improvement against the estimate for net interest payable, the position is:

	Estimate		Actual	Variation
	£		£	£
Interest paid	125,000		78,410	(46,590)
Interest earned				
Temporary investment interest	(36,000)		(59,693)	(23,693)
Other interest earned	(1,750)		(1,134)	616
Less				
Interest to HRA	46,020		46,642	622
Interest to s106 agreements	8,250		12,470	4,220
Interest to Trust Funds	2,250		3,175	925
Lord Mayors Charity	500		0	(500)
GF interest received	19,270		1,460	(17,810)
GF Net interest paid	<u>144,270</u>		<u>79,870</u>	<u>(64,400)</u>
Investment Gain – General Fund	0		(93,291)	(93,291)

8.2 The other interest earned relates to car loan repayments. An investment gain of £93,291 has been made in respect of the sale of the outstanding monies held in Landsbanki. This gain has been used to pay off the amount of debt outstanding when the original loss was capitalised.

8.3 The HRA earned £46,642 interest on its balances. This is calculated on the following:

- HRA working balance;
- The balance of funds in the Major Repairs Reserve.

However it has also had to pay interest on borrowing this year. As members will be aware, the Council has had to borrow £56,884,000 to buy itself out of the HRA subsidy scheme. Interest of £1,979,563 has been charged to the HRA to cover the interest payment. Additionally £5,292 has been charged on the borrowing used to fund the Council's Own Build properties.

9 Investment Interest

Interest rates remain at record low levels and indications are that they will remain at this level for the foreseeable future. This has caused borrowing rates from other Local Authorities to remain around 0.5% – 0.6% for one year money. This has reduced the cost of borrowing to the Council significantly. Additionally, the investment that remains held in Iceland has benefitted from a relatively high rate of interest (over 4%) and a favourable foreign exchange rate. This has meant significantly higher than budgeted investment income for the year.

9.1 Landsbanki

The Council has successfully completed the sale, at auction, of its outstanding monies in Landsbanki.

9.2 **Glitnir**

Glitnir repaid in full the funds invested during 2011-12. However the proportion that was repaid in Icelandic Krona remains invested in Iceland owing to currency controls that restrict the movement of Krona out of Iceland. The money is currently invested at 4.2% and during the year has earned £18,038 interest and gained £2,091 in Foreign Exchange movements taking the total value of the investment to £447,516.

10 **Borrowings**

The Council has had to borrow temporarily for cashflow purposes throughout the year and incurred interest of £83,703 during the year. Of this £5,292 has been allocated against the Council Own Build scheme (HRA). Interest rates have remained very low throughout the year. At 31 March 2014, the Council had £18m of short term borrowing, an increase of £3m over last year.

- 10.1 The Council has borrowed £56,884,000 long-term to cover the payment required by the Government in respect of the HRA self-financing scheme. The money has been borrowed from the Public Works Loans Board (PWLB) over 50 years and is repayable on maturity in March 2062. The interest rate is 3.48% and annual interest payments are £1,979,563.

11 **Future Position**

As interest rates remain very low, the Council will continue to use short term borrowing to manage its cashflow. Current rates for borrowing are approximately 0.5% for up to 1 year. Borrowing over 25 years through the Public Works Loans Board costs around 4.16% for a loan repayable on maturity, or 3.38% for a loan with equal repayments of the loan principal throughout the term of the loan. The Council has applied for the Government's new certainty interest rate, which is 0.2% lower than the normal PWLB rates; this is offered in return for us setting out our borrowing plans for the forthcoming year.

- 11.1 The internal investment strategy had been tightly restricted to UK only banking operations meaning that it was difficult to invest. The Council has placed short term investments (1 month) with foreign owned banks which meet the credit ratings included in the Council's treasury management strategy.
- 11.2 The Council opened two Money Market Funds which are AAA rated and offer around 0.35% - 0.40%, and has a number of call accounts which offer between 0.40% and 0.50% for the average annual balance.
- 11.3 We will also lend to other Local Authorities and the Debt Management Office. However the rates received are between 0.25% and 0.35%, which will continue to have an adverse impact of the interest earned by both the General Fund and the HRA. Appendix 1 details investments and borrowings as at 31 March 2014.
- 11.4 Since 1 April 2014 the Council has opened an additional Money Market Fund account with Blackrock which provides a return in the region of 0.40% and opened a call account with Handelsbanken which offers a return of 0.50%.

12 **How does the decision contribute to the Council's Corporate Plan?**

Treasury Management supports the Council in generating additional funds for investing in Services, whilst minimising the amount of interest paid on borrowings. It does not in itself contribute to the Council's Corporate Plan.

13 **What risks are there and how can they be reduced?**

The council uses treasury management advisors who continually provide updates on the economic situation, interest rates and credit ratings of financial institutions. They also provide a counterparty list which details the financial institutions which meet the council's treasury management strategy.

14 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, Economy safety and the environment?

No impact.

15 Are there any other options?

No.

David Hodgson, Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries:

Democratic Services (Committees), Room 2.3, (01392) 26115

Investments and Borrowings as at 31 March 2014**Investments****Money Market Funds**

		<u>£</u>	<u>£</u>
IGNIS Asset Management	Sterling Liquidity Fund	3,000,000	
CCLA	Public Sector Deposit Fund	<u>500,000</u>	
			3,500,000

Call Accounts

Barclays Bank	FIBCA Account	3,000,000	
Bank of Scotland	Instant Access	<u>2,000,000</u>	
			5,000,000

Local Authority

Fife Council	Short term lending	<u>3,000,000</u>	
			3,000,000
	Total investments as at 31 March 2014		<u><u>11,500,000</u></u>

Borrowings**Short term****Local Authority**

		<u>£</u>	
Leicester City Council		5,000,000	
Hull City Council		5,000,000	
Leicestershire County Council		<u>8,000,000</u>	
			18,000,000

Long Term

Public Works Loan Board (PWLB)		<u>56,884,000</u>	
			56,884,000
	Total borrowings as at 31 March 2014		<u><u>74,884,000</u></u>

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE RESOURCES, EXECUTIVE and COUNCIL
Date of Meeting: Scrutiny Committee Resources - 2 July 2014
Executive - 15 July 2014
Council - 29 July 2014
Report of: Human Resources Business Manager
Title: Local Government Pension Scheme (LGPS) Discretions

Is this a Key Decision?

No

Is this an Executive or Council Function?

This report is a matter for full Council.

1. What is the report about?

The aim of this report is to set out and agree the LGPS employer discretions which the Council is required to publish. It deals with the inclusion of new discretions in respect of changes to the LGPS which came into effect on 1 April 2014, and provides for a review of existing discretions.

2. Recommendation:

That Scrutiny Resources Committee notes and Executive recommend that the Council approve and Publish the Employer Discretions Policies contained in Appendices A and B attached to this report in accordance with the requirements of the LGPS Regulations.

3. Reasons for the recommendation:

The documents attached set out the minimum employer discretion policies the Council is required in law to publish. The existing discretions have been refreshed to ensure there is greater consistency in the Council's approach, and any new discretion requirements mirror those previously agreed. These new policies do not significantly change existing provisions but do add further clarity.

4. What are the resource implications including non financial resources.

The basis of the proposed Council discretions is that agreement to requests will not place a financial cost on the Council. The exception to this provision is where it can be demonstrated there are exceptional hardship / compassion grounds. This provision is incorporated into exiting policy discretions.

5. Section 151 Officer comments:

There are no additional financial implications arising from this report.

6. What are the legal aspects?

Employer members of the LGPS are required to set out a written policy in respect of certain discretions afforded to them in various LGPS Regulations. As a result of changes to the LGPS, Employers are required to review and publish their discretions by 1 July 2014.

7. Monitoring Officer's comments:

There are no new implications arising from this report.

8. Report details:

All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pensions Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

The policy must be published and kept under review. A copy of the employer's published policy statement must be sent to the Pension Fund administering authority (Peninsula Pensions). Any Amendments to the policy must also be sent to Peninsula Pensions within one month of the amendment.

There are many discretions in the current regulations, together with more extant from the previous regulations. However, there are only a handful where there is a requirement for the employer to have a written policy statement and these are covered in the attached appendices, together with our discretions in respect of redundancy and efficiency of the service compensation as approved in 2009.

The Council's existing written policy has been revisited, and some existing discretions have been amended to ensure a consistent approach. New discretions mirror the approach set out in the Council's existing policies. The general principles adopted in the drafting of the attached proposed policies are:

- 8.1 **Augmentation / additional pension** – in line with existing policies the Council does not apply this discretion
- 8.2 **Flexible Retirement** – the Council continue to operate a case by case approach taking account of business case, efficiency, cost to the Council and ability of the Council to reduce the employee's grade/hours.
- 8.3 **Access to Pension for deferred LGPS members between 55 and 59 inclusive** – the changes to the scheme from April 2014 now provide unfettered access to active members upon retirement from age 55 (there is no longer employer consent required). The member suffers an actuarial reduction making this unfettered access of no cost to the employer. To mirror this, it is proposed the Council's discretion be amended to provide for unfettered access providing the deferred member was not dismissed (save for redundancy) from the Council and that there is no cost to the Council (unless the request is made on and meets exceptional hardship/compassion grounds).
- 8.4 **Waiving of actuarial reduction / Switch on of the 85-year rule** – It is proposed that all discretions which provide for an unreduced pension are only considered in cases of exceptional hardship/compassion.

9. How does the decision contribute to the Council's Corporate Plan?

These attached policies support a well run Council and our compliance with statute.

10. What risks are there and how can they be reduced?

There are no new implications arising from the recommendations.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

Consideration has been given to the impact upon differing groups and a full assessment is not required.

12. Are there any other options?

The Council could choose to be either more generous or more restrictive with the discretions, but those recommended are considered to be a balanced and pragmatic approach, and reflective of past practice and policy.

Caroline Hall
Human Resources Business Manager

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

Background papers used in compiling this report:-

Guidance notes on employer discretions policy issued by Peninsula Pensions

Contact for enquires: Democratic Services (Committees) Room 2.3, 01392 265115

This page is intentionally left blank

APPENDIX A

Discretions policy

The Local Government Pension Scheme Regulations 2013 (*prefix R*)

The Local Government Pension Scheme (Transitional Provisions & Savings) Regulations 2014 (*prefix TP*)

The Local Government (Early Termination of employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (*prefix C*)

Employer name: Exeter City Council

Policy effective from: _____

Regulation R9(1) & R9(3)	Policy decision
<p>Contribution Rates</p> <p>An employer needs to determine how the rate of employee contributions will be calculated.</p>	<p>The employee contribution rate will be re-assessed annually using the previous tax year's pensionable earnings. Amendments will be made during the year if there is a material change to their pensionable earnings. For new employees the rate will be determined based on expected annual pensionable pay for the scheme year.</p>
Regulation R16(2)(e) & R16(4)(d)	Policy decision
<p>Shared Cost Additional Pension Scheme</p> <p>An employer can choose to pay for or contribute towards a member's Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC)</p>	<p>The Council does not apply this discretion.</p>
Regulation R30(6) & TP11(2)	Policy decision
<p>Flexible Retirement</p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Requests for flexible retirement are considered on the basis of the individual merits of each case taking account the business case, cost to the Council and ability to reduce hours and/or grade of the employee.</p> <p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>

Regulation R30(8)	Policy decision
<p>Waiving of actuarial reduction</p> <p>Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members benefits paid on the grounds of flexible retirement.</p> <p>Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age</p> <p>Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60.</p>	<p>These discretions will only be considered on the grounds of exceptional hardship / compassion.</p>
RegulationTPsch2,para 2(2)&2(3)	Policy decision
<p>Power of employing authority to 'switch on' the 85 Year Rule</p> <p>An employer can choose whether to "switch on" 85 year rule for members who voluntarily retire on or after age 55 and before age 60.</p> <p>An employer can also choose to waive, on compassionate grounds, the actuarial reduction applied to benefits for a member voluntarily drawing benefits on or after age 55 and before age 60.</p>	<p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>
Regulation R31	Policy decision
<p>Power of employing authority to grant additional pension</p> <p>An employer can choose to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500* per annum)</p> <p>(* the figure of £6,500 will be increased each April under Pensions Increase orders)</p>	<p>The Council has chosen not to apply this discretion and therefore granting of additional pension is not allowed.</p>

Regulation C5 & C6	Policy decision
<p>Compensation regulations</p> <p>An employer has the ability to base redundancy payments on an actual weeks pay where this exceeds the statutory weeks' pay limit.</p> <p>An employer has the ability to award compensation of up to 104 weeks' pay to employees whose termination is by reason of redundancy or efficiency of service.</p>	<p>A weeks pay for redundancy calculations will be based on the employees actual pay and not capped at the statutory maximum.</p> <p>The compensation payment will be calculated on the statutory number of weeks pay due multiplied by 2, not exceeding 60 weeks pay. The compensation payment will be inclusive of statutory redundancy pay.</p>

These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.

Signed on behalf of: _____

Signature of authorised officer: _____

Date: _____

Print name of authorised officer: _____

Job title: _____

APPENDIX B

Discretions policy

The Local Government Pension Scheme Regulations 2008

(Benefits, Membership and Contributions)

Employer name: EXETER CITY COUNCIL

Policy effective from: _____

Regulation B12	Policy decision
<p>Power of employing authority to increase total membership of active members</p> <p>An employer may agree to increase the total membership of an active member who is leaving on grounds of redundancy / efficiency on or before 31st March 2014. The maximum award (including additional membership in respect of different employments) must not exceed 10 years.</p> <p>An employer may also agree to award augmented service to a member up to 6 months after they have left employment provided that their termination of employment was on redundancy/efficiency grounds and date of leaving was before 1st April 2014.</p> <p>NB This is a time limit discretion which expires on 30th September 2014 for those whose employment is terminated on 31st March 2014.</p>	<p>The Council has chosen not to apply this discretion and therefore no increase in service or augmentation of service is allowed.</p>
Regulation B18	Policy decision
<p>Flexible retirement</p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>Requests for flexible retirement are considered on the basis of the individual merits of each case taking account the business case, cost to the Council and ability to reduce hours and/or grade of the employee.</p> <p>This discretion will only be considered on the grounds of exceptional hardship / compassion.</p>

Regulation B30	Policy Decision
<p>Choice of early payment of pension</p> <p>B30(2) Employers can also allow the early payment of deferred benefits to former members of the LGPS between the ages of 55 and 59.</p> <p>Please note where a deferred member left the LGPS before 1 April 2008 the employer policy under the 1997 Regulations will apply.</p> <p>B30A(3) Employers may also grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60.</p> <p>B30(5) & B30A(5) In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>This discretion will only be used where the deferred member was not dismissed from their employment (save for redundancy) and there is no cost to the Council (unless the request is being made on and meets exceptional hardship / compassion grounds).</p> <p>These discretions will only be considered on the grounds of exceptional hardship / compassion.</p>

These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.

Signed on behalf of: _____

Signature of authorised officer: _____

Date: _____

Print name of authorised officer: _____

Job title: _____

This page is intentionally left blank

REPORT TO SCRUTINY COMMITTEE - RESOURCES
Date of Meeting: 2 July 2014
Report of: Human Resources Business Manager
Title: Annual Workforce Profile & Learning & Development Report

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

The purpose of this report is to provide:

- a comprehensive profile of the Council's workforce (as at 31 March 2014) benchmarked where appropriate against the Labour Market Statistics for Exeter as captured by the 2011 Census and the workforce profile as at 31 March 2013.
- HR performance data in respect of people resources and sickness absence during 2013-14
- information in respect of approach to Learning & Development activity for 2013-15

In order to inform members of ongoing people management activity.

2. Recommendations:

There are no recommendations resulting from this report.

3. Reasons for the recommendation:

Given the limitations in respect of opportunities to influence the diversity of the Council's workforce, and in light of activities already in progress and a need to focus limited resources on building resilience and supporting employees through significant change, there are no recommendations resulting from this report.

Further work is expected to be undertaken over the coming 12 months to collate and report information in respect of:

- Time off for trade unions activities (to meet data transparency regulations)
- Employees with caring responsibilities
- Time off associated with caring responsibilities
- Employees contracted under flexible working arrangements
- Employees by occupational group

4. What are the resource implications including non financial resources.

None.

5. Section 151 Officer comments:

Not Applicable.

6. What are the legal aspects?

Not Applicable.

7. Monitoring Officer's comments:

Not Applicable.

8. Report details:

8.1 Context

The Council's total workforce continues to reduce year on year in light of efficiencies and budget restrictions. In light of the financial savings facing the Council over the next four years to deliver a balanced budget, recruitment activity is severely curtailed, and therefore any opportunity to influence the diversity of our workforce is also significantly reduced.

In addition, the Council continues to face significant changes over the coming years in respect of not only the financial impact of diminishing government grant funding, but also service delivery to make further efficiencies and ensure we are delivering the right and effective services to our communities. The Council's priorities in respect of its people resources therefore has to be focussed on building flexibility and resilience in its existing workforce, and supporting our employees through immense change and future reductions.

In light of this, limited analysis of the data in the attached appendices has been undertaken and no actions are planned over the coming year save for those associated with ongoing organisational change. In this respect, ongoing change programmes and service planning will need to take account of the diversity of units and any workforce planning needs.

8.2 Existing Activity

Human Resources has undertaken a review of the collection and reporting of employee data to ensure that our monitoring activity is aligned with the public sector general equality duty and reporting / publishing of such data is reasonably achievable and relevant.

In July 2013 we introduced monthly performance monitoring data in respect of use of people resources and sickness absence statistics which has been reported at Strategic Management Team (Performance) meetings. From July 2014 this data will instead be reported quarterly to the Joint Consultation and Negotiation Committee.

In 2014 we implemented an annual check of the personal data we hold about our employees aimed at ensuring the data was accurate and up to date and providing an opportunity to improve the information held in respect of protected characteristics (marital status, disability etc.). This highlighted the following areas for which we will be compiling information to supplement future reporting activity.

- Data in respect of caring responsibilities and associated time off
- Data in respect of numbers of employees contracted under flexible working arrangements
- Recording of the occupational group of employees to aid workforce planning

During the compiling of this report, the DCLG published the Local Government Transparency Code 2014. Many of the requirements of this code in respect of employee related data are already in place, with further work underway in respect of gathering and reporting the data relating to time off for Trade Union activities.

We are currently exploring ways of ensuring that any external recruitment activity we undertake is more visible to candidates from black and minority ethnic communities. We are already a disability two tick employer, and have ensured our new internet recruitment pages highlight this and our commitment to be a Mindful Employer.

8.3 Workforce Profile and Performance Data

Attached as Appendix A is a comprehensive workforce profile which explains the diversity of employees of Exeter City Council and where appropriate, provides a comparison in respect of the diversity of the community we serve.

Information in respect of the Council's human resources performance data for 2013-14 is contained in Appendix B incorporating information which highlights the Council's reducing establishment as well as providing information of sickness absence, case management, recruitment activity and employee turnover.

Finally, the Council's approach to Learning and Development Activity during 2013-15 taking account of a reduction in the corporate training budget of circa 25% for this financial year is contained in Appendix C.

9. How does the decision contribute to the Council's Corporate Plan?

The information contained in this report is for noting only.

10. What risks are there and how can they be reduced?

The information contained in this report is for noting only.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

The information contained in this report is for noting only.

12. Are there any other options?

The information contained in this report is for noting only.

Caroline Hall
Human Resources Business Manager

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

[Http://www.nomisweb.co.uk/census/2011/key_statistics](http://www.nomisweb.co.uk/census/2011/key_statistics)

Workforce Data – monitoring and analysing the profile of our workforce (Kären Jamieson, HR Business Partner)

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265275

This page is intentionally left blank

Appendix A

Exeter City Council Workforce Profile 2013/14

1 BACKGROUND

- 1.1 Limitations on recruitment and funding will mean that activity in respect of influencing the diversity of our workforce will be significantly curtailed over the coming 4 years. This report therefore seeks to undertake no analysis of the data presented in respect of identifying activity to influence the make-up of the Council's workforce.
- 1.2 Activities to ensure: recruitment activity is more visible to the black and minority ethnic community; training provision is available to encourage women into management roles; and apprenticeship opportunities made available for disabled applicants are already in progress.
- 1.3 Over the coming 12-24 months, much of the focus of the Council will be building a flexible and resilient workforce and supporting employees through significant change.

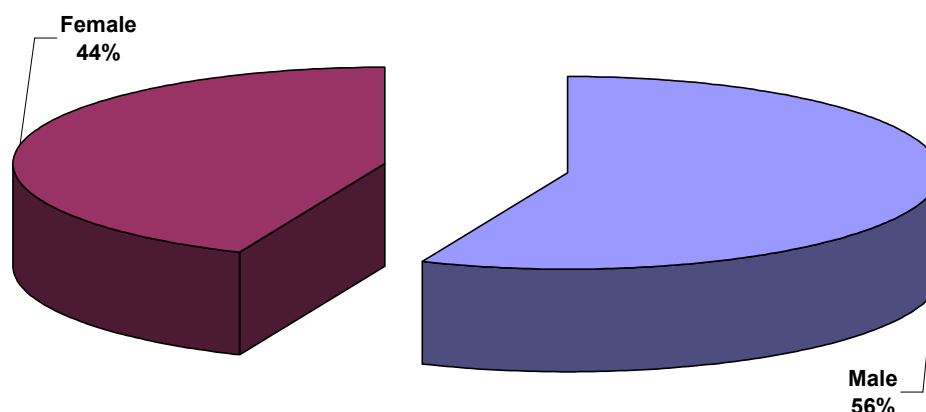
2 WORKFORCE PROFILE

- 2.1 The following information sets out the make-up of the Council's workforce by Gender, Disability, Ethnic Origin, Hours Worked, Marital Status, Religion and Age, and compares the Council's workforce profile with that of Exeter as captured in the 2011 Census (Exeter nomis). Any minor ECC variance between 2012/13 and 2013/14 figures are likely as a result from a reduction in the Council's workforce.

GENDER

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
Male	48.6	55.96	56.5	0.54
Female	51.4	44.04	43.5	-0.54

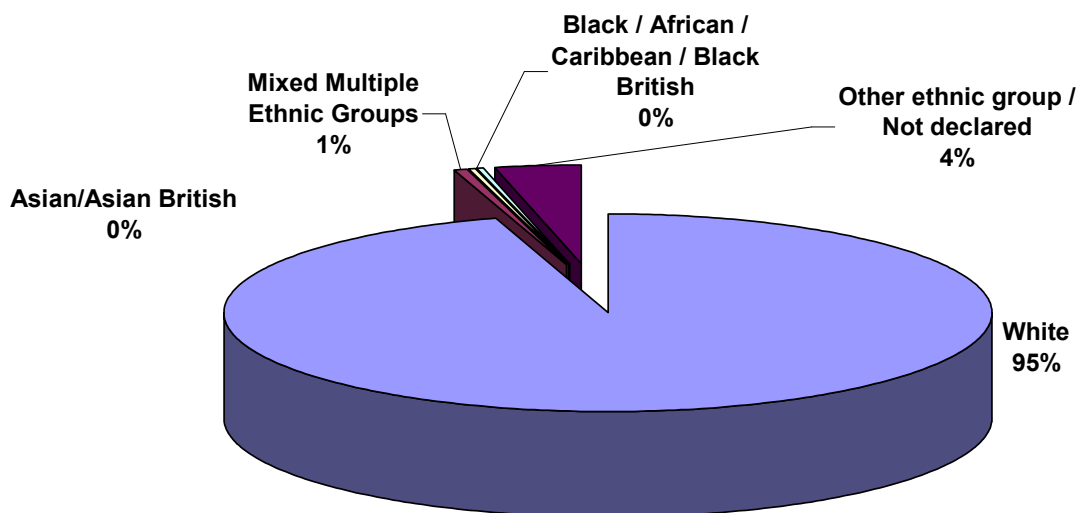
Gender 2013/14



ETHNIC ORIGIN

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
White	93.1	94.92	95.26	0.34
British ¹	88.3	90.1	89.7	-0.4
Irish	0.5	0.38	0.41	0.03
Gypsy or Irish Traveller	0.1			0
Other white	4.1	4.44	5.15	0.71
Mixed Multiple Ethnic Groups	1.6	0.51	0.55	0.04
White and Black Caribbean	0.3	0.13	0.14	0.01
White and Black African	0.2			0
White and Asian	0.7	0.25	0.14	-0.11
Other mixed	0.4	0.13	0.27	0.14
Asian/Asian British	3.9	0.51	0.41	-0.1
Indian	0.8	0.38	0.41	0.03
Pakistani	0.1			0
Bangladeshi	0.2			0
Chinese	1.7			0
Other Black	1.1	0.13		-0.13
Black/African/Caribbean/Black British	0.6	0.38	0.28	-0.1
African	0.4	0.25	0.14	-0.11
Caribbean	0.1			0
Other Black	0	0.13	0.14	0.01
Other ethnic group / Not declared	0.8	3.68	3.53	-0.15
Arab	0.6			0
Any other ethnic group	0.3	0.38	0.41	0.03
Not Declared		3.3	3.12	-0.18

Ethnic Origin 2013/14



¹ Includes English, Welsh, Scottish & Northern Irish

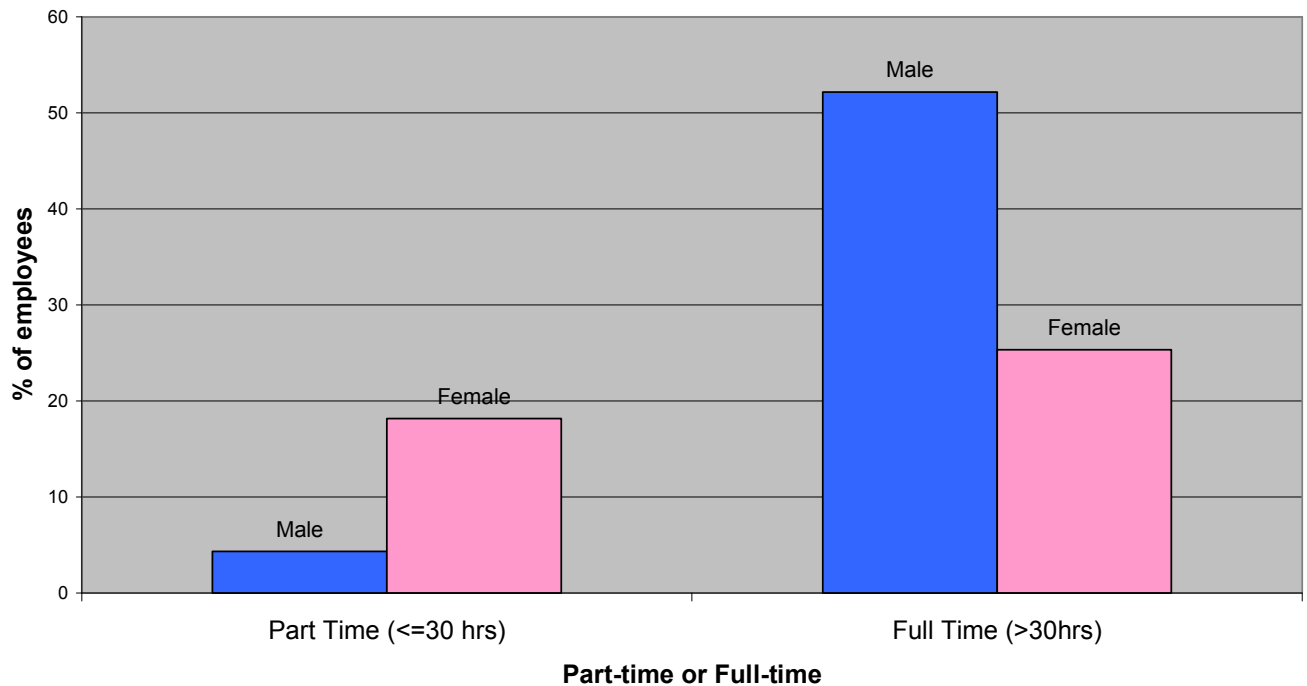
DISABLED

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
Long term health or disability	16.71	2.54	2.57	0.03

HOURS (PT/FT)

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
Male	51.3	55.97	56.51	0.54
Part time <= to 30	9.6	4.19	4.34	0.15
Full time > 30	41.8	51.78	52.17	0.39
Female	48.7	44.04	43.5	-0.54
Part time <= to 30	23.7	18.02	18.16	0.14
Full time > 30	25	26.02	25.34	-0.68

Hours (PT / FT) 2013/14



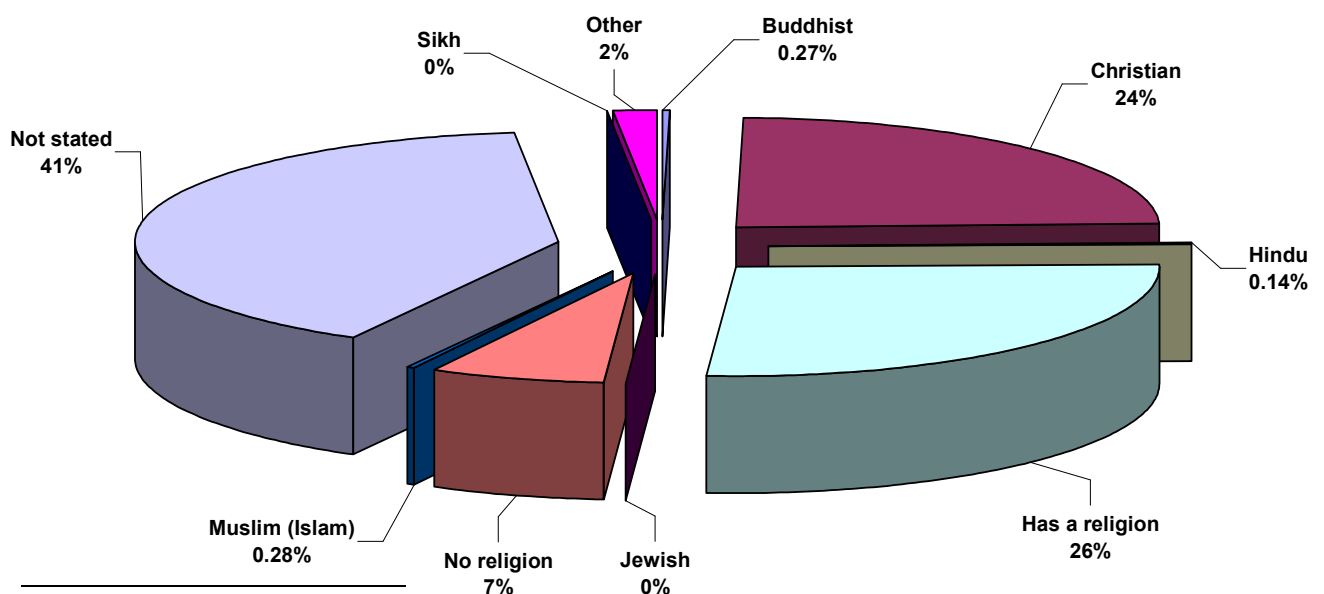
MARITAL STATUS

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
Single ²	43.7	27.54	27.78	0.24
Married	38.2	45.56	46.75	1.19
Civil partnership	0.2	0.13	0.14	0.01
Separated	2.1	0.38	0.41	0.03
Divorced	9.4	4.44	4.47	0.03
Widowed	6.4	1.14	1.08	-0.06

RELIGION

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14	ECC % variance
Has a religion	57.2	34.41	35.93	1.52
Christian	53.9	31.35	33.06	1.71
Buddhist	0.6	0.25	0.27	0.02
Hindu	0.3	0.13	0.14	0.01
Jewish	0.1			0
Muslim (Islam)	1.6	0.26	0.28	0.02
Sikh	0.1			0
Other ³	0.6	2.42	2.18	-0.24
No religion ⁴	34.7	9.52	9.08	-0.44
Not stated	8.1	52.03	55.01	2.98

Religion 2013/14



² ECC data includes living with a partner

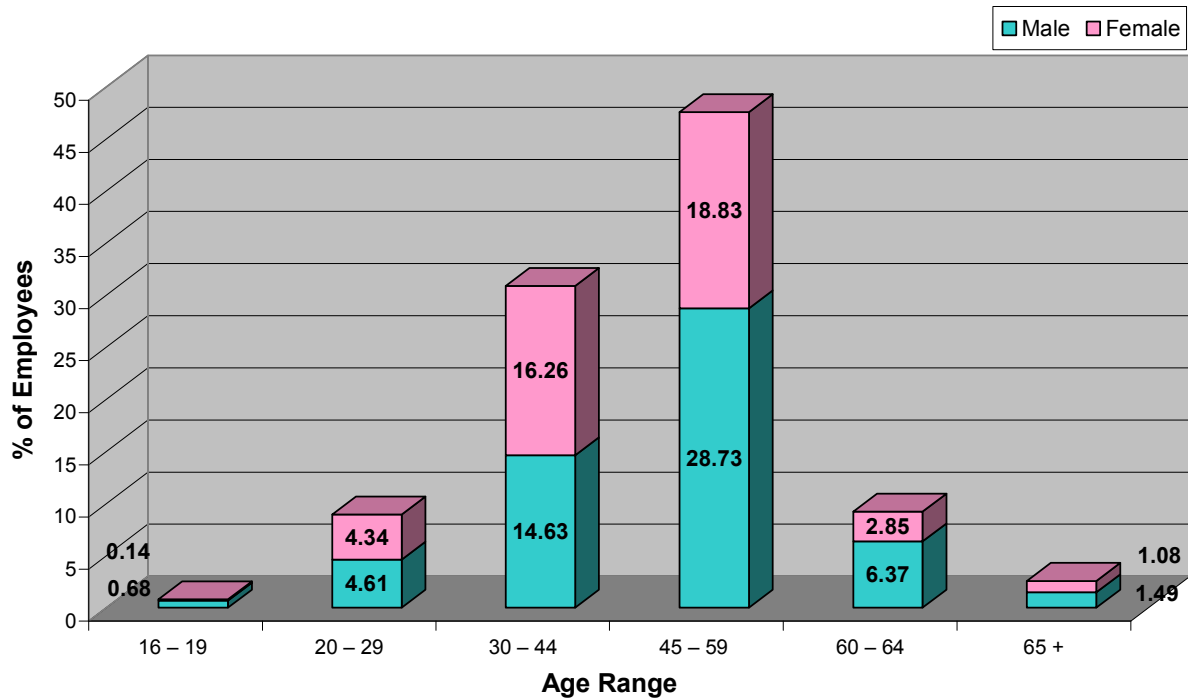
³ Includes Baha'i, Jain, Rastafarian, Zoroastrian (Parsee)

⁴ Includes Atheism, Agnosticism, Humanism

AGE

Category	Exeter nomis %	ECC end 2012/13	ECC end 2013/14
Male	40.45	55.97	56.51
16 – 19	3.45	0.38	0.68
20 – 29	9.76	4.44	4.61
30 – 44	9.94	15.36	14.63
45 – 59	8.37	28.68	28.73
60 – 64	2.52	5.46	6.37
65 +	6.41	1.65	1.49
Female	43.68	44.03	43.5
16 – 19	3.6	0.38	0.14
20 – 29	9.92	5.84	4.34
30 – 44	9.59	16.75	16.26
45 – 59	8.76	17.51	18.83
60 – 64	2.7	2.79	2.85
65 +	9.11	0.76	1.08

Age 2013/14

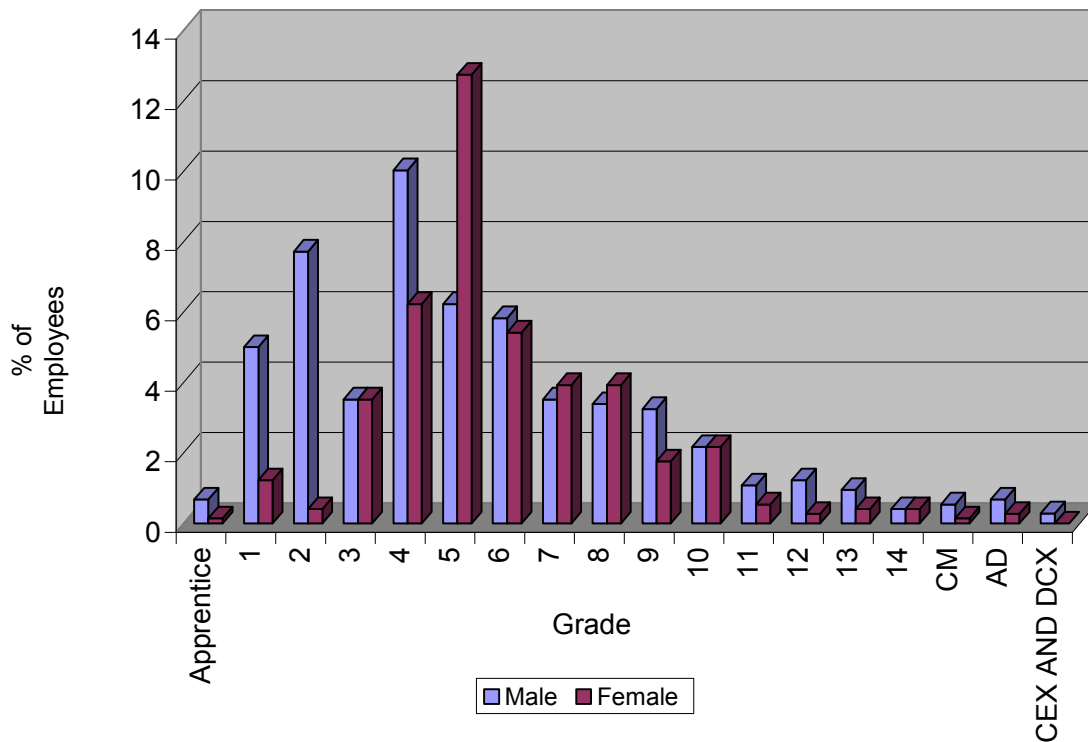


2.2 A further breakdown of the Council's profile by Gender in respect of Grade and Length of Service is provided below. Numbers in respect of disability and religion were deemed to be too small to provide any meaningful gender breakdown.

GRADE BY GENDER

Category	Male	Female	Total ECC end 2012/13	Total ECC end 2013/14	ECC % variance
Apprentice	0.68	0.14	0.63	0.81	0.18
1	5.01	1.22	5.84	6.23	0.39
2	7.72	0.41	8.63	8.13	-0.5
3	3.52	3.52	7.36	7.05	-0.31
4	10.03	6.23	15.74	16.26	0.52
5	6.23	12.74	18.91	18.97	0.06
6	5.83	5.42	10.91	11.25	0.34
7	3.52	3.93	7.87	7.45	-0.42
8	3.39	3.93	7.36	7.32	-0.04
9	3.25	1.76	5.08	5.01	-0.07
10	2.17	2.17	4.44	4.34	-0.1
11	1.08	0.54	1.78	1.63	-0.15
12 ⁵	1.22	0.27	1.4	1.49	0.09
13	0.95	0.41	1.52	1.36	-0.16
14	0.41	0.41	0.76	0.81	0.05
CM	0.54	0.14	0.51	0.68	0.17
AD	0.68	0.27	0.89	0.95	0.06
CEX AND DCX	0.28	0	0.38	0.28	-0.1

Grade by Gender 2013/14



⁵ SCP 46 and above (Top of Grade 12 – CEX & DCX) constitute the top 5% of earners

LENGTH OF SERVICE BY GENDER

Category	Male	Female	Total ECC end 2012/13	Total ECC end 2013/14	ECC % variance
<2 years	5.15	4.34	11.29	9.49	-1.8
2-4 years	6.78	6.37	13.83	13.14	-0.69
5-10 years	21.41	15.04	36.42	36.45	0.03
11-20 years	11.11	10.70	20.05	21.82	1.77
21-30 years	6.37	6.37	12.06	12.74	0.68
>30 years	5.69	0.68	6.35	6.37	0.02

2.3 The top 5% of earners in the organisation are made up of Grades 13 and 14, together with: the top spinal column point of Grade 12 (SCP 46), Corporate Managers, Assistant Directors, the Deputy Chief Executive and Chief Executive & Growth Director. Of this group, 24% are women, 7.5% come from a background other than White British and 2.5% have declared themselves as having a disability.

BEST VALUE PERFORMANCE INDICATORS

Category	ECC end 2012/13	ECC end 2013/14	ECC % variance
Top 5% of employees that are women	24.22	24.29	0.07
Top 5% of employees that are BME	7.11	7.5	0.39
Top 5% of employees that are disabled	2.37	2.5	0.13
Avg working days sickness per employee	7.84	7.49	-0.35

HUMAN RESOURCES BUSINESS MANAGER

This page is intentionally left blank

Appendix B

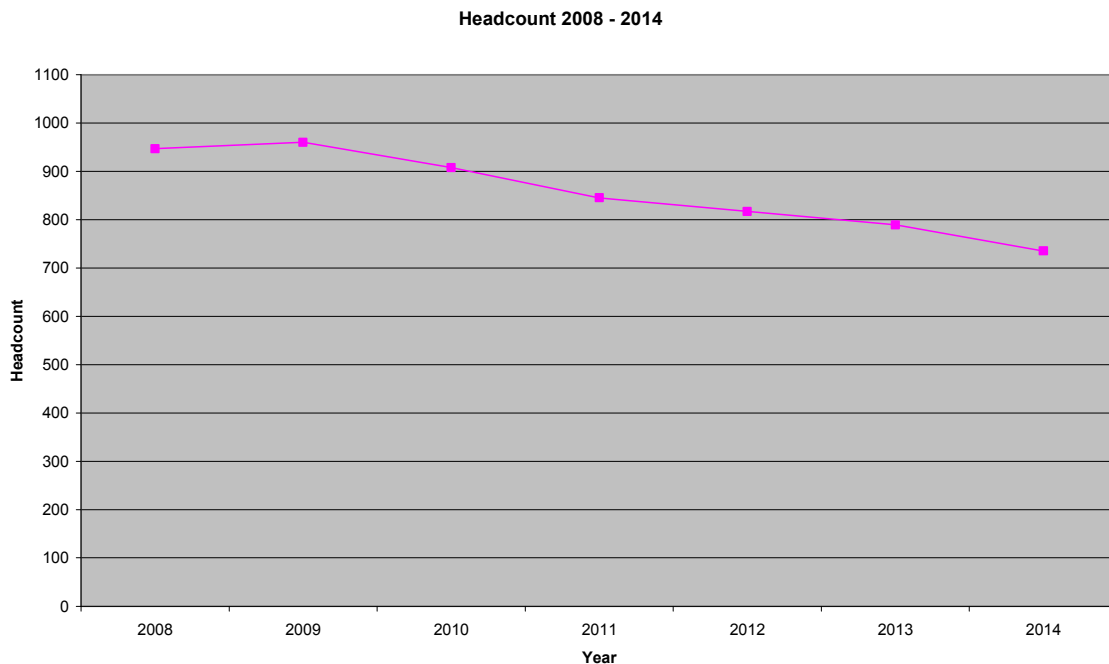
Exeter City Council HR Performance Data 2013/14

1 BACKGROUND

- 1.1 The Council recognises that its workforce is a valuable asset. However, the ongoing economic climate and continued reduction in income resulting from changes to Government funding against a backdrop of rising expectations means that we continue to have to deliver more with reducing resource.
- 1.2 A significant challenge facing the authority will be continuing to manage a shrinking workforce whilst building resilience and flexibility among remaining services.
- 1.3 It is likely that the future delivery of services will require greater reliance by the Council on formulating partnerships with all sectors including the communities we support.

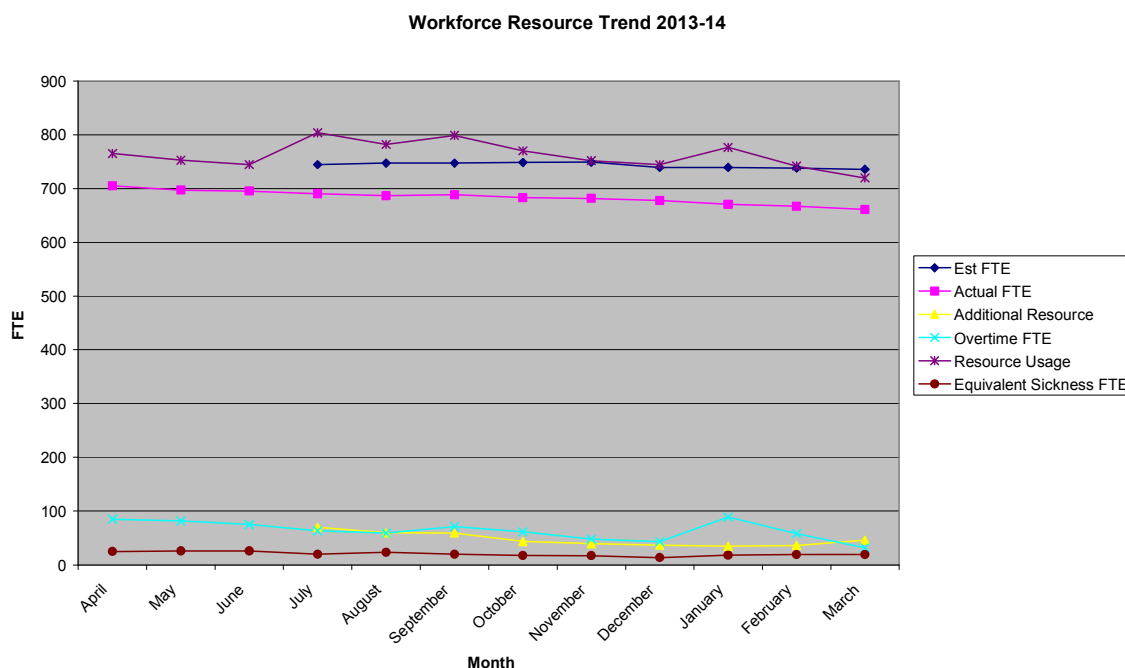
2 ESTABLISHMENT

- 2.1 The table below demonstrates the significant reduction in the Council's headcount since the onset of the recession. This reduction has been achieved through ongoing redundancies as a result of budget reductions and restrictions on recruitment in addition to the TUPE transfer out of the organisation of some small groups of employees. The Council's Headcount at the end of March 2014 was 735 (compared to 789 the previous year).



- 2.2 In 2013-14 the following performance information was introduced in relation to the flexible use of people resources. The graph maps full-time equivalent resources in post against the Council's establishment and (taking account of an estimated equivalent FTE for sickness absence, use of agency workers and use of overtime) attempts to map the estimated people resources being deployed. At the end of the financial year, the actual FTE was 661.12. Taking account of the loss of employees due to sickness absence against the use of overtime and approximating an FTE for the

use of agency workers, the estimated use of people resources was an FTE of 719.5 against an establishment FTE of 735.58.



2.3 The graph demonstrates that service delivery is currently being underpinned by use of overtime and temporary workers, and that further reductions in the Council's establishment will begin to severely impact on services.

2.4 The Council's turnover (expressed as the number of all leavers in 2013/14 divided by the average number of employees multiplied by 100) for 2013-14 was 13.9%. The Council's voluntary turnover (i.e. excluding all dismissals) was 7.35%.

LEAVERS

Category	Total ECC 2013/14
ECC Dismissals	50
Dismissal	8
Compulsory Redundancy	4
Voluntary Redundancy	23
End of Temporary Contract	2
TUPE	13
Voluntary Leavers / Non-dismissals	56
Resignation	50
Death in service	1
Early Voluntary Retirement	2
Retirement	3

3 CASE MANAGEMENT

3.1 The following table provides information in respect of formal action taken under the Council's employment policies. An increase in pro-active sickness absence management in 2013-14 suggests that this was contributory to a downturn in sickness absences during the course of the year as shown in 4.1.

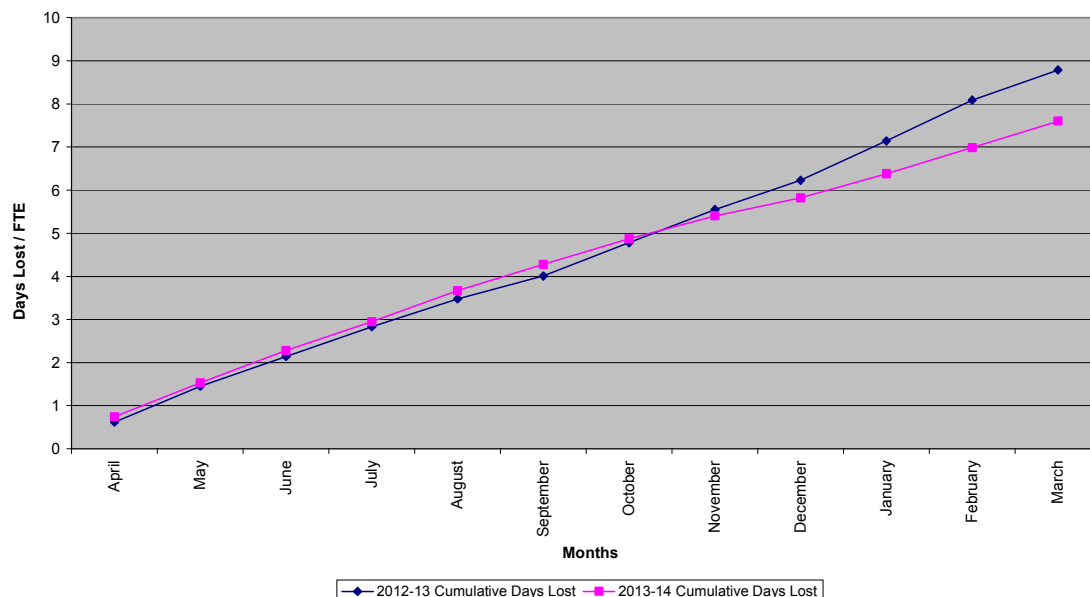
GENDER

Category	Male	Female	Total ECC 2012/13	Total ECC 2013/14	ECC % variance
Capability			3		-3
Disciplinary	8	5	24	13	-11
Harassment & Bullying			5		-5
Long Term Sickness	5	4	2	9	7
Sickness (short term)	8	3	6	11	5

4 SICKNESS ABSENCE

4.1 The number of working days lost due to sickness absence saw a fall in the final quarter of 2013-14, possibly resulting from a fairly mild winter combined with the conclusion of some long-term absence cases. The outturn for the year was an average of 7.6 days / employee, down from last years 8.79 days / employee¹.

Sickness Cumulative Days Lost 2013-14

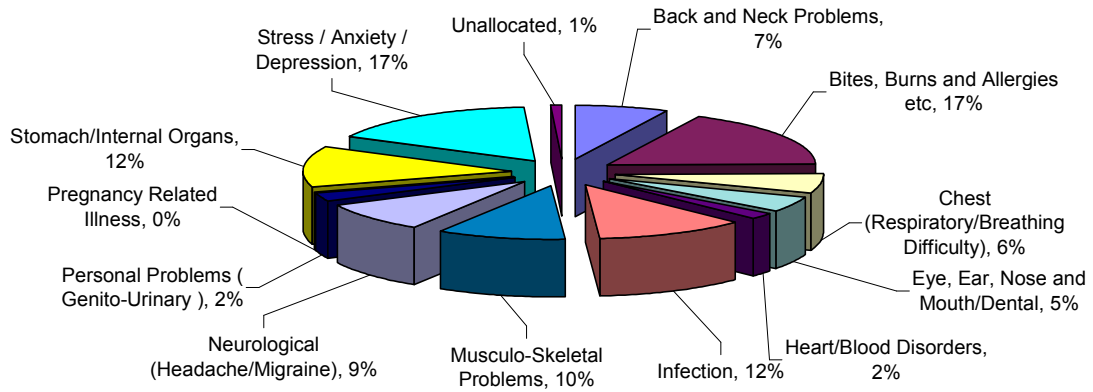


4.2 Reasons for sickness absence during 2013-14 continue to show a predominance of Musculoskeletal (back, neck and other) and Stress/Anxiety/Depression related absences which together make up a third of all absences. The Council has introduced

¹ Figures are not adjusted as they are for BVPI data which adjusts for working patterns of <37 hours over 5 days and public/bank holidays.

a more comprehensive employee welfare provision in the form of an Employee assistance Programme in 2014, and continues to utilise Occupational Health advice in respect of supporting employees with musculoskeletal issues.

Reasons for Sickness Absence 2013-14



HUMAN RESOURCES BUSINESS MANAGER

Appendix C

Exeter City Council Learning & Development 20114

1 BACKGROUND

- 1.1 The Corporate Plan 2012 – 2014 stated that “it is imperative that we develop our staff and support them through change”. Progress is becoming evident in that a clear and structured approach to learning and development at the Council is helping to ensure that we develop our employees and strengthen our workforce to deliver all of the Council’s priorities.

2 PROGRESS IN 2013-14

- 2.1 A full review of all the mandatory, essential and desirable training that is requested year on year is underway and the Assistant Directors, Service Managers, HR Business Partners and the L&D Business Partner are working towards providing comprehensive Service L&D Plans which will allow us to prioritise our spend.
- 2.2 We are constantly reviewing our provision and have made some substantial changes to ensure that delivery of any training is of the highest quality, best value for the decreasing budget and provides the organisation with innovative and current requirements to meet the organisational needs.
- 2.3 The old style classroom based Induction delivered over three x 4 hour consecutive sessions, by 8 – 10 Council Officers in total has been replaced with an initial 30 minute Induction Briefing with the Chief Executive and a selection of e-learning packages. This method ensures that all New Starters have the essential training needed within their first few weeks and disruption to service is minimal. It also encourages employees to share responsibility for their own development.
- 2.4 E-learning packages are being developed regularly and are a valuable add-on to many types of training. In addition to using this type of training for ‘stand alone’ training such as Fraud & Corruption and Safeguarding Children & Vulnerable Adults, it is also proving to be a useful tool for refresher courses such as Step Away & Diversity.
- 2.5 Managers and employees have received training in the Council’s new Growth & Development Review process (formerly ‘appraisal’) and the action plans are being collated to evidence alignment with the L&D Service Plans and thereby the overall strategic direction and corporate values. Holding these records centrally in HR will allow us to track any skills shortage and be able to capture more accurate data for analysis.
- 2.6 Throughout the last 12 months we have delivered the Level 4 Higher Education Certificate in Performance Improvement Coaching to a range of officers (nearly 53% of whom are women) and are currently awaiting the results from the University of St Mark & St John, Plymouth. Our intention is to pool together our current Level 5, and future Level 7 Coaches with the new cohort of Level 4’s to provide the organisation with a team of Workplace Coaches. These Coaches will be available to all employees to assist in developing them within the organisation, perform more effectively and reach their potential.

2.7 The organisation has supported a number of employees to achieve academic and professional qualifications, (28 in the past two years). These were mostly a requirement for their role and we aim to continue this support subject to budget restraints and business justification.

2.8 The launch of our Apprenticeship scheme was a success and to date we have supported:

- 2 apprentices through their initial qualification and into external positions
- 2 apprentices through their initial qualification, onto a subsequent qualification and now employed by the Council
- Currently we have 6 apprentices on programme who are achieving according to their learning plans

The aim is to continue this quality scheme and ring fence two apprenticeships to those with disabilities or learning difficulties.

2.9 The Corporate Plan 2013 set the initiative “Develop appropriate training programmes to encourage a supply of potential future female senior managers and investigate ways of targeting and encouraging more women to apply for management posts”. To that end we have promoted the DCN Staff Development Programme which 3 female employees applied for and also promoted “Aspire” events to our female managers. (Aspire is an internationally recognised women’s organisation which provides leadership events, research and coaching for women leaders).

3 ONGOING IN 2014

3.1 Around 42 managers (45% of whom are women) are currently enrolled on a new modular based Management Development Programme aimed at providing ground roots learning in human resources issues and corporate management. This programme has been created in conjunction with South West Councils and so far 12 of the managers have also signed up to achieve an ILM Level 3 Award in Leadership & Management alongside the associated modules. Further modules are currently being developed to be scheduled for later in the year.

3.2 We continue to pursue the possibility of more joint working with other organisations and regularly coordinate training with DCC and Teignbridge District Council.

3.3 We propose to continue support for SMT with any future decisions to engage in their own development needs such as the development and roll out of a Behaviours Framework and delivery of an Organisational/Leadership Development programme.

LEARNING AND DEVELOPMENT PARTNER

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
Date of Meeting: 2 July 2014
Report of: Assistant Director Finance
Title: Resources Final Accounts 2013-14

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

To advise Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2014 in respect of Resources Committee.

An outturn update in respect of the Resources Capital Programme is included elsewhere on this Committee's agenda with all of the Scrutiny Committees combined, to help provide a comprehensive overall financial update.

2. Recommendation:

That Members note the content of this report.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set and monitor their budgets during the year and to take any actions necessary because of potential overspending or potential shortfalls in income. Members are therefore presented with a quarterly financial update in respect of Resources and this is the final report for 2013-14.

4. What are the resource implications including non financial resources

The financial resources required to deliver Resources Services during 2013-14 are set out in the body of this report.

5. Section 151 Officer comments:

This report is an update on the financial outturn of Scrutiny Resources Services, as at 31 March 2014. Therefore, there are no financial or non financial resource implications.

6. What are the legal aspects?

Part 2 of the Local Government Act 2003 provides the legislative framework for the process of setting and managing budgets. In particular, Section 28 of the 2003 Act requires local authorities to monitor their budgets during the financial year.

7. Report Details:

Resources Services Revenue Final Accounts to 31 March 2014

7.1 Key Variations from Budget

The final actual outturn has now been calculated and the report below highlights the major differences by management unit from the approved annual budget after adjusting for supplementary budgets and excluding the variance on capital charges.

The total variance for the year shows a surplus of £44,304 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 0.78% from the revised budget.

7.2 The significant variations by management are:

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits/Customer Service Centre	(332,704)	<ul style="list-style-type: none"> • There was a net additional reduction in the cost of Housing Benefit payments to claimants based on a reduced caseload, performance up to the threshold limit and overpayments recovery. The overall variance represents 0.49% on the original budget of £43.36m. • Grant received for Local Welfare Support has been used to fund our administration costs. • There were redundancy costs and reduced income from court fees that have led to a small increase in the cost of Council Tax collection. • The cost of upgrading IT systems was funded by increased grant funding. • Vacancies in the Customer Service Centre resulted in operational savings with further savings resulting from reductions in central support services costs across the management unit following their respective service reviews.
86A2	Elections & Electoral Registration	(19,723)	<ul style="list-style-type: none"> • Savings were made by sharing expenses for the Devon County Council elections held in May 2014.
86A3	Corporate	65,237	<ul style="list-style-type: none"> • The senior management at officer level was reviewed from three positions to two from 1st June 2013 with a resulting redundancy that will be funded by savings being made from 2014-15 onwards. – see also 86B7 below. • A refund was received from the abolition of the Audit Commission, thereby reducing the Audit fees paid by the Council.
86A4	Civic Ceremonials	10,034	<ul style="list-style-type: none"> • There was reduced income from commercial letting despite a short-term let.
86A5	Democratic Representation	(109,901)	<ul style="list-style-type: none"> • A budget was created for Business Transformation that was unspent this year, so the balance of £29,770 has been requested to be carried forward. • Savings have been made in nearly all central support services so the recharges to Democratic Representation have reduced.
86A6	Grants/Central Support/Consultation	27,969	<ul style="list-style-type: none"> • The cost of grants increased largely due to charitable/hardship rate relief and approvals by Committee, most of which were funded by New Homes Bonus monies.
86A7	Unapportionable Overheads	222,250	<ul style="list-style-type: none"> • The approved cost of pension fund contributions following redundancies – the

MU Code	Management Unit	Over / (Underspend)	Detail
			<p>individual services pay the actual cost of redundancies to reflect where the subsequent savings will be made.</p> <ul style="list-style-type: none"> • Employer's past service pension fund contributions have been underrecovered, with the overall estimated impact on General Fund services being shown in this management unit during the budget monitoring process until being recharged back to the services of the Council at the year-end. • There was an overall credit balance on central support services and unallocated A.I.M. and miscellaneous income.
	CENTRAL SUPPORT SERVICE ACCOUNTS		The management units listed below are recharged out across the whole of the Council and are either brought back to zero cost or have balances left that are transferred to management unit 86A7 above. Before this took place, the variances that occurred are noted below:
86A9	Strategic/Community Partnerships	(1,018)	<ul style="list-style-type: none"> • There are no significant variances to report.
86B1	Financial Services	(17,192)	<ul style="list-style-type: none"> • Pay savings due to vacancies were offset by redundancy costs and updating systems for changes in our bank. • Support Service Recharges were less than the budget.
81B2	Internal Audit	6,232	<ul style="list-style-type: none"> • There was an increase in employee costs following job evaluation.
86B3	Human Resources	(24,980)	<ul style="list-style-type: none"> • There was an underspend in the central training budget as a consequence of reorganisations throughout the Council. • Job evaluations were completed following reorganisation and the revised grades applied.
86B4	Legal Services	19,069	<ul style="list-style-type: none"> • Although Legal has underspent overall with additional income being raised, a review of future service provision through-out the Council has resulted in one-off redundancy costs this year, with resulting savings in 2014-15.
86B5	Corporate Civic Centre Services	(113,250)	<ul style="list-style-type: none"> • The installation of solar panels at the Civic Centre has reduced energy costs. • The repair and maintenance costs at the Civic Centre (AIMS) was underspent. • Central support services were underspent. • Some of the external postage work is now undertaken by an external supplier and is charged direct to services rather than through the central franking machine.

MU Code	Management Unit	Over / (Underspend)	Detail
86B6	IT Services	(89,109)	<ul style="list-style-type: none"> • A vacancy within the team, savings in software and system maintenance and reduced print usage has resulted in an overall underspend. • More of the work undertaken by IT staff was capitalised resulting in less of a cost to the revenue services throughout the Council. • Central support services were underspent.
86B7	Strategic Management	55,858	<ul style="list-style-type: none"> • The senior management at officer level was reviewed from three positions to two from 1st June 2013, with savings being made from 2014-15 onwards. The cost has been recharged to management 86A3 above.

8. How does the decision contribute to the Council's Corporate Plan?

Resources budgets contribute to 3 key purposes, as set out in the Corporate Plan; maintain the assets of our city, well run Council and Customer access to help me with my housing and Financial Problem.

9. What risks are there and how can they be reduced?

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates. The key areas of budgetary risks within Resources was last reported in March 2014 and is attached as Appendix 2, for reference only.

10. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

No impact

11. Are there any other options?

No

David Hodgson
Assistant Director Finance

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

Background papers used in compiling this report:

None

Contact for enquiries: Democratic Services (Committees), Room 2.3, (01392) 265115

**SCRUTINY COMMITTEE - RESOURCES
OUTTURN**

APRIL 2013 TO MARCH 2014

CODE	REVENUE COLLECTION / BENEFITS/CUSTOMER SERVICES ELECTIONS & ELECTORAL REGISTRATION CORPORATE CIVIC CEREMONIALS DEMOCRATIC REPRESENTATION GRANTS/CENTRAL SUPPORT/CONSULTATION UNAPPORTIONABLE OVERHEADS STRATEGIC/COMMUNITY PARTNERSHIPS FINANCIAL SERVICES INTERNAL AUDIT HUMAN RESOURCES LEGAL SERVICES CORPORATE CIVIC CENTRE SERVICES IT SERVICES STRATEGIC MANAGEMENT	REVISED BUDGET	OUTTURN	OUTTURN VARIANCE	QUARTER 3 FORECAST VARIANCE
		£	£	£	£
86A1		2,263,071	1,930,367	(332,704)	(200,060)
86A2		293,324	273,601	(19,723)	(3,100)
86A3		739,440	804,677	65,237	1,600
86A4		285,686	295,719	10,034	29,830
86A5		857,952	748,051	(109,901)	(35,640)
86A6		1,088,870	1,116,839	27,969	(11,250)
86A7		289,580	511,830	222,250	355,000
86A9		45,850	44,832	(1,018)	0
86B1		879,942	862,750	(17,192)	4,540
86B2		175,480	181,712	6,232	8,430
86B3		756,765	731,785	(24,980)	(39,210)
86B4		619,370	638,439	19,069	34,520
86B5		1,339,123	1,225,873	(113,250)	(62,920)
86B6		1,957,666	1,868,557	(89,109)	(46,690)
86B7		483,600	539,458	55,858	65,450
	NET EXPENDITURE	12,075,718	11,774,490	(301,228)	100,500
		(6,403,580)	(6,095,356)	308,224	
		<u>5,672,138</u>	<u>5,679,134</u>	<u>6,996</u>	<u>100,500</u>
	TRANSFERS TO / (FROM) EARMARKED RESERVES				
86A5	DEMOCRATIC REPRESENTATION		(15,300)		
86A6	GRANTS/CENTRAL SUPPORT/CONSULTATION		(36,000)		
	REVENUE CONTRIBUTIONS TO CAPITAL OUTLAY (RCCO)		0		
			0		
	OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES REVISED BUDGETS		5,627,834		
	ADJUSTED OUTTURN VARIANCE		5,672,138		
			<u>(44,304)</u>		

This page is intentionally left blank

AREAS OF BUDGETARY RISK

The table below identifies two areas that have been identified as a budgetary risk within Resources revenue budgets:

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

ASSISTANT DIRECTOR FINANCE

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
Date of Meeting: 2 July 2014
Report of: Assistant Director Finance & Assistant Director City Development
Title: New Homes Bonus

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

- 1.1 This report is to update Members in relation to New Homes Bonus received from the Government, and how it has been spent, particularly the element available to communities through the Local Infrastructure Fund.

2. Recommendation:

- 2.1 **That Members offer their continued support for use of the New Homes Bonus in the ways described in this report, particularly use the Local Infrastructure Fund to fund projects which fill gaps in the provision of community facilities across the city.**

3. Reasons for the recommendation:

- 3.1 To ensure that the communities affected by new development benefit from this money.

4. What are the resource implications including non financial resources.

- 4.1 The amount of New Homes Bonus for 2014/15 is £2,774,994, of which £250,000 is allocated to the Local Infrastructure Fund, £120,000 is set aside for capacity building and neighbourhood plans in the General Fund, £36,000 is allocated to Ward Projects and the balance is held to finance the new leisure complex and reduce the debt held by the City Council.

5. Section 151 Officer comments:

- 5.1 This report provides a summary of the New Homes Bonus and the projects which have been financed to date.

6. What are the legal aspects?

- 6.1 NHB is not ring-fenced and there are no restrictions on how it can be used.

7. Monitoring Officer's comments:

No issues arising from this report.

8. Report details:

8.1 The New Homes Bonus (NHB) is a financial incentive from the Government to communities and local authorities to welcome new housing growth. It was paid for the first time in 2011/12. The Government match funds the additional Council Tax generated by new homes and empty properties brought back into use, for six years. An additional amount is added for new affordable housing, but there is a deduction in respect of empty homes. In two tier areas, 80% of NHB is paid to the district authority and the balance to the county council. It is not ring fenced in any way.

8.2 The table below sets out the amount received and anticipated up to 2018/19, along with the allocations set out for the different types of schemes funded.

	Accrued to date £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	Total £'000
Capacity Building	240	120	120	120	120	120	840
Ward Projects	72	36	36	36	36	36	252
Local Infrastructure	575	250	250	250	250	250	1,825
Leisure Complex	2,358	2,372	3,021	3,670	3,930	3,645	18,996
One-off schemes	672	0	0	0	0	0	672
Total NHB	3,917	2,778	3,427	4,076	4,336	4,051	22,585

8.3 Grants awarded through the New Homes Bonus Local Infrastructure Fund

8.3.1 The Council's Executive agreed on 6 December 2011 that part of the New Homes Bonus will be available for localised community infrastructure to address existing deficiencies in local facilities, and to meet additional pressures put on existing facilities by an increasing population. For 2012/13 this Local Infrastructure Fund was set at £350,000, although a small element of the fund was used that year to supplement community grants. In subsequent years it has been set at £250,000.

8.3.2 Certain eligibility and evaluation criteria were set by Executive initially, and evaluated and revised in March 2013. Eligibility criterion 7 is as follows:-

"The fund is intended for areas of the city with significant past or future growth. Therefore applications should be for proposals needed as a result of development, to meet existing deficiencies, additional pressures on existing facilities, and/or to enhance community infrastructure."

8.3.3 Applications have to meet this criterion to be considered. Most applications which have been accepted have identified a local need, but some have been based on a citywide need arising out of population growth; see paragraph 8.3.6.

- 8.3.4 Applications are then considered by the Panel against ten evaluation criteria, of which no. 2 is "Proposals that are consistent with the principle of incentivising communities to accept growth. The fund is intended for areas of the city with significant past or future growth." This ensures that this factor is not overlooked when the other merits of the scheme are being considered.
- 8.3.5 Members of the Panel see the application papers in their entirety, but are also provided with a summary sheet prepared by an officer which indicates compliance or otherwise with the various criteria. Officers do not however make a recommendation, other than as to conditions which should be applied if members are minded to grant the application. The Panel makes a recommendation to Executive for a final decision on each application.
- 8.3.6 Appendix 1 shows awards from the Fund to date. Wards are shown, although it should be noted that a number of the grants have been towards city-wide facilities, therefore the actual ward is of little or no significance. Note that the criteria were revised during 2013, and not all schemes that have benefited in the past would qualify for a grant now.
- 8.3.7 There has been a reasonable distribution of applications around the city, although nothing to date from the north eastern part (Pinhoe and surroundings) despite the new development that is taking place in that area. However, discussions are currently taking place with a potential applicant in this area.
- 8.3.8 Officers are embarking on an assessment of the community facilities that exist across the city, with a view to identifying gaps in provision. When complete, this exercise will enable officers and members to encourage applications to fund facilities which would fill those gaps. Such applications could be prioritised by members under the existing evaluation criteria, as these include the extent of need or the community benefit to the City or locality.

8.4 Other expenditure from the New Homes Bonus

- 8.4.1 In addition to the Local Infrastructure Fund, a number of other items ranging from regular funding to one-off schemes / projects have been funded by the New Homes Bonus.
- 8.4.2 £120,000 per annum is spent on capacity building and neighbourhood plans. Thus far £80,000 a year has been earmarked to fund the Growth Point team based in East Devon.
- 8.4.3 £36,000 a year has been provided to Councillors to spend on local ward projects.

8.4.4 A number of one-off schemes / initiatives have had funding allocated from the New Homes Bonus. These are set out below:

	£'000
Princesshay Artwork	40
Solar Panels	230
Energy Saving Projects	30
Christmas Promotional Activities	9
Knowledge Economy Strategy	20
City Centre BID	25
Promotion Video	18
Rugby World Cup	300
	672

8.4.5 It has been approved at Full Council that all future funds for major infrastructure and the unallocated pot will be set aside to fund the new leisure complex and repay debt.

9. How does the decision contribute to the Council's Corporate Plan?

Use of NHB, particularly through grants from the Local Infrastructure Fund, supports a number of the Council's purposes, principally "Improve the environment and my neighbourhood" and "Provide great things for me to see, do and visit".

10. What risks are there and how can they be reduced?

The principal risk is that grant money will be misapplied. Procedures have been put in place to minimise this:-

- grants to individuals are not permitted;
- organisations have to supply accounts and other information and make a presentation in person to the Grants Panel;
- a grant agreement has to be entered into before any money can be paid;
- claims for payment have to include supporting documents and a report as to progress with the project.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

For the NHB Local Infrastructure Fund, the evaluation criteria include compatibility with the Council's commitment to equal opportunities, and the degree of social inclusion. Schemes supported through the fund have variously benefited health and wellbeing, children, young people and the environment. No adverse impacts are expected in relation to any of these.

12. Are there any other options?

The Council has taken a deliberate decision to use an element of New Homes Bonus to support community initiatives, especially in areas where demand on services and facilities is increasing on account of new development. To absorb all of NHB into the Council's general budgets would remove this connection, as well as making the Council's finances more vulnerable in the event that Government should decide to withdraw NHB in future.

David Hodgson, Assistant Director Finance
Richard Short, Assistant Director City Development

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees)Room 2.3,01392 265115

APPENDIX 1 - NEW HOMES BONUS LOCAL INFRASTRUCTURE FUNDS AS AT MARCH 2014

Organisation	Project	Ward	Local or city-wide facility	Amount	Year	Status
Topsham Rugby Club	Clubhouse extension	Topsham	Both	50,000	2012/13	Complete
Newtown Community Association	New community building	Newtown	Local	70,000	2012/13	Preparatory work under way
				50,000	2014/15	
Wear United	New community building	Priory	Local	70,000	2012/13	Preparatory work under way
				50,000	2014/15	
Exeter Community Centre	Community garden	St Davids	Local	50,000	2012/13	Complete
				16,990	2013/14	
Newcourt Community Association	Set up costs of running new building	Topsham	Local	69,750	2012/13	Under way
				21,110	2014/15	
Alphington Community Association	Part rebuild of village hall	Alphington	Local	50,000	2013/14	Not commenced
Exe Water Sports Assn	Feasibility study for new centre	Alphington	City-wide	50,000	2013/14	Preparatory work under way
Exwick Ark	Improvements to building	Exwick	Local	50,000	2013/14	Complete
Devonshire Place Residents Assn	Improvements to park	St James	Local	25,000	2013/14	Under way
Bury Meadow Residents Assn	Improvements to park	St James	Local	7,000	2013/14	Complete
St Thomas Social Club	Replacement roof	St Thomas	Local	25,000	2013/14	Under way
Ride On	Bike refurb charity	Alphington	City-wide	5,000	2013/14	Complete
Exeter St James Forum	Acquisition and improvement of open space	St James	Local	10,000	2013/14	Preparatory work under way
Park Life Heavitree & 2 nd Exeter Scouts	Prep work towards urban village hall	Heavitree	Local (but scout catchment includes Digby)	15,000	2013/14	Preparatory work under way
Exeter CAB	Improvements to	St Davids	City-wide	10,000	2013/14	Under way

	premises					
St Sidwells	Improvements to premises	St James	Both	50,000	2014/15	Preparatory work under way
Alphington Church	Improvements to building	Alphington	Local	16,000	2014/15	Not commenced
Football in the Community Trust	Feasibility study to redevelop community building	St James	Both	19,800	2014/15	Preparatory work under way

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
Date of Meeting: 2 July 2014
Report of: Corporate Manager Democratic and Civic Support
Title: Members' Allowances and Expenses Paid 2013/14

Is this a Key Decision?

No

* One that affects finances over £1m or significantly affects two or more wards. If this is a key decision then the item must be on the appropriate forward plan of key decisions.

Is this an Executive or Council Function?

Council function

1. What is the report about?

To report the allowances paid to Elected Members and Co-opted Members in 2013/14.

2. Recommendation:

That Members of the Scrutiny Committee Resources note the allowances paid and expenses claimed by Members in 2013/14.

3. Reasons for the recommendation:

The Members' Allowances scheme is part of a transparent process.

4. What are the resource implications including non financial resources.

There is an existing budget allocation (there are additional resource implications to meet the expenses claimed).

5. Section 151 Officer comments:

The report reflects payments made during the 2013-14 financial year and they remained within the budget set.

6. What are the legal aspects?

The Members Allowances Scheme is governed by the Local Government and Housing Act 1989, and in particular the details are set out in the Local Authorities (Members' Allowances) (England) Regulations 2003.

7. Monitoring Officer's comments:

None.

8. Report details:

The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to publish the total sum of each of the following allowances paid to each recipient in the previous financial year:

- (a) basic allowance
- (b) special responsibility allowance
- (c) dependants' carers' allowance
- (d) travelling and subsistence allowance; and
- (e) co-optees' allowance and
- (f) the Lord Mayor and Deputy Lord Mayor's expenses allowance.

A schedule of allowances made and expenses claimed is attached to the report.

9. How does the decision contribute to the Council's Corporate Plan?

- Ensuring a well run Council.
- To invoke public confidence that the Council's operation in relation to Members are transparent.

10. What risks are there and how can they be reduced?

The risks are reduced by the publication of this annual report.

11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

There is no impact.

12. Are there any other options?

Not applicable.

**John Street,
Corporate Manager, Democratic Services and Civic Support**

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

Background papers used in compiling this report:-

None

Contact for enquires: Democratic Services (Committees), Room 2.3, 01392 265115

As required by the Local Authorities (Members) 2003 Regulations 2003 the total amount of Basic, Special Responsibility and Travel & Subsistence Allowances paid to each Member (including part payment to those Members who ceased to be Councillors during the year) for the year ending 31 March 2014 are given below. For details of the Special Responsibility Allowances please refer to the Council's website - www.exeter.gov.uk

Initial	Councillor Surname	Basic Allowance	Special Responsibility Allowances	Travel & Subsistence Expense Claims	Broadband	Total
M	Baldwin	4,472.32	4,474.32		90.00	9,036.64
P	Bialyk	4,474.32	4,474.32	8.80	90.00	9,047.44
S	Bowkett	5,458.06	983.74		90.00	6,531.80
R	Branston	4,474.32				4,474.32
S	Brock	4,474.32			90.00	4,564.32
P	Bull	4,474.32		258.70		4,733.02
M	Choules	4,474.32			90.00	4,564.32
M	Clark	4,474.32			90.00	4,564.32
R	Crew	4,474.32			90.00	4,564.32
T	Crow	4,430.04	535.89		90.00	5,055.93
C	Dawson	4,474.32	1,298.80	165.00	90.00	6,028.12
R	Denham	4,474.32	6,711.48	51.40	90.00	11,327.20
J	Donovan	4,430.04			90.00	4,520.04
P	Edwards	4,474.32	13,422.96	1,223.38	90.00	19,210.66
A	Fullam	4,474.32	2,237.16	504.30	90.00	7,305.78
R	Hannaford	4,474.32	7,695.22	£264.75		12,434.29
D	Henson	4,474.32	2,237.16		90.00	6,801.48
Mrs Y	Henson	4,608.35	134.03	202.32		4,944.70
S	Laws	4,474.32			90.00	4,564.32
A	Leadbetter	4,474.32	3,933.07			8,407.39
R	Lyons	4,474.32	3,933.07		90.00	8,497.39
M	MacDonald	4,474.32			90.00	4,564.32
I	Martin	4,474.32	3,355.74	37.80	90.00	7,957.86
K	Mitchell	4,474.32			90.00	4,564.32

Initial	Councillor Surname	Basic Allowance	Special Responsibility Allowances	Travel & Subsistence Expense Claims	Broadband	Total
H	Morris	4,474.32		33.22		4,507.54
L	Mottram	4,474.32			90.00	4,564.32
R	Newby	4,474.32	541.25		90.00	5,105.57
K	Owen	4,474.32	5,014.97	200.45	90.00	9,779.74
T	Payne	4,474.32			90.00	4,564.32
O	Pearson	4,474.32	3,896.39	88.10	90.00	8,548.81
P	Prowse		135.38			135.38
L	Robson	4,474.32			90.00	4,564.32
R	Ruffle	4,474.32			90.00	4,564.32
G	Sheldon	4,474.32	3,355.74		90.00	7,920.06
N	Shiel	4,474.32	4,474.32		90.00	9,038.64
R	Spackman	4,474.32		179.00	90.00	4,743.32
R	Sutton	4,474.32	6,711.48		90.00	11,275.80
G	Tippins	4,474.32			90.00	4,564.32
A	Wardle	4,474.32			90.00	4,564.32
J	Winterbottom	4,430.04			90.00	4,520.04
	TOTALS			2,895.42		261,225.12

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank