

SCRUTINY COMMITTEE - RESOURCES

Date: Wednesday 27 January 2016
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 Bull (Chair), Buswell (Deputy Chair), Baldwin, Bialyk, Brock, George, Harvey, Lyons, Mottram, Packham, Sheldon, Thompson and Wardle

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 18 November 2015 and 7 January 2016.

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 16 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 the Public Under Standing Order 19

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.

PRESENTATION

7 Portfolio Holder Update

The following Councillors will present half reports and take questions on their Portfolio –

(Pages 5 -
14)

Councillor Edwards – Leader
Councillor Pearson – Enabling Services
Councillor Morris – Customer Access
Councillor Hannaford – Housing Revenue Account

ESTIMATES

8 Estimates/ New Capital Bids/Fees and Charges

To consider the report of the Assistant Director Finance.

(Pages 15
- 26)

MATTERS FOR CONSIDERATION BY THE EXECUTIVE

9 Community Infrastructure Levy Funding for Sandy Park A379 Junction

To consider the report of the Assistant Director City Development.

(Pages 27
- 34)

10 Exeter City Futures Community Interest Company

To consider the report of the Chief Executive and Growth Director.

(Pages 35
- 38)

11 Revenue Budget Proposals 2016/17

To consider the report of the Assistant Director Finance.

(Pages 39
- 54)

12 Capital Programme 2016/17 - 2018/19

To consider the report of the Assistant Director Finance. (Pages 55 - 70)

13 Treasury Management Strategy 2016/17

To consider the report of the Assistant Director Finance. (Pages 71 - 80)

14 Prudential Code for Capital Finance in Local Authorities/Incorporating the Annual Statement of Minimum Revenue Provision

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

15 Annual Pay Policy Statement

To consider the report of the Transactional Services Manager. (Pages 89 - 98)

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

16 ECC Energy Services Company and District Heating Procurement

To consider the report of the Principal Project Manager (Development) City Development. (Pages 99 - 124)

Date of Next Meeting

The next **Scrutiny Committee - Resources** will be held on Wednesday 16 March 2016 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 265115.

Find out more about Exeter City Council by looking at our website <http://www.exeter.gov.uk> . This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on 01392 265115 for further information.

Follow us:

www.twitter.com/ExeterCouncil

www.facebook.com/ExeterCityCouncil

This page is intentionally left blank

SCRUTINY COMMITTEE (RESOURCES)

27 January 2016

Portfolio Holder Priorities 2015/16

Updates against priorities for all Portfolio Holders are included within this report.

Members will note that some Portfolio Holders report to a different scrutiny committee and are unable to take questions at all committees.

Portfolio Holder for Enabling Services: Councillor Ollie Pearson

	Priority	Update
1	Improve procurement arrangements	Our attempts to appoint a permanent officer were unsuccessful and a second advert has provided only one potentially suitable candidate. We are interviewing on 18 December. However, our interim officer has drafted revised Contract Regulations and a second interim has been appointed to provide a thorough review of procurement practices in the Council. This piece of work is due to report back in March 2016.
2	Maximise income opportunities from the Civic Centre and Guildhall	We have been working with various parties who have shown interest in taking space within the Civic Centre. The number of private bookings of the Guildhall continues to grow.
3	Enable customers to self-serve via digital services	Supplier will be selected and approved by the Channel Shift Board in February. Work with services will continue in January to confirm priorities for services to be delivered through the Digital Platform. The new council website is due to be launched on 22 January 2016.
4	Progress the development agreement for the Princesshay Leisure scheme at the Bus and Coach Station site	Heads of Terms have been agreed with The Crown Estate on the Development Agreement and these are now in the hands of solicitors. The Outline Planning Application is scheduled to be considered by full Council in January. Planning consent has been secured for the new bus depot at Matford and construction is now underway. Planning will shortly be submitted for the existing depot site for a mixed use student scheme and a conditional contract is in place for the disposal of that site. Work is underway on the design of the new bus station.
5	Implement the recommendations in relation to the ward boundary changes for Exeter	A report is being presented to special meetings of Executive and Council in January 2016, regarding the Polling Places Review which was a consequence of the ward boundary changes. All other aspects of the ward boundary changes will be implemented

	Priority	Update
		for the May 2016 elections
6	Prepare a Corporate Asset Management Plan	Initial consultant's report on the framework has been received. Draft documentation to be drawn up by Corporate Manager Property in new year
7	Deliver a robust health and safety compliance regime for corporate property	Initial survey work with property managers complete. Corporate Property restructure identifies resource and priority
8	Roll out the Renewables Investment Programme	Approved Programme of solar investments completed (final installation being the Livestock Centre roof) in 2015. New projects to be identified in Energy Strategy in 2016.
9	Progress the Council's aim to be an energy-neutral Council	LED lighting installation completed in Civic Centre, progressing to car-park and other Council buildings in 2016 and 2017. More efficient gas boiler has replaced oil-fired boilers at Civic Centre. PV array installations at multi-storey car parks and Matford completed at year end. For our Fleet - fuel reduction programmes, driver behaviour programmes, and electrifying fleet have assisted the drive for carbon neutrality.
10	Produce a plan to get residents registered on the electoral roll	We are continuing to canvass hard to reach areas of the city (student population in particular). We have received approval from Executive to increase staffing within Electoral Services by 1/2 a post which will specifically help with more elector engagement.

Portfolio Holder for Customer Access: Councillor Heather Morris

	Priority	Update
1	Publish a Homelessness Strategy to ensure efficient and effective management of homelessness	A Homelessness Strategy Task and Finish group has been meeting to formulate the new strategy. This will be a joint strategy between Exeter City Council and Teignbridge District Council and will build upon partnership working between the two authorities and wider statutory and voluntary sector partners.
2	Work with partners to deliver joint programmes, including Targeted Families, Integrated Care Exeter and Exeter Community Hub	Partnership working continues to be a key strand of Housing Needs work. The strands of MEAM (Making Every Adult Matter), ICE (Integrated Care Exeter) and The Exeter Community Hub are being brought together under the ICE structure to ensure consistency in development. A new post is in the process of Job Evaluation to provide support to managing these cross cutting agendas with recruitment due in early 2016.
3	Introduce further initiatives to improve standards in the private rented sector	We continue to work with and through the multi-agency Private Rented Forum on a number of initiatives. A Landlord's Handbook

	Priority	Update
		has been published and is available online and work is currently underway on a handbook for tenants. A successful tenant information day took place in the city centre on 26 October 2015 and officers are presently undertaking a survey in partnership with the CAB on tenants' experiences of the private rented sector. This will be used to inform further policy initiatives. We are also leading discussions at the Private Rented Forum about the possibility of introducing an Exeter Rental Standard, designed to assist tenants in finding good quality, well managed accommodation.
4	Prepare for further changes to local welfare including the Local Council Tax Scheme	Executive has agreed to recommend to Council the continuation of the current scheme for 2016/17. Proposals will be developed for Members' consideration for the 2018/19 Scheme.
5	Help customers with their financial challenges by continuing to work with Job Centre Plus (JCP), providing money management and debt advice and facilitating a Credit Union	A Local Delivery Partnership Agreement with JCP came into force when Universal Credit (UC) went live in Exeter on 9 November. As part of this agreement, we help DWP calculate housing costs, help customers to make an on-line application for UC, and assist with budgeting advice and the transition to a single monthly payment in arrears. A successful bid for funding from the Money Advice Service means that EMAP (our partnership with CAB & Homemaker SW) can continue until March 2017, enabling us to provide more money/debt advice to residents of Exeter. We have been able to identify £36k from Local Welfare Support to assist customers with saving or access to affordable credit. A pre-tender document has been sent to both Plymouth and Plough & Share Credit Unions.
6	Revise the Council's policy for the allocation of social housing	Changes to the allocation policy including the removal of Band E, removal of non bidders and those who refuse accommodation and the badging of some properties to encourage working household to apply will be implemented in April 2016. In early 2016 current applicants and support agencies will be advised of how the changes impact them and given the opportunity to discuss their wider housing options.
7	Work with partners to tackle rough sleeping, within current resources	The new Assertive Homeless Outreach service was launched on the 1 October 2015. With TUPE arrangements there has been a delay in recruiting a team leader although temporary arrangements are in place. A 3 month Safe Sleep initiative has been launched

	Priority	Update
		with an additional 26 night shelter units being available for rough sleepers. Additional funding to assist has been brought in from Devon County Council and East Devon Council to facilitate this alongside Exeter City Council resources. Working in partnership with Julian House, BCHA and St Petrock the additional resource provides a platform to engage the hard to reach group into accommodation. There is also the opportunity to focus on those who refuse help or present too high a risk to provide accommodation for in terms of a more enforcement based approach.

Portfolio Holder for Housing Revenue Account: Councillor Rob Hannaford

	Priority	Update
1	Agree a new Housing Strategy 2015-2020	Officers have produced a draft housing strategy and this will be reported to Scrutiny Committee and Executive in the next cycle of meetings.
2	Improve standards in our social housing stock	We have continued to deliver programmes of planned and reactive investment in our social housing stock in order to improve standards for our tenants. The future capital programme will, however, be substantially impacted by government-imposed policy and financial changes.
3	Improve the management of our housing assets and achieve greater value for money from housing contracts	An external review of housing asset and contract management has been commissioned and completed which identifies the scope for achieving improved value for money. Options arising from this review will be reported to future meetings of Scrutiny Committee and Executive.
4	Examine alternative options for communicating with and engaging council tenants	Feedback on present methods of communicating with tenants has been very positive. Participation in the Housing Performance Scrutiny Partnership has increased and tenants have additionally been asked to consider and suggest what other forms of engagement they might like to see. A Housing Community Partnerships Officer has been appointed to develop further community-based initiatives.
5	Review the way we deal with	This has also been addressed through the

	Priority	Update
	reactive repairs	external review of asset management. Contractor performance is, however, strong and the volume and costs of reactive repairs are both falling.

Portfolio Holder for Health and Place: Councillor Keith Owen

	Priority	Update
1	Address antisocial behaviour by introducing a Public Spaces Protection Order (PSPO)	The proposed PSPO is currently subject to consultation, ending January 22, 2016.
2	Increase the recycling rate from 34% to 35% and increase year on year	<p>The target 1% uplift in recycling rate will not be achieved due to a combination of factors that have unfavourably impacted upon the recycling calculation formula, namely increased tonnages from litter bins and street sweepings (residual waste), decreased tonnages in leaf sweepings and garden waste output (counted as recycling), and excluded data on community-based recycling schemes. Unfortunately, these abnormalities to trend equate to a 1% reduction in recycling rate.</p> <p>Measures to increase recycling rates such as additional 'micro' bring-banks and collaborative working with the University, have yet to show up in increasing yields of recyclates.</p>
3	Improve cleansing of the city centre and implement new ways of keeping the city looking good	Work continues with Exeter BID to agree funding for a second hot wash machine and a deep clean/rapid response team for the city centre. A focus on graffiti removal for the Rugby World Cup was successful and will be maintained as necessary.
4	Work with Devon County Council to tackle the issue of weeds and highway verges	A three year plan has been agreed with Devon County Council (DCC) for the Exeter city weed spraying and highways verges maintenance programme, funded from DCC, Exeter City Council (ECC) and Exeter Board
5	Review management of the Exe Estuary Harbour	A working group of officers from ECC, East Devon District Council (EDDC) and Teignbridge District Council (TDC) has been formed to address operational management issues jointly. The emerging Waterways strategy may seek to find a new solution for the strategic/legal governance of the Harbour but this will not be resolved in 2015/16.
6	Support Exwick Sports Hub by transferring the playing fields to Exeter College	This can be completed once Exeter College has agreed the terms of the lease.
7	Renew the Gambling Policy	New and improved policy has now been

		approved by Council and implemented.
8	Reduce the carbon footprint of our vehicles by 3%	Successful pilot of fuel economisers completed and an invest to save case for rolling out to all RCVs approved (ordered and due to be fitted to remaining RCV fleet in January 2016). Reduction in engine idling project has been successful in changing drivers' behaviour, and should make an overall contribution to carbon emissions from our main fuel-heavy vehicles.
9	Consider an evening trade waste collection service	In partnership with BID, a survey of all BID members will be conducted in January 2016 to ascertain the viability of such a service for the City Centre.

Portfolio Holder for Economy and Culture: Councillor Rosie Denham

	Priority	Update
1	Enhance the knowledge economy with particular emphasis on the Innovation Exeter initiative to raise the profile of the area for inward investment and to address skills development	Exeter City Council together with Devon County Council and our neighbouring district councils of Teignbridge and East Devon are working with the University of Exeter, Exeter College and the Met Office on Innovation Exeter with the aim of making this city region one of the UKs leading knowledge economies. Richard Ball has been seconded to the Innovation Exeter team at the University to progress this work. Mark Goodwin, Deputy Vice Chancellor, has been tasked with the responsibility of leading this programme on behalf of the partnership. KPMG has been instructed by the university of Exeter to shape the Innovation Exeter strategy and the early work is being fed into the debate around the devolution agenda. Members recently supported the Internet of Things bid made in conjunction with Andromeda, this work - which addresses how data analytics could be used to help solve many of the day to day problems we experience, ranging from traffic congestion, to health and energy needs – sits under Innovation Exeter. A central plank of Innovation Exeter is creating the culture of innovation and there will be many initiatives that are happening and will happen in the city that we will want to nurture with the aim of achieving our vision.
2	Deliver a successful Rugby World Cup 2015	RWC2015 delivered without incident in Exeter. The event is the subject of a report to Economy Scrutiny Committee in January 2016, detailing full income and expenditure and the impact the event had on the city. Legacy projects to continue for the next 3 years. As a result of Sandy Park hosting RWC2015, they will be hosting the European Rugby 7s for the next 3 years.

	Priority	Update
3	Procure an operator for the new leisure complex	An officer has been appointed to procure and operator for the new leisure complex.
4	Work with the Business Improvement District (BID) Board to progress the City Centre Strategy	A "Monitoring Board" has been set up to monitor income through the BID levy, which includes representatives from ECC, 2 Exeter BID board members and the BID CEO. Exeter BID Business Plan is being actioned with projects being developed and rolled out, which do not necessarily relate to the previous city centre strategy. Discussions to take place with Exeter BID on how the City Centre Strategy will be implemented.
5	Review the way we deliver and fund tourism activities in the future	Discussions have been held to look at the possibility of sharing the tourist facilities with others but to date no solution has been identified. Officers continue to look for ways of reducing expenditure and increasing income with the objective of reducing the cost of providing the service. The recent transfer of the visitor centre on the quay from Quay House to the Custom House and the development of more events at the quayside are contributing to this objective.
6	Look at alternative governance arrangements of the RAMM	Report commissioned from external consultants exploring the options for governance change, business case supporting this proposition and potential route forward. Draft report with Portfolio Holder for initial comment, which will be followed by any necessary further work by consultant.
7	Adopt a new Parking Strategy and develop the Parking Action Plan	The consultants' report on the Parking Strategy has been further delayed but a report on the recommended Strategy and Action Plan will be considered in the March 2016 committee cycle
8	Develop a new Waterways Partnership for Exeter to steer the future of Exeter's waterways	The first meeting of the Waterways Partnership Board was 16 November 2015
9	Progress Exeter City Futures work with Andromeda and key partners	Work is now underway. Social media launch is set for 11th January 2016. Councillor briefing 13th January. Main media launch 28th January. Consultation and Q&A sessions booked in for after PURDAH. Communication strategy & policies agreed.

Portfolio Holder for City Development: Councillor Rachel Sutton

	Priority	Update
1	Continue to work towards low carbon initiatives including	The Monkerton District Heating Agreement has now been concluded. Newcourt station

	Priority	Update
	district heating schemes at Monkerton, City Centre and SW Exeter and sustainable travel proposals including railway station provision and improvements, park and ride and delivery of footpath/cycle networks	has opened and Executive have agreed to fund £1.35m towards Marsh Barton station. An alternative to Alphington Park and Ride has been proposed for Ide but this is subject to positive public consultation.
2	Submit a Development Delivery Plan to the government and start work on a longer-term planning and infrastructure strategy for Greater Exeter	Submission of DDDPD delayed to April/May 2016 to follow decision on Exeter Road appeal and treatment of student accommodation in housing supply. Work has commenced on a longer term sub-regional study with East Devon District Council, Teignbridge District Council, Mid Devon District Council and Devon County Council. Infrastructure Officers Group working on the Greater Exeter infrastructure priorities.
3	Negotiate local labour/contractor agreements as part of new planning commitments	There is a lack of a policy basis to insist on agreements and so little progress has been made. Procedures will be reorganised to increase this priority.
4	Progress delivery of IKEA, Princesshay Leisure and the leisure complex and address issue posed by retail proposals in the Honiton Road corridor and at M5 Junction 27	IKEA continues to make slow progress towards approval of reserved matters. Princesshay Leisure application to be determined on 20th January. Planning appeal, over six days, was conducted into proposals at Moor Exchange. Decision probable towards the latter half of 2016. B and Q application to be determined in February/March. Mid Devon District Council have made no final decision on the content of its plan relating to J27 M5.
5	Ensure council consents are in place to deliver the Exe Flood Prevention Scheme	Following the approval of planning permission, two outstanding areas of detail have been resolved at Mill on the Exe and Countess Wear. There is an ongoing process of discharging the requirements to satisfy planning conditions.
6	Work with the University of Exeter to provide appropriate student accommodation	A consultant has been commissioned to report on student accommodation issues. Results to be considered by the University Task and Finish Group and Planning Member Working Group in January 2016. Student accommodation schemes are being considered at Longbrook Street, Radmore and Tucker, Renslade House, ECFC and the bus depot.
7	Establish the business case for the creation of a new Housing Development Company	Business case to be prepared in early 2016.

	Priority	Update
8	Support the Exeter Community Forum in the development of a Community Strategy to inform future spending for New Homes Bonus and Community Infrastructure Levy	The Exeter Community Forum have held a series of community meetings through November where residents have been invited to attend and give their comments on what their priorities are for their neighbourhoods in response to local development. This information is now being collated and will be available on the website – www.exetercommunityforum.net , where people will have the opportunity to comment or leave further feedback. Consultants are now developing a Community Strategy for the city that will be presented to Community Scrutiny on the 1 March.

This page is intentionally left blank

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
DATE OF MEETING: 27 January 2016
REPORT OF: Assistant Director Finance
TITLE: Scrutiny Resources - Estimates 2016-17

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

This report sets out the proposed revenue and capital estimates for 2016-17 in respect of Resources.

2. Recommendation:

That Members of Scrutiny Committee – Resources support the estimates for 2016-17 and recommends their approval at the Special Meeting of the Council on 23 February 2016.

3. Reasons for the recommendation:

Local authorities have a statutory duty to set an annual budget and to monitor the budget throughout the year.

4. What are the resource implications including non financial resources

The financial resources required to deliver Resources Services during 2016-17 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 revenue and capital estimates for 2016-17 in respect of Resources Services.

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. The act places a duty on authorities to set robust estimates, maintain adequate reserves.

7. Monitoring Officer Comments:

This report raises no issues of concern for the Monitoring Officer.

8. Report Details:

BUDGET FRAMEWORK FOR RESOURCES

8.1 ANNUAL BUDGET SETTING

Budgets are revisited each year to make amendments for assumptions made on interest rates, inflation and other changed circumstances.

8.2 INFLATION

An overall allowance of £29,930 has been set aside for inflation within Resources Services. The inflationary increases allowed in the budgets are:

Pay award	1.0%
Pay – Increments	0.5%
Electricity	1.5%
Gas	1.5%
Oil	1.5%
Water	0.0%
Insurance	5.0%
Rates	1.2%
Fuel	0.0%
General Inflation	0.0%
Income (excluding Car Parks)	1.5%

General inflation has again been held at zero; however, where there are contracts in place, inflation at around the Retail Price Index (RPI) has been added.

8.3 INTEREST RATES

In respect of interest rates, next year's budget reflects the likelihood that whilst the base rate may remain low, it is likely that they will start to rise during 2016, raising the cost of borrowing. As a result, the Council may begin to take out borrowing over a longer time-frame.

8.4 RESOURCES AVAILABLE 2016/17

The Government announced the provisional Local Government Settlement on 17 December 2015. The Council is to receive £2.022 million Revenue Support Grant in 2016/17 and has been set a Business Rates Baseline of £3.780 million, which overall is £156k lower than predicted within the Medium Term Financial Plan. At this stage there is no intention to revisit the budgets set. The final settlement is expected in late January.

The resources available to the Council to finance its net revenue budget are set out below:

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Revenue Support Grant	2,899	2,022	1,320	869	365
Business Rates Baseline	3,748	3,780	3,854	3,968	4,095
Council Tax	4,761	5,030	5,099	5,239	5,383
Business Rates in excess of baseline	1,351	1,320	1,353	1,392	1,404
Resources	12,759	12,152	11,626	11,468	11,247
Increase/(decrease)	(1,125)	(607)	(526)	(158)	(221)
Annual % change	(8.1%)	(4.7%)	(4.3%)	9.1%	(1.7%)

For 2016/17 there will be differential limits that will trigger the need for a council tax referendum. As one of the lowest council tax setting Districts, Exeter will trigger a referendum if council tax is raised by more than £5 (3.7%), compared to the authority's relevant basic amount of council tax for 2015/16.

The budget strategy for next year assumes that council tax will increase in-line with referendum limits, although this decision will need to be recommended by the Executive and approved by Full Council. Along with the increase in the taxbase, this would raise an extra £269,000.

8.5 GENERAL FUND CAPITAL PROGRAMME

The proposed General Fund Capital Programme for the next three years has been established; however this is subject to a further review of the pre-approved schemes by portfolio holders and senior managers to ensure that the need for the scheme remains. The total of the current programme is as follows:

	2016/17 £	2017/18 £	2018/19 £
New Bids	310,710	18,700	0
Pre-approved	1,577,900	198,900	183,900
Total	1,888,690	217,600	183,900

The Capital Programme for Scrutiny Committee Resources is attached at Appendix 1.

8.6 KEY BUDGET CHANGES PROPOSED FOR 2016-17

The table below sets out the key changes between the budgets for the current financial year and the draft estimates for 2016-17. Please also refer to Appendix 2.

The Department for Work and Pensions announced the ending of the National Insurance discount available to employers who offer a salary related pension scheme. This means that the council and its employees will pay the standard rate of National Insurance from April 2016 rather than the discounted contracted-out rate. This change has resulted in an additional budget requirement of £272,970 on the general fund, with the impact on this committee being an increase of £77,730. Amendments have been made to applicable budgets within the individual management units.

MU Code	Management Unit	Commentary
86A1	Revenue Collection/Benefits	<ul style="list-style-type: none"> • A restructure has increased the pay budget • Grant income has been reduced • Income has been increased to reflect the recovery of overpayments
86A2	Elections & Electoral Registration	<ul style="list-style-type: none"> • A non recurring budget in respect of District Council Elections has been included. • Additional budgets have been included in respect of printing and postages. • Pay budgets have increased due to a post being made full time. • Income budgets have been reduced to reflect the ending of grant funding for a temporary post.
86A3	Corporate	<ul style="list-style-type: none"> • The corporate fee for external audit has reduced following a national review of service provision. • A review of officer time spent on corporate issues has increased the allocation to Corporate.

MU Code	Management Unit	Commentary
86A4	Civic Ceremonials	<ul style="list-style-type: none"> A non-recurring budget has been added in respect of the Armed Forces Day and the 19240 Project.
86A5	Democratic Representation	<ul style="list-style-type: none"> The budget for members' allowances has been increased. The superannuation budget in respect of members has been reduced. Support Service recharge budgets to the management unit have increased.
86A6	Grants/Cent Supp/Consultation	<ul style="list-style-type: none"> Pay budgets have increased to reflect the inclusion of a new post. Support Service recharge budgets to the management unit have increased.
86A7	Unapportionable Overheads	<ul style="list-style-type: none"> The costs of pension funding in respect of former employees is adjusted annually by Peninsula Pensions so has been updated for the 2016-17 contributions. The unoccupied office space at the Civic Centre and Oakwood House as a result of reorganisations has been shown within Unallocated Central Costs.
86A9	Strategic/Community Partners	<ul style="list-style-type: none"> The work in respect of Anti-social Behaviour is now contained within management unit 81A1 Environmental Protection in Scrutiny Community.
86B3	Human Resources	<ul style="list-style-type: none"> The overall training budget held centrally in Learning & Development was overstated in the base budget so has now been restated to the agreed £151,000.
86B4	Legal Services	<ul style="list-style-type: none"> Additional pay budgets have been included.
86B5	Corporate Support	<ul style="list-style-type: none"> Savings on utilities budgets due to replacement of boilers at Civic Centre. Asset Improvement and Maintenance budgets have been reduced. Capital Charges and rental income budgets in respect of the Civic Centre have increased.
86B6	IT Services	<ul style="list-style-type: none"> IT Services are provided by Strata Services and have been increased by inflation, agreed changes in service provision and the target savings amount.
86B8	Procurement	<ul style="list-style-type: none"> The budget for Procurement reflects the transfer of duties from the Property Maintenance Team in Scrutiny Economy.

8.7 FEES AND CHARGES

The proposed Fees and Charges for Resources Services in 2016-17 are included at Appendix 3.

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?

The key risks revolve around ensuring that the Council has sufficient funds to both meet the financial plans set out in the report and to protect itself against any unexpected expenditure that occurs. The risk is mitigated by ensuring that there are sufficient reserves held to offset unexpected expenditure needs. Regular monitoring is undertaken and reported to both 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?

No impact

12. Are there any other options?

No

Dave 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

RESOURCES CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS						
SCHEMES LISTED WITHIN COUNCIL PURPOSES		2016/17 £	2017/18 £	2018/19 £	Future Years £	What the scheme is trying to achieve
WELL RUN COUNCIL						
Annual Contribution to STRATA		53,900	53,900	53,900	53,900	
Idox System for Planning	#	18,700	18,700			Contribution to Strata led projects
HR System	#	67,130				
Convergence Projects	#	142,960				
eFinancials - Version 5	#	50,000				To upgrade ECC's financial system to the latest version in order to remain supported.
Guildhall Wi-Fi	#	17,000				To install a fibre connection from the Civic Centre to the Guildhall to improve wi-fi access.
Customer Contact Platform		60,000	45,000	30,000		To ensure that services are available online and to allow customers to transact with the Council without having to telephone or visit.
Invest to Save Opportunities		100,000				To allow services to invest in assets that will provide an on-going revenue saving.
Civic Centre Replacement Doors	#	15,000				To replace the failing access controlled doors at the Southernhay staff entrance and at the rear of Phase 1 to improve security and ensure emergency access is maintained at all times.
Energy Saving Projects		1,264,000				The core aim for all projects is to reduce risk to the Council from the rapidly changing energy markets. The projects will address security of supply, mitigate the impact of inevitable increased energy costs, and bring income to the council.
Capitalised Staff Costs		100,000	100,000	100,000	100,000	To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers and surveyors.
Sub Total - Well run council		1,888,690	217,600	183,900	153,900	
RESOURCES TOTAL		1,888,690	217,600	183,900	153,900	
New Bids #		310,790	18,700	0	0	
Pre-Approved		1,577,900	198,900	183,900	153,900	
TOTAL CAPITAL PROGRAMME		1,888,690	217,600	183,900	153,900	

This page is intentionally left blank

SCRUTINY COMMITTEE - RESOURCES

Subjective Analysis	BASE ESTIMATE 2015/2016	INFLATION	NEW PROPOSALS		OTHER ADJUSTMENTS	NEW ESTIMATE 2016/2017
			RECURRING	NON-RECURRING		
PAY	6,917,330	79,590	141,270	32,140	259,120	7,429,450
PREMISES	609,190	5,930	(21,560)	2,450	(93,300)	502,710
SUPPLIES & SERVICES	3,672,570	5,040	52,650	25,010	79,180	3,834,450
TRANSPORT	18,160	100	0	0	2,280	20,540
SUPPORT SERVICES	3,789,620	0	0	0	194,770	3,984,390
CAPITAL CHARGES	146,670	0	0	0	46,570	193,240
TRANSFER PAYMENTS	43,155,710	517,860	0	0	(2,599,620)	41,073,950
Total Expense	58,309,250	608,520	172,360	59,600	(2,111,000)	57,038,730
INCOME	(52,262,630)	(638,450)	(22,180)	10	2,096,090	(50,827,160)
Total Income	(52,262,630)	(638,450)	(22,180)	10	2,096,090	(50,827,160)
Net Expenditure	6,046,620	(29,930)	150,180	59,610	(14,910)	6,211,570
Represented By						
86A1 REVENUE COLLECTION/BENEFITS	1,716,540	7,660	58,100	0	(279,430)	1,502,870
86A2 ELECTIONS & ELECTORAL REG	258,600	2,700	52,540	43,000	17,200	374,040
86A3 CORPORATE	597,680	(2,650)	(23,000)	0	58,320	630,350
86A4 CIVIC CEREMONIALS	243,180	2,820	220	10,000	(16,060)	240,160
86A5 DEMOCRATIC REPRESENTATION	701,630	7,270	31,020	0	32,400	772,320
86A6 GRANTS/CENT SUPP/CONSULTATION	803,690	(300)	38,200	0	47,490	889,080
86A7 UNAPPORTIONABLE OVERHEADS	1,725,300	1,480	0	0	75,970	1,802,750
86A9 STRATEGIC/COMMUNITY PARTNERS	0	0	0	0	0	0
86B1 FINANCIAL SERVICES	0	(3,570)	7,490	0	(3,920)	0
86B2 INTERNAL AUDIT	0	(460)	0	0	460	0
86B3 HUMAN RESOURCES	0	(5,800)	16,360	10	(10,570)	0
86B4 LEGAL SERVICES	0	(1,600)	9,810	0	(8,210)	0
86B5 CORPORATE SUPPORT	0	(8,350)	(47,540)	6,600	49,290	0
86B6 IT SERVICES	0	(28,190)	0	0	28,190	0
86B7 STRATEGIC MANAGEMENT	0	(570)	5,790	0	(5,220)	0
86B8 PROCUREMENT	0	(370)	1,190	0	(820)	0
Net Cost	6,046,620	(29,930)	150,180	59,610	(14,910)	6,211,570

This page is intentionally left blank

RESOURCES

APPENDIX 3

	2015/16 Charges				Proposed Charges for 2016/17			
	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code
A SUPPLY OF PHOTOCOPIES								
Monochrome A4	0.25	0.05	0.30	3	0.25	0.05	0.30	3
A3	0.42	0.08	0.50	3	0.50	0.10	0.60	3
Colour A4	1.33	0.27	1.60	3	1.42	0.28	1.70	3
A3	2.58	0.52	3.10	3	2.67	0.53	3.20	3
B HIRE OF COMMITTEE ROOMS AT CIVIC CENTRE								
For official and quasi-official purposes (as determined by Committee)	No Charge				No Charge			
Other Organisations								
Committee Room A - Bad Homburg (1/2 day up to 7.30pm)	55.00	-	55.00	8	60.00	-	60.00	8
Committee Room B - Rennes (1/2 day up to 7.30pm)	70.00	-	70.00	8	75.00	-	75.00	8
A & B - Bad Homburg & Rennes (as one room) (1/2 day up to 7.30pm) (special charge after 8pm to be negotiated)	135.00	-	135.00	8	140.00	-	140.00	8
Morning Coffee (Per cup)	0.67	0.13	0.80	3	0.75	0.15	0.90	3
Afternoon Tea (Per cup)	0.50	0.10	0.60	3	0.58	0.12	0.70	3
C DATA PROTECTION ACT ENQUIRIES (Maximum subject to Data Protection Act)								
	10.50	-	10.50	9	11.00	-	11.00	9
D COUNCIL MINUTES								
Inclusion on mailing list (per annum) for:								
1 Council Agenda/Committee Minutes	50.00	-	50.00	7	52.50	-	52.50	7
2 Planning Committee Agenda	116.00	-	116.00	7	120.00	-	120.00	7
3 Executive	83.00	-	83.00	7	85.00	-	85.00	7
4 Other Committee/Sub-committee Agenda	50.00	-	50.00	7	52.50	-	52.50	7
E GENERAL CONVEYANCING, SALE OF COUNCIL HOUSING, ETC.								
All recharges have been based on the actual amount of work involved, the market rate and at the discretion of the Corporate Manager Legal								
F GUILDHALL LETTINGS								
Note: Fees and charges are at the discretion of the Corporate Manager Democratic and Civic Support owing to the competition in the market								
(a) Private Hire - Charges are per hour (or part thereof) for the room only - minimum charge £100.00								
(i) Main Hall								
Monday - Saturday								
08.30 - 17.00	55.00	-	55.00	9	60.00	-	60.00	9
17.00 - 20.00	82.50	-	82.50	9	85.00	-	85.00	9
20.00 - 00.00	110.00	-	110.00	9	115.00	-	115.00	9
Sunday	137.50	-	137.50	9	142.50	-	142.50	9
(ii) Jury Room								
Monday - Saturday								
08.00 - 17.00	36.00	-	36.00	9	40.00	-	40.00	9
17.00 - 20.00	55.00	-	55.00	9	60.00	-	60.00	9
20.00 - 00.00	73.33	-	73.33	9	75.00	-	75.00	9
Sunday	90.75	-	90.75	9	95.00	-	95.00	9
(iii) Main Hall and Jury Room								
Monday - Saturday								
08.30 - 17.00	82.50	-	82.50	9	85.00	-	85.00	9
17.00 - 20.00	123.75	-	123.75	9	130.00	-	130.00	9
20.00 - 00.00	165.00	-	165.00	9	170.00	-	170.00	9
Sunday	206.25	-	206.25	9	210.00	-	210.00	9
(b) Charity Hire - Charges are per hour (or part thereof) for the room only - minimum charge £50.00								

	2015/16 Charges				Proposed Charges for 2016/17			
	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code	Fee £ p	VAT @ 20% £ p	Total £ p	VAT Code
(i) Main Hall								
Monday - Saturday								
08.30 - 17.00	27.50	-	27.50	9	30.00	-	30.00	9
17.00 - 20.00	41.25	-	41.25	9	45.00	-	45.00	9
20.00 - 00.00	55.00	-	55.00	9	60.00	-	60.00	9
Sunday	68.75	-	68.75	9	72.50	-	72.50	9
(ii) Jury Room								
Monday - Saturday								
08.00 - 17.00	18.33	-	18.33	9	20.00	-	20.00	9
17.00 - 20.00	27.50	-	27.50	9	30.00	-	30.00	9
20.00 - 00.00	36.66	-	36.66	9	40.00	-	40.00	9
Sunday	45.85	-	45.85	9	50.00	-	50.00	9
(iii) Main Hall and Jury Room								
Monday - Saturday								
08.30 - 17.00	41.25	-	41.25	9	45.00	-	45.00	9
17.00 - 20.00	61.88	-	61.88	9	65.00	-	65.00	9
20.00 - 00.00	82.50	-	82.50	9	85.00	-	85.00	9
Sunday	103.13	-	103.13	9	110.00	-	110.00	9
Guildhall Weddings								
Venue only	600.00	-	600.00	9	650.00	-	650.00	9
Venue hire & Drinks Reception		New for 2016/17			750.00	-	750.00	9

REPORT TO:-

SCRUTINY COMMITTEE – RESOURCES 27 January 2016
EXECUTIVE 9 February 2016
COUNCIL – 23 February 2016

Report of: ASSISTANT DIRECTOR CITY DEVELOPMENT

Title: COMMUNITY INFRASTRUCTURE LEVY FUNDING FOR SANDY PARK A379 JUNCTION

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 This report seeks Members' approval to enter into a legal agreement with Devon County Council to provide £1.025 million in Community Infrastructure Levy funding to match fund the delivery of a newly configured junction on the A379 at Sandy Park to facilitate right turns for vehicles entering Sandy Park from the west and exiting Sandy Park to the east. The total cost estimate for the new junction is £2.425 million, although cost estimates are currently being finalised, and this figure may increase or decrease subsequent to this report being finalised (Members will be provided with an oral update as necessary). £1.0 million has been secured through Heart of the South West Local Enterprise Partnership Growth Deal funding, with the remaining £0.4 million being contributed by Devon County Council through Local Transport Plan finances. The report also provides background information on the Newcourt Link Road. Distinct from the Sandy Park A379 Junction, the Newcourt Link Road is intended to link Old Rydon Lane to the existing roundabout on the existing spur road off the A379 that provides access to Sandy Park. (Plans are included in section 8 of this report).

2. Recommendations:

2.1 It is recommended that Scrutiny Committee – Resources notes and requests Executive to recommend that Council makes £1.025 million in Community Infrastructure Levy funding available for investment in a newly configured junction on the A379 at Sandy Park on the following basis:-

- No funds to be made available until adequate CIL has been collected or the end / long-stop repayment date in the legal agreement with Devon County Council has been reached, and funding for city centre major infrastructure investments has been secured in line with the resolution of Executive on 10th February 2015;
- Interest that becomes payable in the event that the City Council does not pay the £1.025 million before the end / long-stop repayment date in the legal agreement with Devon County Council has been reached to be payable from the City Council's General Fund;
- City Council CIL funding for the newly configured junction to be conditional upon 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any project cost savings;

- City Council CIL funding for the newly configured junction to also be conditional upon the outcome of an as yet undetermined bid for funds from Highways England's new 'Housing and Growth Fund', with 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any potential reduction in the overall project costs in the event that the bid is successful; and,
- Authority to be delegated to the Assistant Director City Development to finalise a legal agreement with Devon County Council that accords with these recommendations, (based upon the model provided by the agreement developed in relation to funding Marsh Barton Railway Station subsequent to approval by Executive on 11th August 2015).

3. Reasons for the recommendation

- 3.1 A newly configured junction is an important part of the transport infrastructure package needed to accommodate development growth in and around Exeter. In facilitating right in / right out vehicle movements the newly configured junction will encourage the development of commercial land to the west of Sandy Park, it will facilitate improved access to residential development to the south of Sandy Park via the Newcourt Link Road, and it will take pressure off junction 30 of the M5 by removing the need for vehicles travelling eastbound on the A379 to circumnavigate that junction in order to access Sandy Park (further detail is provided in the 'Background' section to this report). However, funding for the junction needs to be cost effective and balanced against other identified funding priorities.

4. What are the resource implications including non financial resources

- 4.1 Of the anticipated £25 million CIL receipts to 2026, the Council has earmarked £18 million to be spent on 'major infrastructure'. £8 million of this £18 million is dedicated to city centre leisure, transport and public realm projects pursuant to the resolution of Executive on 10th February 2015. A further £1.3 million of the £18 million has been committed to the Marsh Barton Railway Station pursuant to approval by Executive on 11th August 2015. Over 50% of the total CIL receipts identified for major infrastructure to 2025/26 have therefore already been committed. The recommendations of this report would commit a further 5.69% of that £18 million of CIL major infrastructure funding.

5. Section 151 Officer Comments:

- 5.1 The allocation of CIL funding is noted and if approved will be passed to the County Council in line with the timing to be agreed in the legal agreement. The legal agreement will include detail on when interest will become payable to the County Council (it is expected that interest payment clauses will be similar to those in the Marsh Barton Railway Station agreement, but that the end / longstop repayment date will be further into the future) and will be reported back to members as part of a future budget monitoring report.

6. What are the legal aspects?

- 6.1 There are two main issues as follows:
- Firstly, the City Council is currently prohibited from borrowing against future CIL receipts to forward fund infrastructure delivery. Hence, in this case, as with Marsh Barton Railway Station, the Council has come to an arrangement with the County Council whereby the County Council will forward fund delivery of the project with the City Council repaying the agreed (£1.025 million) element of the

project costs at a point at which sufficient CIL receipts have been accumulated or the end / long-stop repayment date in the legal agreement with Devon County Council has been reached.

- Secondly, does the City Council have the authority to spend CIL funding for the purpose of providing a newly configured junction at Sandy Park? The junction is on the Council's Regulation 123 List of projects on which CIL can be spent, so the necessary authority exists.

7. Monitoring Officer Comments:

- 7.1 The Monitoring Officer has raised no issues beyond those set out in paragraph 6.1 above. The Monitoring Officer will be consulted on the legal agreement to be signed with Devon County Council.

8. Report Details / Background

General Commentary on CIL

- 8.1 The Council's Community Infrastructure Levy Charging Schedule came into effect on 1st December 2013. The Levy is expected to raise around £25 million during the period to 2026 and can be used to fund a wide range of projects as long as they support development growth. To date CIL Liability Notices for more than £800,000 have been issued (CIL Demand Notices are subsequently issued when development commences), and over £300,000 has been received. (Appendix 1 to this report details approximate collected / anticipated CIL to 2025/26).
- 8.2 In February 2015, the Council set out a framework for the prioritisation of CIL in the absence of joint infrastructure governance arrangements for the Greater Exeter area. This earmarked £18 million of forecast receipts for major infrastructure, of which the first £8 million is for city centre priorities. The estimated £10 million balance is for strategic investments that support development growth elsewhere across Exeter.
- 8.3 It is forecast that the £8 million city centre funding will have been received by 2019/2020. However, this is dependent on the profile of future development commencements, in particular, the timing of starts on large scale retail schemes like IKEA.

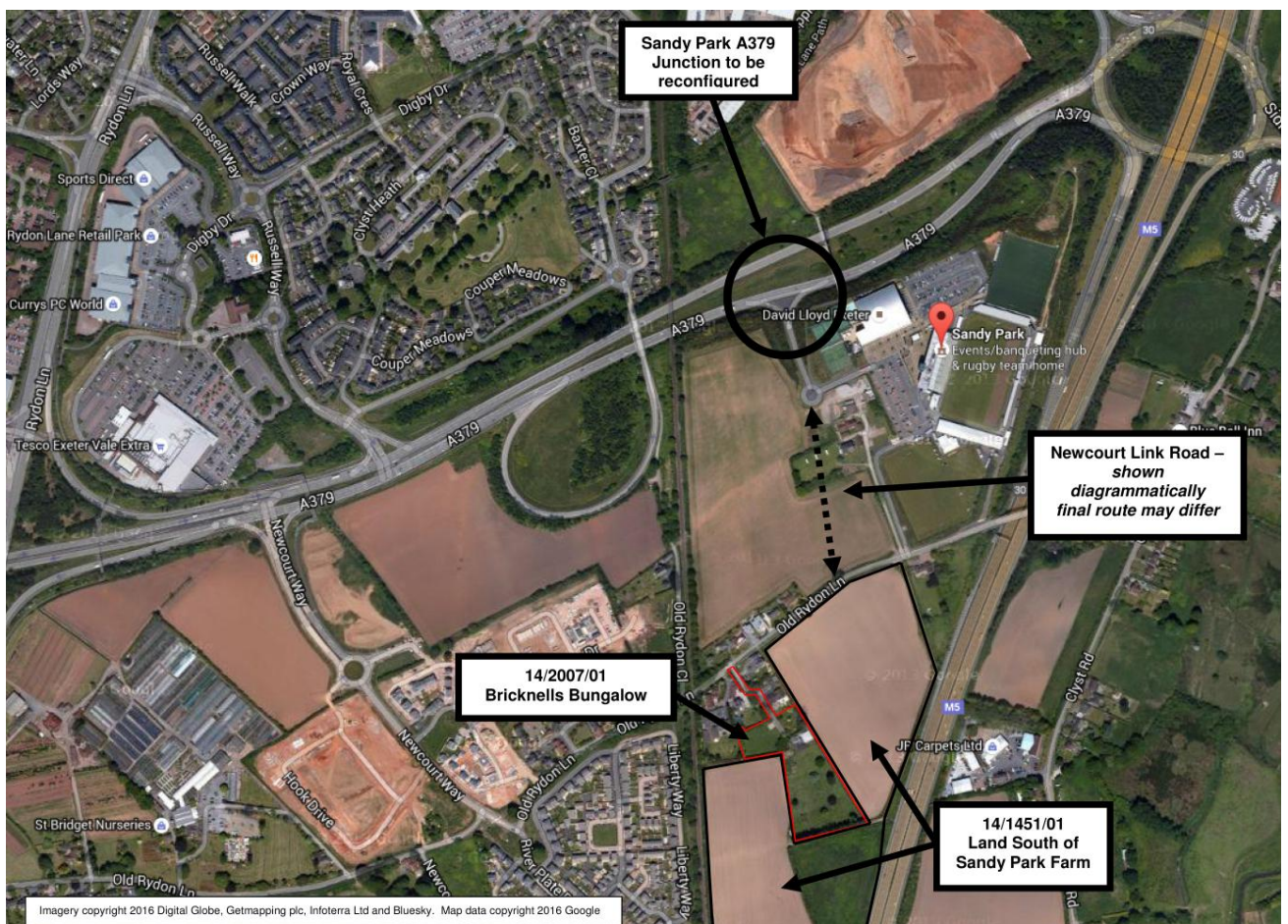
Sandy Park A379 Junction

- 8.4 A newly configured junction is an important part of the transport infrastructure package needed to accommodate development growth in and around Exeter. In facilitating right in / right out vehicle movements the reconfigured junction will encourage the development of the adjoining land for commercial uses, it will facilitate improved access to residential developments to the south of Sandy Park via the Newcourt Link Road (see below), and it will take pressure off the already congested Junction 30 of the M5. Traffic approaching Sandy Park from the city on the A379 currently has to loop around Junction 30 and rejoin the westbound carriageway. The increased number of people making this movement because of housing and employment development will have a detrimental impact on Junction 30 during the peak hours, when it is already close to capacity. Providing a right turn into Sandy Park at the proposed signalised junction will allow these vehicles to turn directly into the site and avoid Junction 30 completely, improving junction operation, especially in the busy peak periods.

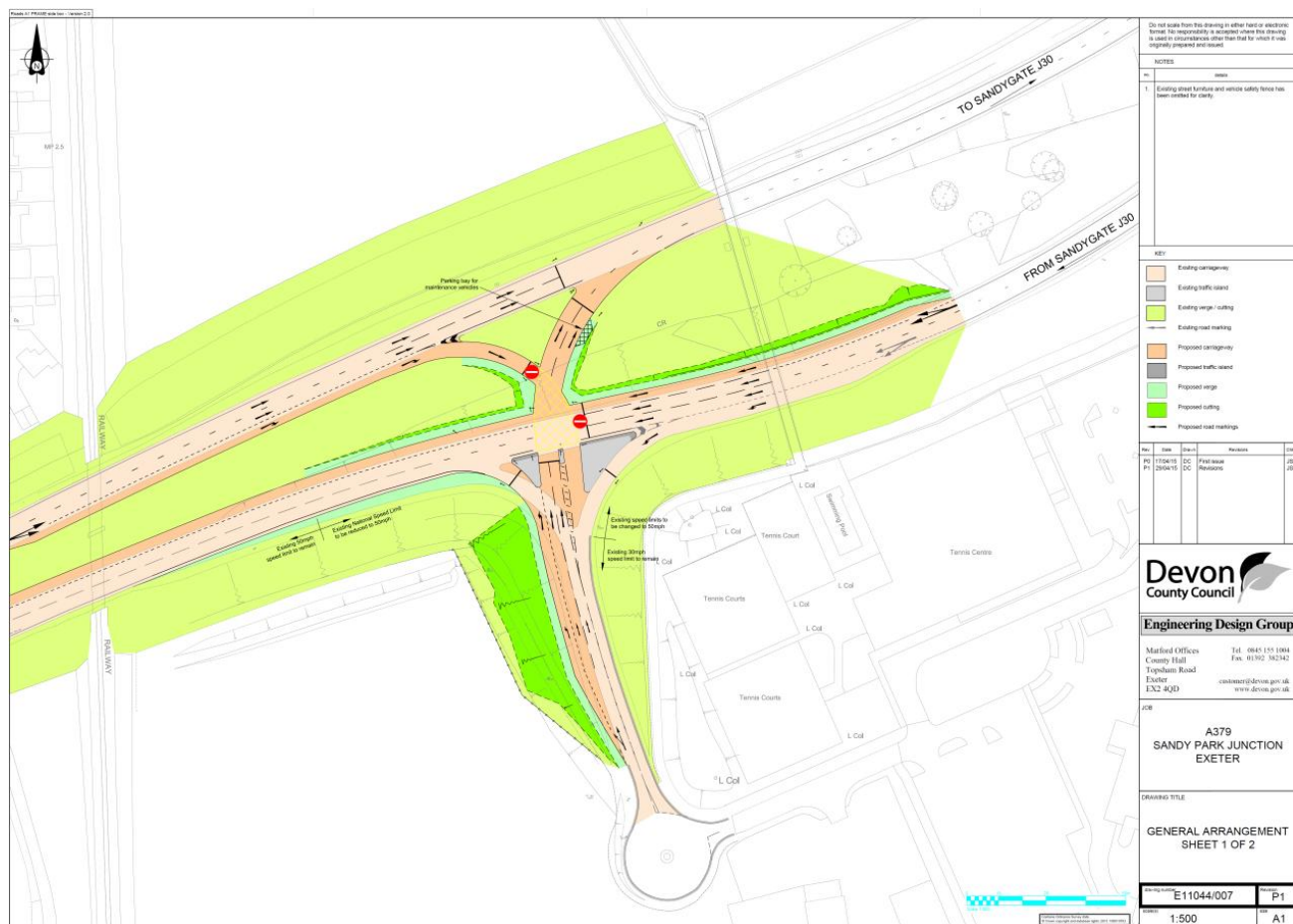
8.5 The proximity of land at Sandy Park to the M5 makes it an attractive location for particular types of businesses which value connectivity to the Strategic Road Network. The land is also within 10 minutes walk of both Digby and Newcourt Rail Stations and Sowton Park and Ride. Commercial development would of course augment the economic prosperity of the city by providing employment opportunities but also a contribution towards civic finances in a changed business rates regime. The Government's Spending Review and Autumn Statement 2015 identified that DCLG will shortly consult on changes to the local government finance system 'to pave the way for the implementation of 100% business rate retention by the end of the Parliament'.

8.6 Planning permission is not required to reconfigure the junction within the current highway boundary.

Plan showing location of Sandy Park A379 Junction to be reconfigured and (diagrammatic) Newcourt Link Road route



Plan showing proposed reconfigured Sandy Park A379 Junction



Newcourt Link Road

- 8.7 In conjunction with the implementation of a reconfigured Sandy Park Junction, the planned Newcourt Link Road will facilitate improved access to Newcourt. The Newcourt Link Road is intended to link Old Rydon Lane to the existing roundabout on the spur road off the A379 that provides access to Sandy Park. It is not intended that the Newcourt Link Road will be funded by CIL, (the Link Road is not included on the Council's CIL Regulation 123 List indicating that it will be so funded). However, £249,500 of the estimated £500,000 costs of implementing the Road Link has been or is in the process of being secured through Section 106 agreements relating to planning applications 14/2007/01 and 14/1451/01, making for an estimated funding shortfall of £250,500.
- 8.8 A condition on the consent for the residential development provided by application 14/1451/01 is that a significant proportion of the development (242 of the 392 dwellings) cannot come forward until the Newcourt Link Road has been implemented. The Link Road will also facilitate further (as yet unconsented) residential development to the north of Old Rydon Lane. Planning permission will be required for the Newcourt Link Road, but it is anticipated that this will be sought as part of a planning application to comprehensively develop the land to the north of Old Rydon Lane.

- 8.9 Discussions are currently underway with the principal owner of the land to the north of Old Rydon Lane with a view to reaching agreement on how the Newcourt Link Road will be funded in the context of the current funding shortfall. Members will be provided with an oral update on progress.

Constraints on Local Enterprise Partnership (LEP) Growth Deal Funding

- 8.10 The £1.0 million allocated to the project through the Heart of the South West LEP Growth Deal will be lost unless it is spent in the 2016/17 financial year, and given construction lead times, the necessary match funding needs to be put in place now if the project is to proceed. If the project does not proceed now, it may be a very long time before a further funding opportunity arises. If the project does not proceed now, it is also possible that the LEP may be disinclined to support future similar funding bids.

Constraints on Devon County Council Funding for Transport Projects

- 8.11 There are increasing pressures on the limited Local Transport Plan funding available to the County Council for funding transportation projects, with the funding available across the whole County having reduced from approximately £8.2 million in 2010 to £3.4 million in 2015. This funding is being primarily used for match funding of Growth Deal projects and forward design of strategic improvements. The County Council views the Sandy Park A379 Junction improvement as a primarily development-related scheme with limited wider benefits for the strategic transportation system (those wider benefits being the scheme's positive implications for relieving pressure on M5 Junction 30). However, the County Council has committed £0.4million towards the scheme, which is welcome in the context of the financial pressures.

Highways England Housing and Growth Fund

- 8.12 With the support of the City Council, Devon County Council is currently exploring the submission of a bid for monies from Highways England's Housing and Growth Fund to support the delivery of the reconfigured junction. This is a new national fund of £100 million, the purpose of which is to enable and support 'shovel ready' projects which may currently be stalled and which can deliver homes and jobs over the next five years. There is no guarantee that any bid for funds to assist with the implementation of the scheme will be successful, given that there is a limited amount of funding available nationally and strong competition for the funds. If a bid was successful, the scheme would still require a substantial level of contribution from the City and County Councils. The legal agreement with Devon County Council will provide for both the City and County Councils' contributions to the overall project costs to be reduced / redistributed in equal proportion in the event that a bid is successful.

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

- 9.1 Successful deployment of CIL is integral to a number of Corporate Plan themes, particularly investing in the city and growing the economy.
- 9.2 Insofar as the delivery of the Corporate Plan is in large part dependent upon the availability of finance, the decision also contributes to the Corporate Plan because the development that will be facilitated will ultimately result in rates revenue for the Council. It should be noted that in the HM Treasury Spending Review and Autumn Statement 2015, it is stated that DCLG will shortly consult on changes to the local government finance system to pave the way for the implementation of 100% business rate retention by the end of the current Parliament.

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

- 10.1 Construction delivery on site and escalating project implementation costs. Devon County Council are currently refining project costs with a view to these being finalised before Scrutiny Committee – Resources considers this report on 27th January – Members will be provided with an oral update as necessary. It is assumed that construction costs are unlikely to rise, given that the reconfigured junction needs to be implemented in the 2016/17 financial year.
- 10.2 Commercial development does not materialise following the implementation of the reconfigured road junction. Commercial development is by nature subject to the vagaries of the market and it may be some time before development gets underway on land adjacent to the reconfigured junction. If the commercial opportunities are to be realised, it will be important to work closely with landowners to raise the profile of the commercial land through Exeter City Council, Local Enterprise Partnership, Exeter and East Devon Growth Point and other channels such as the Exeter Chamber of Commerce and Industry.

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 In encouraging the development of commercial land, the decision will provide for commercial development which has the potential to improve job opportunities and therefore economic and social equality. Any environmental impacts of the development of commercial land will be considered and addressed through future planning application procedures.

12. Are there any other options?

- 12.1 There is an option not to proceed with providing match funding for the project, but this would not be consistent with the objective of supporting growth through investing CIL receipts in strategic projects, and might also lead funding partners to question the City Council's commitment to similar growth supporting investment going forward.
- 12.2 Not proceeding with the project would specifically result in the loss of £1 million in Local Enterprise Partnership Growth Deal funding, which would not be transferable to another project. Not proceeding with the project would also result in the loss of £0.4 million in allocated Devon County Council LTP funds which would be transferred to other County transportation priorities.

Richard Short
Assistant Director City Development

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

None

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

Appendix 1: Approximate Collected / Anticipated CIL Income

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Annual	£160,000	£655,000	£1,370,000	£2,170,000	£2,345,000	£5,915,000
Cumulative	£160,000	£815,000	£2,185,000	£4,355,000	£6,700,000	£12,615,000
Strategic Infrastructure	£115,200	£586,800	£1,573,200	£3,135,600	£4,824,000	£9,082,800
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Annual	£2,915,000	£1,760,000	£1,070,000	£715,000	£1,665,000	£4,030,000
Cumulative	£15,530,000	£17,290,000	£18,360,000	£19,075,000	£20,740,000	£24,770,000
Strategic Infrastructure	£11,181,600	£12,448,800	£13,219,200	£13,734,000	£14,932,800	£17,834,400

REPORT TO: SCRUTINY COMMITTEE RESOURCES and EXECUTIVE
Date of Meeting: 27 January and 9 February 2016
Report of: Chief Executive and Growth Director
Title: Exeter City Futures – Community Interest Company

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1 What is the report about?

- 1.1 In September 2015 Executive endorsed Exeter City Futures as a vehicle for better understanding and addressing the transportation, energy and health challenges as opportunities facing the city. This report provides the rationale for Exeter City Council to become a member of a Community Interest Company (CIC) to facilitate the delivery of the Exeter City Futures vision.
- 1.2 To additionally agree the allocation of £50,000 as a one of payment as a working budget to facilitate the start-up and promotion of the Exeter City Futures (ECF) programme. The CIC will enable the delivery of the various ECF projects

2 Recommendations:

- 2.1 Scrutiny Committee – Resources support and Executive recommend to Council:-
- 1) That Exeter City Council become a member of the Community Interest Company.
 - 2) That a sum of £50,000 is allocated as a working budget to facilitate the start-up and promotion of the Exeter City Futures Programme; and
 - 3) That the Council agree to take membership of the Community Interest Company and for the delegated authority to be given to the Chief Executive and Growth Director to identify two directors on the board.

3 Reasons for the recommendation:

- 3.1 Exeter has been successful as a driver of economic activity in the South West but it cannot become complacent about needing to continue to pursue a programme of economic and housing growth in order to maintain and improve the quality of life and opportunities for those who depend on it. There are inevitable challenges and exciting opportunities facing the city and now, more than ever, we have at our disposal innovative technologies that enable us to understand these issues, in micro and macro detail, how they interrelate and the technologies that will enable us to address them to the advantage of the city/Exeter City Futures aims to provide an ambitious vision and a clear focus for the future, which makes use of pioneering technologies to diagnose and solve the issues facing the city.

The focus of Exeter City Futures can be defined in the three statements:

- Make Exeter smarter
Focusing on a combination of pioneering technology and intelligent analytics, Exeter will have a better view of where it currently stands and what problems it is facing.

- Make Exeter more sustainable
Using the insights generated from a smarter Exeter, a number of solutions and initiatives can be introduced that will ensure both the economic and environmental sustainability of the city.
- Make Exeter more successful
Ultimately, these solutions would make a significant contribution to Exeter being even more successful with a thriving knowledge economy, a protected natural environment and a better quality of life for its residents.

In order to work towards delivery of these ambitious aims, the Council will need to be part of Exeter City Futures Community Interest Company.

4 What are resource implications including non-financial resources:

- 4.1 This project is a joint endeavour by Andromeda Capital, Exeter City Council, and Devon County Council. Andromeda Capita is an Exeter-based company that invests in businesses and projects that foster social, environmental and economic prosperity. This includes investing in renewable energy, improving educational standards and encouraging a carbon-neutral society.
- 4.2 The specific resource implications are for this Council are a £50,000 initial working budget as identified above.

5 Section 151 Officer comments:

- 5.1 The budget, if approved will be funded from the proposed unallocated element of the New Homes Bonus award. This will be reviewed in future years, if required, in light of the outcome of the New Homes Bonus consultation.

6 What are the legal aspects?

A Community Limited Company (CIC) is a new type of company introduced in 2005, designed for social enterprises that want to use their profits and assets for the public good rather than being driven by the need to maximise profit for shareholders and owners.

7 Monitoring Officer's comments:

- 7.1 Please see comments on the legal implications set out above.

8 Background:

- 8.1 Work has been progressing over the preceding 6 months into a programme of initiatives called collectively Exeter City Futures (ECF). Details of the ECF were previously submitted to and approved by Executive on the 15th September 2015.
- 8.2 The Council is now in the position of wanting to progress with the governance structure to enable the Exeter City Futures initiatives to progress.
- 8.3 Exeter City Futures Community Interest Company has been set-up specifically to facilitate the delivery of the Exeter City Futures Programme. It will operate as a company limited by guarantee with share capital company and as a not for profit organisation.

- 8.4 By way of explanation, a Community Interest Company (CIC) is a business with primarily social objectives, whose surpluses are principally invested for that purpose in the business, or in the community, rather than being driven by the need to maximise profit for shareholders and owners. CICs tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, it is believed that CICs have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy.
- 8.5 CICs are intended to be easy to set-up and with all the flexibility and certainty of the company form, but with some special features to ensure they are working for the benefit of the community. They have proved popular with some 10,000 registered to date.
- 8.6 Members of the Exeter City Futures CIC will have a total liability of £1 each so that there is no financial exposure. The board can have a maximum of 7 directors including 2 independent directors. The suggestion is that this will be made up of 2 directors from Andromeda, 2 from Exeter City Council and at least 1 from Devon County Council. External organisation partners will be considered on-a-skills to need basis.
- 8.7 The objects of the Company are to carry out activities which benefit the community and in particular to promote and work towards the decarbonisation of the City of Exeter and finding solutions relating to health, transport and energy relevant to the City.
- 8.8 We are currently working to establish a clear governance structure which ensures the Council's Exeter City Futures Programme Manager will work alongside the Community Interest Company board to ensure the Council's strict policy and political framework is adhered to.
- 8.9 This report seeks delegated authority to establish the governance structure required. Approval of these recommendations will allow us the ability to act in a timely fashion.

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

- 9.1 The programme along with the intentions of the Innovation Exeter initiative will directly contribute to a number of the key ambitions and programmes in the Corporate Plan.

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

- 10.1 Risks would be perceived as reputational towards the Council if Exeter City Futures Community Interest Company fail to deliver the desired ambitions.
- 10.2 Additionally, it is anticipated that, because data and analytics forms such a cornerstone of this project, data protection and privacy are key areas that should be investigated in more detail. The priority of Exeter City Futures would be that data collection is undertaken in a sensitive and secure fashion, and that said data is then protected in accordance with ICO and EU data protection regulation.

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 At its core, this project is intended to improve the quality of life and wellbeing of

residents of Exeter, bringing economic prosperity and innovation to the region and safeguarding Exeter's future as a sustainable, pioneering city. As such, responding to the needs of Exeter city residents and key stakeholders is vital to ensuring the success of the project, and particular care is being taken to make sure that the project is as inclusive and accessible as possible for vulnerable, marginalised groups, or groups with special needs. Any initiative that does work directly with these groups will take special care to ensure that their needs and circumstances are sufficiently taken into account.

Karime Hassan
Chief Executive and Growth Director

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

Background papers used in compiling this report:-
Exeter City Futures – Transforming Exeter Through Data

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

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE - RESOURCES
DATE OF MEETING: 27 JANUARY 2016
REPORT TO: EXECUTIVE
DATE OF MEETING: 9 FEBRUARY 2016

REPORT OF: ASSISTANT DIRECTOR FINANCE

TITLE: REVENUE BUDGET PROPOSALS 2016/17

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To outline the strategic framework within which the estimates have been prepared and highlight the issues that will affect the actual setting of the overall level of council tax.

1.2 This report also summarises the overall budget position arising from the current cycle of Scrutiny Committee meetings.

2. Recommendations:

2.1 That Scrutiny Committee – Resources notes the recommendation to the Executive and comments accordingly.

2.2 Executive approves the draft revenue budget proposals for 2016/17 and that the recommended minimum level for the General Fund Working Balance remains at £2 million.

3. Reasons for the recommendation:

3.1 To ensure that the Council is in a position to set a budget and determine the Council Tax for the City of Exeter in line with the statutory timeframe.

4. What are the resource implications including non financial resources

4.1 The report sets out the proposed budget for 2016/17. Details of the resource implications are set out in section 8.

5. Section 151 Officer comments:

5.1 The proposed budget will achieve the requirement to maintain a minimum balance in excess of £2 million. The Medium Term Financial Plan is reliant on substantial savings being delivered over the next three years in order to maintain and strengthen the Working Balance.

6. What are the legal aspects?

6.1 The Council is required by the Local Government Act 1992 to determine the Council Tax for the following year. In order to do this, a balanced budget is prepared.

7. Monitoring Officer's comments:

7.1 This report raises no issues of concern for the Monitoring Officer.

8. Report Details:

8.1 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

8.1.1 The Government announced the provisional Local Government Settlement on 17 December 2015. The Council is to receive £5.802 million in 2016/17, which is £110,000 lower than predicted within the Medium Term Financial Plan. At this stage there is no intention to revisit the budgets set and the shortfall can be managed within the budget.

8.1.2 Appendix 1 shows as a comparison the formula funding settlement figures for all Devon authorities. The final settlement figures will be announced later this month but at this stage it is not expected that they will be significantly different from the provisional announcement. The figures show that in comparison with the other Devon Districts the City Council has fared better in percentage terms of formula funding reduced.

8.1.3 The provisional settlement has provided indicative figures for the next four years, with an offer to agree a four year settlement with the Government. Further details are yet to be announced, but the figures could change even after agreement if circumstances require further savings. Over the four year period, the Revenue Support Grant for the Council reduces from £2.022m in 2016/17 to £0.365m in 2019/20. Although dramatic, many Council's find themselves in a negative position by 2019/20 and will have their business rates top-up / tariff adjusted as a result.

8.1.4 In the grant settlement the Government announced that councils will face an average cut of 6.7% based upon councils 'core spending power'. Core spending power is a new definition used by the Government, which encompasses an individual authority's:

- Council Tax Requirement including estimates of Council Tax increases and increases in the Taxbase;
- Social Care Precept (not applicable for district councils);
- Formula Grant;
- New Homes Bonus;
- Rural Services Delivery Grant and
- Better Care Fund (not applicable for district councils).

Appendix 2 shows a comparison of Devon authorities using this definition of revenue spending power. Using this measure Exeter's core spending power reduces by 14.8% over the period.

8.2 COUNCIL TAX

8.2.1 The Local Government Finance Settlement set the referendum level for District Councils in the lowest quartile of Council Tax rates at no more than £5 rather than 1.99%. Exeter falls into this category and therefore has the opportunity to increase its Council Tax by £5 (3.7%). Along with the increase in the taxbase this would raise an additional £269,000.

8.3 BUSINESS RATES POOL

8.3.1 Local Authorities in Devon (with the exception of South Hams DC) have agreed to form a Business Rates pool for a fourth year. The benefits of the pool are that any additional growth within Devon is shared between the Councils in Devon rather than a levy being paid over to Central Government. However there are risks that where a Council's Business Rates income falls below their safety net, then it is the responsibility of the members of the pool to make payments to them rather than Central Government. The budget allows for a small gain from pooling.

8.4 KEY ASSUMPTIONS

An overall allowance of £150,000 has been set aside for inflation. The inflationary increases allowed in the budget are:

Pay Award	1.0%
Pay – Increments	0.5%
Electricity	1.5%
Gas	1.5%
Oil	1.5%
Water	0.0%
Insurance	5.0%
Rates	1.2%
Fuel	0.0%
General Inflation	0.0%
Income (excluding Car Parks)	1.5%

8.4.2 General inflation has again been held at zero; however where there are contracts in place, inflation at around RPI has been added. The pay award for 2016/17 has yet to be agreed and therefore an estimate of 1% has been added in line with Government policy.

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

8.5 FURTHER ISSUES TO BE CONSIDERED

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

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

8.6 EQUALITY IMPACT ASSESSMENT

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

8.7 NEW HOMES BONUS

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

8.7.2 To date the Council has received New Homes Bonus of £0.389 million in 2011/12, £1.323 million in 2012/13, £2.205 million in 2013/14, £2.778 million in 2014/15, £3.529 million in 2015/16 and provisionally been notified that it will receive a further £4.232 million in 2016/17. A new methodology for distributing New Homes Bonus is being proposed for this financial year and has the following impact:-

Year	Top Slice (revenue)	Community Projects	Major Projects /Debt Reduction	Unused / Projects	Revenue	Total
	£000's	£000's	£000's	£000's	£000's	£000's
2011/12	-	-	-	389	-	389
2012/13	120	361	601	241	-	1,323
2013/14	120	286	1,757	42	-	2,205
2014/15	120	286	2,372	-	-	2,778
2015/16	120	286	3,123	-	-	3,529
2016/17	120	189	2,000	923	1,000	4,232
Total	600	1,408	9,853	1,595	1,000	14,456

8.7.3 The Government is consulting on the future format of New Homes Bonus, with the specific intention of freeing up £800 million of funding for Adult Social Care. The consultation runs until 10 March 2016 and looks at various options for reducing the value of the award. These range from reducing the length of award from 6 to 4 years (or even 3 or 2 years), and sharpening the incentive by reducing payments for e.g. no Local Plan, houses built after a successful appeal, or removing an amount of award for houses that would have been built regardless. The results vary but could reduce the New Homes Bonus for Exeter by around half.

8.8 REVISED MEDIUM TERM REVENUE PLAN (APPENDIX 3)

- 8.8.1 An updated Medium Term Financial Plan (MTFP) is set out in Appendix 3. There have been a number of changes to the financial plan since it was reported in December after additional spending pressures were identified during the budget setting process. The MTFP currently indicates that no additional savings are required over the next four years (2016/17 – 2019/20), although savings identified in future years, particularly in Public Realm will be considered annually to ensure that they are achievable.
- 8.8.2 Looking to the longer term there are a number of uncertainties and factors that could affect the future financial position. These include: the revaluation of Business Rates in time for 2017/18, the consultation on New Homes Bonus, potential costs arising from the review of service plans, the cost of any new statutory functions, and additional borrowing and revenue costs in respect of any new capital programme commitments. Any additional revenue costs / reduced income streams that are not currently identified within the medium term financial plan will have to be met from further savings. Further ahead, the move to 100% Business Rate retention by Local Government as a whole provides further uncertainty over future funding levels. Consultation on the new proposal is due this year.

8.9 BALANCES AND RESERVES

- 8.9.1 The Council's current policy is such that the minimum level of the General Fund Balance will remain above £2 million. As the Council faces greater uncertainty in the medium term over funding it is prudent to hold reserve levels at a higher rate to offset sudden losses of income. The latest estimated position of the General Fund Balance is that it will be £4.135 million as at 31 March 2016, equivalent to 25.4% of Exeter's net revenue budget. The Council's revised medium-term financial plan (Appendix 3) indicates that the General Fund Balance will increase to £4.902 million by the end of 2019/20.
- 8.9.2 The Council also has other reserves that have been earmarked for specific purposes. The Council's proposed revenue budget for 2016/17 includes a net transfer to earmarked reserves of £631,000. This is broken down as shown below:-

Transfer (from)/ to reserves:

	2016/17 £'000
Transfers to Reserves	
New Homes Bonus	<u>4,232</u> 4,232
Transfers from Reserves	
New Homes Bonus	<u>(3,601)</u> (3,601)

8.10 REVENUE ESTIMATES 2016/17 (APPENDIX 4)

- 8.10.1 The Council's revenue estimates for next year are being considered during the current cycle of Scrutiny Committee meetings for the final budget report to the Executive on 9 February 2016. In total, Service Committee Expenditure for 2016/17 is £12,548,290 which is £21,580 higher than the current year.
- 8.10.2 In addition there are other items to take into account referred to as 'below the line' as they do not form part of the individual service controllable budgets. These include an estimate of £300,000 for net borrowing in respect of the overall cash balances, £2,875,000 towards meeting the borrowing costs of the Council's capital programme, and new homes bonus grant and transfers in respect of balances and reserves. The Council's total General Fund Expenditure budget requirement for 2015/16 is planned to be £12,151,861, an increase of £195,071 compared to 2015/16.

8.11 COUNCIL TAX BUDGET REQUIREMENT 2016/17

- 8.11.1 As stated above, the Government is setting the referendum trigger for District Councils with a lower quartile Council Tax level at above £5 or 2%, whichever is higher. The budget has been set on the basis of a £5 increase, although this is ultimately a Member decision. It should be noted that in the Government spending calculations, they have assumed that all authorities in the lower quartile will raise their Council Tax by £5 and have set the spending reductions accordingly.
- 8.11.2 When all the Government Grant funding is taken into account the resultant net expenditure to be financed from council tax is £5,029,636 (as indicated in Appendix 4), an increase of £268,846 compared to 2015/16.
- 8.11.2 Each year the Council must estimate the likely surplus or deficit position on its Collection Fund and any such amounts must be taken into account when determining the band D Council Tax amount for 2015/16. For next year it is estimated that the collection fund will have a surplus (£67,778), which will be used to fund part of the expenditure to be financed from Council Tax.
- 8.11.3 After taking into account the surplus and the taxbase of 35,429, the proposed band D council tax for 2016/17 is £140.05, which means that the council tax would increase annually by £5.00 or 3.70%. An increase of 1.99% would reduce the Council Tax requirement by £82,222, which would have to be taken from reserves.

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

- 9.1 The budget underpins the Corporate Plan by determining the amount of funds available to the Council to deliver its priorities.

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

- 10.1 The key risks revolve around ensuring that the Council has sufficient funds to both meet the financial plans set out in the report and to protect itself against any unexpected expenditure that occurs. The risk is mitigated by ensuring that there are sufficient reserves held to offset unexpected expenditure needs. Regular monitoring is undertaken and reported to both 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, Economy safety and the environment?

11.1 Not applicable.

12. Are there any other options?

12.1 Not applicable.

Dave 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

FORMULA GRANT DECREASES - DEVON AUTHORITIES

Authority	Grant	Grant	Yearly Decrease %	Grant	Yearly Decrease %	Grant Decrease 2014/15 - 2016/17	
	2014/15 £m	2015/16 £m		2016/17 £m		£m	%
Devon	207.599	178.918	(13.8%)	151.644	(15.2%)	(55.955)	(27.0%)
Plymouth	114.307	96.900	(15.2%)	86.599	(10.6%)	(27.708)	(24.2%)
Torbay	64.299	54.973	(14.5%)	49.836	(9.3%)	(14.463)	(22.5%)
East Devon	5.140	4.437	(13.7%)	3.644	(17.9%)	(1.496)	(29.1%)
Exeter	7.832	6.635	(15.3%)	5.802	(12.6%)	(2.030)	(25.9%)
Mid Devon	4.286	3.713	(13.4%)	3.043	(18.0%)	(1.243)	(29.0%)
North Devon	5.742	4.931	(14.1%)	4.183	(15.2%)	(1.559)	(27.2%)
South Hams	3.696	3.156	(14.6%)	2.514	(20.3%)	(1.182)	(32.0%)
Teignbridge	6.491	5.558	(14.4%)	4.707	(15.3%)	(1.784)	(27.5%)
Torrige	4.584	3.906	(14.8%)	3.331	(14.7%)	(1.253)	(27.3%)
West Devon	3.168	2.711	(14.4%)	2.132	(21.4%)	(1.036)	(32.7%)

This page is intentionally left blank

REVENUE SPENDING POWER CHANGES - DEVON AUTHORITIES

Authority	Core Spending Power 2015/16	Core Spending Power 2016/17	Core Spending Power 2017/18	Core Spending Power 2018/19	Core Spending Power 2019/20	Core Spending Power Change	
	£m	£m	£m	£m	£m	£m	%
Devon	506.6	492.5	489.5	505.7	525.5	18.9	3.7%
Plymouth	193.7	186.7	183.0	185.4	189.7	(4.0)	(2.1%)
Torbay	113.1	108.7	106.8	108.6	111.5	(1.6)	(1.4%)
East Devon	14.3	15.2	15.1	13.7	13.7	(0.6)	(4.2%)
Exeter	14.9	15.0	14.6	12.9	12.7	(2.2)	(14.8%)
Mid Devon	10.4	10.1	10.0	9.3	9.3	(1.1)	(10.6%)
North Devon	11.2	11.0	10.6	10.1	10.0	(1.2)	(10.7%)
South Hams	10.2	10.2	10.1	9.3	9.4	(0.8)	(7.8%)
Teignbridge	15.6	15.7	15.3	13.8	13.6	(2.0)	(12.8%)
Torrige	8.8	8.8	8.7	7.9	7.9	(0.9)	(10.2%)
West Devon	8.3	8.2	8.0	7.4	7.4	(0.9)	(10.8%)

This page is intentionally left blank

MEDIUM TERM REVENUE PLAN (2014/15 - 2019/20)

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	
Resources							
Revenue Support Grant	4,167	2,899	2,022	1,320	869	365	
Business Rates Income (assumed by Government)	3,678	3,748	3,780	3,854	3,968	4,095	
Business Rates growth	1,241	1,201	1,170	1,203	1,242	1,254	
Business Rates pooling benefit	228	150	150	150	150	150	
Additional Business Rates					1,220	1,220	
New Homes Bonus	2,778	3,529	4,232	4,438	4,153	4,000	
Council Tax	4,570	4,761	5,030	5,099	5,239	5,383	
Likely resources	16,662	16,288	16,384	16,064	16,841	16,467	
Expenditure							
Service expenditure							
Committee expenditure base budget	11,796	12,059	12,527	12,549	12,333	11,632	
Inflation	358	258	150	300	300	300	
Potential increase in service costs	1,370	1,587	847	(41)	(481)	(45)	
Budgeted reductions	(1,465)	(1,377)					
	12,059	12,527	13,524	12,808	12,152	11,887	
Supplementary Budgets and AIM Carry Forward	414	965					
Net Interest	148	105	300	450	500	550	
Deficit on Business Rates Collection Fund	1,215	728	0	0	0	0	
Forecast Committee movements	(467)	(472)					
Repayment of debt	1,332	818	875	871	1,136	1,051	
Additional repayment of debt	2,151	2,353	2,000	2,000	2,000	2,000	
	16,852	17,024	16,699	16,129	15,788	15,488	
Other funding							
Contribution to/ (from) earmarked reserves	(800)	(896)	631	657	872	819	
Contribution to/ (from) balances - Other	610	160	29	(247)	701	224	
	(190)	(736)	660	410	1,573	1,043	
Identified Savings 2016-17			(975)	(475)	(520)	(64)	
Further savings required							0
Total Net Budget	16,662	16,288	16,384	16,064	16,841	16,467	

Total additional savings required by 2019/20 **0**

Opening General Fund Balance	3,365	3,975	4,135	4,164	3,917	4,618
Closing General Fund Balance	3,975	4,135	4,164	3,917	4,618	4,842
Balance as a percentage of budget	23.9%	25.4%	25.4%	24.4%	27.4%	29.4%

This page is intentionally left blank

	2015-16 Budget	2016-17 Budget	Change
	£	£	£
SCRUTINY - COMMUNITY	9,063,180	8,772,250	(290,930)
SCRUTINY - ECONOMY	149,250	445,730	296,480
SCRUTINY - RESOURCES	6,074,060	6,211,570	137,510
less Notional capital charges	(2,759,780)	(2,881,260)	(121,480)
<u>Service Committee Net Expenditure</u>	12,526,710	12,548,290	21,580
Net Interest	150,000	300,000	150,000
New Homes Bonus	(3,528,980)	(4,232,490)	(703,510)
Minimum Revenue Provision	1,570,730	2,875,000	1,304,270
<u>General Fund Expenditure</u>	10,718,460	11,490,800	772,340
Transfer To/(From) Working Balance	(369,650)	29,571	399,221
Transfer To/(From) Earmarked Reserves	1,607,980	631,490	(976,490)
<u>General Fund Net Expenditure</u>	11,956,790	12,151,861	195,071
Formula Grant	(6,635,000)	(5,802,225)	832,775
Business Rates Growth	(561,000)	(1,320,000)	(759,000)
Council Tax	(4,760,790)	(5,029,636)	(268,846)
	0	0	0

Working Balance

March 2016
4,135,000March 2017
4,164,571

This page is intentionally left blank

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources - 27 January 2016
Executive - 9 February 2016
Council - 23 February 2016
Report of: Assistant Director Finance
Title: Capital Programme (2016/17 - 2018/19)

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

To approve the General Fund and Housing Revenue Account Capital Programmes for 2016/17 along with schemes identified for the following two years

2. Recommendations:

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

- i. The General Fund capital programme for 2016/17 as set out in Appendix 3
- ii. The HRA capital programme for 2016/17 as set out in Appendix 4

3. Reasons for the recommendation:

In accordance with the Prudential Code for Capital Finance in Local Authorities, the Council is required to prepare three-year capital expenditure plans and consider the affordability of its capital investment during all the years in which it will have a financial impact on the authority.

The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable and in considering its programme for capital investment, the Council is therefore required to have regard to:

- Affordability e.g. implications for Council Tax and rent levels
- Prudence and sustainability e.g. implications for external borrowing
- Value for money e.g. option appraisal
- Stewardship of assets e.g. asset management planning
- Service objectives e.g. strategic planning for the authority
- Practicality e.g. achievability of the forward plans

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 Capital Programme for 2016/17 along with schemes identified for the following two years.

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 comments have not been obtained.

8. **Report Details:**

CAPITAL PROGRAMME (2016/17 – 2018/19)

8.1 AVAILABLE CAPITAL RESOURCES

In considering the affordability of the Council's capital plans, the authority is required to consider all of the resources currently available to it and estimated resources for the future.

Together with money from the Council's own capital receipts and capital reserves, the annual capital programme is financed from; Government grants, Section 106 monies, partnership funding and other external grants and contributions. If necessary, the Council may borrow to supplement these funds.

Under the prudential capital finance system, individual authorities are responsible for deciding the level of their affordable borrowing. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so.

The Council must ensure that any borrowing decisions remain affordable and to this end, has to adopt a number of prudential indicators, which are set out in the Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. A report to the Executive setting out the Council's Prudential Indicators will be presented at the February meeting along with the overall budget.

8.2 *General Fund Available Resources*

The Council will have to continue to use borrowing for capital purposes. Appendix 1 sets out the use of the resources available in respect of the General Fund.

A borrowing requirement of £21.313 million has been identified over the next four financial years, which will have an ongoing impact on the Council Tax. The approximate current annual revenue cost of borrowing £1 million is:

Type of Borrowing	Interest £	Money Set Aside for Repayment of Debt £	Total Annual Payment £
Short term	6,000	40,000	46,000
Long term (>25 years)	33,500	40,000	73,500

The affordability of the General Fund capital programme is ultimately decided by the incremental impact of capital investment decisions on the Council Tax.

8.3 *Housing Revenue Account Available Resources*

The capital programme for 2016/17 will be funded from the Major Repairs Reserve, Revenue Contributions and any external contributions and capital receipts generated in the period. Appendix 2 sets out the use of the resources available in respect of the HRA.

9. GENERAL FUND CAPITAL PROGRAMME

The proposed capital programme is detailed in Appendix 3. The table below sets out the total of new capital bids included within the three-year capital expenditure plans for Council to consider for approval:

Status	2016/17 £	2017/18 £	2018/19 £	Future Years £
New Bids	784,290	18,700	0	0
Pre-Approved Schemes	4,487,870	9,034,330	6,109,330	989,330
Total General Fund Capital Programme	5,272,160	9,053,030	6,109,330	989,330

The capital programme has been set out in line with the Council Purposes, in order to demonstrate how the Council's capital priorities help to contribute towards their achievement. Although a number of schemes contribute to the achievement of more than one vision theme, they have been placed under the theme to which it is considered the scheme contributes the most.

10. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

For 2016/17, the HRA medium term financial plan provides for a capital programme of £16.118 million. This comprises capital investment of £7.747 million for improvements to the Council's existing housing stock, £8.246 million towards the provision of new council homes and £0.125 million on Information Technology. A copy of the HRA Capital Programme is attached at Appendix 4.

The HRA Capital Programme will be funded by:

- Major Repairs Reserve £6.527m
- Revenue Contributions to Capital £4.689m
- Right to Buy Receipts £0.500m
- Commuted Sums £3.702m
- HCA Funding £0.700m

11. 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.

12. 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.

13. 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

14. Are there any other options?

No

Nicola Morley, Principal Accountant
Dave 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

GENERAL FUND	2015-16 £	2016-17 £	2017-18 £	2018-19 £	Future Years £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward						0
GF Capital Receipts	1,030,882		2,250,000			3,280,882
Revenue Contributions to Capital Outlay	60,000					60,000
Disabled Facility Grant	379,076	379,000	379,000	379,000	379,000	1,895,076
New Homes Bonus	1,975,754	1,400,000	500,000			3,875,754
Community Infrastructure Levy				500,000		500,000
Other - Grants/External Funding/Reserves/S106	225,284	26,430				251,714
Total Resources Available	3,670,996	1,805,430	3,129,000	879,000	379,000	9,863,426
GENERAL FUND CAPITAL PROGRAMME						
Capital Programme	9,842,900	5,272,160	9,053,030	6,019,330	989,330	31,176,750
Total General Fund	9,842,900	5,272,160	9,053,030	6,019,330	989,330	31,176,750

UNCOMMITTED CAPITAL RESOURCES:						
Capital Receipts Brought Forward	0	0	0	0	0	0
Resources in Year	3,670,996	1,805,430	3,129,000	879,000	379,000	9,863,426
Less Estimated Spend in Year	(9,842,900)	(5,272,160)	(9,053,030)	(6,019,330)	(989,330)	(31,176,750)
Borrowing Requirement	6,171,904	3,466,730	5,924,030	5,140,330	610,330	21,313,324
Uncommitted Capital Receipts	0	0	0	0	0	0

This page is intentionally left blank

HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £	TOTAL £
CAPITAL RESOURCES AVAILABLE						
Usable Receipts Brought Forward						945,482
Major Repairs Reserve Brought Forward						5,192,878
Other HRA Sales	0	0	0	0	0	0
RTB sales	1,500,000	750,000	500,000	500,000	500,000	3,750,000
Major Repairs Reserve	2,550,566	2,656,950	2,656,950	2,656,950	2,656,950	13,178,366
Revenue Contributions to Capital	5,771,928	4,689,075	6,496,642	4,496,555	2,500,000	23,954,200
External contributions	55,545	0	0	0	0	55,545
HCA funding	0	700,000	700,000	0	0	1,400,000
Commuted sums	413,981	3,701,906	2,129,129	148,110	6,874	6,400,000
Total Resources available	10,292,020	12,497,931	12,482,721	7,801,615	5,663,824	54,876,471
CAPITAL PROGRAMME						
HRA Capital Programme	10,791,689	16,117,602	15,881,897	7,886,187	5,369,095	56,046,470
September - Overspends / (Savings)	(46,000)					(46,000)
September - Slippage	(1,418,728)					(1,418,728)
Total Housing Revenue Account	9,326,961	16,117,602	15,881,897	7,886,187	5,369,095	54,581,742
UNCOMMITTED CAPITAL RESOURCES:						
Usable Receipts Brought Forward	945,482	1,860,471	2,110,471	0	0	945,482
Major Repairs Reserve Brought Forward	5,192,878	5,242,948	1,373,277	84,572	0	5,192,878
Resources in Year	10,292,020	12,497,931	12,482,721	7,801,615	5,663,824	48,738,111
Less Estimated Spend	(9,326,961)	(16,117,602)	(15,881,897)	(7,886,187)	(5,369,095)	(54,581,742)
Uncommitted Capital Resources	7,103,419	3,483,748	84,572	0	294,729	294,729
WORKING BALANCE RESOURCES:						
Balance Brought Forward	7,736,532	5,952,596	5,858,471	4,055,109	3,774,532	7,736,532
HRA Balance Transfer - Surplus/(Deficit)	(2,959,182)	(44,125)	(1,803,362)	(280,577)	1,178,563	(3,908,683)
June forecast revenue savings	625,391	(50,000)				575,391
September forecast revenue savings	549,855					549,855
Balance Carried Forward	5,952,596	5,858,471	4,055,109	3,774,532	4,953,095	4,953,095
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(3,774,532)	(4,000,000)	(4,000,000)
	1,952,596	1,858,471	55,109	0	953,095	953,095
TOTAL AVAILABLE CAPITAL RESOURCES	9,056,015	5,342,219	139,681	0	1,247,824	1,247,824

This page is intentionally left blank

GENERAL FUND - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS					
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2016/17	2017/18	2018/19	Future	What the scheme is trying to achieve
	£	£	£	Years	
				£	
COMMUNITY					
KEEP PLACE LOOKING GOOD					
Topsham Recreation Ground	3,530				This is the residual budget remaining as the main scheme has been completed.
Sub Total - Keep place looking good	3,530	0	0	0	
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY					
Heavitree Church Retaining Wall	# 55,000				To rebuild the retaining wall which is currently showing signs of weakness causing the headstones to lean outwards.
Northernhay Driveway	# 60,000				To make renew foundations to vehicle traffic routes.
Vehicle Replacement Programme	550,000	400,000	400,000	400,000	To ensure that the Council's vehicles are replaced so that a safe and reliable fleet is maintained.
Sub Total - Keep me/my environment safe & healthy	665,000	400,000	400,000	400,000	
HELP ME FIND SOMEWHERE TO LIVE					
Disabled Facilities Grants	379,000	379,000	379,000	379,000	To meet the legal duty to pay grants to enable disabled people to remain in their homes.
Sub Total - Help me find somewhere to live	379,000	379,000	379,000	379,000	
COMMUNITY TOTAL	1,047,530	779,000	779,000	779,000	

GENERAL FUND - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS					
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2016/17	2017/18	2018/19	Future	What the scheme is trying to achieve
	£	£	£	Years	
				£	
ECONOMY					
KEEP PLACE LOOKING GOOD					
Northbrook Flood Alleviation Scheme	498,130				To provide match funding for the project proposed by the Environment Agency. Will only go ahead subject to match funding being available.
Sub Total - Keep place looking good	498,130	0	0	0	
PROVIDE GREAT THINGS FOR ME TO SEE & DO					
Sports Facilities Refurbishment	56,430	56,430	56,430	56,430	To undertake replacement of plant and equipment within the leisure management contract.
Sub Total - Provide great things to see & do	56,430	56,430	56,430	56,430	
MAINTAIN THE ASSETS OF OUR CITY					
RAMM Roof	# 68,500				To undertake essential works to mitigate Health and Safety risks identified in relation to RAMM roof access.
Sub Total - Maintain the assets of our city	68,500	0	0	0	
DELIVER GOOD DEVELOPMENT					
Heavitree Environmental Improvements	22,880				S106 funding to provide enhancements to the area.
Leisure Complex - Build Project	1,400,000	8,000,000	5,000,000		To develop a new leisure complex and swimming pool on part of the bus station site to replace Pyramids.
Sub Total - Deliver good development	1,422,880	8,000,000	5,000,000	0	

GENERAL FUND - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS						
SCHEMES LISTED WITHIN COUNCIL PURPOSES		2016/17	2017/18	2018/19	Future	What the scheme is trying to achieve
		£	£	£	Years	
					£	
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY						
Guildhall, John Lewis & Mary Arches MSCP Fire Alarms	#	90,000				To replace the current fire alarms as a result of fire risk assessment findings.
Car Park Surfacing - Haven Road	#	30,000				To resurface damaged surfaces within the car park to mitigate health and safety risks and to provide 40 additional income generating spaces for part of the year in the area adjacent to the basin.
Replace Lifts at Mary Arches MSCP	#	100,000				To improve reliability and increase accessibility to users of the car park.
Budlake Road Resurfacing	#	50,000				To resurface the heavily potholed road but only if agreement is obtained prior to works that the road will be adopted on completion.
Farmers Market Electricity Supply	#	20,000				To install a permanent electricity supply to be used for Exeter Farmers' Market and any other markets located at the junction of Fore Street and South Street.
Sub Total - Keep me/my environment safe & healthy		290,000	0	0	0	
ECONOMY TOTAL		2,335,940	8,056,430	5,056,430	56,430	

GENERAL FUND - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS					
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2016/17	2017/18	2018/19	Future	What the scheme is trying to achieve
	£	£	£	Years	
				£	
RESOURCES					
WELL RUN COUNCIL					
Annual Contribution to STRATA	53,900	53,900	53,900	53,900	
Idox System for Planning	# 18,700	18,700			Contribution to Strata led projects
HR System	# 67,130				
Convergence Projects	# 142,960				
eFinancials - Version 5	# 50,000				To upgrade ECC's financial system to the latest version in order to remain supported.
Guildhall Wi-Fi	# 17,000				To install a fibre connection from the Civic Centre to the Guildhall to improve wi-fi access.
Customer Contact Platform	60,000	45,000	30,000		To ensure that services are available online and to allow customers to transact with the Council without having to telephone or visit.
Invest to Save Opportunities	100,000				To allow services to invest in assets that will provide an on-going revenue saving.
Civic Centre Replacement Doors	# 15,000				To replace the failing access controlled doors at the Southernhay staff entrance and at the rear of Phase 1 to improve security and ensure emergency access is maintained at all times.
Energy Saving Projects	1,264,000				The core aim for all projects is to reduce risk to the Council from the rapidly changing energy markets. The projects will address security of supply, mitigate the impact of inevitable increased energy costs, and bring income to the council.
Capitalised Staff Costs	100,000	100,000	100,000	100,000	To provide for the cost of certain Council employees, which will be directly involved in the construction or acquisition of assets and qualify as capital expenditure, including engineers and surveyors.
Sub Total - Well run council	1,888,690	217,600	183,900	153,900	
RESOURCES TOTAL	1,888,690	217,600	183,900	153,900	
TOTAL CAPITAL PROGRAMME	5,272,160	9,053,030	6,019,330	989,330	
New Bids #	784,290	18,700	0	0	
Pre-Approved	4,487,870	9,034,330	6,019,330	989,330	

GENERAL FUND - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS					
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2016/17 £	2017/18 £	2018/19 £	Future Years £	What the scheme is trying to achieve
TOTAL CAPITAL PROGRAMME	<u>5,272,160</u>	<u>9,053,030</u>	<u>6,019,330</u>	<u>989,330</u>	

This page is intentionally left blank

HOUSING - CAPITAL PROGRAMME 2016/17 AND FUTURE YEARS

SCHEMES LISTED WITHIN KEY STRATEGIC THEMES		2015-16 B/FWD £	2016-17 £	2016-17 Total £	2017-18 £	2018-19 £	2019-20 £	Total £
INVESTMENT IN EXISTING STOCK								
1	Adaptations		450,000	450,000	450,000	450,000	450,000	1,800,000
2	Bathroom Replacements		284,400	284,400	363,400	367,400	371,400	1,386,600
3	Boiler Replacement Programme		126,000	126,000	357,000	364,000	371,000	1,218,000
4	Central Heating		50,000	50,000	167,535	170,885	174,303	562,723
5	Common Area Footpath & Wall Improvements		1,980,000	1,980,000	500,000	250,000	250,000	2,980,000
6	Communal Area Improvements - New Flooring		-	0	110,160	112,363	114,610	337,133
7	Communal Door and Screen Replacements		-	0	301,869	342,368	130,380	774,617
8	Electrical Central Heating		18,750	18,750	19,125	19,507	19,897	77,279
9	Electrical Rewires		1,522,775	1,522,775	888,000	976,320	926,966	4,314,061
10	Estate Improvements		30,000	30,000	40,000	40,000	40,000	150,000
11	Flat Entrance Fire Door Replacements		250,000	250,000	250,000	-	-	500,000
12	Fire Alarm Replacement - Russet House		30,000	30,000	-	-	-	30,000
13	Fire Risk Assessment Works		60,000	60,000	409,000	-	-	469,000
14	Kitchen Replacements		331,200	331,200	452,200	458,200	464,200	1,705,800
15	LAINGS Refurbishments	503,200	608,810	1,112,010	1,602,437	69,206	-	2,783,653
16	Loft and Cavity Insulation		75,000	75,000	25,000	25,000	25,000	150,000
17	New Water Mains at Whipton Barton House		50,000	50,000	-	-	-	50,000
18	Other Works		-	0	50,000	-	-	50,000
19	Reroofing - Flats		106,500	106,500	410,000	410,000	410,000	1,336,500
20	Reroofing - Houses		30,000	30,000	780,300	795,906	811,824	2,418,030
21	Re-roofing Replacement Works - Shilhay		660,000	660,000	-	-	-	660,000
22	Rennes House Structural Works	450,000	50,000	500,000	1,400,000	2,100,000	-	4,000,000
23	Soil Vent Pipe Replacement		25,000	25,000	25,500	26,000	26,500	103,000
24	Structural Repairs		55,000	55,000	-	-	-	55,000
25	Window Replacements		-	0	746,002	760,922	776,141	2,283,065
	Sub total - Investment in Existing Stock			7,746,635	9,347,528	7,738,077	5,362,221	30,194,461
INFORMATION TECHNOLOGY								
26	Replacement Housing Management System		125,000	125,000	125,000	-	-	250,000
PROVISION OF NEW COUNCIL HOMES								
27	Social Housing Acquisitions - Section 106	173,000	77,000	250,000	690,000	-	-	940,000
28	Social Housing Acquisitions - Open Market		1,000,000	1,000,000	-	-	-	1,000,000
29	COB Wave 2 - Rennes House Car Park	1,221,306	1,372,755	2,594,061	190,240	-	-	2,784,301
30	St Loyes Extracare Scheme	1,462,392	2,939,514	4,401,906	5,529,129	148,110	6,874	10,086,019
	Sub total - Investment in the Provision of New Homes			8,245,967	6,409,369	148,110	6,874	14,810,320
Total HRA Capital Programme		3,809,898	12,307,704	16,117,602	15,881,897	7,886,187	5,369,095	45,254,781

This page is intentionally left blank

EXETER CITY COUNCIL

REPORT TO: SCRUTINY COMMITTEE – RESOURCES
EXECUTIVE
COUNCIL

DATE OF MEETING: RESOURCES – 27 JANUARY 2016
EXECUTIVE – 19 FEBRUARY 2016
COUNCIL – 23 FEBRUARY 2016

REPORT OF: ASSISTANT DIRECTOR FINANCE
TITLE: TREASURY MANAGEMENT STRATEGY REPORT 2016/17

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To seek adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2016/17, as required under section 15(1)(a) of the Local Government Act 2003.

2. Recommendations:

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

3. Reasons for the recommendation:

The Council adopted the *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised guidance on local authority investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

4. What are the resource implications including non financial resources

There are no financial or non financial resource implications.

5. Section 151 Officer comments:

The Treasury Management Strategy forms an integral part of the Council's financial management. The request to add property funds to the list of approved investments would enable the Council to further diversify its portfolio and deliver a long term income to the 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 approve a treasury management strategy before the start 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 comments have not been obtained.

8. Report Details:

8.1 Key issues to be considered

8.2 This is a statutory Strategy recommended for adoption by full Council. The key issues to be considered are:

- An amendment to the In-house investment strategy (Section 5) which is authorising to invest in property funds. Section 5.3 provides a background to property funds and the potential rate of return.
- Section 4.3 sets the limits on the value of investments to be held by any one institution and the type of institution that can be used.
- The 2015/16 strategy increased the amount the Council can lend to UK owned banks or building societies from £3 million to £4 million and increased amount that can be lent to foreign owned banks that deal in sterling from £2 million to £3 million.
- The changes enabled the Council to access a higher interest rate on the investments, which is generally the case with larger value investments.
- There are no proposed amendments to the lending limits for UK owned banks or building societies or foreign owned banks that deal in sterling in the 2016/17 strategy.
- Section 3 sets out the current levels of borrowing and investments, along with the estimated changes and the financial impact for the year on both the General Fund and HRA.
- Sections 5 and 6 set out the planned strategy for the year, which Council must be satisfied meets their objectives and is in line with the level of risk they are comfortable to take.

9. 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.

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

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

11. 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.

12. Are there any other options?

No.

Paul Matravers, Principal Accountant
Dave Hodgson, Assistant Director Finance

Local Government (Access to Information) Act 1972 (as amended)
Background papers used in compiling this report: None

APPENDIX A

EXETER CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2015/16

1.

Introduction

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

2. Economic Context

- 2.1 Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015.

2.2 Interest rate forecasts

The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

2.3 *Arlingclose central interest rate forecast – December 2015*

Period	Bank Rate	20-year PWLB rate
Dec 2015	0.50	3.25
Mar 2016	0.50	3.30
June 2016	0.50	3.35
Sept 2016	0.75	3.35
Dec 2016	0.75	3.40
Mar 2017	1.00	3.45
June 2017	1.00	3.50
Sept 2017	1.25	3.55
Dec 2017	1.25	3.60
Mar 2018	1.50	3.65
Jun 2018	1.50	3.70
Sept 2018	1.75	3.75
Dec 2018	1.75	3.75

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

Current and Expected Treasury Portfolios

3.

3.1 Investments

3.2 The Council's current investments as at 31st December 2015 was as follows:

UK Owned Banks

Amount	Investment	Interest rate
£3,000,000	Barclays	0.30%

Foreign Owned Banks

Amount	Investment	Interest rate
£2,000,000	Handelsbanken	0.35%

Money Market Funds

Amount	Investment	Interest rate
£3,000,000	Amundi Asset Management	0.48%
£2,000,000	Blackrock	0.38%
£5,000,000	Standard Life Liquidity Funds (formerly Ignis)	0.44%

Fixed Term Deposits

Amount	Investment	Interest rate
£2,000,000	Commonwealth Bank of Australia	0.53%

Borrowings

3.3

The Council's short term borrowing is currently £5m, this will increase to £10m with effect from 1 February 2016. Long term borrowing remains at £56.884m. Details of the loans are set out below.

Existing Loans

Amount	Lender	Interest rate	Date of repayment
£5,000,000	Police & Crime Commissioner for West Midlands	0.65%	25/02/2016
56,884,000	PWLB	3.48%	28/03/2062

Future Loan

Amount	Lender	Interest rate	Date of repayment
£10,000,000	Oxfordshire County Council	0.98%	01/02/2018

3.4 Expected changes

According to current cash flow forecasts, net borrowing is expected to remain at £10 million on 31st March 2016. The future cash flow forecast includes planned borrowing of £4 million as part of the 2016/17 capital programme. The decision of whether to take external long-term borrowing will be made in light of current and forecast interest rates.

3.5 Budget implications

The net budget for interest payments in 2016/17 is £300,000 in respect of the General Fund. The HRA covers the interest costs relating to the long term borrowing of £56.9 million. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

4. **Investment Strategy**

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

4.2 Specified Investments

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

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

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

In-house investment	Monetary limit¹	Time limit
UK owned banks and building societies holding short-term credit ratings no lower than F1+ and P-1	£4m each	12 months
Foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1	£3m each	6 months
UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1	£3m each	3 months
Money market funds ² and similar pooled vehicles holding the highest possible credit ratings (AAA)	£5m each	3 months
UK Central Government	no limit	12 months
UK Local Authorities ³	£5m each	12 months
Upper Tier	£3m each	12 months
Lower Tier		

--	--	--

¹ banks within the same group ownership are treated as one bank for limit purposes
² as defined in the Local Authorities (Capital Finance and Accounting) Regulations 2003
³ as defined in the Local Government Act 2003

4.4 The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. For an individual bank, the limit is £4 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

4.5 Non specified Investments

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

4.6 Foreign countries

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

4.7 Liquidity management

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

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

4.8 Credit ratings

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

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

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

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

4.9 Other information on the security of investments

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

4.10 Investment instruments

Investments may be made using any of the following instruments:

- interest paying bank accounts
- fixed term deposits
- call or notice deposits (where the Council can demand repayment)
- certificates of deposit

- treasury bills and gilts issued by the UK Government
- bonds issued by multilateral development banks
- shares in money market funds

5. Planned investment strategy for 2016/17 – In-house

- 5.1 The cash flow forecast will be used to divide surplus funds into three categories:
- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
 - Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
 - Long-term – cash not required to meet cash flows, and used primarily to generate investment income.
- 5.2 The Council's in-house managed funds are based on the likely cash-flow position and rarely exceed three months. Investments will be made to ensure that cash flow is protected and borrowing is minimised. However, on occasion, money has been invested for a longer period up to 364 days. These are funds which are not required for day-to-day cash management purposes.
- 5.3 The Council will seek to utilise its call accounts (which are linked to base rate), money market funds (Standard Life, Blackrock, Federated, Amundi and CCLA) and use short-dated deposits up to 3 months to ensure liquidity of assets for day-to-day cashflow. Although these are essentially cash, a monetary limit in line with the banks credit rating is retained on the accounts. The Council will also make use of the Government's Debt Management Office to ensure the highest possible security for cash. Additionally, the Council will hold a balance on its general account to cover any payments due. On occasion, where significant payments are to be made, there may be in excess of £3 million in this account.
- 5.4 The 2016/17 strategy is requesting approval to allow investments to be made in property funds. Such funds are pooled investment products and are accessed on a traded share basis rather than a fixed cash deposit sum. The investment in the property fund would be a long term commitment which will mean that there will be fluctuations in the return over the period of the investment.

The council would be looking to place investments of up to £5m with the Local Authorities Property Fund, (managed by the CCLA). The CCLA provide a range of pooled money market funds, some of which are created specifically for the public sector and cover asset classes such as Equities, Bond, Property or Cash. The property related asset class of the CCLA property fund has achieved a rate of return of approximately 7-8% over recent years.

Members will be assured that although the CCLA does not have any form of rating or financial support criteria awarded to it, something which is currently required for all other investments, the organisation was established in 1958 and has a strong approach to stewardship and ethics.

The council's treasury advisers, Arlingclose Ltd are entirely comfortable with, and recommend, the CCLA property fund and currently have numerous other clients who invest with the organisation.

6. Borrowing Strategy

6.1 The Council's capital financing requirement (CFR, or underlying need to borrow) as at 31st March 2016 is expected to be £97.4 million, and is forecast to rise to £101.4 million by March 2017 as capital expenditure is incurred.

6.2 The maximum expected long-term borrowing requirement for 2016/17 is:

	£m
Not borrowed in previous years	40.6
Long term borrowing (HRA)	56.9
Forecast increase in CFR	3.9
Loans maturing in 2015/16	0.0
TOTAL	101.4

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

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

6.5 In addition, the Council will borrow for short periods of time (normally up to two years) to cover cash flow shortages.

Currently the Council has outstanding borrowing of £5 million, which was taken for a period of one year at a rate of 0.65%. A loan of £10 million has been agreed and will replace the current £5 million. The £10 million has been borrowed for a period of 2 years at a rate of 0.98%.

6.6 Sources of borrowing

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

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

6.7 Debt instruments

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

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

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

- leases
- Private Finance Initiative.

6.8 Borrowing strategy to be followed

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

If required, the council may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in a later period.

7. Policy on Use of Financial Derivatives

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

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

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

7.4 Derivative counterparties

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

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

8. Treasury Management Prudential Indicators

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

9. Other Matters

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

9.2 Investment consultants

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

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

- forecasts of interest rates, and
- training courses.

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

9.3 Investment training

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

9.4 Investment of money borrowed in advance of need

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

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

10. **Investment Reports**

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

Paul Matravers, Principal Accountant
Dave 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

REPORT TO SCRUTINY COMMITTEE RESOURCES, EXECUTIVE AND COUNCIL

Date of Meeting: Scrutiny Committee Resources - 27 January 2016
Executive - 9 February 2016
Council - 23 February 2016

Report of: Assistant Director Finance

Title: The Prudential Code for Capital Finance in Local Authorities (Incorporating the Annual Statement of Minimum Revenue Provision)

Is this a Key Decision?

Yes

Is this an Executive or Council Function?

Council

1. What is the report about?

To set out the proposed 2016/17 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP).

2. Recommendations:

It is recommended that Scrutiny Committee – Resources supports and Council approves the adoption of:

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

3. Reasons for the recommendation:

With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self-regulation. This means that Councils are free to borrow for capital investment where the borrowing is affordable.

The Prudential Code was revised slightly during 2012. The “net debt and the capital financing requirement” has been amended to “gross debt and the capital financing requirement” and the proportion of net debt to gross debt indicator introduced last year has been withdrawn as it does not work.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into force on 31 March 2008. The Regulations require Full Council to approve an Annual Statement of Minimum Revenue Provision which is the amount set aside from revenue for the repayment of debt principal relating to the General Fund only. The Housing Revenue Account remains exempt from making Minimum Revenue Provision although it can make voluntary set asides if it wishes.

The Prudential Indicators / MRP report will be incorporated within the Budget Book for approval at the full Council meeting as per the statutory requirement.

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 Prudential Indicators for 2016/17 and the annual statement of Minimum Revenue Provision.

6. What are the legal aspects?

With effect from 1 April 2004, the Government abolished the capital finance legislation in Part 4 of the Local Government and Housing Act 1989 and the Local Authorities (Capital Finance) Regulations 1997 (Statutory Instrument 1997/319) and replaced it with a new Prudential system based on self-regulation.

7. Monitoring Officer's comments:

The Monitoring Officer comments have not been obtained.

8. Report Details:

8.1 PRUDENTIAL INDICATORS

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

8.2 Key issues to consider

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

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

9. ANNUAL STATEMENT OF MINIMUM REVENUE PROVISION

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

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

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

supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of the grant." The guidance notes detail five options which the Secretary of State considers prudent. These are described in section 4 below:

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

Key issue to consider

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

10. MRP OPTIONS

Regulatory Method

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

Capital Financing Requirement Method

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

Asset Life (Equal Instalment) Method

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

Asset Life (Annuity) Method

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

Depreciation Method

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

11. Minimum Revenue Provision Policy 2016/17

The Council's MRP policy is to match borrowing against specific capital investment and adopt either the Asset Life (Equal Instalment) or the Asset Life (Annuity) method for MRP. In this way the funding for the asset will be paid off over the useful life of that asset. This will ensure that loans are repaid over the asset life thus freeing financial resources for investment in other schemes or in asset renewal. They are also simple to operate and gives certainty in each year as to the level of charge for principal.

The other advantage is that it makes business cases and scheme appraisals easier to compile. As a general rule the Council will seek to borrow over the same period of the asset life up to a maximum of 50 years in line with the Regulations. The total capital financing requirement at the end of 2015/16 is likely to be approximately £97.5m, some of which has financed redundancy payments and other shorter dated expenditure. Therefore MRP for 2016/17 will be calculated based on the capital financing requirement at the end of 2015/16 using the varying periods of repayment. The MRP charge for 2016/17 will be approximately £0.875 million. For the avoidance of doubt, it is proposed to use both options from 2015/16 onwards.

12. 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.

13. 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.

14. 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

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:

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

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275

General Fund Prudential Indicator Calculations

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

General Fund Capital Expenditure

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

Strategic Theme	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
KEEP PLACE LOOKING GOOD	3,357	731	501	0	0
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY	339	690	955	400	400
HELP ME FIND SOMEWHERE TO LIVE	511	1,216	379	379	379
WELL RUN COUNCIL	1,115	3,035	1,889	218	184
PROVIDE GREAT THINGS FOR ME TO SEE & DO	696	2,082	56	56	56
MAINTAIN THE ASSETS OF OUR CITY	0	0	69	0	0
DELIVER GOOD DEVELOPMENT	310	2,089	1,423	8,000	5,000
HELP ME RUN A SUCCESSFUL BUSINESS	1,000	0	0	0	0
Total General Fund Capital Expenditure	7,328	9,843	5,272	9,053	6,019

General Fund Financing costs

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

Description	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Interest payable with respect to short term borrowing	186	155	360	510	570
Interest payable under 'irredeemable' long term liabilities	0	0	0	0	0
Interest and investment income	(55)	(50)	(60)	(60)	(70)
Replacement for Minimum Revenue Provision (England and Wales)	1,332	818	875	871	1,136
Voluntary contribution to financing costs in respect of short-life assets	2,150	2,523	2,000	2,000	2,000
Total General Fund Financing Costs	3,613	3,446	3,175	3,321	3,636

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

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

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

Description	2014/15 Actual £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Financing costs	3,613	3,446	3,175	3,321	3,636
Net revenue stream (General Fund Expenditure - Budget Book/Financial Strategy)	13,884	12,759	12,226	11,791	11,502
Ratio of financing costs to net revenue stream %	26.0	27.0	26.0	28.2	31.6
Negative for a debt free authority	%	%	%	%	%

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

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

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

Description	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
Total budgetary requirements for the authority with existing capital programme	11,532	11,772	11,502
Total budgetary requirements for the authority with proposed capital programme	12,226	11,791	11,502
Difference	694	19	0
Incremental Impact on Band D Council Tax	£19.97	£0.56	£0.00

General Fund Capital Financing Requirement

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

Actual General Fund Capital Financing Requirement at 31 March 2015

General Fund Capital Financing Requirement 31 March 2015	£'000
Property, Plant and Equipment	120,235
Investment Properties	35,702
Heritage Assets	22,643
Intangible Assets / Other Long term Assets	3,324
Revaluation Reserve	(64,636)
Capital Adjustment Account	(83,923)
General Fund Capital Financing Requirement 31 March 2015	33,345

Estimated General Fund Capital Financing Requirement at 31 March 2016

Estimate of General Fund Capital Financing Requirement 31 March 2015	33,345
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	6,261
Estimate of General Fund Capital Financing Requirement 31 March 2016	39,606

Estimated General Fund Capital Financing Requirement at 31 March 2017

Estimate of General Fund Capital Financing Requirement 31 March 2016	39,606
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	3,944
Estimate of General Fund Capital Financing Requirement 31 March 2017	43,550

Estimated General Fund Capital Financing Requirement at 31 March 2018

Estimate of General Fund Capital Financing Requirement 31 March 2017	43,550
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	13,259
Estimate of General Fund Capital Financing Requirement 31 March 2018	56,809

Estimated General Fund Capital Financing Requirement at 31 March 2019

Estimate of General Fund Capital Financing Requirement 31 March 2018	56,809
Estimate of change in Property, Plant and Equipment	0
Estimate of change in Investment Properties	0
Estimate of change in Intangible Assets / Other Long term Assets	0
Estimate of change in Revaluation Reserve	0
Estimate of change in Capital Adjustment Account	(4,244)
Estimate of General Fund Capital Financing Requirement 31 March 2019	52,565

REPORT TO: SCRUTINY COMMITTEE – RESOURCES, EXECUTIVE AND COUNCIL
Date of Meeting: Scrutiny Committee Resources – 27 January 2016
Executive – 9 February 2016
Council – 23 February 2016
Report of: HR Transactional Services Manager
Title: Annual Pay Policy Statement 2016/17

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To set out the council's annual Pay Policy Statement 2016/17 which must be approved by Full Council each financial year in line with legislation.

2. Recommendations:

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

- (i) The attached Policy and Appendix be adopted and published in accordance with the legislation.
- (ii) Delegated authority be given to the Head of Human Resources - currently HR Transactional Services Manager to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

3. Reasons for the recommendation:

Section 38 (1) of the Localism Act 2011 requires English and Welsh Authorities to produce a statutory Pay Policy Statement each financial year commencing in 2012/13. The Secretary of State for Communities and Local Government issued further guidance in early 2013.

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

There are no new resource implications created as a result of the revisions to the Pay Policy Statement.

5. Section 151 Officer Comments:

5.1 There are no additional financial implications arising from this report.

6. What are the legal aspects?

Local Authorities are required by Section 38 (1) of the Localism Act 2011 to set out a written statement each financial year in respect of certain policies related to the remuneration of its Officers.

7. Monitoring Officer Comments

The Monitoring Officer comments have not been obtained.

8. Report Details:

In line with statutory requirements, the Council's Pay Policy Statement has been reviewed and updated for 2016/17 for approval by full Council prior to publishing on the Council's website.

The revised policy and appendix take into account the following changes:

- The increase in the nationally determined living wage (Grades 1 and 2) in November 2015 which comes into effect at Exeter City Council on 1 April 2016 (paragraph 3.2)
- Implementation of the proposed nationally agreed pay award for 2016/17 for employees on Spinal Column Points 12-52 inclusive (Appendix 1)
- Implementation of the nationally negotiated 2016/17 pay award for Chief Officers and Chief Executives (Appendix 1)

(The current pay award has still to be accepted, these paragraphs can be amended once this has taken place)

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

The attached Statement supports a well run Council and our compliance with statute.

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

There are no new implications arising from the recommendations.

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

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

12 Are there any other options?

No.

David Knight, HR Transactional Services Manager

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

Background papers used in compiling this report:

None

Contact for enquiries:

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

Exeter City Council

Pay Policy Statement 2015/16

1 Purpose and scope of the Policy

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

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

2 Definition of Chief Officers

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

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

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

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

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

3 Definition & Remuneration of Lowest Paid

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

3.2 The Council has adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Living Wage as its minimum spinal column point, and the Living Wage of £8.25 / hour from 1 April 2016 equates to Grade 1 and Grade 2 of the Council's pay scale. The Living Wage is determined nationally in or around November each year. The Council applies any uplift to the living wage from 1 April in the year following the increase.

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

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

4 Relationship between Remuneration

- 4.1 The Hutton Review of Fair Pay in the Public Sector outlined that the most appropriate metric for pay dispersion is the multiple of Chief Executive to median earnings. Whilst not a requirement of this Statement, tracking this multiple as recommended in the Code of Recommended Practice for Local Authorities on Data Transparency will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce.
- 4.2 The Council also publishes as part of this Statement the relationship between its Chief Executive and lowest paid employee. Both of these pay multiples are set out in Appendix 1.
- 4.3 Through this policy the pay multiple of the Chief Executive and Growth Director will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual full time salary payable to the Chief Executive and Growth Director be greater than 10, this will be reported to full Council for consideration.

5 Chief Officer Remuneration

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

remuneration package following an annual review. Any changes to the remuneration packages will be subject to full Council approval.

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

6 Transparency & Publication of Data

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

7 Equality Impact Considerations

- 7.1 The principles of equal pay are integral to this policy and applied consistently within the pay and reward frameworks adopted by Exeter City Council. The definition of Equal Pay is:
- Like work where the woman and the man are doing the same job
 - Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme at the same level/grade
 - Work of equal value where the jobs are different but an argument is made that both jobs should be regarded as being of equal value or worth.

8 Related Policies/Strategies, Procedures and Legislation

- 8.1 Exeter City Council pay and reward policies and procedures are operated within the framework of JNC and NJC terms as nationally negotiated and agreed and supplemented by local agreements. The Council applies the national framework for job evaluation and works within equality and equal pay legislation in order to apply all pay related issues in a fair, consistent and transparent way.
- 8.2 Key policies/procedures/strategies and legislation include:
- Exeter City Council Pay and Reward Policies, frameworks and local agreements
 - Equal Pay Legislation
 - Equality Act 2010
 - Localism Act 2011
 - Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012
 - Local Government Act 1972
 - Local Government & Housing Act 1989

1. Levels and elements of remuneration for each chief officer role as at April 2016

Post title	Full time Remuneration
Chief Executive and Growth Director	£110,000
Deputy Chief Executive	£89,760
Assistant Director x 7	£65,280
Corporate Manager x 4	£57,120

2. The FT remuneration of the lowest paid employee

Post title	Full time Remuneration
Solo Sweeper/MRF Operative	£15,917

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

Post Title	Full time Remuneration
Annual median pay of all employees	£20,001 (£20,201 1% increase)
Pay multiple of Chief Executive and Growth Director to median	5.50 (5.45 1% increase)
Pay multiple of Chief Executive and Growth Director to lowest paid FT employee	6.91

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

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

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

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