

SCRUTINY COMMITTEE - RESOURCES

Date: Wednesday 19 November 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 2 July 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 item 13 on the grounds that it involves the likely disclosure of exempt information as defined

in paragraph 3 of Part I, Schedule 12A of the Act.

5 Questions from Members of 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.

Items for Executive

7 Business Case for the Council's Channel Shift Programme

To receive a presentation and consider the report of the Assistant Director Customer Access. (Pages 5 - 34)

8 Proposed Passenger Lift at RAMM Queen Street Entrance

To consider the report of the Museums Manager and Visitor Services Officer. (Pages 35 - 40)

9 Overview of the Revenue Budget 2014/15

To consider the report of the Assistant Director Finance. (Pages 41 - 60)

10 Capital Monitoring Statement

To consider the report of the Assistant Director Finance. (Pages 61 - 80)

11 Treasury Management - Half Yearly Report 2014/15

To consider the report of the Assistant Director Finance. (Pages 81 - 88)

Item for Discussion

12 Budget Monitoring (Second Quarter)

To consider the report of the Assistant Director Finance. (Pages 89 - 98)

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

Item for Executive

13 Proposal for Leisure Complex and Swimming Pool

To consider the report of the Deputy Chief Executive and Assistant Director Economy.

(Pages 99
- 108)

Date of Next Meeting

The next **Scrutiny Committee - Resources** will be held on Wednesday 28 January 2015 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 Resources, Executive, Council

Date of Meeting: 19 November, 2014, 9 December 2014, 16 December, 2014

Report of: Bindu Arjoon, Assistant Director, Customer Access

Title: Business Case for the Council's Channel Shift Programme

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?

This report summarises the Council's Channel Shift Approach, outlined in the Business Case attached to this Report. Officers are requesting the approval of funding on an invest- to-save basis, seeking to improve our services to customers whether they approach the Council face to face, by telephone or via internet-enabled provision. The Report identifies the cost benefit to the Council of providing high quality telephone and on-line services for our high transaction services, reserving our face to face contact for those customers with more complex needs.

2. Recommendations:

- i. That Members endorse the Council's Channel Shift Programme
- ii. That Council approves the identified Capital and Revenue funding for the Programme, noting the predicted savings to be subsequently accrued.

3. Reasons for the recommendation:

There are services across the Council which have begun to automate processes and to encourage customers to access services online. However, developing a corporate approach to Customer Access issues and specifically Channel Shift, will allow the Council to systematically identify opportunities for improvement across services. The bulk of the funding being sought is to procure a Customer Portal which will, bring together different services used by individual customers into one place. Officers have developed a programme of which services will be re-designed and moved to on-line access over the six- year life of the Business Case.

The business case also seeks to develop the introduction of a digital solution for answering calls. A voice activated directory would enable calls to be answered quickly and consistently and would allow the organisation to have one 'golden' number for all callers.

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

- i. Extracted from the attached Business Case, at page 18, the funding being sought over six years for the customer portal is:

Capital Funding	£280,000
-----------------	----------

Revenue Funding to include annual borrowing costs, maintenance, licensing and support and staffing costs and marketing costs £1,008,040

The **net** savings over the six year period is anticipated to be: **£852, 509**

Extracted from the attached Business Case, at page 19, the funding being sought over five years for the voice activated directory is:

Capital funding £44,800

Revenue Funding for service and support of system and to include marketing costs £63,800

The **net** savings over the 6 year period is anticipated to be: **£139,267**

Total net savings over the 6 year period: £991,776

- ii. Staff from the service areas where there are opportunities for developing alternative channels for delivery will be involved in the work to redesign and optimise the services prior to channel shift.
- iii. Should Council agree to the requested funding, Executive will be asked to consider at a later date, the creation of two posts to implement the Business Case and oversee the Council's other work to improve and maximise efficiency in the Council's Customer Access work.

5. Section 151 Officer comments:

The Business Case has been reviewed and its production supported by the Customer Access accountant. If approved, the relevant costs and savings will be fed into the Council's Medium Term Financial Plan. The savings identified will be removed from service budgets as per the year they are projected to be made.

6. What are the legal aspects?

There will be a procurement process to source the Customer Portal which Strata will support.

7. Monitoring Officer's comments:

The Monitoring Officer has no issue with the content of this report provided that a full procurement process is followed in accordance with the Councils financial regulations and European Procurement Regulations.

8. Report details:

- i. There are a range of channels available to customers. Those available through electronic means have increased in both availability and popularity as customer behaviour and expectations change. Customers can access services by:
 - visiting the council's customer service centre
 - visiting officers from individual departments
 - telephoning the switchboard
 - telephoning individual officers
 - using online self service
 - using automated telephone systems
 - accessing the council's web site
 - sending e-mails
 - sending text messages
 - sending letters
 - accessing social media channels such as Facebook and Twitter
- ii. Many commercial organisations and even some local authorities have begun to accelerate the removal of face to face and even telephone contact. However, this Council's approach aims to respond to an understanding of the needs of our customers. The intention is to firstly improve our existing channels, continue to work to understand the complexity and volume of transactions for each service and build on our Systems Thinking learning to identify those customers whose needs are such that we need to gain a full understanding of their circumstances. We also need to build in the flexibility to respond to changes in customers' needs and behaviour.
- iii. The Society of Information Technology Management (SOCITM) estimates that on average, a face-to-face enquiry costs £7.40, a telephone enquiry £2.90, and a web enquiry around £0.32. In the face of the significant financial challenge facing the Council, officers are working to find more cost effective ways of delivering services.
- iv. The first stage in this process is to support service areas in looking at their processes, redesigning where necessary in order to ensure that when these processes are moved online, they are easy to use for customers. This work will be facilitated initially by the temporary Customer Access Development Officer and Business Process Improvement Officer. Our aim to encourage self service will not be successful if customers have an unsatisfactory experience as they are likely revert to traditional methods of contact.
- v. The role of front line staff is crucial to promoting available channels, including providing support to those customers who find it challenging to transact on line. It is therefore imperative to work directly with those colleagues to ensure that they understand the Council's aim and their role in successful delivery.
- vi. A communication strategy is being developed which will have both internal and external elements. As outlined below, service areas including front line staff are critical in the delivery of a successful Customer Access Programme. We therefore intend to make all staff aware of our aims as well as work directly with those service areas where there will be the greatest impact in terms of the services we will move online first. We will also work to develop a strategy for

increasing customer awareness of our emerging channel offer as well as highlighting the benefits of using these methods.

vii. Whilst there are strong incentives for migration to online services in terms of customer demand and efficiency, there are also challenges with this approach. Officers intend to work with customers, front line staff and the voluntary and community sector to identify and support customers who are not able to transact on line.

viii. Measuring Success in our Channel Strategy. It is important to be able to monitor and measure the success of the approach. Measures that will be used include:

- The successful transfer of the first 3 services online within 6 months of implementing a new Customer Portal.
- Measuring take up of alternative channels in terms of reduced telephone calls and visits to the Customer Service Centre for the services being offered online.
- Measurement of people using the portal to self serve, this number should increase month on month as more customers take up the service
- Customer Satisfaction - rates of satisfaction with the web services
- Reduction in avoidable contact by providing better information at appropriate points of the customer journey as measured by Google analytics and customer service figures
- Successful implementation of the voice-activated telephone directory will be measured by the number of calls successfully transferred without an intervention
- Reduction in the number of abandoned calls
- The reduction in resources as a result of a reduction in face to face and telephone transactions that require staff input.

ix. Work with Other Councils

The Devon Local Government Steering Group of Chief Executives has expressed an interest in relevant officers across the Council sharing experience of past and current Channel Shift work. An initial meeting has taken place to identify key areas where information might be shared amongst the Group.

City Council Officers will also be working to identify possible areas of joint work in our Channel Shift programme with East Devon and Teignbridge Councils. The development of Strata should help to facilitate this.

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

Enhancing the way that customers access our services is a key action in the Corporate Plan as is finding more cost effective ways of delivering our services.

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

- i. Lack of engagement from individual services. The Business Case has been endorsed by the Council's Strategic Management Team and the implications of the Business Case are understood. The Leader of the Council as well as the two relevant Portfolio Holders, the Deputy Chief Executive and Assistant Director

Customer Access constitute the Programme Board to oversee the development and implementation of the Channel Shift Programme.

- ii. That front line staff do not engage in the programme and therefore do not promote alternative channel to customers. As referred to earlier in this Report, a Communication Plan is being developed for internal and external use and Assistant Directors with managers to ensure staff are kept informed and involved as appropriate.
- iii. Exclusion of customers unable to access services online. Focused work will be done to identify those at risk of exclusion and mitigating action planned and introduced.

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?

i) Potential Negative impacts on customers and staff

- Evidence shows that the older age group of 65+ do not use the internet as much as other younger groups and so may be disadvantaged by not having digital skills or access to the internet at home which is a barrier to using online services. Help will be available to encourage use of the public access computers in the Customer Service Centre where customers will be shown how to access services and supported in their use with the aim of increasing knowledge, independence and self reliance although offering help if required.
- There will be other vulnerable groups who will not be able to use the online services at all, for example those who may have learning difficulties. There will still be the option for them to come in to speak to an Advisor to access the service that they require.
- The impact on staff will be that as more people use the online service there will be a corresponding reduction in the staff resources for those areas, and both front and back office staff will be affected. The reduction will happen over 6 years as outlined in the full business case. However, front and back office staff in the areas where some processes are transferred online, will be supported to change their working practices.

ii) Potential Positive impacts on customers and staff

- There will be a positive impact for people who are restricted from accessing face to face services or telephone services by disabilities or caring responsibilities as they will be able to use online services from home.
- There will be a positive impact on the environment in terms of a reduction in travel to access services at the Civic Centre.

- People will be able to use some of our services at any time of day and on any day of the week; they will not be restricted to office hours.
- Customers currently cannot easily use their smart phones or tablets to access Council services but with this new technology they will be able to engage with services using their devices.
- Pressure on staff resources will ease if the number of face to face customers and telephone calls reduces as people use the online services.
- Staff will be freed up from many of the less complex and more routine enquiries that customers ask and will spend more time on interesting and complex enquiries so jobs should be much more satisfying which will increase motivation.

12. Are there any other options?

- i. Section Six of the attached Business Case identifies options for delivering the Customer Portal.
- ii. In terms of the Channel Shift Programme itself, there is an option of continuing the current piecemeal approach to our service offer across different channels. However, with increasing levels of demand for services contrasted with diminishing levels of resources, officers advise that the status quo is not a viable option for the council if we are to protect front line services and deliver on customers' expectations with the resources that we have available.

Bindu Arjoon
Assistant Director Customer Access

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 265275

Business Case for Customer Access Project

Contents

- 1. Executive Summary**
- 2. Background to the project – Key Drivers**
- 3. Project Proposal for digital self service**
- 4. Project proposal for Voice Activated Directory**
- 5. Key Assumptions**
- 6. Options for Delivery**
- 7. Project Delivery**
- 8. Project Resources**
- 9. Issues**
- 10. Links and dependencies**
- 11. Impacts**
- 12. Council Approved Funding Required**
- 13. Appendices**

Business Case Customer Access Project	
Project Name: Customer Contact Self Service Platform	Project Sponsor: Bindu Arjoon
Project Manager: Lyn Hicks	Programme Board: Channel Shift Programme Board

1.0. Executive Summary

1.1. Exeter City Council is committed to provide excellent services and value for money to the taxpayer. The channels through which public services are delivered and by which the public has contact with the authority, (be that via telephone, online, in person, or via other means), are a critical part of public service provision, and there is an ongoing impetus for them to be managed effectively and efficiently.

As part of the implementation of the Council's 'invest to save' initiative, the vision for Customer Access is to provide a high quality, cost effective service to Exeter's residents and customers via a new, up to date, online experience. It will be reliable, convenient and easy to use, so that this becomes the customers' channel of choice when doing business with the Council.

A key feature of our channel shift programme will be to deliver an online customer portal which enables all customers to register for a personal account. The registration process will authenticate the customers' details against existing Council records. Once registered customers will be able to access real time information specific to them, make payments, report and request services and track progress 24/7. The portal will be enabled so that it can be used on any device such as a smart-phone or tablet as well as a desk top PC.

The 'My Account' initiative was borne out a business need to automate the authentication of customers and provide a coherent digital offering to them, allowing transactional services to be provided online in a joined up way, driving adoption of digital services and allowing end-to-end integration to deliver efficiencies. It will deliver a single point of access, coordination across platforms or portals and access for customer to view their online activity; all of which drives up confidence in digital and supports their retention online as they will feel confident in using our digital services.

This work would have been started three years ago but the organisation was then committed Systems Review work which was important in terms of making the organisational processes lean and fit for purpose. This has delayed the implementation of the channel shift agenda and we have fallen behind some other authorities.

As part of a review of the whole customer experience we will also look at the most efficient and cost effective way of dealing with telephone calls to the Council. Currently the corporate switchboard facility is staffed by either customer service officers or by agency staff. In this business case consideration is given to a digital solution for dealing with telephone calls. This would be a Voice Activated Directory which would enable calls to be

answered quickly and efficiently. This would cut the costs of a member of staff and would enable the Council to have one 'golden' number for all callers.

Currently the Council is facing an unprecedented reduction in finance and the organisation is committed to reviewing what services it can continue to offer and how it can maintain quality services in the face of these reducing resources. One way that this can be achieved is by encouraging customers to use a more cost effective channel to transact with us and to find out information by enabling customers to 'channel shift'. If this can be done, the Council can make savings in transaction costs by reducing staff but will still maintain a high level of service to customers. Channel shift is about offering high quality frontline services that customers want to use and reducing costs by integration into back office systems so that some transactions can be completed automatically without staff intervention.

If implemented efficiently, channel shift will future proof the Council against the unavoidable reduction in staff. It will ensure that services are available online and customers will be able to transact with the Council without having to telephone or visit, which means that they will be able to do so on any day and at any time. If we offer an excellent website and self service offering to customers this will reduce failure demand and avoidable contact, for example chasing progress. There are considerable savings to be made in telephone calls and face to face visits by making information and transactions available to customers when and where they want to use them.

Investment will be required on an 'invest to save' basis but savings will only be made when staff vacancies are not filled or redundancies take place and there will be costs associated with making staff redundant. Each Assistant Director will have to take a share of these staff reductions depending on what services are transferred and when this happens. The indicative reductions are detailed in Appendix a. - Table 4 however the schedule may be subject to change to reflect prevailing conditions of service. This channel shift work can be used to underpin staff reductions already identified for 2015 and onwards by enabling frontline services to be delivered via the web site and to release back office staff by automating processes.

The timetable to put services online and the subsequent requirement to reduce staff are based on data collected from the services which included volumes and contact channels. The complexity of enquiries will also be a factor in deciding what to put online. Some of the revenue costs of this solution will be offset by savings related to relinquishing existing technology systems which would no longer be required as the functions would be replaced by the proposed solution.

2.0. Background to the project – Key Drivers

2.1. Central Government Initiatives

In 2010, Martha Lane-Fox produced a report to central government calling for a channel shift that would see services provided digitally 'by default'. The report argued for radical improvements to Government internet services to provide higher quality and more convenient 24/7 services to customers. In her report she argued that moving service delivery to digital channels could deliver better services for users and enable substantial savings. The intention was to take advantage of new technology that would streamline services, enable delivery of more cost effective services and achieve an excellent customer interface. Frances Maude, Minister for the Cabinet Office said, "The shift towards online services has the power to transform the relationship between government and individuals. ...quality online services can be the default solution... Not only are the services convenient and cheaper, but they can be better and more personalised."

The Government Digital Service is leading digital transformation of Central Government. It was established in response to Martha Lane-Fox's report and is intended to ensure that the Government offers world class digital products that meet people's needs. The Government Digital Strategy committed the government to ensuring that all new or redesigned services meet these high standards by April 2014. Their aim is to make digital services and information simpler, clearer and faster and to put users' needs before the needs of government.

The three core areas of their work are: to transform high volume exemplars into digital services, build a consolidated GOV.UK website to bring government services together in one place, and change the way that government procures services.

2.2. Key Actions from the Council's Corporate Plan

Key actions that the Council has committed to taking over the next couple of years to fulfil its purposes:

- Explore the opportunities offered by social media and mobile technology to engage more residents and provide timely information
- Through the systems thinking reviews, ensure residents are receiving the information they require in the most efficient ways
- Enhance and promote the use of the council's website for accessing information and services online
- Improve the way we deal with visitors to our customer service centre who have financial and housing problems so that they can receive timely and cost effective advice.

2.3. Current financial challenges

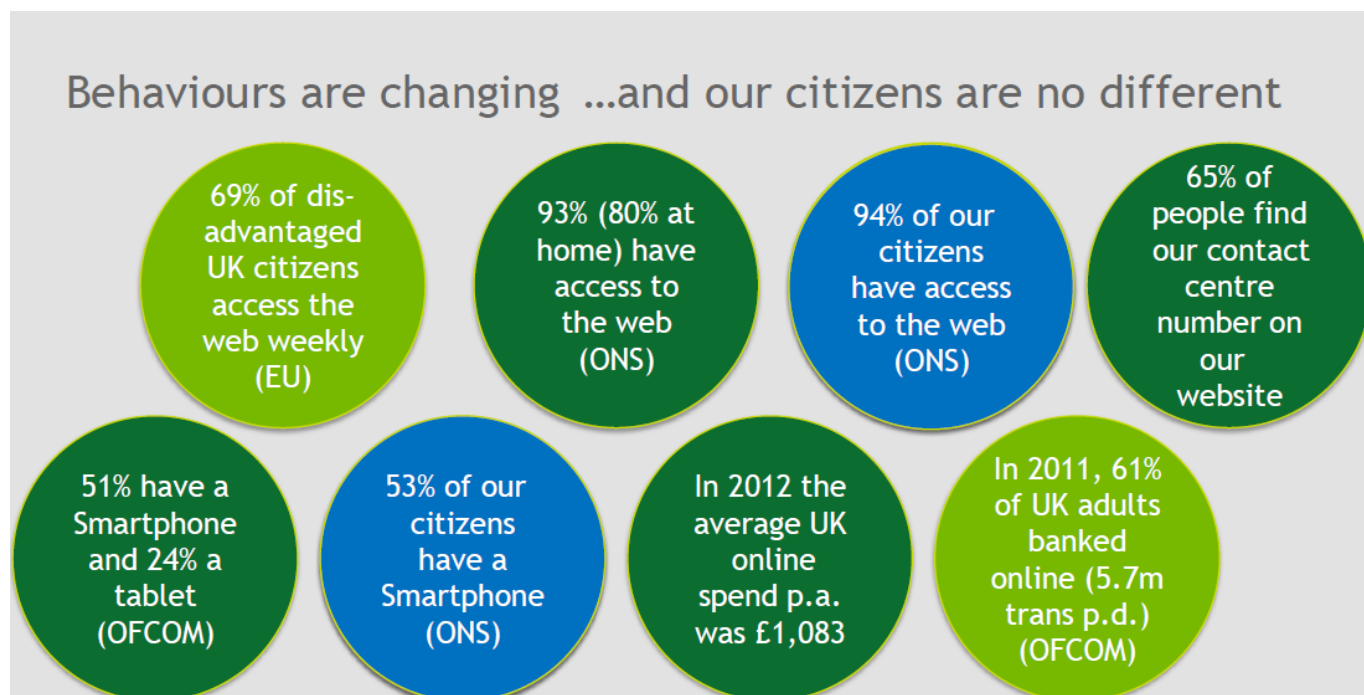
The challenge for the Council in reaching these and other objectives are the reductions in the Government grant which has been reduced by around 23%. The Council faces a projected budget deficit of £4m by the end of 2016/17.

An efficient and effective online offering would go some way to helping to reduce costs and will free up experienced staff to deal with more complex enquiries. Straightforward services could be delivered without staff intervention meaning that staff costs could be rationalised allowing a reduction in 'frontline' and 'back office' jobs.

Exeter City Council has already made progress in achieving limited online delivery of some services. Ground breaking work has been done to digitalise missed bin and collection date enquiries which are now on the website and these pull information directly from and to the back office IT system to answer the enquiry, without intervention from an intermediary staff member. Customers can register for a personal account to find out the balance of their Council Tax account and to make changes when they move, or to sign up for e-billing; however the functionality of this customer portal is limited by the supplier and can only deliver services that have been developed by them.

There are e-forms on the Council website which customers can use to report issues like litter, graffiti, noise complaints, abandoned vehicles etc. There are also interactive forms which can be used to make applications such as Housing Benefit. All of these involve a member of staff picking up the work either via email or workflow and processing it manually.

2.4. Customer Expectations



3.0. Project Proposal for digital self service

The options open to the Council are:

3.1. Do nothing

There is an option to do nothing and to continue to use the existing self service portal and the eforms that are currently available on the web. The outcome of continuing without improvement and falling behind with technological advances is that customers will increasingly expect to transact with us online and will become frustrated and disillusioned with our online offering. This could lead to them using our telephone and face to face channels more frequently even for transactions that they would be able to complete on the web and this avoidable contact is very costly for us to resource. There are two issues here: the damage to the Council's reputation in being a leader for innovation and growth and delivering great services and the cost of resourcing the extra demand that could be generated by not developing excellent online services.

In light of the budget cuts that are already identified it's likely that frontline and back office staff numbers will need to be reduced. There would be no expectation that customer contacts will reduce in fact they will probably increase as with less staff there will be more failure demand. If we don't have a solution in place when staff numbers fall, we risk damaging the Council's reputation, failing our customers and staff sickness and attrition rates increasing beyond our control.

3.2. New organisational operating model

As requested by the Channel Shift Programme Board, officers have explored a new model which has been developed in Eastbourne and is being adopted in South Hams and West Devon. The basis of the model is total reorganisation of the staff structure including a reduction in all staff posts by terminating and renegotiating contracts. The solution requires a wholesale restructuring of tiers of management and departments to break down silos of service delivery to work more efficiently, channel shift enabled by technology is a fundamental element in this. The newly engaged, remaining staff will work in an agile and mobile way either from home or hot desking. Savings would be generated from operating with less staff, improving processes and from the rationalisation of office buildings and premises, which could result in capital input if they are sold and a reduction in outgoings on upkeep and maintenance.

South Hams have worked with Ignite Consultancy and IESE to develop what they call the 'Future Model' and carried out a tender process to procure an IT system which will underpin the new way of working. Civica were successful in winning this contract and are developing a system to deliver the requested processes, workflow and middleware commissioned by the authorities.

3.3. Customer Contact Platform

This would involve the implementation of a scalable and secure online self service portal or 'My Account' which would allow customers to transact with us in a secure way at any time of day or night and on any day of the week. The ability to carry out transactions outside of normal office hours will mean that customers can choose when they interact with us and will reduce contact via other channels.

The intention would be to make as many transactions as possible 'One and Done' so that customers will not have to contact us again about the same issue, true self service will reduce failure demand as customers will be updated with digital or SMS progress reports. In the majority of cases the transaction will be integrated with back office systems and so will be completed automatically without staff intervention.

There would also be mediated access for staff which would mean that they could view transactions or contacts that the customer had made with the Council. Implementation of this programme would allow the Council to have a single view of customers across several services, so that all the information held about a customer can be seen together, for example information about council tax, benefits and housing. This single view supports a number of benefits for the customer including more streamlined customer journeys, issues resolved more quickly and fewer hand offs/ and touch points. Customers will have a wider choice of channels (self serve web, phone, SMS, face to face) and will be able to track progress on queries.

Before we can introduce new online services it's crucial that work is done with service departments to redesign their processes before putting them online. They must be streamlined and lean so that the online process has waste work eliminated.

Data collection has been taking place on current transactions, volumes and channels used. This will be used to determine which processes to put online first and will inform future development. The analysis will also provide a baseline of data that we can measure against to identify improvements and success in channel shift. (See Appendix a. - Table 1)

Design principles

The design focus should be on removing customer frustration and creating efficient services

Reduce Avoidable Contact

- ✓ Ineligible transactions (e.g. benefit enquiries/housing applications)
- ✓ Chaser calls (e.g. status of enquiry/application/report)
- ✓ Information calls (e.g. council tax balance/HB payment date)

Automate Transaction Processing

- ✓ Data entry (eg.council tax changes)
- ✓ Proof of identity and address
- ✓ Data management (e.g. cleansing/ housing)

Hand Off/Transaction Fulfilment

- ✓ Chasing data (e.g. incomplete information)
- ✓ Chasing payments (e.g. council tax)
- ✓ Posting/printing (e.g. cleansing/billing)

Single view of customer

This will enable seamless customer service as staff and customer will be able to see a customer's full transaction history with the council and will result in greater resilience across services as any member of staff will be able to use the system in a similar way to customers. This means that staff who are not familiar with a service can still action a customer enquiry by using the automated process.

Customer Satisfaction

Services will be designed to improve the customer experience so that customers will want to use the online services. Higher customer satisfaction should result with enquiries resolved quickly, fewer hand offs and customers able to track progress.

Integration with existing systems

This integration means that true savings can be made end to end as processes can be automated saving staff time at the frontline and in the back office, for example; completing an application form, making a booking or payment, reporting an issue or a council tax change in circumstances.

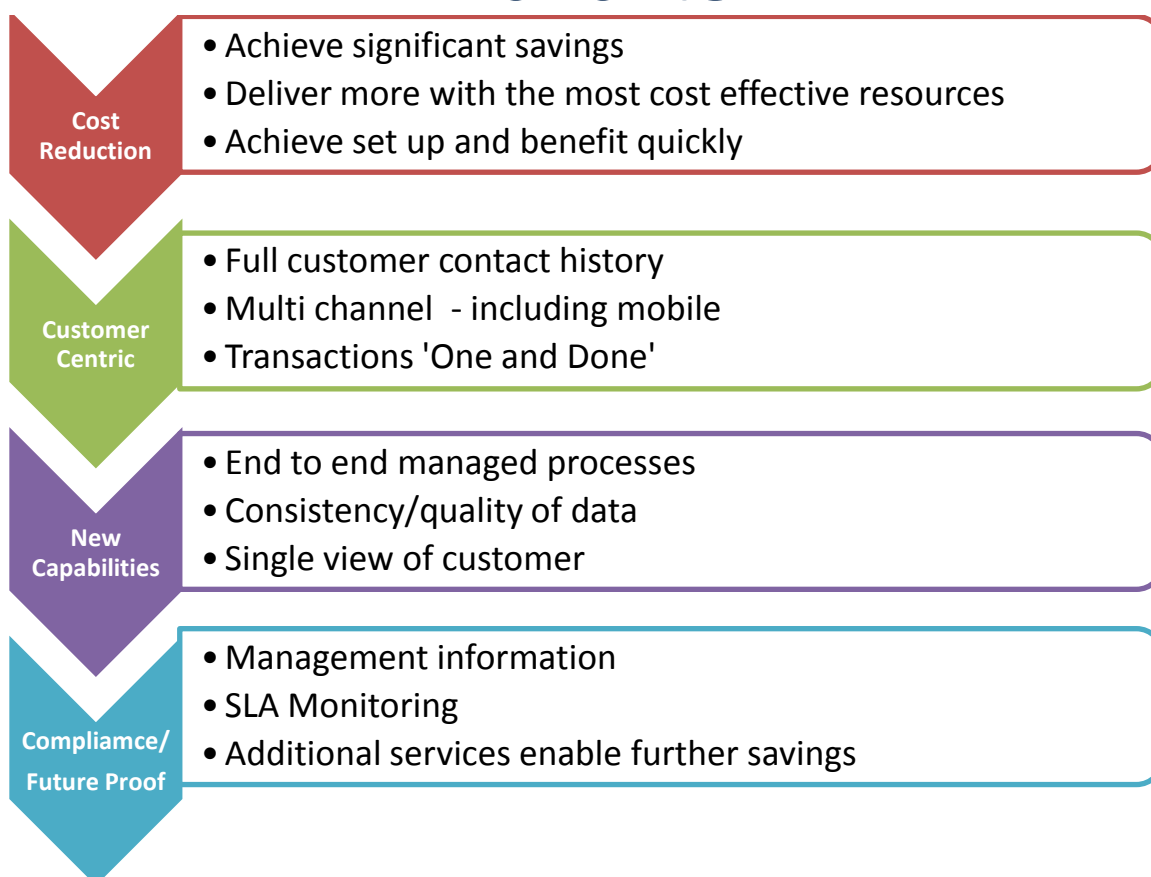
Redesign of processes

Existing processes must be redesigned to eliminate waste work and to streamline flows, only by including this as part of the work will the maximum cost savings be realised.

Business Portal

It would be the intention to utilise this technology to develop a business self service portal to complement the public portal. This could offer personalised services to businesses in the same way and could be used to generate income and revenue for example payment and collection of business rates, promotion of the trade waste service, Health and Safety and Food Hygiene courses, an online licensing service. This would be one place to go on our website for a business to find out information and to transact with the Council.

Benefits



3.4. Recommendation

Considering the risks of doing nothing (3.1) it seems that this should not be an option for the Council. It would leave the organisation in a very vulnerable position and would not allow a frontline service to function with a decrease in staff numbers. It would not give customers the 24/7 service that they require and could result in a loss of reputation and customer satisfaction.

The new organisational operating model (3.2) would require a large number of staff resources to implement and as the Council currently has several other elements in its Transformation Plan, there would be a risk of jeopardising those which are already agreed.

The customer contact platform (3.3) is a solution that will future proof the Council against the expected reduction in staff. It will ensure that services are available online and customers will be able to transact with the Council without having to telephone or visit, which means that they will be able to do so on any day and at any time. If we offer an excellent website and self service offering to customers this will reduce failure demand and avoidable contact for example chasing progress. There are considerable savings to be made by making information and transactions available to customers when and where they want to use them.

Detailed in this business case, is the information available on these options in relation to the savings that can be made, the resources that we have available and the impact on the organisation. Taking into account all of these considerations, the recommendation would be to move forward with option 3.3 the customer contact platform. (Indicative costs are in section 8.2.)

4.0. Project Proposal for voice activated directory

4.1. Automation Agent - Voice Activated Directory

As part of a review of the whole customer experience we should also look at the most efficient and cost effective way of dealing with telephone calls to the Council. Currently the corporate switchboard facility is staffed by either customer service officers or by agency staff. The level of work required is below that of the customer service staff grade so it's not cost effective to continue to use them for this work. Agency staff don't have the extensive knowledge of council staff and services and so are less efficient, also as an organisation we are clear that we don't want to continue to use agency staff over prolonged periods, therefore this leads to consideration of a digital solution.

Current costs:

- The number of switchboard calls received is approximately 120,000 per annum and 106,000 of those calls are answered
- To cover the opening hours and for breaks and lunches an FTE of 1.2 Customer Service Officer time is required
- Agency staff work 35 hours per week, therefore it requires 0.3 FTE of Customer Service Officer time to make up the difference

1.2 FTE Customer Service Officer	Grade 5	£28,860
1 x Agency worker - 35 hours weekly	Hourly Rate £10.63 (ex VAT) x 35 hours	£18,602
+ 0.3 FTE Customer Service Officer	Grade 5	£7,150
Total		£25,752

A digital solution would be an 'automation agent' which has the capability to answer a call and enter into a dialogue with the caller, using speech recognition, touch-tone, text-to-speech and other relevant capabilities in order to listen, speak and understand. In addition the automation agent can access back end data systems.

The operator services within the automation agent will enable a speech recognition solution which will reliably and accurately route calls. Callers will get through first time with a personal greeting and it will seamlessly integrate office, mobile and home-workers without the customer being aware, ensuring service delivery to customers wherever the member of staff is at that time.

Potential benefits for customers

- Consistency for customers as all calls will be answered in the same efficient and professional manner
- Fast call answering, as customers are almost immediately connected. On average calls are answered within 10 seconds
- Efficient and personal - customers speak the name of the person, department or service they wish to contact and then are quickly connected

- Callers with more complex requirements can request an operator at any time, by taking away routine calls (i.e. the majority) from staff to be answered by the automation agent, they can focus their productivity on helping those in most need
- The directory is set up to recognise multiple names for a service for example, bins, rubbish, refuse
- If unsuccessful at first the system will hunt for the desired contact at multiple locations, should the contact remain unavailable then the caller will be given the option to leave a message or request another contact
- The caller can be greeted with time adjusted greetings to maintain a personal service
- In the need for business continuity the system can be configured to provide a temporary message e.g. 'the recent snowfall means that we are experiencing additional calls/ bin lorries can't collect etc.
- Extended hours as callers can use the self service option for balances or payments
- The system is designed so that accents are irrelevant and it will recognise any accent and name and if it doesn't do so the first time there is a facility for it to 'learn' for the next time

One 'golden' number

Using a system such as this will enable the Council to consider using one number for all service areas as the system would then route the calls to the correct place. This would eradicate the need to advertise several extension numbers and letters and correspondence to customers would only require one number. We would not have the need for so many direct dial extension lines which would give a saving of **£5,160 per annum**.

Consideration would have to be given to other costs that could be incurred by only having one number for the Council. Mainly this would be around the livery of Council vehicles, publicity materials already in circulation and leaflets. Currently the newer Council vehicles do not carry a telephone number although older vehicles carry the service contact number. It would be simple to route the old numbers - whether on vehicles leaflets or brochures, into the 'one golden number' so that the customer would not have a dip in service and would not necessarily realise that it had happened. Of course we would want to educate people about the 'new' number and that could be done through messaging on the system and a publicity drive (costs are detailed for this in section 8.2.)

5.0. Key Assumptions

5.1. Procurement expertise will be available when required via Strata

5.2. We can procure via the Digital Service Framework (previously G-Cloud)

5.3. The project has been placed on the Strata programme of work

5.4. Strata staff will be informed and involved in the planning and implementation of the system

5.5. IT Development and support will be available from Strata as required

5.6. The website will be redeveloped to provide relevant information which is easier to access and it will have responsive design so that it will render on any device such as tablets or Smartphones

- 5.7. Staff with the appropriate expertise and experience will be recruited/seconded internally to work on this project
- 5.8. Managers and staff from the units involved will co-operate fully to redesign their services to be ready for online delivery and changes to 'back office' work
- 5.9. Invest to save efficiencies will only be realised when staff numbers are reduced and each Assistant Director will be responsible for ensuring that these reductions take place when their services go through this process and show a reduction in transaction numbers and/or a requirement for back office processing
- 5.10. The existing customer relationship management system which is Lagan will be replaced as part of the recommended solution; this will result in a saving of £20,000 per annum
- 5.11. The existing Capita Connect portal will be replaced releasing a saving of £17,000 per annum
- 5.12. The staff costs for covering switch board calls will no longer be required, releasing a saving of £28,860 per annum
- 5.13. There will be a reduction in the number of direct dial telephone lines resulting in a saving of £5,160
- 5.14. The necessary staff reductions will be made by services as required as savings detailed in this report are predicated on that taking place (see Appendix a)

6.0. Options for Delivery

6.1. In- house

The potential to develop a system in- house was considered. Developers in IT are building a bespoke new system for Planning using Enterprise Service Builder (ESB) and so it was a consideration that perhaps those skills could be used to also build a self service customer contact platform. It was felt that using ESB would offer advantages in that the skills for using it are transferrable therefore more people in IT would be able to work on developing and supporting such a system. However the time scales required would be challenging as the requirement would be for a portal to be live in the shortest time possible i.e. 3 to 6 months and in discussions with IT managers it was agreed that an in-house development from scratch was unlikely to be achieved in a few months. It was also a consideration that we could 'buy in' some expertise from the originators of ESB and this was taken into account in the decision making process but they have never developed a fully functioning self service portal (although they are working on one for a small authority in the Midlands). It was felt that we would have more confidence in a supplier who had a proven track record in this field.

6.2. External suppliers

Research was done on systems available in the market place to determine which might suit the requirements of the Council and several suppliers were asked to demonstrate their solutions. The solutions vary and as expected some offer more than others. The fact they could direct us to reference sites where they have delivered within agreed timescales and achieved savings was key to the decision to recommend using an external supplier rather than an in house development for this project.

7.0. Project Delivery

7.1. Project Approach (including governance of the project)

The approach was to discover what digital customer access means, how we can use technology to transform services and then how we can best implement new technology to achieve savings. The initial research and development was undertaken by myself and then the group was expanded to include the Assistant Director Customer Access, the Web Manager, IT Manager and an IT Developer. Suppliers have given demonstrations of their systems and a Specification Document has been written.

There is a commitment to run the programme within project management parameters. A Project Initiation Document has been produced and has been updated as planning has progressed. This PID will be used to detail management of the ongoing project post acceptance of this business case and will be made available as required for implementation and governance of the project.

The AD Customer Access gave a presentation to SMT laying out the thinking at that stage and she also presented it to the middle managers' meeting.

A Programme Board was established to oversee the governance of the project. The membership consists of the Leader of the Council, the Portfolio Holder for Customer Access, the Portfolio Holder for Enabling Services, the Deputy Chief Executive, the AD Customer Access, Web Manager and Customer Access project manager.

7.2. Key Milestones of the project

Request approval for funding:

- | | |
|--|----------------------------|
| ➤ Review of the business case by SMT | 30 th September |
| ➤ Joint Consultation and Negotiation Committee | 3 rd November |
| ➤ Scrutiny Resources Chair's Briefing | 5 th November |
| ➤ Scrutiny Resources | 19 th November |
| ➤ Leader's Briefing for Executive | 26 th November |
| ➤ Executive | 9 th December |
| ➤ Council | 16 th December |

If funding is approved:

- Procurement of customer contact platform and voice activated directory – January 2015
- Implementation of customer contact platform – start April 2015
- Redesign of the first services to be included – start April 2015
- Implementation of voice activated directory – start April 2015

7.3. Timescales for delivery

- Procurement of customer contact platform and voice activated directory - 3 months
(assuming it can be procured using a government framework)
- Implementation of customer contact platform – 7 months for the first 3 services from the date of the purchase order
- Redesign of the first services to be included – 4 to 8 weeks for each service
- Implementation of voice activated directory – 6 to 12 weeks from the date of the purchase order

7.4. Key Measures of success

- The successful transfer of the first 3 services online within 6 months of purchasing a new system
- Measurement of channel shift – i.e. how many customers are using the new services/how many less phone calls/visits
- Measurement of people using the portal to self serve, this number should increase month on month as more customers take up the service
- Customer Satisfaction - rates of satisfaction with the web services
- Reduction in avoidable contact by providing better information at appropriate points of the customer journey as measured by Google analytics and customer service figures
- Successful implementation of the directory will be measured by the number of calls successfully transferred without an intervention
- Reduction in the number of abandoned calls
- Reduction in FTE posts saved from establishment

8.0. Project Resources

8.1. People

It is proposed that the most effective way of implementing this work would be to create a Business Improvement Team consisting of 2 FTE (Business Improvement Lead and Business Improvement Analyst) plus a secondment of 0.6 FTE from Customer Services. These roles would be ongoing for the period of procurement and implementation but after the initial stages they will be important for continuous development of service delivery to manage the relationships between stakeholders and to support embedding business improvement ideals and skills within other service areas. Further dedicated input would be required from IT, Web, service managers and Communications although it's difficult to say with certainty at this stage what amount of time this would entail. Following implementation when the first 3 services would be live, a review would need to be undertaken to assess whether the appropriate expertise and skills were available to the team and whether more or less resources would be required for the future development of services.

Business Improvement Lead – the skills required are to be a customer focused lead for effective and sustainable change and to communicate with all levels of the organisation. To manage the project planning process and facilitate decision making to ensure that progress is being made on all tasks. To understand operational requirements and to challenge and engage with services to improve their online offering by redesigning processes. To innovate working practices and identify future working models

Business Improvement Analyst – to support business process redesign, and operational use of IT to improve the customer experience. To engage with and challenge services to redesign the customer journey. To research best practice and to ensure that all opportunities for efficiency and effectiveness in the customer experience are maximised.

IT – expertise is required from IT to work on the development and implementation. This will have to be agreed in detail with Strata when the supplier is chosen. It is difficult to know the extent of development and support required until we have procured the system but it is expected that there will be a requirement for at least one developer to work full time on implementation with support from other developers as when required. There will be ongoing work on improvements and introduction of further services.

Web - there will be a requirement for the web administrator to work with the supplier on embedding the portal in the website and to match the Council website's look and feel so the portal is seamless with the website. This resource will also be needed to work on optimisation of the web pages for sign up opportunities.

Communications –there will be a requirement for a Communications specialist to work with the team. It is imperative that Communications are engaged with this project and working closely with the team in order to ensure maximum coverage as required. Communications expertise will also be critical in establishing the system requirements of the public facing portal along with Customer Services.

Customer Service - a Customer Service lead will be required in order to ensure the customer requirements are being met. This person could be seconded for part of the week during the implementation phase as they would also be involved in the process design work with services - 3 days a week for 6 months.

8.2. Costs including technology, staff, marketing, and future costs for continued development- for a cost benefit analysis please see 12.0.

Costs Customer Contact Portal

NB the capital and revenue expenditure is indicative and is based on costs calculated by suppliers using Council data, no negotiation on price has taken place but it's expected that the actual costs would be less

Customer Contact Portal Capital Expenditure	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total over 5 years
Set up for portal and to deliver the first three priority services	£100,000	£0	£0	£0	£0	£100,000
For web services to connect to back office systems for integration *	£30,000 (6 connectors)	£30,000 (6 connectors)	£15,000 (3 connectors)	£15,000 (3 connectors)	£0	£90,000
Additional Services, (to add in additional processes, suppliers costs vary)	£15,000	£30,000	£30,000	£15,000	£0	£90,000
Sub Total	£145,000	£60,000	£45,000	£30,000	£0,000	£280,000

Customer Contact Portal Annual Costs	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total over 5 years
Licence, maintenance and support	£50,000	£50,000	£50,000	£50,000	£50,000	£250,000
Licence for web services to connect to back office systems for integration*	£9,000 (assuming £1,500 for each - 6)	£18,000 (assuming £1,500 for each -12)	£22,500 (assuming £1,500 for each- 15)	£27,000 (assuming £1,500 for each -18)	£27,000 (assuming £1,500 for each -18)	£103,500
Marketing Costs	£5,000	£0	£0	£0	£0	£5,000
Sub Total	£64,000	£68,000	£72,500	£77,000	£77,000	£358,500

Staff – 2 new posts	
Business Improvement Lead	Grade 10* inc on-costs - £44,197
Business Improvement Analyst	Grade 7* inc on-costs - £31,780
Total	£75,977

***Please note these grades are indicative for illustrative purposes only and any posts would be subject to the Council's JE process**

Costs and Savings for Voice Activated Directory

Voice Activated Directory Capital Expenditure	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Hardware/Software	£35,400	£0	£0	£0	£0
Professional Services for set up	£7,900	£0	£0	£0	£0
Connecting the solution to existing telecoms infrastructure	£1,500	£0	£0	£0	£0
Sub Total	£44,800	£0	£0	£0	£0

Voice Activated Directory Annual Costs	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
For service and support of system including upgrades, Directory Subscription Services	£9,800	£9,800	£9,800	£9,800	£9,800
Marketing	£5,000	£0	£0	£0	£0
Sub Total	£14,800	£9,800	£9,800	£9,800	£9,800

Savings Voice Activated Directory	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total over 5 years
Replacement of Switchboard staff with Voice Activated Directory	£28,860 1.2 FTE Grade 5 Inc on-costs	£28,860 1.2 FTE Grade 5 Inc on-costs	£28,860 1.2 FTE Grade 5 Inc on-costs	£28,860 1.2 FTE Grade 5 Inc on-costs	£28,860 1.2 FTE Grade 5 Inc on-costs	£144,300
Removal of Direct Dial lines	£5,160	£5,160	£5,160	£5,160	£5,160	£25,800
Sub Total of savings	£29,890	£29,890	£29,890	£29,890	£29,890	£170,100

9.0. Issues

- 9.1.** Strata savings model means that the Council would have to repay projected savings if we want to use a system that's not converged with the other authorities. The advice from the Assistant Director Finance however is that if we have a new system as proposed in this business case, this won't apply.
- 9.2.** Joint working with East Devon and Teignbridge has been explored as this could have an impact on the work, however currently East Devon are pursuing their individual project and Teignbridge are not looking at a solution themselves but could potentially be interested in using the same as us.. This is expected to continue for the foreseeable future.
- 9.3.** Lack of expertise to help with procurement process. If not available the impact would be that we might not be able to procure the system in a compliant or timely way however from 15th September there is a temporary procurement officer available. It is also possible that procurement expertise within Strata could be utilised.
- 9.4.** It's hoped that we can use the G-Cloud framework; this is a government procurement framework which is designed to reduce the time taken to procure software and also to encourage more use of SMEs. Without using this framework, procurement could take up to 6 months or longer.
- 9.5.** There is a sum in the proposed costs for marketing the new services. It's important that customers get to hear about our new self service portal. If the marketing isn't sufficient or is not done well that could result in take up being poor as customers would not be aware of the benefits of using the self service option. However the main way that customers will find out about it is through the frontline staff telling them that it's available and encouraging sign up. (Marketing information is detailed in Appendix b)
- 9.6.** Some customers will be excluded or disadvantaged if they can't use digital channels either through lack of skills or lack of opportunity, this will be mitigated by making the offering as user friendly as possible. Help for the digitally excluded would be available in the Customer Service Centre and there may be help from other agencies to train people in how to use digital services.

10.0. Links and Dependencies

- 10.1. Website development to provide a responsive website which will render on any device and which will offer a better experience for customers, This will encourage more use of the self service portal as customers will be able to use tablets and smart phones to access it.
- 10.2. Adequate ongoing funding so that the system can be developed to its full potential and further services added in a planned programme of work
- 10.3. Procurement expertise being available at the time of wanting to procure the system
- 10.4. IT Development and support available from strata when we are procuring the system, to work with the suppliers for implementation and ongoing for support and future development
- 10.5. The appropriate staff being released to work on the project when required for example a Communications Officer, or a Customer Services Lead, if this isn't possible it will delay the implementation
- 10.6. The co-operation and engagement from services to work with the Business Improvement Team on redesigning their front and back office processes to make them fit for purpose in terms of implementation of any new system and senior managers' support will be crucial in achieving and maintaining this

11.0. Impacts

- 11.1. There will be an impact on staff numbers in several areas as the savings associated with this work are predicated on a reduction in staff and 'spend to save' efficiencies will only be realised when staff are taken out of the establishment
- 11.2. Frontline and back office staff resource requirements – seconded/on pull staff will be taken away from other duties
- 11.3. It will be paramount that managers and staff are given time to fully engage in the work involved and are encouraged by senior managers to see the value in putting their services online and changing their processes
- 11.4. Training needs for implementation team and frontline and back office staff to use new processes
- 11.5. An Equality impact assessment will be completed to take account of digital inclusion and vulnerable groups
- 11.6. The Council's Reputation. The impact could be very positive but if the new service is not excellent it could result in some loss of reputation
- 11.7. Setting up of a new Business Improvement Team would require HR involvement and the agreement of funding ongoing
- 11.8. Cessation of costs for CRM (Lagan), Capita Connect Portal and Switchboard staff will result in a year on year saving.

12.0. Council Approved Funding Required**Cost /Benefit Analysis (see Section 8.2. page 14)**

	Capital	Revenue					Annual Net Cost/(Saving)
	Cost	Annual Borrowing Costs	Annual Maintenance, Licences & Support Costs	Additional Staffing Cost	Staff Saving	Lagan/Capita Connect Saving	
Year 1	145,000		64,000	75,977	26,151	37,000	76,826
Year 2	60,000	12,325	68,000	76,737	105,650	37,000	14,411
Year 3	45,000	17,425	72,500	77,504	226,752	37,000	(96,323)
Year 4	30,000	21,250	77,000	78,279	363,737	37,000	(224,208)
Year 5		23,800	79,156	79,062	449,013	37,000	(303,995)
Year 6		23,800	81,372	79,853	467,246	37,000	(319,221)
	280,000						(852,509)

Assumptions

Annual borrowing costs are 8.5%

Annual maintenance, licences & support costs increase by 2.8% per annum

Salary costs increase by 1% per annum

Staff savings based on grade 5 plus 31% oncosts

Additional staffing costs are subject to JE

Assumed staff numbers are reduced midway through each year

Please note that some of the staff savings identified have already been included within the savings plan

From Year 6 onwards it is estimated that the total on-going saving will be in the region of £320,000 per annum

**Staff Savings
(staff years not FTE)**

Year1	1					1
Year2	2	2				4
Year3	2	4	2.5			8.5
Year4	2	4	5	2.5		13.5
Year5	2	4	5	5	0.5	16.5
Year6	2	4	5	5	1	17
	11	18	17.5	12.5	1.5	60.5

Annual Salary - top of Grade 5 = £19,765

On-costs = 31%

14/15	25,892
15/16	26,151
16/17	26,413
17/18	26,677
18/19	26,943
19/20	27,213
20/21	27,485
21/22	27,760
22/23	28,037

Cost/Benefit Analysis - Voice Activated Directory (see Section 8.2. page 15)

	Capital	Revenue				Annual Net Cost/(Saving)
	Cost	Annual Borrowing Costs	Service & Support	Staff Saving	Removal of Direct Dial Lines	
Year 1	44,800		14,800	31,071	5,160	(21,431)
Year 2		3,808	9,800	31,381	5,160	(22,933)
Year 3		3,808	9,800	31,695	5,160	(23,247)
Year 4		3,808	9,800	32,012	5,160	(23,564)
Year 5		3,808	9,800	32,332	5,160	(23,884)
Year 6		3,808	9,800	32,655	5,160	(24,207)
	44,800					(139,267)

Assumptions

- Annual borrowing costs are 8.5%
- Salary costs increase by 1% per annum
- Staff savings based on grade 5 plus 31% oncosts

Please note that some of the staff savings identified have already been included within the savings plan

From Year 6 onwards it is estimated that the total on-going saving will be in the region of £24,000 per annum

Summary: Total Capital Costs £324,800
Total Net Revenue Savings over 6 years (£991,776)

13.0. Additional Appendices

Appendix a) Transaction numbers and staff savings

Appendix b) Marketing Information

Document Control

Version	Date	Author / Editor	Revision Notes
1.0	19/09/2014	Lyn Hicks	
1.2	08/10/2014	Lyn Hicks	7.2. Amendments to date of Chair's Briefing and inclusion of date for JCNC meeting
1.3	21/10/2014	Lyn Hicks	Amendments following Channel Shift Programme Board meeting. Spend to save, schedule for implementation of services
1.4	07.11.2014	Lyn Hicks	12.0. Finalised cost benefit analysis
1.5	11.11.2014	Lyn Hicks	Removal of appendix referring to JDs for proposed new posts

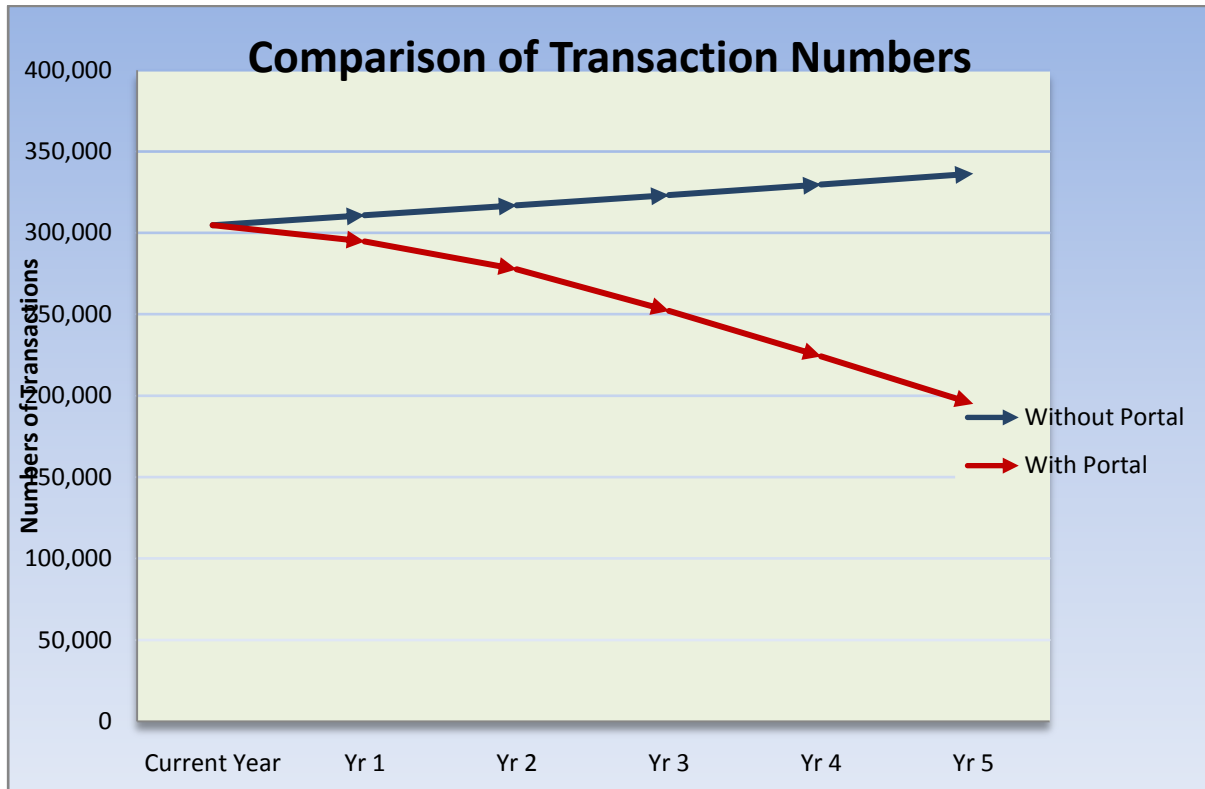


Table 3 - Timetable for implementation of online services (NB. This schedule may be subject to change to reflect prevailing conditions of service)

Yr 1	Yr 2	Yr 3	Yr 4
Housing Benefits	Housing Repairs	Electoral Services	Planning/Bldg Cont
Council Tax	Env Services	Car Parks	Other Services
Housing Rents			
Payments			

Table 4 - Assuming a 10% year on year reduction in transactions

Reduction of staff numbers

Service	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Customer Services	1	1	1	1	1
Housing Benefit	1	1	1	1	
Council Tax		1	1		
Housing Rents (OVOD)			1		
Housing Repairs		1		1	
Environmental Services			1	1	
Electoral Services				1	
Planning & Building Control					
Payments (distributed between services)					
	2	4	5	5	1

Appendix b)

Marketing Information

Marketing would be co-ordinated with our Comms team, they would organise whatever publicity they felt was appropriate. Suppliers have indicated that they would also help with advice and guidance about marketing as they know what has worked at other sites.

We currently have a database of 17,000 customer email addresses. These are drawn from existing databases held by the Council and it's been agreed with the Data Protection Officer that they can be used for outbound messages as long as there is a prominent link enabling the customer to unsubscribe. This would be a strong basis for an initial digital communication informing customers about the service and inviting them to subscribe. There will also be separate databases held by RAMM and the Corn Exchange which we could utilise.

One of the main areas for promoting take up will be the frontline staff who will have many opportunities to tell customers about the service both face to face and on the telephones and importantly will be able to collect up to date email addresses. Customer service interactions are the optimal time to capture customers when they are engaged with our organisation. GovDelivery can provide training resources for frontline staff.

Social media can be utilised as a means to get the information out to an audience, so we can use Twitter and Facebook to tell customers about the service. There will also be a social sharing promotional message at the end of the subscription process inviting people who have signed up to share the information with friends via social media.

There would be optimum subscription availability on all web pages in the best position for usability and interest. This should work well as we would capture people when they are engaged and actively involved in our website.

Sign up opportunities would be included on high traffic contact or registration forms by adding an email sign up option on the form.

Widgets would be placed on our sub-sites like the RAMM website; this would encourage people visiting these sites to sign up.

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE – RESOURCES, EXECUTIVE AND COUNCIL

Date of Meeting: Scrutiny Committee Resources – 19 November 2014
Executive - 9 December 2014
Council - 16 December 2014

Report of: Museums Manager and Visitor Services Officer

Title: Proposed Passenger Lift at RAMM Queen Street entrance

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 Issues relating to the museum's existing DPAL (Disability Platform Access Lift) at Queen St entrance, mis-haps and potential risk to visitors and the Council.

2. Recommendations:

That Scrutiny and Executive support, and Executive recommend to Council the installation of an enclosed passenger lift at RAMM's Queen St entrance and associated works with a budget of £45,000.

3. Reasons for the recommendation:

- 3.1 Increased footfall, regular use by young families with buggies and larger size mobility scooters means the existing DPAL installed for DDA compliance before the Development Project, is being over used. i.e. in use beyond its designed purpose and capacity, resulting in technical faults; failures; repair bills, customer complaints and incidents such as trapped wheels from buggies or wheelchairs.
- 3.2 To provide a more robust and reliable lift facility that can accommodate all user groups and the volume of visitor traffic that wish or need to use the lift facility. This includes families with pushchairs.
- 3.3 To reduce staff supervision time. Currently, when it is busy it is not uncommon to need an additional Front of House (FOH) staff member on 'lift duty', withdrawing them from other rota-ed duties.
- 3.4 Greater lift 'load capacity' which will reduce the risk of a mobility chair/carer getting stuck and the potential distress this causes.
- 3.5 To action the investigatory notes by the Principal Health & Safety Officer (PHSO) concerning the DPAL, following an incident on 14th January 2014. These recommending a new lift on the basis of the following points:
- 3.5.1 Negating the need for mobility scooters, wheelchair users, families with pushchairs and other visitors with mobility issues having to negotiate the cobblestones of Upper Paul St and the 'Bradninch Slope', not to mention conflicting vehicle traffic, in order to access the rear of the museum (best accessed via Musgrove Row).
- 3.5.2 This route also includes other restrictions. 'Upper Paul Street leading to the Garden Entrance contains an iron bollard (historical) that reduces the width of the pavement to

87cm, which is 15cm less than the minimum width recommended for wheelchair straight-on clearance.)

- 3.5.3 DDA compliance may be compromised in the event of the current lift's breakdown due to difficulties in reaching the alternative route at the Garden entrance via the 'Bradninch Slope'. There is also the slope at the side of the museum which is difficult to negotiate for wheelchair users and carers'.
- 3.5.4 To avoid potential failure to meet Section 3 H&S Safety at Work Act 1974 (*statutory duty for the safety of people not in your employment – i.e. visitors to our premises*). A serious injury caused by a platform elevator not being used solely for its intended purpose could result in prosecution by HSE).

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

Quote from Lift Supplier:

£21,500k for lift car.

£8, 000 for structure, installation and sundries.

Estimates from Contracts Unit:

£10,500k for ancillary works for example electrical works, moving any M&E piping, alarm cabling etc.

£2,000 for Structural Engineering Consultancy if not provided by Lift Installer.

£3000 provision for costs associated with Listed Building Consent.

Total: £43,000- £45,000

5. Section 151 Officer comments:

- 5.1 A budget of £45,000 will be added to the Capital programme if approved. The capital programme will remain within the boundaries set for prudential borrowing purposes.

6. What are the legal aspects?

- 6.1 Given that a number of "accidents" involving the use of the lift have been reported, the Council may be susceptible to "personal injury" claims especially where the Health and Safety Officers recommendations have not been implemented.

In addition to the above, the Council needs to be very mindful of its obligations under the H&S Safety at Work Act 1974. A serious injury caused by a platform elevator could result in prosecution by HSE .

7. Monitoring officer Comments

Given that an accident involving the use of the lift has already been reported, the Council is obliged to take steps to mitigate any issues raised by the Health& Safety officer if the lift is to continue in operation.

In the event that members wish to see the continued use of the lift and agree the additional expenditure needed to make the lift safe, the Monitoring Officer has no issues to raise provided the Council's Contract Regulations are closely observed.

8. Report Details:

- 8.1 The DPAL was originally installed c2003 being specified and project managed by ECC as part of a wider programme to make council buildings DDA compliant. This was the main focus of the technical work which did not take into account the needs of other visitors.

- 8.2 As noted at 3.1 above, the current DPAL was designed for limited use by visitors with disabilities, particularly the non-ambulant disabled, ie wheelchair users. However, with its obvious access advantages over the Queen St entrance steps, in practice families with pushchairs/buggies, elderly visitors etc also used the platform lift. The public treated it much more like a general access lift.
- 8.3 Once operational, Front of House would often intervene with the lift particularly with the doors and issues of overloading and doors. However, because it was new FOH did not record the issues but rather tried to absorb any problems/complaints into their day to day routines and reported these locally. This included overloading problems and concerns about fingers being caught in the foyer level lift doors.
- 8.4 On 9 Feb 2006, regarding the DPAL, we were informed by email that *'the insurer has noted that it is being used by a wider range of people and more frequently than the design allows for. It should have 'hold to run' controls to conform with regulations'*. The email also referred to the seemingly contradictory advice of what type of lift operating mechanism was required as well as issues of 'trapped fingers' and overloading (8.3).
- 8.5 The 'hold to run' (or constant pressure switch CPS) was installed but on 12 Feb 2006 an email was sent from RAMM cataloguing the problems and public complaints caused by the newly installed CPS operation (8.4).
- 8.6 Email exchanges from 22nd March 2006 and 8th June 2006 between ECC/RAMM confirmed that, following modification to the platform, the CPW mechanism could be removed. This resolved the upsurge in complaints regarding the lift operation but other issues still remained.
- 8.7 Following its 'mothballing' during the development work the DPAL was re-commissioned in 2011.
- 8.8 Since re-opening in 2011, the volume of usage has increased whilst the type of user has remained as per redevelopment. 80% of visitors use the Queen St entrance and to date this has remained constant.
- 8.9 It has been noted that one difference is in the use of powered wheelchairs and at least two have to date become stuck on the platform due to the combined weight of user and carer. On one occasion, carer and user were stuck on the platform for 45mins. There have also been occasions when the carer has had to leave user on the platform at ground level and then seek FOH assistance in the museum to operate the lift. This caused temporary distress to the user.
- 8.10 Increased usage has meant an increase in familiar problems and mis-haps (eg, arms being caught in the closing doors when the doors 'snap shut', wheel being trapped and sheared off, visitor distress when stuck on the platform, arthritic visitors unable to operate the buttons without assistance etc).
- 8.11 Staff intervention is still a regular occurrence, particularly when busy and the lift requires far more day to day active 'supervision' than any of our other lifts.
- 8.12 Following an incident in January 2014 when a pushchair wheel was sheared off, the Principal Health & Safety Officer investigated the lift and one of the recommendations of this report was a proper enclosed visitor lift that would be suitable for all users and would provide greater capacity.
- 8.13 As part of his January investigation the Principal Health & Safety Officer, with some input from ECC's Electrical & Mechanical Engineer recommended:

- 8.13.1 New signage for the lift including better hazard indication on the edge of the lift platform. This has now been completed. However, although this has improved things slightly, operator issues still remain, as do mis-haps, e.g. Friday 18th September. In this instance a mother with buggy and two children became trapped. Whilst holding in the lift button one of her children leaned on the buggy, which resulted in the wheel becoming jammed in the gap between platform and 'shaft' structure. The lift stopped halfway and the mother did not know what had caused the stoppage until Front of House staff were able to identify the problem.
- 8.13.2 The removal of the CPS (see 8.4 - 8.6) was raised and RAMM was advised the CPS needed to be re-instated to ensure compliance. This has now been done and the 2006 aforementioned problems have begun to re-occur during busy periods in particular.

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

It will allow much easier access from street level and enhance the council's drive to 'promote the City as a retail and visitor destination'. Access for all our visitors from the very young in pushchairs to the mobility impaired will enable them to participate in the 'great things to see and do' that is one of ECC's key strategic objectives.

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

- 10.1 A reduction in public complaints cannot be guaranteed but with proper technical and H&S input, a new lift should ensure risks to the public and associated problems are eliminated. The risks of the current situation are set out in the Principal Health & Safety Officer's investigatory report. These include potential serious injury to the public and infringement of Health & Safety, Disability Discrimination legislation leaving the City Council open to prosecution or legal claims.
- 10.2 Access issues during its installation will need to be proactively managed. This should form part of the build plan with risk assessments, method statements taking into account impact on visitors and footpath users.

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 lift will be enclosed; will allow better access from street level as it will have a greater weight bearing capacity. There will therefore be a much reduced risk of the lift becoming stuck due to overloading, arthritic visitors will be able to use the buttons more easily and visitor incidents in general will decrease, such as wheels becoming stuck.

12. Are there any other options?

- 12.1 Continue with current DPAL.
New lift and platform signage and markings have helped alleviate some of the problems when quiet but when busy, staff still need to be present. This does not however remove the risk of trapped wheels and injury.
- 12.1.2 New signage to re-direct visitors to Garden Reception.
Due to the aforementioned issues re Upper Paul St and the 'Bradnich slope', visitors would need an alternative route to be directed via Musgrove Row to ensure a reasonable level access. This would necessitate new street and museum signage, also the expectation that visitors should be prepared to take a long diversion route. This may deter many visitors especially in bad weather.

- 12.2 Restrict users solely to intended group, ie wheelchair users and visitors with mobility problems that would prevent access into the building if the DPAL was not available. However, this would require extra staff presence to manage the lift both inside and outside from 10am – 5pm Tuesday – Sunday. It is also questionable whether staff would be qualified to make a decision as to who has sufficient mobility issues to qualify using the DPAL not to mention the potential risk of confrontation with our visitors who might expect to make use of it.
- 12.3 Close Queen St DPAL
This will entail all visitors with disabilities and other users who cannot use the Queen Street entrance stairs using Garden Reception. It could result in the museum being in contravention of the Disability Discrimination Act as noted in 3.5.3.

Mark Griffin, Visitor Services Officer
Camilla Hampshire, Museums Manager

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 265275

This page is intentionally left blank

REPORT TO RESOURCES SCRUTINY COMMITTEE

Date of Meeting: 19 November 2014

REPORT TO EXECUTIVE

Date of Meeting: 9 December 2014

REPORT TO COUNCIL

Date of Meeting: 16 December 2014

Report of: Assistant Director Finance

Title: OVERVIEW OF REVENUE BUDGET 2014/15

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 projected financial position of the HRA & General Fund Revenue Budgets for the 2014/15 financial year after six months.

2. Recommendations:

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

2.1 The General Fund forecast financial position for the 2014/15 financial year;

2.2 The HRA forecast financial position for 2014/15 financial year;

2.3 The additional supplementary budgets listed in Appendix C;

2.4 The outstanding Sundry Debt position as at September 2014;

2.5 The creditors' payments performance;

2.6 The Council Tax and Business Rates collection performance.

3. Reasons for the recommendation:

3.1 To formally note the Council's projected financial position and to approve additional expenditure required during the financial year.

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 8.3.6, 8.2.1 and 8.2.3 respectively.

4.2 A request for a supplementary budget totalling £80,000 has been included within this report.

5. Section 151 Officer comments:

5.1 The report represents the projected financial position to 31 March 2015. In respect of the year end projections, the overall position in respect of the General Fund is positive, with the Working Balance projected to rise from £3,364,640 to £3,469,275.

6. What are the legal aspects?

6.1 The Monitoring Officer has not had the opportunity to comment on this.

7. Monitoring Officer's comments:

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

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2014/15
	£	£	£
General Fund	154,242	(258,877)	(104,635)
HRA	1,374,550	(1,082,454)	292,096
Council own Build Houses	(22,670)	0	(22,670)

8.2 Housing Revenue Account (Appendix A)

8.2.1 The second quarter projection shows an improvement against the estimated budget reduction in the working balance. The projected reduction is £292,096 to leave the working balance at £5,671,123.

Movement	2014/15
Opening HRA Balance, as at 01/04/14	£5,963,219
Deficit	(£292,096)
Projected balance, as at 31/3/15	£5,671,123

8.2.2 HRA (An underspend in total of £1,082,454)

The main variances are:

Management Unit	Over / (Underspend)	Detail
Budget variances reported in June	(£108,820)	<ul style="list-style-type: none"> Scrutiny Committee – Community 9 September 2014
Management Costs	(£6,024)	<ul style="list-style-type: none"> Savings in employee costs as certain posts have remained vacant pending the outcome of the restructure of Housing Services
Repairs and Maintenance Programme	(£1,041,000)	<ul style="list-style-type: none"> Savings are forecast to be made in respect of routine service and maintenance budgets as follows: <ul style="list-style-type: none"> (£30k) saving in respect of asbestos survey costs due to a lower than budgeted number of void properties (£100k) saving in respect of the removal of low level asbestos as this work is now integrated within the General Maintenance contract (£283k) forecast saving in respect of reactive repairs to council dwellings following a prolonged period of lower reported faults during the Summer months (£463k) forecast saving in respect of repairs to void properties. The implementation of an action plan to address this area of budgetary pressure, specifically the formation of a dedicated voids team, referral of kitchen and bathroom replacements to the capital programme and pre-void inspections have resulted a significant reduction in revenue repair costs. (£165k) saving is anticipated following the commencement of a new gas service and maintenance contract in July.

Management Unit	Over / (Underspend)	Detail
Capital Charges	£83,390	<ul style="list-style-type: none"> Depreciation charges are higher than budgeted due to a rise in the valuation of council dwellings. Depreciation is a real cost to the HRA as it represents the amount of money which needs to be set aside in the Major Repairs Reserve to provide for the cost of future capital works or to repay debt.
Rents	(£10,000)	<ul style="list-style-type: none"> Rental income from garages is expected to be higher than budgeted, as several sites previously identified for re-development will remain occupied until the financing for COB Wave 3 has been secured.

- 8.2.3 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. There is no projected variance to the projected surplus at the end of the first quarter.

Movement	2014/15
Opening Council Own Build, as at 01/04/14	£103,512
Surplus	£22,670
Balance, as at 31/3/15	£126,182

8.3 General Fund (Appendix B)

- 8.3.1 The Service Committees show projected underspends of £49,010 against a revised budget of £12,461,560. The main variances are:

8.3.2 **Scrutiny Committee Community – (An overspend in total of £238,610)**

Management Unit	Over / (Underspend)	Detail
Health & Safety, Licensing & Commercial	(£5,260)	<ul style="list-style-type: none"> Vacancy pay savings
Public Safety	£3,500	<ul style="list-style-type: none"> University Contract loss of income
Parks & Open Spaces	(£15,320)	<ul style="list-style-type: none"> Projected underspend on Asset Maintenance budgets.
Bereavement Services	(£33,210)	<ul style="list-style-type: none"> Backdated NNDR refund Higher Cemetery
Advisory Services	£146,850	<ul style="list-style-type: none"> Housing Benefit income has been lower than expected Vacancy pay savings
Private Sector Housing	£39,170	<ul style="list-style-type: none"> Introduction of a new licensing scheme not expected until late 2014/15
Street Scene	£18,820	<ul style="list-style-type: none"> Shortfall of income in respect of green waste credits

Management Unit	Over / (Underspend)	Detail
Public Conveniences	(£21,250)	<ul style="list-style-type: none"> Projected underspend on premises maintenance and water budgets.
Exton Road Overheads and Fleet Management	(£6,260)	<ul style="list-style-type: none"> Rate refund and utility savings
General Fund Housing – Property	£111,570	<ul style="list-style-type: none"> Higher than budgeted repair and hand back costs in respect of Private Sector Leased and Extralet properties and rent lost during void periods.

8.3.3 Scrutiny Committee Economy – (An underspend in total of £167,490)

Management Unit	Over / (Underspend)	Detail
Transportation	(£1,820)	<ul style="list-style-type: none"> Saving on Rail Cards as no longer sold at Customer Service Centre
Parking Services	£28,820	<ul style="list-style-type: none"> Shortfall on Penalty Charge Notice Income Saving on Non Domestic Rates budget
Economic Development	£3,130	<ul style="list-style-type: none"> Job evaluation increase
Tourist Information	(£2,120)	<ul style="list-style-type: none"> Net additional income
Engineering & Construction Services	(£17,140)	<ul style="list-style-type: none"> Vacancy pay savings
Planning Services	(£70,000)	<ul style="list-style-type: none"> Additional income from Planning Application Fees Additional expenditure on legal costs due to appeals Additional consultants fees, partly offset by transfer from reserve
Markets & Halls	(£101,590)	<ul style="list-style-type: none"> Net increase in income from usage
Museum Service	(£6,770)	<ul style="list-style-type: none"> Vacancy pay savings

8.3.4 Scrutiny Committee Resources – (An underspend in total of £120,130)

Management Unit	Over / (Underspend)	Detail
Revenue Collection/Benefits	(£97,500)	<ul style="list-style-type: none"> Recovery of overpayments has been higher than anticipated Revenue contribution to capital expenditure upgrading the Capita system
Civic Ceremonials	£17,940	<ul style="list-style-type: none"> Shortfall of rental income from premises at 204 High Street
Democratic Representation	£25,000	<ul style="list-style-type: none"> Members allowances saving will not be achieved

Management Unit	Over / (Underspend)	Detail
Unapportionable Overheads	(£6,240)	<ul style="list-style-type: none"> Reduced pension costs of former employees
Financial Services	(£9,240)	<ul style="list-style-type: none"> Delays in recruitment for vacancies
Internal Audit	(£7,530)	<ul style="list-style-type: none"> Maternity leave
Human Resources	(£7,280)	<ul style="list-style-type: none"> Delay in recruitment for vacancy
Corporate Customer Services	(£20,000)	<ul style="list-style-type: none"> Additional saving on Postage due to change of supplier
Strategic Management	(£15,280)	<ul style="list-style-type: none"> Some support work now charged direct to services.

8.3.5 Other Financial Variations

Other items	Over / (Underspend)	Detail
Net Interest Paid	(65,000)	<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.
Revenue Contribution to Capital	7,500	<ul style="list-style-type: none"> Revenue contribution to capital expenditure upgrading the Capita system resulting in a saving set out above on Resources.
Minimum Revenue Provision	(137,737)	<ul style="list-style-type: none"> A significant underspend on the 2013/14 capital programme has resulted in a saving in the amount required to repay debt.

8.3.6 General Fund Balance

In 2014/15 it is projected that there will be an overall net contribution to the General Fund Balance of £104,635. The minimum requirement for the General Fund working balance was approved by Council in February 2014 at £2million.

Movement	2014/15
Opening Balance, as at 01/04/14	£3,364,640
Surplus	£ 104,635
Balance, as at 31/3/15	£3,469,275

8.3.7 Supplementary Budgets

There are two requests for further supplementary budgets, as at September, which have been approved under delegated powers. An additional £80,000 was required to enable the appointment of a Quantity Surveyor and a Construction Design and Management Consultant in respect of the Leisure Complex Project. This is to be funded from the New Homes Bonus reserve. An additional budget of £11,500 was required to enable the business plan for the Channel Shift programme to be developed via the creation of a 6 month temporary post.

8.3.8 Summary of Savings

During the budget process, savings totalling £1.465 million were identified and approved. Appendix D sets out a summary of the progress made in delivering those proposed savings. It is estimated that 90.88% of the savings will be delivered during 2014/15 with the majority of the rest delivered from 2015/16 onwards.

8.4 COUNCIL TAX AND BUSINESS RATES COLLECTION

8.4.1 In the first six months of 2014/15 the Council collected 55.1% of the Council Tax due for the year compared to a target of 55.9%. This is slightly down owing to some delays caused by the Council's change of banking provider at the start of the year. Business Rates collection is below target at 57.5% against a target of 60.5%; however changes to allow payments over 12 instead of 10 months are likely to have affected collection, which is expected to recover over the course of the full year.

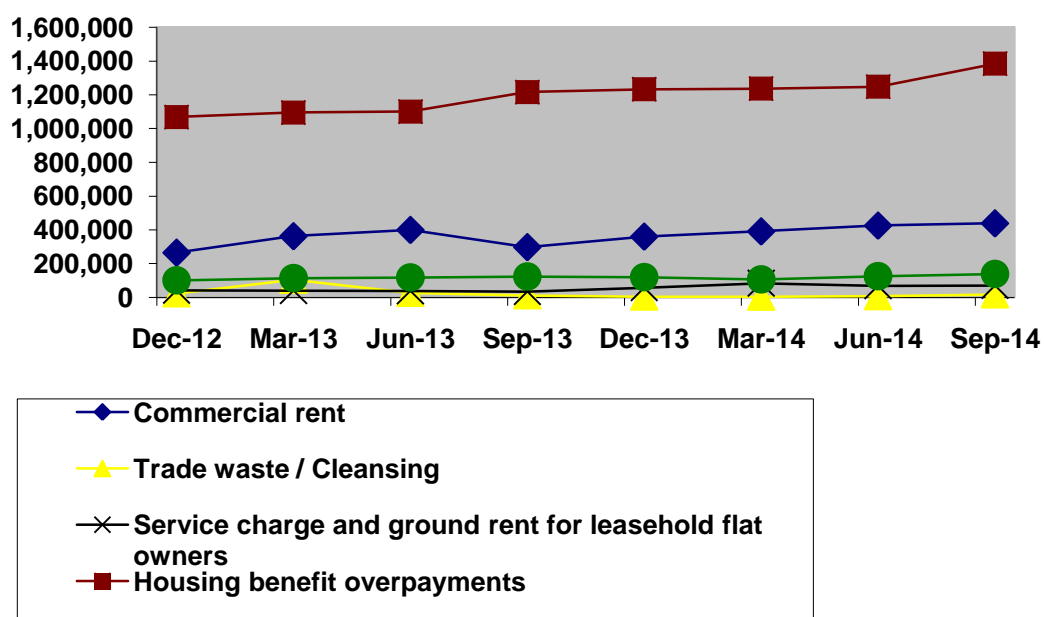
8.5 OUTSTANDING SUNDRY DEBT

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

Age of Debt	September 2013	June 2014	September 2014
Up to 29 days (current)	£751,941	£961,767	*£1,578,541
30 days – 1 Year	£978,166	£1,020,962	£1,008,147
1 – 2 years	£401,400	£483,753	£539,069
2 – 3 years	£217,795	£271,280	£287,153
3 – 4 years	£163,504	£112,054	£144,297
4 – 5 years	£68,099	£87,808	£108,851
5 + years	£175,986	£181,678	£184,379
Total	£2,756,891	£3,120,302	£3,850,437

* There was one large invoice (£718,786) raised on 25 September 2014, which has since been paid.

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 2014/15:

	2013/14 Total	2014/15 (Qtr 2)
• Council Tax	£83,940	£126,332
• Business Rates	£366,058	£0
• Sundry Debt	£138,915	£52,974
• Housing Rents	£ 72,921	£1,841

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 96.09% for the first six months of 2014/15 compared with 95.69% for 2013/14.

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

9.1 This is a statement of the projected financial position to the end of the 2014/15.

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

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 265275

This page is intentionally left blank

HOUSING REVENUE ACCOUNT
2014/15 REVENUE ESTIMATES - SUMMARY
as at 30 September 2014

ACTUAL TO DATE			YEAR END FORECAST			
PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	Code	APPROVED BUDGET	CURRENT OUTTURN FORECAST	FORECAST VARIANCE
£	£	£		£	£	£
1,522,263	1,373,102	(149,161)	85A1	3,272,640	3,189,016	(83,624)
143,795	129,352	(14,443)	85A3	287,590	270,590	(17,000)
3,337,700	1,772,619	(1,565,081)	85A4	6,675,400	5,465,400	(1,210,000)
0	0	0	85A5	6,195,200	6,349,980	154,780
0	0	0	85A6	2,356,390	2,439,780	83,390
(9,673,865)	(9,621,845)	52,020	85A8	(19,347,730)	(19,357,730)	(10,000)
967,530	968,087	557	85B2	1,935,060	1,935,060	0
			85B4	(1,374,550)	(292,096)	1,082,454
			Net Expenditure	0	0	0
			Working Balance	5,963,219	31 March 2015	5,671,123

COUNCIL OWN BUILD SITES

PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	Code	APPROVED BUDGET	CURRENT OUTTURN FORECAST	FORECAST VARIANCE
£	£	£		£	£	£
(4,722)	(5,707)	(985)	H006	(7,540)	(7,540)	0
(21,266)	(25,496)	(4,230)	H007	(35,150)	(35,150)	0
0	0	0	H008	9,390	9,390	0
0	0	0	H009	10,630	10,630	0
			H010	22,670	22,670	0
			Net Expenditure	0	0	0
			Working Balance	103,512	31 March 2015	126,182

GENERAL FUND
2014/15 REVENUE ESTIMATES - SUMMARY
as at 30 September 2014

	Annual Budget	Supplementary Budgets	Revised Annual Budget	Year End Forecast	Variance to Budget
	£	£	£	£	£
SCRUTINY - COMMUNITY	9,745,370	10,130	9,755,500	9,994,110	238,610
SCRUTINY - ECONOMY	(464,880)	219,560	(245,320)	(412,810)	(167,490)
SCRUTINY - RESOURCES	5,634,170	172,620	5,806,790	5,686,660	(120,130)
less Notional capital charges	(2,855,410)		(2,855,410)	(2,855,410)	0
<u>Service Committee Net Expenditure</u>	12,059,250	402,310	12,461,560	12,412,550	(49,010)
Net Interest	165,000		165,000	100,000	(65,000)
New Homes Bonus	(2,778,000)		(2,778,000)	(2,778,000)	0
Revenue Contribution to Capital	0		0	7,500	7,500
Minimum Revenue Provision	1,470,000		1,470,000	1,332,263	(137,737)
<u>General Fund Expenditure</u>	10,916,250	402,310	11,318,560	11,074,313	(244,247)
Transfer To/(From) Working Balance	58,448	(212,690)	(154,242)	104,635	258,877
Transfer To/(From) Earmarked Reserves	2,498,000	(189,620)	2,308,380	2,293,750	(14,630)
<u>General Fund Net Expenditure</u>	13,472,698	0	13,472,698	13,472,698	0
Formula Grant	(7,715,000)		(7,715,000)	(7,715,000)	0
Council Tax Freeze Grant	(118,000)		(118,000)	(118,000)	0
Pooling of Business Rates	(1,070,000)		(1,070,000)	(1,070,000)	0
<u>Council Tax Net Expenditure</u>	4,569,698	0	4,569,698	4,569,698	0
Working Balance	March 2014	£ 3,364,640		£ 3,469,275	March 2015

This page is intentionally left blank

	Funded by	£
Resources		
Customer Access Officer post	Earmarked Reserve	11500
		<u>11,500</u>
Community and Environment		
		<u>0</u>
Economy & Development		
Leisure Complex	Earmarked Reserve	80,000
		<u>80,000</u>
General Fund Total		<u>91,500</u>
		0
HRA Total		<u>0</u>
Overall Total		<u>91,500</u>

This page is intentionally left blank

AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Economy					
50% saving Visitor Information Centre	16,320	16,320			Early figures show all achievable - although the saving is not all in VIC
	16,320	16,320	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - City Development					
Planning	84,630	84,630			
Building Control	85,290	85,290			
	169,920	169,920	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Public Realm					
Reduce Engineering to core structural and drainage advice	55,000	55,000			Public Realm restructure in the process of being undertaken, it is anticipated to be implemented in Feb 15. This will result in the savings being achieved in 2015-16. Saving to be made on facilities management budgets in parks.
Reduce Street Sweeper by 2 FTEs	33,000		0		
To be confirmed	30,000	30,000			
Reduce waterways by 1 FTEs	22,000	22,000			
	140,000	107,000	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Corporate Manager - Property					
Contracts reduction in posts	54,760	54,760			Not additional income. Reduction in Major Projects budget.
Additional income	40,000	40,000			
	94,760	94,760	0	0	

AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Environment					
Stop free bulky waste weekends	8,000	8,000			Completed
Reduce refuse transportation mileage	60,000	60,000			On target for year-end
Cut Cleansing Supplies & Services	96,000		91,000	5,000	Still early in the year, but £5k likely to be deferred until 15/16.
Increase bin delivery charge	10,000		6,500	3,500	Below target April to September
Increase garden waste customers by 500	3,000	3,000			Completed
Increase range of trade recycling and promote trade refuse	20,000	20,000			On target for year-end
Increase bulky Waste Charges	10,000	10,000			On target for year-end
Increase immigration visit charges	1,000	1,000			
Contaminated land charge increase	1,000	1,000			
	209,000	103,000	97,500	8,500	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Housing					
Housing Development	13,080	13,080			
Reduce supplies budget	2,200	2,200			
Additional Licensing scheme S257	70,000		5,833		The introduction of a new licensing scheme for certain types of Houses in Multiple Occupation is not expected to commence until 23 February 2015, as it is pending Executive approval on 18 November 2014. The license fee income will therefore mostly fall into next financial year.
	85,280	15,280	5,833	0	

AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Customer Access					
Reduced staff in Housing Benefits, Revenue Collection, Customer Service Centre, Housing Advisory Service and temporary accommodation	255,000	255,000			The full saving of £255k will be made. The majority of savings are based on vacant posts and a re-structuring exercise is currently being undertaken. A further update will be provided when the new structure is confirmed.
	255,000	255,000	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Finance					
Replace 2 qualified accountants with 2 technician level	45,890	45,890			
Lose PT Finance Support Officer	15,490	15,490			
Lose lease car budget	2,210	2,210			
Remove some non-core modules from E-FIMS	5,000	5,000			
Discretionary Rate Relief paid by Collection Fund	176,000	176,000			
	244,590	244,590	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Corporate Manager - Policy/Community Engagement					
Grants Subscription	15,520	15,520			
To be Determined	14,480	14,480			
	30,000	30,000	0	0	

AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Corporate Manager - Democratic/Civic Support					
Numerous slight service adjustments	22,000	22,000			
Other saving	28,000			28,000	Committee report recommending reduction not approved. £15k saving expected to be made achieved on postages due to change from Royal Mail to TNT.
	50,000	22,000	0	28,000	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Corporate Manager - Legal					
Delete Solicitor post	51,270	51,270			
Flexible retirement	10,250	10,250			
Reduce Practising Certificates	800	800			
Stop Subscription to Harveys employment	4,190	4,190		{	
Stop Housing Law Monitor				{	
Stop Times				{	
Delete Planning Solicitor	50,710	50,710			
	117,220	117,220	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Business Manager - Human Resources					
Reduce Software	3,200	3,200			
Reduce Training Budget	50,000	50,000			Probable, subject to finalising training development plans
	53,200	53,200	0	0	
AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Paul Mortimore					
	0	0	0	0	
TOTALS	1,465,290	1,228,290	103,333	36,500	90.88%

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources – 19 November 2014
Executive – 9 December 2014
Council – 16 December 2014
Report of: Assistant Director Finance
Title: Capital Monitoring Statement to 30 September 2014

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To report the current position in respect of the Council's revised annual capital programme and to advise Members of the anticipated level of deferred expenditure into future years.

The report seeks Member approval to amend the annual capital programme in order to reflect the reported variations.

2. Recommendations:

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

- (i) **The current position in respect of the annual capital programme;**
- (ii) **The additional funding request set out in section 8.8.**

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 30 September 2014.

6. What are the legal aspects?

The capital expenditure system is framed by 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 30 SEPTEMBER 2014

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2014/15 Capital Programme, including commitments brought forward from 2013/14, was last reported to Scrutiny Committee – Resources on 17 September 2014. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Scrutiny Committee – Resources, 2 July 2014	24,747,270	
Budget Deferred to 2015/16 & Beyond at Quarter 1	204,340	Net acceleration of budget approved by Executive 7 October 2014
Overspends/(Underspends) reported at Quarter 1	(114,360)	
STRATA Implementation	615,480	Approved by Executive 15 July 2014
Local Energy Network	149,000	S106 Contributions
New grants funded from the New Homes Bonus	40,000	Approved by Executive 16 September 2014
Topsham Recreation Ground	26,240	External contributions
Heavitree Pleasure Ground Tennis Courts	5,000	External contributions
Revised Capital Programme	25,672,970	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £25.673 million. During the first six months of the year the Council spent £4.176 million on the programme, which equates to 16.27% of the revised programme. This compares with £6.044 million (28.6%) being spent in the first six months of 2013/14.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2014/15 of £23.043 million with £1.983 million of the programme potentially being deferred to 2015/16.

Appendix 2 shows the approved budgets for 2015/16 with the 2014/15 budget carried forward to 2015/16 and beyond at the first quarter and the proposed amount to be carried forward this quarter for Executive to consider for approval.

Appendix 3 shows the overall position for those schemes which span more than one financial year.

8.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2014/15 are £1.722 million. An estimated spend of £10.320 million is required of which £8.598 million will have to be funded from borrowing. The available capital resources for the HRA for 2014/15 are £16.185 million. An estimated spend of £12.723 million is required leaving £3.462 million to be carried forward into 2015/16. Appendix 4 sets out the forecast use of the resources available for the General Fund and the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next two years.

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

	General Fund £	HRA £
Balance as at 30 June 2014	127,095	667,500
New Receipts	0	441,180
Less HRA Pooling		(101,387)
Balance as at 30 September 2014	127,095	1,007,293

8.5 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2014/15 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Canal Basin & Quayside	(30,485)	There are no further planned works to be undertaken so the remaining budget is a saving.
Replace Athletics Track at Exeter Arena	40,000	There is likely to be an overspend on this project, primarily due to additional unforeseen works required during the construction process. The overspend will be in the region of £40,000 but yet to be finalised.
Sports Facilities Refurbishment	(40,000)	A budget saving will be made to compensate the Athletics Track overspend detailed above.
Exeter City Football in the Community	(13,800)	Only £6,000 of the £19,800 grant was required therefore the unspent budget will go back into the New Homes Bonus pot to be made available to others.

Electrical Central Heating	(15,000)	A saving is anticipated in respect of replacing electrical central heating systems due to a lower than budgeted level of reported breakdowns by tenants.	(15,000)
Central Heating Programme	(229,000)	Significant savings are expected to be made in respect of replacement central heating systems following the commencement of a new comprehensive gas servicing contract in July. Works will be undertaken to maximise the life expectancy of central heating systems and boilers as part of the routine service and maintenance regime.	(229,000)
Boiler Replacement Programme	(350,000)		(350,000)

8.6 SCHEMES TO BE DEFERRED TO 2015/16 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2015/16 and beyond are:

Scheme	Revised 14/15 Budget £	Budget to be Deferred £	Reason
Energy Saving Projects	1,390,170	425,000	Three PV projects have been delayed due to the lack of in-house engineering and procurement support. Upgrading the Civic Centre to all LED lighting has been delayed due to uncertainty over office moves.
LAINGS Refurbishments	296,850	71,850	Structural surveys have been undertaken in respect of three vacant properties. The results will form part of an options appraisal for the extent of works to be undertaken, in the event that a full refurbishment is deemed appropriate the works would be completed in the Spring. Further spend of this budget is then dependent upon further LAINGS properties becoming empty.
Other Works	44,620	20,000	This budget provides for ad hoc capital works identified during the course of the financial year. To date, no works have been identified for 2014/15.
Communal Areas	191,640	40,000	Fourteen communal areas have been identified for improvement works including; the provision of new flooring, doors and glazing. Full spend of the budget is pending the outcomes of a prioritisation process for the next phase of improvements to communal areas.

Rennes House Structural Work	435,840	400,000	Only urgent health and safety works are planned to be carried out ahead of the results of a full options appraisal for the long term future of this site.
Electrical Re-wiring	899,630	100,000	Fewer full electrical re-wires have been required in accordance with the recommendations of periodic electrical testing in the first six months with remedial repairs undertaken instead.
COB Wave 2 – Rennes House Car Park	1,181,940	407,040	Delays associated with moving telecoms equipment and an electrical substation at this site have impacted on the profiling of this budget with slippage into 2015/16.
Acquisition of Social Housing	752,170	418,715	The acquisition of 8 new affordable housing units are expected to complete this financial year, the remaining budget will be deferred into 2015/16.

8.7 ACHIEVEMENTS

The following schemes have been completed since 30 June 2014:

Replace Running Track at Exeter Arena

The track at Exeter Arena has been completely replaced. The new surface is non-porous – similar to the Olympic Stadium in London, will have limited maintenance costs and is estimated to last for 25 years.

8.8 REQUEST FOR ADDITIONAL FUNDING

The Local Government Association is planning to introduce a Municipal Bond Agency to provide a competitive alternative to the PWLB for council borrowing needs. It has offered Councils the opportunity to invest in the Company as shareholders and to date 37 Councils have contributed £2.68 million, with a further £1.87 million having been offered via letters of intent. The Council intends to send a non-legally binding letter of intent to the LGA offering an investment in shares of £50,000. The letter has to be sent by 4 December, but is subject to approval of this budget by Council on 16 December 2014.

9. 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.

10. 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.

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?

No impact

12. 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) 265275

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
COMMUNITY					
KEEP PLACE LOOKING GOOD					
Play Area Refurbishments	133,460	109,043	133,460		
Flowerpot Skate Park Lighting	35,000		35,000		
Heavitree Pleasure Ground Tennis Courts	45,000		45,000		
Topsham Recreation Ground	56,730	45,682	56,730		
Refurbishment and Upgrade of Paddling Pools	27,460	25,038	27,460		
Parks Improvements	11,730	2,299	11,730		
Neighbourhood Parks & Local Open Spaces	8,020		8,020		
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY					
Vehicle Replacement Programme	397,000	205,122	397,000		
HELP ME FIND SOMEWHERE TO LIVE					
Disabled Facility Grants	359,100	144,495	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	11,878	159,080		
WHIL Empty Properties	194,000		194,000		
The Haven	63,980	50,947	63,980		
Temporary Accommodation Purchase	300,000		300,000		
Grant to the Red House Hotel	85,000	85,000	85,000		
COMMUNITY TOTAL	2,058,710	679,505	2,058,710		

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
ECONOMY					
KEEP PLACE LOOKING GOOD					
Canal Basin and Quayside	79,840	49,355	49,355		(30,485)
Exhibition Way Bridge Maintenance	39,980		39,980		
John Lewis Car Park Refurbishment	2,130	2,130	2,130		
Replacement of Car Park Pay & Display Machines	47,770	1,000	47,770		
Canal Bank Repairs & Strengthening	10,880		10,880		
Northbrook Flood Alleviation Scheme		150	150	(150)	
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	743,000	575,347	783,000		40,000
Sports Facilities Refurbishment	83,890	3,454	43,890		(40,000)
RAMM Development	384,000		384,000		
Storage of Archives	64,230	9,446	64,230		
Livestock Market Electrical Distribution Boards	55,000		55,000		
Wonford Community Centre Boiler	14,250	317	14,250		
DELIVER GOOD DEVELOPMENT					
Newcourt Community Hall (S106)	29,240	21,638	29,240		
Newcourt Community Association Centre	60,240	47,739	60,240		
Exe Water Sports Association (Grant Towards Build)	12,240	12,242	12,240		
Devonshire Place (Landscaping)	25,000	12,606	25,000		
Alphington Village Hall (Repairs & Extension)	50,000			50,000	

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
St Thomas Social Club (New Roof)	17,000	16,995	17,000		
St James Forum (Queens Crescent Garden)	8,100	8,100	8,100		
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)	10,000	6,860	10,000		
Citizens Advice Bureau (Building Improvements)	10,000	10,000	10,000		
St Sidwells Community Centre	40,000		40,000		
Newtown Community Centre (2nd Grant)	10,000	988	10,000		
Alphington Church	16,000	16,000	16,000		
Exeter City Football in the Community	19,800	6,000	6,000		(13,800)
Exeter Gymnastics Club	40,000		40,000		
City Centre Enhancements	22,220	370	22,220		
Well Oak Footpath/Cycleway	740		740		
Paris Street Roundabout Landscaping & Sculptural Swift Tower	62,430	30,105	62,430		
Heavitree Environmental Improvements	22,880		22,880		
Ibstock Environmental Improvements	3,240		3,240		
Local Energy Network	149,000	81,950	149,000		
HELP ME RUN A SUCCESSFUL BUSINESS					
Science Park Loan	1,000,000		1,000,000		
ECONOMY TOTAL	6,286,300	912,792	6,192,165	49,850	(44,285)

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
RESOURCES					
WELL RUN COUNCIL					
Security Compliance for GCSx & PCI DSS	12,190		12,190		
PC & Mobile Devices Replacement Programme	65,000	51,951	65,000		
Corporate Network Infrastructure	9,490	10,940	9,490		
STRATA Implementation	615,480		615,480		
Capita Upgrade	7,500	7,500	7,500		
Firewalls	18,050		18,050		
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	7,500	100,000		
Energy Saving Projects	1,390,170	2,025	965,170	425,000	
Capitalised Staff Costs	261,000		261,000		
RESOURCES TOTAL	2,503,270	79,916	2,068,881	425,000	(9,390)

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
HRA					
MAINTAIN OUR PROPERTY ASSETS					
Adaptations	630,000	246,376	630,000		
Rendering of Council Dwellings	323,500	35,669	323,500		
MRA Fees	35,280		35,280		
Communal Door Entry System	10,000	308	10,000		
Environmental Improvements - General	30,000	4,403	30,000		
Programmed Re-roofing	65,310	15,399	65,310		
Energy Conservation	70,400	16,321	70,400		
Smoke Detector Replacements	278,230	48,893	278,230		
LAINGS Refurbishments	296,850		225,000	71,850	
Kitchen Replacement Programme	2,648,710	648,150	2,648,710		
Bathroom Replacement Programme	1,164,850	276,766	1,164,850		
Other Works	44,620		24,620	20,000	
Fire Precautionary Works to Flats	277,090	7,899	277,090		
Communal Areas	191,640	36,560	151,640	40,000	
Structural Repairs	184,390	3,656	184,390		
Fire Alarms at Sheltered Accommodation	15,300		15,300		
Property Entrance Improvements	20,000		20,000		
Rennes House Structural Works	435,840		35,840	400,000	
Automatic Doors - Faraday House	15,000		15,000		
Bridespring/Mincinglake Road Works	20,000	16,638	20,000		
Common Area Footpaths/Wall Improvements	50,000		50,000		
Higher Barley Mount Improvements	34,000		34,000		
Lift Replacement - 98 Sidwell Street	50,000		50,000		
Replacement of Lead Water Mains	25,000	6,741	25,000		
Communal Garden Retaining Walls	55,000		55,000		
Soil Vent Pipe Replacement	20,000		20,000		
Electrical Central Heating	35,000	6,238	20,000		(15,000)
Capita Upgrade	7,500	7,500	7,500		
Electrical Re-wiring	899,630	98,508	749,630	150,000	
Central Heating Programme	354,190	37,604	125,190		(229,000)
Boiler Replacement Programme	550,630	59,590	200,630		(350,000)

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2014/15 Revised Capital Programme	2014/15 Spend to 30 September	2014/15 Forecast Spend	2014/15 Budget to be Carried Forward to 2015/16 and Beyond	2014/15 Programme Variances Under ()
	£	£	£	£	£
HELP ME FIND SOMEWHERE TO LIVE					
COB Wave 2 - Rennes Car Park	1,181,940	97,040	774,900	407,040	
COB Wave 2 - Newport Road	716,250	82,553	716,250		
COB Wave 2 - Brookway (Whipton Methodist Church)	1,294,140	292,808	1,294,140		
COB Wave 2 - Bennett Square	1,146,450	181,821	1,146,450		
St Loyes Design Fees	296,350		296,350		
Phase 3 Professional Fees	9,200		9,200		
Phase 3 St Andrews Road	10,230		10,230		
COB Land Purchase	300,000		300,000		
Rennes House Wider Site Development	280,000	272,950	280,000		
Acquisition of Social Housing	752,170	3,212	333,450	418,720	
HRA TOTAL	14,824,690	2,503,603	12,723,080	1,507,610	(594,000)
TOTAL CAPITAL BUDGET	25,672,970	4,175,816	23,042,836	1,982,460	(647,675)

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2015/16 Budget as per Budget Book	2014/15 Budget Carried Forward to 2015/16 and Beyond reported at Qtr 1	Proposed 2014/15 Budget to be Carried Forward to 2015/16 and Beyond reported at Qtr 2	Total 2015/16 Budget	Future Years
	£	£	£	£	£
COMMUNITY					
KEEP PLACE LOOKING GOOD					
Play Area Refurbishments		48,820		48,820	
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY					
Vehicle Replacement Programme	374,000	29,000		403,000	400,000
HELP ME FIND SOMEWHERE TO LIVE					
Disabled Facility Grants	320,000			320,000	640,000
COMMUNITY TOTAL	694,000	77,820		771,820	1,040,000

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2015/16 Budget as per Budget Book	2014/15 Budget Carried Forward to 2015/16 and Beyond reported at Qtr 1	Proposed 2014/15 Budget to be Carried Forward to 2015/16 and Beyond reported at Qtr 2	Total 2015/16 Budget	Future Years
	£	£	£	£	£
ECONOMY					
KEEP PLACE LOOKING GOOD					
Northbrook Flood Alleviation Scheme	300,000	198,130	(150)	497,980	
PROVIDE GREAT THINGS FOR ME TO SEE & DO					
Sports Facilities Refurbishment	56,430			56,430	225,720
DELIVER GOOD DEVELOPMENT					
Newtown Community Centre	50,000			50,000	
Topsham Rugby Club Improvements					
Exeter Community Centre Garden					
Countess Wear Community Centre (Grant Towards Build)	70,000			70,000	
Newcourt Community Association Centre		8,000		8,000	
Exe Water Sports Association (Grant Towards Build)					
Exwick Ark (Grant Towards Conversion)					
Devonshire Place (Landscaping)					
Bury Meadow (Landscaping)					
Alphington Village Hall (Repairs & Extension)			50,000	50,000	
St Thomas Social Club (New Roof)					
Ride On (Set Up Workshop/Bike Hire)					
Exeter Community Centre Garden - Phase 2					
St James Forum (Queens Crescent Garden)					
2nd Exeter Scouts & Park Life ('Urban Village Hall' Heavitree Park)					
Citizens Advice Bureau (Building Improvements)					
St Sidwells Community Centre					
Newtown Community Centre (2nd Grant)		40,000		40,000	
Wear United		50,000		50,000	
ECONOMY TOTAL	476,430	296,130	49,850	822,410	225,720

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2015/16 Budget as per Budget Book	2014/15 Budget Carried Forward to 2015/16 and Beyond reported at Qtr 1	Proposed 2014/15 Budget to be Carried Forward to 2015/16 and Beyond reported at Qtr 2	Total 2015/16 Budget	Future Years
	£	£	£	£	£
RESOURCES					
WELL RUN COUNCIL					
Invest to Save Opportunities	100,000			100,000	100,000
Energy Saving Projects	1,795,000		425,000	2,220,000	664,000
Capitalised Staff Costs	261,000			261,000	261,000
RESOURCES TOTAL	2,156,000		425,000	2,581,000	1,025,000

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2015/16 Budget as per Budget Book	2014/15 Budget Carried Forward to 2015/16 and Beyond reported at Qtr 1	Proposed 2014/15 Budget to be Carried Forward to 2015/16 and Beyond reported at Qtr 2	Total 2015/16 Budget	Future Years
	£	£	£	£	£
HRA					
MAINTAIN OUR PROPERTY ASSETS					
Adaptations	600,000			600,000	600,000
Rendering of Council Dwellings	275,000			275,000	275,000
MRA Fees	40,000			40,000	40,000
Communal Door Entry System	10,000			10,000	10,000
Environmental Improvements - General	25,000			25,000	25,000
Programmed Re-roofing	252,000			252,000	252,000
Energy Conservation	30,000			30,000	30,000
Smoke Detector Replacements		150,000		150,000	
LAINGS Refurbishments	630,000		71,850	701,850	720,000
Kitchen Replacement Programme	900,000			900,000	900,000
Bathroom Replacement Programme	600,000			600,000	600,000
Other Works	50,000		20,000	70,000	50,000
Fire Precautionary Works to Flats	200,000			200,000	200,000
Communal Areas	100,000		40,000	140,000	100,000
Structural Repairs	100,000	25,000		125,000	100,000
Rennes House Structural Works	695,000		400,000	1,095,000	695,000
Common Area Footpaths/Wall Improvements		100,000		100,000	
Electrical Re-wiring	447,800		150,000	597,800	447,800
Central Heating Programme	205,000			205,000	210,000
Boiler Replacement Programme	325,000			325,000	330,000

CAPITAL MONITORING TO 30 SEPTEMBER 2014

	2015/16 Budget as per Budget Book	2014/15 Budget Carried Forward to 2015/16 and Beyond reported at Qtr 1	Proposed 2014/15 Budget to be Carried Forward to 2015/16 and Beyond reported at Qtr 2	Total 2015/16 Budget	Future Years
	£	£	£	£	£
<i>HELP ME FIND SOMEWHERE TO LIVE</i>					
COB Wave 2 - Rennes Car Park	1,492,474	(1,504,615)	407,040	394,899	2,272,932
COB Wave 2 - Newport Road		498,918		498,918	
Acquisition of Social Housing	500,000	152,415	418,720	1,071,135	500,000
HRA TOTAL	7,477,274	(578,282)	1,507,610	8,406,602	8,357,732
TOTAL CAPITAL BUDGET	10,803,704	(204,332)	1,982,460	12,581,832	10,648,452

CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

	Total Capital Budget to end of 2014/15	Total Spend Uo 30 September 2014	Total Forecast Spend to End of 2014/15	2014/15 Budget to be Carried Forward to 2015/16	2014/15 Programme Variances Under ()
	£	£	£	£	£
COMMUNITY					
KEEP PLACE LOOKING GOOD					
Refurbishment and Upgrade of Paddling Pools	214,550	212,132	214,550	0	0
HELP ME FIND SOMEWHERE TO LIVE					
Glencoe Capital Works	20,000	16,103	20,000	0	0
The Haven	250,000	236,964	250,000	0	0
COMMUNITY TOTAL	484,550	465,199	484,550	0	0
ECONOMY					
KEEP PLACE LOOKING GOOD					
Canal Basin and Quayside	1,870,710	1,840,220	1,840,225	0	(30,485)
Exhibition Way Bridge Maintenance	45,000	5,015	45,000	0	0
Replacement of Car Park Pay & Display Machines	230,000	183,229	230,000	0	0
Canal Bank Repairs & Strengthening	40,000	29,121	40,000	0	0
PROVIDE GREAT THINGS FOR ME TO SEE & DO					
Replace Running Track at Exeter Arena	750,000	582,347	790,000	0	40,000
Storage of Archives	65,000	10,218	65,000	0	0
DELIVER GOOD DEVELOPMENT					
Newcourt Community Hall (S106)	34,900	27,302	34,900	0	0
Newcourt Community Association Centre	69,750	49,245	61,750	0	0
Exe Water Sports Association (Grant Towards Build)	50,000	50,000	50,000	0	0
Paris Street Roundabout Landscaping & Sculptural Swift Tower	69,500	37,172	69,500	0	0
ECONOMY TOTAL	3,244,860	2,833,869	3,246,375	0	9,515
HRA					
HELP ME FIND SOMEWHERE TO LIVE					
COB Wave 2 - Rennes Car Park	1,238,593	153,690	831,553	407,040	0
COB Wave 2 - Newport Road	811,838	178,141	811,838	0	0
COB Wave 2 - Brookway (Whipton Methodist Church)	1,452,414	451,082	1,452,414	0	0
COB Wave 2 - Bennett Square	1,237,447	272,819	1,237,447	0	0
Phase 2 St Andrews Road	19,804	9,574	19,804	0	0
St Loyes Design Fees	529,190	232,844	529,190	0	0
HRA TOTAL	5,289,286	1,298,150	4,882,246	407,040	0
TOTAL CAPITAL BUDGET	9,018,696	4,597,218	8,613,171	407,040	9,515

GENERAL FUND	2014-15 £	2015-16 £	2016-17 £	Future Years £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward					0
GF Capital Receipts	572,500				572,500
Revenue Contributions to Capital Outlay	47,500				47,500
Disabled Facility Grant	305,183	290,000	290,000	290,000	1,175,183
New Homes Bonus	250,160	268,000			518,160
Other - Grants/External Funding/Reserves/S106	546,296	48,819			595,115
Total Resources Available	1,721,639	606,819	290,000	290,000	2,908,458
GENERAL FUND CAPITAL PROGRAMME					
Capital Programme	10,848,280	3,391,760	1,866,430	489,290	16,595,760
Overspends/(Savings)	(53,675)				(53,675)
Slippage	(474,850)	474,850			0
Total General Fund	10,319,756	3,866,610	1,866,430	489,290	16,542,086

UNCOMMITTED CAPITAL RESOURCES:					
Capital Receipts Brought Forward	0	0	0	0	0
Resources in Year	1,721,639	606,819	290,000	290,000	2,908,458
Less Estimated Spend in Year	(10,319,756)	(3,866,610)	(1,866,430)	(489,290)	(16,542,086)
Borrowing Requirement	8,598,117	3,259,791	1,576,430	199,290	13,633,628
Uncommitted Capital Receipts	0	0	0	0	0

HOUSING REVENUE ACCOUNT	2014-15 £	2015-16 £	2016-17 £	TOTAL £
CAPITAL RESOURCES AVAILABLE				
Usable Receipts Brought Forward				2,057,869
Major Repairs Reserve Brought Forward				3,783,728
Other HRA Sales	173,360	0	0	173,360
RTB sales	1,000,000	500,000	350,000	1,850,000
Major Repairs Reserve	2,439,780	2,356,390	2,356,390	7,152,560
Revenue Contributions to Capital	6,349,980	5,771,928	5,689,075	17,810,983
External contributions	84,340	0	0	84,340
HCA funding	0	0	700,000	700,000
Commuted sums	296,346	1,605,737	1,897,918	3,800,001
Total Resources available	10,343,806	10,234,055	10,993,383	37,412,841
CAPITAL PROGRAMME				
HRA Capital Programme	14,824,685	10,777,661	10,211,993	35,814,339
September - Overspends / (Savings)	(594,000)			(594,000)
September - Slippage	(1,507,605)	1,507,605		0
Total Housing Revenue Account	12,723,080	12,285,266	10,211,993	35,220,339
UNCOMMITTED CAPITAL RESOURCES:				
Usable Receipts Brought Forward	2,057,869	648,025	648,025	2,057,869
Major Repairs Reserve Brought Forward	3,783,728	2,814,298	763,087	3,783,728
Resources in Year	10,343,806	10,234,055	10,993,383	31,571,244
Less Estimated Spend	(12,723,080)	(12,285,266)	(10,211,993)	(35,220,339)
Uncommitted Capital Resources	3,462,323	1,411,112	2,192,502	2,192,502
WORKING BALANCE RESOURCES:				
Balance Brought Forward	5,963,219	5,671,123	3,394,891	5,963,219
HRA Balance Transfer - Surplus/(Deficit)	(292,096)	(68,670)	314,023	(46,743)
Additional revenue finance to resolve damp ingress		(2,207,562)		(2,207,562)
Balance Carried Forward	5,671,123	3,394,891	3,708,914	3,708,914
Balance Resolved to be Retained	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	2,671,123	394,891	708,914	708,914
TOTAL AVAILABLE CAPITAL RESOURCES	6,133,446	1,806,003	2,901,416	2,901,416

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE – RESOURCES
EXECUTIVE
COUNCIL

DATE OF MEETING: RESOURCES – 19 NOVEMBER 2014
EXECUTIVE – 9 DECEMBER 2014

REPORT OF: ASSISTANT DIRECTOR FINANCE
TITLE: TREASURY MANAGEMENT 2014-15 – HALF YEAR UPDATE

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

To report on the current Treasury Management performance for the 2014-15 financial year and the position regarding investments and borrowings at 30 September 2014. The report is a statutory requirement and is for information only with no key decisions required.

2. Recommendations:

That Scrutiny and Executive note the Treasury Management report in respect of the first six months of the 2014-15 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 first six months of the 2014-15 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 2014-15. All investments and borrowing have been undertaken within the parameters set by Council.

6. What are the legal aspects?

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. Adoption of the Code is required by regulations laid under the Local Government Act 2003.

7. Monitoring Officer's comments:

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

8. Report Details:

8.1 Interest Rate Prospects

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

Period	Bank Rate	20-year PWLB rate
Q3 2014	0.50	3.70
Q4 2014	0.50	3.75
Q1 2015	0.50	3.85
Q2 2015	0.75	3.90
Q3 2015	0.75	3.95
Q4 2015	1.00	4.00
Q1 2016	1.00	4.05
Q2 2016	1.25	4.10
Q3 2016	1.25	4.20
Q4 2016	1.50	4.25
Q1 2017	1.50	4.30

8.2 Treasury Management Strategy

The Council approved the 2014-15 treasury management strategy at its meeting on 25 February 2014. The Council's stated investment strategy was to continue to hold only small surplus funds and to seek to utilise its Call Accounts, Money Market Funds, use the Government's Debt Management Office and use short dated deposits (up to 3 months) which would be placed with Local Authorities.

A change from the 2013-14 strategy is the increase in the amount held in a money market fund and that is lent to an Upper Tier Local Authority from £3 million to £5 million. This reflects the fact that in a Money Market Fund, the funds are spread across a range of institutions and therefore risk is spread. It will also allow the Council to access a higher interest rate on the investments. In respect of Upper Tier Local Authorities, the risk of default is considered to be very low.

The Council's stated borrowing strategy was to maintain short-term borrowing as long as rates remained low. The Council is currently borrowing over 1 year periods.

8.3 Net Interest Position

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

	Estimate	Sep-14	Estimated	Variation
	£	£	Outturn	£
	£	£	£	£
Interest paid	140,000	48,290	85,080	(54,920)
Interest earned				
Temporary investment interest	(36,000)	(34,240)	(60,000)	(24,000)
Other interest earned	(1,750)	(510)	(1,130)	620
Less				
Interest to HRA	51,750	25,875	62,000	10,250
Interest to s106 agreements	8,250	4,125	9,900	1,650
Interest to Trust Funds	2,250	1,250	2,700	450
Lord Mayors Charity	500	250	0	(500)
GF interest (received) / paid out	25,000	(3,250)	13,470	(11,530)
Net Interest	165,000	45,040	98,550	(66,450)

8.4 The other interest earned relates to car loan repayments.

9. Investment Interest

The Council is utilising the Government's Debt Management Office account and call accounts with Handelsbanken and Barclays. Appendix A sets out the institutions that the Council can use for deposits – this is known as our Counterparty list.

A number of Money Market Funds have been set up by the Council, which also allows immediate access to our funds and spreads risk as it is pooled with investments by other organisations and invested across a wide range of financial institutions.

9.1 The Council's current investments are:

UK Owned Banks

Amount	Investment	Interest rate
£3,000,000	Barclays	0.50%

Foreign Owned Banks

Amount	Investment	Interest rate
£2,000,000	Handelsbanken	0.40%

Money Market Funds

Amount	Investment	Interest rate
£250,000	CCLA - Public Sector Deposit Fund	0.32%
£5,000,000	Ignis Asset Management	0.47%
£4,000,000	Blackrock	0.42%

10. Borrowings

The Council has reduced its short term borrowing to £13m, long term borrowing remains at £56.884m. Details of the loans are set out in 10.1. The loan requiring repayment in early November will be replaced and the Council may need to borrow additional funds during the final three months of the financial year.

10.1

Amount	Lender	Interest rate	Date of repayment
£5,000,000	Hull City Council	0.50%	05/11/2014
£8,000,000	Leicester County Council	0.64%	13/01/2015
56,884,000	PWLB	3.48%	28/03/2062

11. Future Position

As interest rates remain very low, the Council will continue to utilise short term borrowing to manage its cashflow. Current rates for borrowing are between 0.60% and 0.70% for up to 1 year and the Council will continue to borrow for a 364 day period.

11.1 The Council's four Money Market Funds which are AAA rated, currently offer rates between 0.32% and 0.47%, the rates are liable to fluctuation in the year. The call accounts offer between 0.40% and 0.50% for the average annual balance.

11.2 The short term investments that are made through the call accounts and money market funds ensure cash can be accessed immediately. This has an ongoing impact on returns but increases the security of our cash.

11.3 We will also lend, when possible, to institutions on the Council's counterparty list which includes other Local Authorities, UK and Foreign owned banks and the Debt Management Office. However the rates received are between 0.25% and 0.40%, which will have an adverse impact of the interest earned.

11.4 Since 1 April 2014 the Council has opened additional Money Market Fund accounts with Blackrock and Federated Investors which provide a return in the region of 0.40% and opened a call account with Handelsbanken which also offers a return of 0.40%.

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) 265275

This page is intentionally left blank

Name	COUNTRY	Moody's Long-Term Ratings	Moody's Short Term Rating	Moody's Financial Strength Rating	Moody's Outlook	Fitch Long-Term Rating	Fitch Short Term Rating	Fitch Viability Rating	Fitch Support Rating	Fitch Outlook	S&P Long-Term Rating	S&P Short-term	S&P Outlook
COMMONWEALTH OF AUSTRALIA	AU	Aaa			STABLE	AAA	F1+			STABLE	AAAu	A-1+u	STABLE
AUST AND NZ BANKING GROUP	AU	Aa2	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
COMMONWEALTH BANK OF AUSTRAL	AU	Aa2	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
NATIONAL AUSTRALIA BANK LTD	AU	Aa2	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
WESTPAC BANKING CORP	AU	Aa2	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
GOVERNMENT OF CANADA	CA	Aaa			STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE
BANK OF MONTREAL	CA	Aa3	P-1	C+	NEG	AA-	F1+	aa-	1	STABLE	A+	A-1	NEG
BANK OF NOVA SCOTIA	CA	Aa2	P-1	B-	NEG	AA-	F1+	aa-	1	STABLE	A+	A-1	NEG
CAN IMPERIAL BK OF COMMERCE	CA	Aa3	P-1	C+	NEG	AA-	F1+	aa-	1	STABLE	A+	A-1	NEG
ROYAL BANK OF CANADA	CA	Aa3	P-1	C+	NEG	AA	F1+	aa	1	STABLE	AA-	A-1+	NEG
TORONTO-DOMINION BANK	CA	Aa1	P-1	B	NEG	AA-	F1+	aa-	1	STABLE	AA-	A-1+	NEG
UNITED KINGDOM	GB	Aa1			STABLE	AA+	F1+			STABLE	AAAu	A-1+u	STABLE
BANK OF SCOTLAND PLC	GB	A1	P-1	C-	NEG	A	F1	a-	1	NEG	A	A-1	NEG
LLOYDS BANK PLC	GB	A1	P-1	C-	NEG	A	F1	a-	1	NEG	A	A-1	NEG
BARCLAYS BK PLC-ADR C	GB	A2	P-1	C-	NEG	A	F1	a	1	STABLE	A	A-1	NEG
HSBC BANK PLC	GB	Aa3	P-1	C	NEG	AA-	F1+	a+	1	STABLE	AA-	A-1+	NEG
STANDARD CHARTERED BANK	GB	A1	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	NEG
BUILDING SOCIETIES													
NATIONWIDE BUILDING SOCIETY	GB	A2	P-1	C	NEG	A	F1	a	1	STABLE	A	A-1	NEG
FEDERAL REPUBLIC OF GERMANY	GE	Aaa			STABLE	AAA	F1+			STABLE	AAAu	A-1+u	STABLE
DZ BANK AG DEUTSCHE ZENTRAL-	GE	A1	P-1	C-	STABLE	A+	F1+		1	STABLE	AA-	A-1+	STABLE
LANDESBANK BERLIN AG	GE	A1	P-1	D+	NEG	NR	NR	NR	NR				
LANDESBANK HESSEN-THURINGEN	GE	A2	P-1	D+	NEG	A+	F1+		1	STABLE	A	A-1	STABLE
KINGDOM OF THE NETHERLANDS	NE	Aaa	P-1		STABLE	AAA	F1+			STABLE	AA+u	A-1+u	STABLE
ABN AMRO BANK NV	NE	A2	P-1	C-	NEG	A+	F1+	a	1	NEG	A	A-1	NEG
BANK NEDERLANDSE GEMEENTEN	NE	Aaa	P-1	B-	NEG	AAA	F1+		1	NEG	AA+	A-1+	STABLE
COOPERATIEVE CENTRALE RAIFFE	NE	Aa2	P-1	B-	NEG	AA-	F1+		1	NEG	AA-	A-1+	NEG
ING BANK NV	NE	A2	P-1	C-	NEG	A+	F1+	a	1	NEG	A	A-1	NEG
REPUBLIC OF SINGAPORE	SI	Aaa			STABLE	AAA	F1+			STABLE	AAAu	A-1+u	STABLE
DBS BANK LTD	SI	Aa1	P-1	B	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
OVERSEA-CHINESE BANKING CORP	SI	Aa1	P-1	B	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
KINGDOM OF SWEDEN	SW	Aaa	P-1		STABLE	AAA	F1+			STABLE	AAAu	A-1+u	STABLE
NORDEA BANK AB	SW	Aa3	P-1	C	NEG	AA-	F1+	aa-	1	STABLE	AA-	A-1+	NEG
SVENSKA HANDELSBANKEN-A SHS	SW	Aa3	P-1	C	NEG	AA-	F1+	aa-	1	STABLE	AA-	A-1+	NEG
UNITED STATES (GOVT OF)	US	Aaa			STABLE	AAA	F1+			STABLE	AA+u	A-1+u	STABLE
BANK OF NEW YORK MELLON	US	Aa2	P-1	B-	STABLE	AA-	F1+	aa-	1	STABLE	AA-	A-1+	STABLE
WELLS FARGO BANK NA	US	Aa3	P-1	C	STABLE	A+	F1	a+	1	STABLE	A+	A-1	STABLE
UNITED KINGDOM - OTHER INSTITUTIONS													
DEBT MANAGEMENT OFFICE	GB	Aa1			STABLE	AA+	F1+			STABLE	AAAu	A-1+u	STABLE
GOVERNMENT AGENCIES, MULTI-LATERAL AND SUPRANATIONAL BANKS													
NORDIC INVESTMENT BANK	FI	Aaa	P-1		STABLE						AAA	A-1+	STABLE
COUNCIL OF EUROPE DEVELOPMNT	FR	Aa1	P-1		STABLE	AA+	F1+			STABLE	AA+	A-1+	STABLE
EUROPEAN BANK FOR RECONSTRUC	GB	Aaa	P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE
KREDITANSTALT FUER WIEFERAUF	GE	Aaa	P-1		STABLE	AAA	F1+		1	STABLE	AAA	A-1+	STABLE
EUROPEAN INVESTMENT BANK	LX	Aaa	P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE
INTER-AMERICAN DEV BANK	US	Aaa	(P)P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE
INTERNATIONAL BANK FOR RECON	US	Aaa	(P)P-1		STABLE	AAA	F1+			STABLE	AAA	A-1+	STABLE

Money Market Funds	Place of Domicile	Moody's Long-Term Ratings	Fitch Long-Term Rating	S&P Long-Term Rating	Rate
ABERDEEN ASSET MANAGEMENT	LX	Aaa-mf	AAAmmf	AAAm	0.41%
AMUNDI INVESTORS	LX		AAAmmf	AAAm	0.42%
AVIVA INVESTORS	IR	Aaa-mf		AAAm	0.37%
BLACKROCK	IR	Aaa-mf		AAAm	0.42%
BNP PARIBAS ASSET MANAGEMENT	LX	Aaa-mf		AAAm	0.45%
BNY MELLON ASSET MANAGEMENT	IR	Aaa-mf		AAAm	0.29%
CCLA - PSDF	GB		AAAmmf		0.32%
DB ADVISORS (DEUTSCHE)	IR	Aaa-mf		AAAm	0.36%
FEDERATED INVESTORS (UK)	GB	Aaa-mf	AAAmmf	AAAm	0.39%
FIDELITY INTERNATIONAL	IR	Aaa-mf		AAAm	0.37%
GOLDMAN SACHS ASSET MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	0.42%
HSBC ASSET MANAGEMENT	IR	Aaa-mf		AAAm	0.35%
IGNIS ASSET MANAGEMENT	IR		AAAmmf	AAAm	0.47%
INSIGHT INVESTMENTS	IR		AAAmmf	AAAm	0.38%
INVESCO AIM	IR	Aaa-mf	AAAmmf	AAAm	0.44%
J.P.MORGAN ASSET MANAGEMENT	LX	Aaa-mf	AAAmmf	AAAm	0.29%
SOCIETE GENERALE	IR		AAAmmf	AAAm	0.37%
MORGAN STANLEY INVESTMENT MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	0.41%
NORTHERN TRUST ASSET MANAGEMENT	IR	Aaa-mf		AAAm	0.31%
STATE STREET GLOBAL ADVISORS ASSET MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	0.38%
SWIP ASSET MANAGEMENT	IR	Aaa-mf	AAAmmf	AAAm	0.32%
AVIVA INVESTORS GOV	IR	Aaa-mf		AAAm	
BLACKROCK GOV	IR	Aaa-mf		AAAm	
GOLDMAN SACHS ASSET MANAGEMENT GOV	IR	Aaa-mf	AAAmmf	AAAm	
JP MORGAN ASSET MANAGEMENT GOV	LX	Aaa-mf	AAAmmf	AAAm	
NORTHERN TRUST ASSET MANAGEMENT GOV	IR			AAAm	

REPORT TO SCRUTINY COMMITTEE RESOURCES
Date of Meeting: 19 November 2014
Report of: Assistant Director Finance
Title: Budget Monitoring Report to 30 September 2014

Is this a Key Decision?

No

Is this an Executive or Council Function?

No

1. What is the report about?

This report advises Members of any material differences to the revised budget in respect of Resources revenue budgets.

Potential areas of budgetary risk are also highlighted in this report, so that Members are aware that certain budgets have been identified as being vulnerable to factors beyond the control of the Council, which may result in potential deviations from budget, and are therefore subject to close monitoring by officers.

An update on the approved budget savings has also been included.

2. Recommendations:

That Members of Scrutiny Committee – Resources assure themselves that satisfactory actions are being undertaken by Officers to address the key areas of budgetary pressure highlighted in 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.

4. What are the resource implications including non financial resources

The financial resources required to deliver Resources Services during 2014/15 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 projected financial position of Resources Services as at 31 March 2015.

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. Monitoring Officer's comments:

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

8. Report Details:

Resources Budget Monitoring to 30 September 2014

8.1 Key Variations from Budget

The current forecast suggests that net expenditure for this committee will decrease from the revised budget by a total of £169,630 after transfers from reserves and revenue contributions to capital, as detailed in Appendix 1. This represents a variation of 2.92% from the revised budget. This includes supplementary budgets of £172,620.

8.2 The significant variations by management unit are:

MU Code	Management Unit	Over / (Underspend)	Detail
86A1	Revenue Collection/Benefits	(£97,500)	<ul style="list-style-type: none">Recovery of overpayments has been higher than anticipatedRevenue contribution to capital expenditure upgrading the Capita system
86A4	Civic Ceremonials	17,940	<ul style="list-style-type: none">Shortfall of rental income from premises at 204 High Street
86A5	Democratic Representation	25,000	<ul style="list-style-type: none">An identified saving will not be achieved in year (see Appendix 2)
86A7	Unapportionable Overheads	(6,240)	<ul style="list-style-type: none">Reduced pension costs of former employees
86B1	Financial Services	(9,240)	<ul style="list-style-type: none">Delays in recruitment for vacancies
86B2	Internal Audit	(7,530)	<ul style="list-style-type: none">Maternity leave
86B3	Human Resources	(7,280)	<ul style="list-style-type: none">Delay in recruitment for vacancy
86B5	Corporate Customer Services	(20,000)	<ul style="list-style-type: none">Additional saving on Postages due to change of supplier
86B7	Strategic Management	(15,280)	<ul style="list-style-type: none">Some support work now charged direct to services.

8.3 An update on the approved budget savings for the Scrutiny – Resources committee are included in Appendix 2.

9. 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.

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

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks within Resources are attached as Appendix 3, for reference.

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?

No impact

12. Are there any other options?

No

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) 265275

This page is intentionally left blank

**SCRUTINY COMMITTEE - RESOURCES
BUDGET MONITORING**

APRIL 2014 TO SEPTEMBER 2014

ACTUAL TO DATE			YEAR END FORECAST				
PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	CODE	APPROVED BUDGET	CURRENT OUTTURN FORECAST	QUARTER 2 FORECAST VARIANCE	QUARTER 1 FORECAST VARIANCE
£	£	£		£	£	£	£
1,032,703	766,888	(265,815)	86A1	2,138,120	2,040,620	(97,500)	(7,500)
141,568	103,373	(38,195)	86A2	338,720	338,720	0	0
143,629	16,981	(126,648)	86A3	692,180	692,180	0	0
99,275	93,421	(5,854)	86A4	276,760	294,700	17,940	0
280,241	269,050	(11,191)	86A5	754,740	779,740	25,000	25,000
768,781	801,514	32,733	86A6	984,930	984,930	0	0
136,695	118,960	(17,735)	86A7	355,660	349,420	(6,240)	(6,240)
(3,228)	(3,615)	(387)	86A9	45,680	45,680	0	0
289,808	316,149	26,341	86B1	0	(9,240)	(9,240)	(9,240)
73,530	66,033	(7,497)	86B2	0	(7,530)	(7,530)	(7,530)
271,407	256,931	(14,476)	86B3	0	(7,280)	(7,280)	(7,280)
211,493	185,918	(25,575)	86B4	0	0	0	0
557,119	464,796	(92,323)	86B5	20,000	0	(20,000)	(15,000)
551,111	544,669	(6,442)	86B6	200,000	200,000	0	0
173,458	163,029	(10,429)	86B7	0	(15,280)	(15,280)	(15,280)
26,350	1,322	(25,028)	86B8	0	0	0	0
4,753,940	4,165,419	(588,521)	NET EXPENDITURE	5,806,790	5,686,660	(120,130)	(43,070)

VARIANCES ON TRANSFERS TO / (FROM) EARMARKED RESERVES	(57,000)
REVENUE CONTRIBUTION TO CAPITAL	
Contribution to Capita Upgrade	7,500
OVERALL FORECAST EXPENDITURE FOR THE YEAR AFTER MOVEMENTS TO/FROM RESERVES	5,637,160
REVISED BUDGETS	5,806,790
ADJUSTED OUTTURN VARIANCE	(169,630)

This page is intentionally left blank

AD / CM / Support Service	Proposals 2014/15	Will be achieved 100% in 2014-15	Will be achieved but not fully in 2014-15	Will not be achieved	Comments
Assistant Director - Customer Access					
Reduced staff in Housing Benefits, Revenue Collection, Customer Service Centre, Housing Advisory Service and temporary accommodation	255,000	255,000			The full saving of £255k will be made. The majority of savings are based on vacant posts and a re-structuring exercise is currently being undertaken. A further update will be provided when the new structure is confirmed.
	255,000	255,000	0	0	
Assistant Director - Finance					
Replace 2 qualified accountants with 2 technician level	45,890	45,890			
Lose PT Finance Support Officer	15,490	15,490			
Lose lease car budget	2,210	2,210			
Remove some non-core modules from E-FIMS	5,000	5,000			
Discretionary Rate Relief paid by Collection Fund	176,000	176,000			
	244,590	244,590	0	0	
Corporate Manager - Policy/Community Engagement					
Grants Subscription	15,520	15,520			
To be Determined	14,480	14,480			
	30,000	30,000	0	0	
Corporate Manager - Democratic/Civic Support					
Numerous slight service adjustments	22,000	22,000			Committee report recommending reduction not approved. £15k saving expected to be made achieved on postages due to change from Royal Mail to TNT.
Other saving	28,000			28,000	
	50,000	22,000	0	28,000	
Corporate Manager - Legal					
Delete Solicitor post	51,270	51,270			
Flexible retirement	10,250	10,250			
Reduce Practising Certificates	800	800			
Stop Subscription to Harveys employment	4,190	4,190			
Stop Housing Law Monitor					
Stop Times					
Delete Planning Solicitor	50,710	50,710			
	117,220	117,220	0	0	
Business Manager - Human Resources					
Reduce Software	3,200	3,200			Probable, subject to finalising training development plans
Reduce Training Budget	50,000	50,000			
	53,200	53,200	0	0	
TOTALS	750,010	722,010	0	28,000	

This page is intentionally left blank

AREAS OF BUDGETARY RISK

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

The revenue budget areas of risk are:

Budget Title	Approved Budget	Risk
Revenue Collection/Benefits – Housing Benefit Subsidy	£39,955,450	The Council administers nearly £40m 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.

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank