

SCRUTINY COMMITTEE - RESOURCES

28 January 2015

Present:

Councillor Baldwin (Chair)

Councillors Mottram, Bialyk, Brock, Bull, George, Lyons, Morris, Robson, Sheldon, Spackman and Winterbottom

Apologies:

Councillor Tippins

Also present:

Deputy Chief Executive, Assistant Director Finance, Corporate Manager Property, HR Business Manager, Audit Manager (HK), Scrutiny Programme Officer and Democratic Services Officer (Committees) (SLS)

In attendance:

Councillor Peter Edwards	-	Leader
Councillor Ollie Pearson	-	Portfolio Holder for Enabling Services
Councillor Rob Hannaford	-	Portfolio Holder for Housing and Customer Access

1 Minutes

The minutes of the meeting held on 19 November 2014 were taken as read and signed by the Chair as correct.

2 Declarations of Interest

Councillor Winterbottom declared a discloseable pecuniary interest as a member of the Exeter Canal and Quay Trust and withdrew from the room whilst Minute 14 was discussed.

3 Question from Members of the Public Under Standing Order 19

In accordance with Standing Order No. 19, Ms Fraser, representing a consortium of community groups, including the St David's Neighbourhood Partnership, St James Forum and Alphington Village Forum put a question on the proposed level of New Homes Bonus funding for community activity through the community groups. The Leader, as the Member responsible for the budget responded. A copy of the question had been circulated to Members and was made available at the meeting. The question and the reply from the Leader are appended to the minutes.

Scrutiny Committee – Resources noted the question.

4 Reports of Portfolio Holders

Councillors Edwards, Pearson and Hannaford presented their individual progress reports on the Leader, Enabling Services and Customer Access Portfolios, respectively.

Councillor Edwards responded to Members' comments as follows:-

- the Council would continue to offer apprenticeships and hoped to increase the numbers over time. He also referred to a recent discussion with the Headmaster of St James School with a view to encouraging more students to consider becoming an apprentice, which may also have additional benefits for local firms.
- work was taking place with Active Exeter to formulate an action plan to increase the levels of physical activity in the city. The Exeter Health and Wellbeing Board had identified funding for a number of projects to achieve this, but following continuing engagement with the Local Health Authority, there would have to be consideration as to how any improvements could be measured.
- an agreement had been reached at a recent Devon District Forum to work in partnership with East Devon and Teignbridge Councils to improve the rail service.
- the Council continued to seek to promote the living wage and, in the longer term, engage with the business community to ensure that businesses would continue to thrive in Exeter. He was due to meet with the CBI representative for the South West, as well as the TUC, local employers and organisations such as the Exeter Chamber of Commerce to discuss the challenges to achieve this. There had been similar concerns when the minimum wage was first introduced and he hoped that eventually the living wage would also be seen as the norm.

Councillor Hannaford responded to a Member's comment in terms of how Community organisations might respond in the future following the changes in responsibility for community assets management. Local clubs and sports organisations were an important part of the local infrastructure and he intended to work with clubs in his ward to look at all the options. Such clubs would need some reassurance and guidance to ensure that they could continue to run their facilities effectively. A Member referred to his own role of Member Champion for the Empowerment of Communities and agreed that there was a need to include capacity building for clubs to ensure they could take on their future responsibilities effectively.

Councillor Pearson responded to a Member's comment and confirmed that a report to the Exeter Board had agreed to explore the mapping of community facilities in the city, to set up an appropriate register as well as offer clear guidance to ensure that assets from the community value were appropriately maintained.

Scrutiny Committee – Resources noted the achievements and priorities presented.

5 **Fraud Awareness**

The Chair welcomed Helen Kelvey, the Audit Manager, to the meeting who made a presentation in response to the Government's publications "Protecting the Public Purse" and "Fighting Fraud Locally". She spoke on the background to the fraud, bribery and corruption awareness policies. She defined these elements and set out the circumstances in which they occurred and also detailed what the Council was doing to counter such activity which should be categorised as criminal activity. There were penalties for the individual concerned as well as the Council, if insufficient effort had been made to ensure due diligence. There were a number of measures already in place and the Audit Manager outlined the ways to report any suspected fraud, including the use of an anonymous help line. Copies of a leaflet entitled "What

should you do if you suspect Fraud, Theft or Corruption” a Guide for Staff, Councillors and Members of the public were circulated.

The Audit Manager responded to a Member concerned at the number of bogus emails and how were they getting through the City Council’s fire wall. She advised that every effort was made to block such emails by keeping up with the ever moving pace of change in technology. It was the responsibility of the Department of Work and Pensions to instruct the City Council if fraud involving benefit was suspected and, even with limited resources, every effort was made to address such activity.

The Chair thanked the Audit Manager for the presentation.

6 Estimates/New Capital Bids/Fees and Charges

The Assistant Director Finance presented the report on the Estimates and Fees and Charges, which outlined the strategic framework within which the estimates had been prepared; changes in accounting practices which affected all budgets and gave detailed reasons for major changes in the Management Unit estimates. The budget framework, Capital Programme and proposed new schemes for the areas covered by the Scrutiny Committee – Resources and proposed 2015/16 Fees and Charges were included as an appendix to the report.

A Member welcomed the modest increase in the proposed fees and charges. The Assistant Director Finance also responded to a Member’s comment on the energy saving projects and confirmed that the City Council had already entered into a two year fixed agreement with an energy supplier, and acknowledged that the recent decrease in energy prices had been unexpected.

Scrutiny Committee – Resources noted the draft Revenue Estimates for 2015/16, the proposed Capital Programme and Fees and Charges for further consideration by Executive.

7 Capital Programme 2015/16 and 2017/18

The Assistant Director Finance presented a report and requested Members’ approval of the General Fund and Housing Revenue Account Capital Programmes for 2015/16, along with a number of schemes identified for the following two years. Members were advised that a borrowing requirement of £26.687 million had been identified over the next four financial years, which would have an ongoing impact on the council tax.

The Assistant Director Finance responded to a Member’s question on the variation in the allowance for the cost of replacement bathrooms and particularly kitchens in the years 2016/17, 2017/18 in comparison to 2015/16. He responded that the Council was undertaking a stock condition survey, and advised that once the results had been collated, the costs would be reviewed and capital used to fund the required works. Kitchen replacement costs varied from £4,000 to £6,500. The cost of replacement work was dependent on a number of factors including the size and condition of the property. The City Council operated a value for money strategy and, if other ancillary works were required, such as rewiring, this was carried out using the Kitchens budget.

Scrutiny Committee – Resources supported the following for approval by Executive:-

- (1) the General Fund Capital Programme for 2015/16 as set out in Appendix 3 of the report; and

(2) the HRA Capital Programme for 2015/16 as set out in Appendix 4 of the report.

8 Revenue Budget Proposals 2015/16

The Assistant Director Finance presented the report outlining the strategic framework within which the estimates had been prepared and highlighted the issues that would affect the actual setting of the overall level of council tax. The report also summarised the overall budget position arising from the current cycle of Scrutiny Committee meetings.

The Government had announced the provisional Local Government Settlement on 18 December 2014, confirming that the Council would receive £6.635 million in 2015/16, which was £11,000 lower than predicted as part of the Medium Term Financial Plan. (MTFP). An updated MTFP was attached to the report, which identified additional spending resources and it was currently indicated that the savings required would total £3,033,000 over the next two years (2016/17 and 2017/18). The report also outlined the Council Tax budget requirement for 2015/16, and after taking into account the surplus and the taxbase, the proposed Band D council tax for 2015/16 would be £135.05, an increase in the annual council tax of £2.64 or 1.99%.

The Assistant Director Finance also provided an update on Business Rates (NNDR) and the calculation of business rate gain was in excess of £1.289 million above the baseline from the Government. He responded to a Member's comment on the potential loss of business rate revenue following the change in legislation to allow the conversion from office to residential accommodation. This still represented growth in the city with council tax revenue being collected, however, the position would be monitored and reviewed as appropriate.

Scrutiny Committee – Resources noted the report and recommended that Executive approve the draft Revenue Budget proposals for 2015/16 and recommended also that the minimum level for the General Fund Working Balance remains at £2 million.

9 Treasury Management Strategy Report 2015/16

The Assistant Director Finance presented a report which sought Members' approval for the adoption of the Treasury Management Strategy Report, which also incorporated the Annual Investment Strategy 2015/16, as required under Section 15(1)(a) of the Local Government Act 2003. The key sections were set out in paragraph 8.2 and included an increase in the amount the City Council could lend to UK owned banks as well as the upper limit that could be lent to the highest rated Foreign owned banks.

The Assistant Director Finance provided an update on the situation relating to their Landsbanki investments, confirming that the City Council had been able to broadly recover what had been invested, and also recovered all of the investment from the Glitnir Bank. An opportunity to recover the funds held in Icelandic Krona had arisen and this would be discussed with the Local Government Association. He also responded to comments received from a Member relating to the repayment of a loan from the Police and Crime Commissioners Panel body, confirming if it was disbanded, it would be replaced by another democratic body, the liability transferred and any repayment to be made on time. He also outlined the facility to make loans between local authorities. The Public Works Loan Board was a statutory body of the UK Government that provided loans to public bodies.

A Member commented on the investment strategy and suggested a Member Briefing be held to enable Members to have a better understanding of how the savings and investment strategy was delivered. It was noted that an appropriate date would be identified.

Scrutiny Committee - Resources noted the report, requesting that Executive recommend the adoption by Council of the new Treasury Management Strategy and delegations contained therein.

10 **Prudential Code for Capital Finance in Local Authorities (incorporating the Annual Statement of Minimum Revenue Provision)**

The Assistant Director Finance presented the report, which set out the proposed 2015/16 prudential indicators for capital finance for adoption by the Council, and to set the annual statement of Minimum Revenue Provision (MRP). The prudential indicators covering a period of the next three years were set out in Appendices A to C. The report also confirmed that the requirement to produce an annual strategy of minimum revenue provision for repayment of debt had been met.

Scrutiny Committee – Resources noted the report and recommended that Executive approve the adoption by Council, of the following:-

- (1) Prudential Indicators set out in Appendix A-C of the report, and,
- (2) Annual Statement of Minimum Revenue Provision for the City Council.

11 **Annual Pay Policy Statement**

The Human Resources Business Manager presented a report, which set out the City Council's annual Pay Policy Statement 2015/16, and the legal requirement for approval by Council each financial year. There had been no significant changes, but she confirmed that the revised policy and appendix circulated with the report had also taken account of the general uplift from the implementation of the nationally determined living wage, for the lowest paid (Spinal Column Point 10) on 1 April 2015 as well as implementation of the nationally agreed 2014/16 pay award for employees excluding Chief Officers, with effect 1 January 2015. The implementation of the nationally negotiated pay award for Chief Officers and Chief Executives for 2014/16 was still subject to national agreement.

Scrutiny Committee - Resources recommended that the Council's annual Pay Policy Statement for 2015/16, be adopted and published following approval by Council in accordance with the legislation.

12 **Income Generating Measures Task and Finish Group Report**

The Chair of the Income Generating Measures, Councillor Bialyk presented an outline of the conclusion of the Task and Finish Group's investigations, and included a selection of ideas highlighted and discussed by the Group and relevant officers as plausible, having potential and being capable of practical implementation. The Group had also considered the available resources and the level of anticipated revenue which could be generated. Ideas were taken from the Commercialisation Board and Council Staff were also approached.

Councillor Bialyk thanked staff and Members for their involvement in the Task and Finish Group to date, and also to those members of staff who had made suggestions.

The report included a number of areas which were identified by the Group as having the potential to provide further sustainable income for the Council, they were now looking forward to making a further investigation and develop a business case, with a report to the future Scrutiny Committee - Economy meetings:-

- A. A Solar Photovoltaic site on Council owned land.
The Corporate Manager Property would investigate the generation of solar power together with a potential site. *(June)*
- B. A dedicated member of staff to bid for external funding.
The Deputy Chief Executive agreed that the creation of a self funded post would help to coordinate funding bid activity, and could benefit not only the City Council but also the many community groups to identify prospective grants and maximise funding opportunities. *(June)*
- C. Use of St Nicholas Priory for weddings and maximising the use of RAMM for corporate events.
The Corporate Manager Property would pursue this suggestion, and a structural survey was awaited to determine the level of investment required. An application would need to be made to the Heritage Lottery Fund. *(June)*
- D. Selling external advertising on the outside of car parks in a prominent place.
The Deputy Chief Executive said that the financial and community engagement potential would be considered, including the possibility of local businesses advertising. *(September)*
- E. Exeter has a number of parks and open spaces which are not utilised to their maximum potential. The Council could look into the following such as :- holding events in parks/licensed ice cream vendors in parks/open air cinemas/weddings/more car parks/more paid facilities in parks. *(September)*
- F. Museum – voluntary donations for entry.*(June)*

Scrutiny Committee - Resources welcomed the opportunity to consider and comment upon the ideas submitted by the Group and supported the following:-

- (1) selection of income generating ideas detailed within the report with a view to business cases being submitted for consideration by this Committee;
- (2) timescale for the provision of those business cases be put to the Committee; and
- (3) a review of progression, either at a point in time agreed by this Scrutiny Committee under recommendation (2), or six months from the date of this report, whichever is the sooner.

13 **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 for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part I, Schedule 12A of the Act.

14 **The Future of the Custom House**

Councillor Winterbottom declared a discloseable pecuniary interest as a member of the Exeter Canal and Quay Trust and withdrew from the room whilst this matter was discussed.

The Corporate Manager Property presented an outline of the proposal to relocate the Quayside Visitor Centre into the Custom House and the simultaneous letting of the building to the Exeter Canal & Quay Trust (ECQT). The Council had explored a number of options for a long-term, sustainable use for the property on Exeter's historic quayside, and this solution would ensure the ongoing stewardship of the historic fabric and provide greater access for all.

Scrutiny Committee Resources noted the following and recommended Executive to: -

- (1) support the proposed relocation of the Quayside Visitor Centre to the Custom House; and
- (2) support the headline terms as detailed in the report for the proposed letting to the Exeter Canal and Quay Trust.

The meeting commenced at 5.30 pm and closed at 7.15 pm

Chair

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SCRUTINY COMMITTEE - RESOURCES
28 JANUARY 2015

PUBLIC QUESTION UNDER STANDING ORDER 19

QUESTION TO SCRUTINY COMMITTEE FROM 3 COMMUNITY GROUPS:
St David's NP/St James Forum/Alphington

QUESTION:

What is the level of New Homes Bonus for 2015/16 and the proposed sum which is earmarked for community projects through community groups;

Is this an increase in the amount allocated for decision by community groups in 2014/15, and what is the major portion of the balance being allocated for?

Christine Fraser
Jo Hawkins
Diana Moore

REPLY

Councillor Edwards, thanked Ms Fraser, Moore and Hawkins for the question and as Leader responsible for the budget and strategic determination of the Council replied. He stated that the provisional allocation of New Homes Bonus for Exeter City Council in 2015/16 is £3,528,983.

The allocation of the funds was determined in line with the approval given by Council in February 2014.

- £120,000 for capacity building;
- £250,000 for community projects;
- £36,000 for ward grants;
- The balance is to be used to fund the proposed leisure complex.

The funding allocation remains the same as in 2014/15, unless it is amended by Full Council.

This funding would provide an equitable way of distributing the available funding, and this was against the backdrop of a challenging financial regime with this Authority having to identify and make over £3 million in savings. It may not be possible to guarantee the same level of funding in future years.

A Member also referred to the stance taken by the City Council which had not been to use New Homes Funding to supplement any funding gap of services, but would be used to enhance the future of the city. A Member agreed with the discussion and hoped that Ms Fraser was satisfied with the response and that this subject would be discussed at a future Scrutiny Committee.

Ms Fraser made a final comment and thanked Members for the opportunity to ask her question. She suggested that the community groups would appreciate the creation of a community development strategy to identify any funding possibilities, as many bids now included match funding and such research could help to locate and respond to the different packs and funding

regime. They hoped to develop a community alliance and share best practice to achieve maximum value and to benefit all. They recognised the level of cuts that they were faced with and would rather address future funding in a more strategic way and also eliminate any duplication.

Members noted the question and for drawing a possible future coordinated approach to funding to their attention.