

EXECUTIVE

Date: Tuesday 11 December 2018

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Democratic Services Manager (Committees) on 01392 265275.

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

Membership -

Councillors Edwards (Chair), Bialyk, Denham, Harvey, Leadbetter, Morse, Pearson, Sutton and Wright

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 approve and sign the minutes of the meeting held on 13 November 2018.

(Pages 5 -
8)

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

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 16 and 17 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 of Part I, Schedule 12A of the Act.

4 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.

5 Major Grants Panel minutes 29 November 2018

To receive the minutes of the Major Grants Panel minutes on 29 November 2018. (Pages 9 - 10)

6 Leisure Complex and Bus Station Programme Board Minutes 30 October 2018

To receive the minutes of the Leisure Complex and Bus Station Programme Board on 30 October 2018. (Pages 11 - 14)

7 Leisure Complex and Bus Station Projects

To receive the minutes of the Leisure Complex and Bus Station Programme Board on 27 November 2018 and consider the report of the Chief Executive & Growth Director. (Pages 15 - 36)

8 Heart of South West Joint Committee Report

To consider the report of the Chief Executive & Growth Director. (Pages 37 - 50)

9 Annual Scrutiny Report 2018

To consider the report of the Corporate Manager Democratic and Civic Support. (Pages 51 - 70)

People Scrutiny Committee, Place Scrutiny Committee and Corporate Services Scrutiny Committee have considered this report and their comments will be reported.

10 Overview of Revenue Budget 2018/19

To consider the report of the Chief Finance Officer. (Pages 71 - 90)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

11 2018/19 Capital Monitoring Statement - Quarter 2

To consider the report of the Chief Finance Officer.

(Pages 91
- 110)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

12 Treasury Management 2018/19 Half Year Update

To consider the report of the Chief Finance Officer.

(Pages
111 - 120)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

13 Safeguarding Policy

To consider the report of the Director (JY).

(Pages
121 - 140)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

14 Council Tax Support Scheme 2019/20

To consider the report of the Director (BA).

(Pages
141 - 158)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

15 Council Tax Long Term Empty Premium 2019/20

To consider the report of the Director (BA).

(Pages
159 - 162)

Corporate Services Scrutiny Committee considered the report at its meeting on 22 November 2018 and its comments will be reported.

Part II: Items suggested for discussion with the press and public excluded

No representations have been received in respect of the following items in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

16 Future of Growth & Enterprise

To consider the report of the Director (DB).

(Pages
163 - 200)

17 Review of Staffing in Housing Customers

To consider the report of the Director (BA).

(Pages
201 - 218)

Date of Next Meeting

The next scheduled meeting of the Executive will be held on **Tuesday 15 January 2019** at 5.30 pm in the Civic Centre.

A statement of the executive decisions taken at this meeting will be produced and published on the Council website as soon as reasonably practicable.

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

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EXECUTIVE

Tuesday 13 November 2018

Present:

Councillor Edwards (Chair)
Councillors Bialyk, Harvey, Morse, Pearson, Sutton and Wright

Apologies:

Councillors Denham and Leadbetter

Also present:

Director (BA), Director (JY), City Solicitor & Head of HR, City Development Manager, Environmental Health and Licensing Manager, Skills Officer and Democratic Services Manager

110

MINUTES

The minutes of the meeting held on 9 October 2018 were taken as read, approved and signed by the Chair as correct.

111

DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interest were made.

112

NOTICE OF MOTION -COMMUNITY LAND TRUST

The City Development Manager presented the report on the implications of a motion put forward by Councillor Musgrave on Community Land Trusts (CLT). Members were advised that, whilst the provision of housing through CLTs were in principle a good idea, there were significant resource implications in supporting such ventures. CLT's worked well in rural areas with the support of Parish Councils although they were more difficult in urban areas due to availability of affordable land.

In response to a Member, the City Development Manager stated that there were some individuals in the city who had expressed an interest in a CLT but there was nothing active at this present time.

RESOLVED that no proactive action in respect of supporting Community Land Trusts is taken at present but that the appetite amongst communities for such initiatives should continue to be monitored and should a viable proposition present itself the Council would seek to support it in an appropriate way.

113

REVISION OF THE AIR QUALITY ACTION PLAN

The Director (JY) presented the report seeking approval for a new Air Quality Action Plan following public consultation. The format of the report and action plan was in a template prescribed by the Department for Environment, Food & Rural Affairs (Defra).

The draft action plan had been subject to a statutory consultation which had over 3,000 residents completing the online survey and many others responding in written submission and through participation in targeted focus groups. The Final Action Plan set out the impact the consultation had and how the action plan had changed as a result of the consultation.

The Portfolio Holder for Economy and Culture stated that it was not in the City Council's gift to implement a workplace parking levy although it would be kept under review with Devon County Council.

Members thanked the officers for their hard work on the revisions to the action plan.

Place Scrutiny Committee considered the report at its meeting on 8 November 2018 and its comments were reported.

RECOMMENDED that:-

- (1) Council adopts the Air Quality Action Plan; and
- (2) the feasibility of a work place parking levy be kept under review and an update be brought back to Place Scrutiny Committee as part of the annual review of the Air Quality Action Plan.

114

SKILLS STRATEGY FOR EXETER

The Skills Officer presented the report covering the development of a skills strategy for Exeter, including; progress made to date, work with partners and stakeholders, key indicators, overview of required actions and timescales. One of the priorities was to ensure that there were opportunities for young people to have a life long career in Exeter.

The Leader highlighted Exeter's higher than average indicators with regards to wages, employment rates and job opportunities.

Place Scrutiny Committee considered the report at its meeting on 8 November 2018 and its comments were reported.

RESOLVED that:-

- (1) the progress made to date in relation to the development of a skills strategy for Exeter be noted;
 - (2) the plan for the next stages of development, leading to the publication of a strategy and associated action plans be approved;
 - (3) the formation of a Skills Advisory Group for Exeter that will support strategy development and provide ongoing support, direction and challenge to the delivery of identified priorities be approved; and
- (3) the priorities identified in section 10 be supported.

REPRESENTATION AT COURT

The City Solicitor & Head of HR advised that in light of the appointment of Anne-Marie Hawley to the position of Litigation Lawyer, Members were asked to approve that she be authorised to represent the Council at the County and magistrates Courts.

RESOLVED that in accordance with Section 222 and 223 of the Local Government Act 1972, the following officer be authorised to represent the Council at the County and Magistrates Courts:-

Anne-Marie Hawley – Litigation Lawyer

(The meeting commenced at 5.30 pm and closed at 5.42 pm)

Chair

The decisions indicated will normally come into force 5 working days after publication of the Statement of Decisions unless called in by a Scrutiny Committee. Where the matter in question is urgent, the decision will come into force immediately. Decisions regarding the policy framework or corporate objectives or otherwise outside the remit of the Executive will be considered by Council on 18 December 2018.

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MAJOR GRANTS PANEL

Thursday 29 November 2018

Present:

Councillor Edwards (Chair)
Councillors Bialyk and Sutton

Apologies:

Director (JY)

Also Present:

Director of Communications and Marketing, Arts & Events Lead and Assistant
Democratic Services Officer

12 **MINUTES OF THE LAST MEETING - 22 FEBRUARY 2018**

The minutes of the meeting held on 22 February 2018 were taken as read and signed by the Chair, subject to the following amendments:

- The Citizens Advice Bureau core funding to be amended to £84,800 (£73,300 core support plus £11,500 for the court desk service). The minutes erroneously stated £84,000 and the balance of £800 to be paid.
- Double Elephant receive annual funding, not NPO (National Portfolio Organisations) funding.

13 **PERFORMANCE REVIEW OF SERVICE AGREEMENTS FOR STRATEGIC ARTS ORGANISATIONS**

The Arts and Events Lead presented the report on the performance review of Exeter's strategic arts organisations against their service level agreements.

The report included the detail of:

- The Exeter-based strategic arts organisations in receipt of funding from Exeter City Council for financial year 2018/19; and
- The 12 month monitoring reports for 2017/18 and the 6 month monitoring reports for 2018/19.

The report also sought Members' support of the final payments of annual core grant funding for 2018/19.

The arts organisations had mostly exceeded delivery in terms of performance, specifically in relation to diversity and attracting new audiences.

Particular reference was made to the number of organisations in Exeter that had been successful for National Portfolio Organisation funding in relation to other cities in the region.

RESOLVED to recommend to Executive that:

- (1) The content of the monitoring reports for 2017/18 and progress towards delivery in 2018/19 report be noted; and
- (2) The final payment of funding for 2018/19 be agreed.

(The meeting commenced at 4.30 pm and closed at 4.39 pm)

LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

Tuesday 30 October 2018

Present:-

Councillor Bialyk (Chair)
Councillors Edwards, Pearson, Prowse, Sutton and Wardle

Apologies:-

Councillor Mrs Henson

Also Present:-

Chief Executive & Growth Director, Director (JY), City Surveyor, Communications and Marketing Lead and Democratic Services Officer (SLS)

Justin Pickford - Baker Ruff, Hannon

In attendance:-

Councillor Mrs Thompson – Member Speaking Under Standing Order 44

9

MINUTES

The Minutes of the meeting held on 5 March 2018 were approved, taken as read, and signed by the Chair as correct.

10

DECLARATIONS OF INTEREST

No declarations of pecuniary interest were made.

11

ST SIDWELL'S POINT LEISURE CENTRE OPERATOR FORECAST BUSINESS PLAN AND PROCUREMENT

Councillor Mrs Thompson attended the meeting and spoke under Standing Order 44 on this matter.

The Director (JY) presented a report which sought final approval for the Business Plan for the operation of the new leisure complex, St Sidwell's Point and to seek approval for the proposed procurement route for securing a new operator.

Councillor Mrs Thompson referred to the recommendation in the report and sought an explanation of the pre-tender activity and date which was anticipated to be April 2019. The Chair, thanked Councillor Mrs Thompson for raising this matter and explained that the recommendation would be amended to provide more clarity. He advised that the phrase "pre-tender activity" would be removed altogether, as it was the procurement process itself that would commence in April 2019. The pre-tender activity would need to commence immediately, as this included work such as market engagement and consultation, preparation of tender documentation such as the Official Journal of the European Tender (OJEU) notice, an evaluation criteria, specification, and contract documentation. He added that the procurement process would need to commence in April 2019, in order, that the preferred bidder could be

secured by May 2020, to allow time for a formal contract award, building handover, mobilisation and fit out for the contract to commence in December 2020.

The Director responded to a request by Councillor Mrs Thompson for further information on the link to the procurement of all of the Council's built leisure facilities and confirmed that further details of this would be included in the presentation.

The Director provided a high level summary of the Business Plan for St Sidwell's Point and the procurement process. The circulated report provided Members with the detail of the pre-tender activity. The report included a recommendation which sought Executive approval for the way forward with a procurement time line of April 2019 to ensure that a new operator for the City Council's leisure estate could be identified by 2020. It was also important to acknowledge the relationship between procurement of the operation of St Sidwell's Point, and the wider leisure built facilities which included the Riverside Swimming Pool and Leisure Centre, Exeter Arena and Isca Centre, Wonford Sport Centre and Northbrook Pool and Golf Course.

The Business Plan is based on the facility mix previously agreed by Members and specification and wider design included:-

- Main Pool (25m)
- Learner Pool
- Multi-purpose Room/Crèche
- Gym (140 stations)
- 2 x Group Exercise Studios
- Spa – Sauna/Saunarium, salt vaporium, relaxation room, manicure/pedicure station and 4 x treatment rooms
- Small soft play area
- Café

The Director set out the priorities identified by Members which included how the Centre should operate, the membership options, desired opening times, staffing model, health and safety standards and parking arrangements all of which would be negotiated with any potential operator. The key assumptions were presented, based on 2018/19 prices along with the inclusion of a competitive procurement process. The Director explained that the forecast Business Plan had now taken account of a number of assumptions not available when the original plan was identified, including the aspiration for free swimming of younger children of Exeter residents, and increases in the national living wage. Ultimately the Business Plan will also be further influenced by market trends by the time a final agreement is reached with the operator. Members should be assured that the Plan now offered a greater rigour in relation to industry standards and benchmarks. St Sidwell's Point is now expected to attract a more conservative, but significant final financial position, and the 25 year surplus revenue makes allowance for the lifecycle costs (repair and replacements) of the facility. It would generate income for the Council in excess of the borrowing requirement for the approved funding.

Justin Pickford was able to offer an explanation to a Member who sought further information relating to the cost figures for the build. He explained that the figure was an interpretation of the costs for lifecycle costing purposes. The Chair also provided an explanation in relating to the car parking funding arrangements for users of St Sidwell's Point. The Director agreed to recirculate a copy of the spread sheet Figure 4 – Age Structure of Exeter, as not all of the figures were visible in the report.

The presentation included an overview of the proposed procurement process, which included a mapping of the range of operators across the locality. *(A copy of the presentation is attached to the minutes)*. The Director stated that there was an interesting and competitive market place and the Council needs to be clear on the scope of the offer to ensure the appointment of a reputable and quality operator, capable of running the first Passivehaus leisure centre in the country as well as developing existing sites across the Council's city wide leisure estate into sustainable modern facilities.

The Business Plan contains a risk analysis, development framework and expected key outcomes and key performance indicators which will enable any prospective operators to indicate how they would deliver and also engage in the Sports England Delivery Pilot process. It was important to find an operator who would have a clear and robust plan and manage and deliver the following services across the whole portfolio:-

- Sports and physical activity development
- Health and wellbeing
- Community outreach and in reach
- Ground and building maintenance

The procurement options were outlined along with the two staged overall methodology including market engagement, to formulate a procurement strategy, the pre-tender activity, procurement activity and the contract award.

For clarity, the key milestones for the procurement approach (Competitive Dialogue Procedure) for the operator were set out:-

- OJEU & Selection April – June 2019
- Outline Solutions - July to August 2019
- Detailed Solutions September – November 2019
- Evaluation and Shortlisting December 2019
- Dialogue Stage January – February 2020
- Final Tender Stage March - May 2020
- Preferred Bidder Identified - June 2020
- Council Approval - July 2020
- Contract Award & Mobilisation September – December 2020

The Director responded to Councillor Mrs Thompson's question in relation to the timeline and OJEU process, and confirmed that the leisure operator would operate the multi sites for a period of 15 years. The Council will comply within the current requirements of the OJEU process.

The Chair thanked officers for compiling the detailed report and he extended an invitation for any Member to take up the opportunity to raise further questions as required.

RESOLVED that the report be noted.

12

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 EXCLUSION
OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following

item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I, Schedule 12A of the Act.

13 **ST SIDWELL'S POINT LEISURE CENTRE OPERATOR FORECAST BUSINESS PLAN AND PROCUREMENT**

The Director (JY) sought authority for Members for approval to enter into a competitive Dialogue Procedure for the procurement of the operator of the St Sidwell's Point Leisure Centre. The presentation included more commercially sensitive information.

A Member sought further clarification on a number of assumptions set out in the Business Plan. The Director responded and stated that the Plan included a rigorous and realistic approach to the assumptions set out. Members welcomed the more conservative approach to the surplus estimates with the opportunity to over achieve rather than be too ambitious at the outset.

In response to a comment by a Member requesting assurance on the quality of the Business Plan, the Chief Executive & Growth Director reminded Members that senior officers and expert consultants had produced a robust and updated plan based on Members' priorities and assumptions using benchmarked methodologies.

RESOLVED that the Leisure Complex and Bus Station Programme Board noted the following:-

- a) forecast Business Plan for the operation of the new leisure complex, St Sidwell's Point, and
- b) the link to the procurement for the single operator for all built leisure facilities, and

approved the commencement a Competitive Dialogue Procedure for the procurement of the operator for the St Sidwell's Point Leisure Complex with a specification based on the forecast Business Plan.

14 **DATE OF NEXT MEETING**

The date of the next meeting of the Leisure Complex and Bus Station Programme Board will be held on 27 November 2018.

(The meeting commenced at 5.30 pm and closed at 7.10 pm)

Chair

LEISURE COMPLEX AND BUS STATION PROGRAMME BOARD

Tuesday 27 November 2018

Present:-

Councillor Philip Bialyk (Chair)
Councillors Edwards, Mrs Henson, Pearson, Prowse, Sutton and Wardle

Also Present

Chief Executive & Growth Director, Director (JY), Chief Finance Officer, City Surveyor,
Communications Officer and Democratic Services Officer (SLS)

Justin Pickford - Baker Ruff Hannon
Phil Lewis - Randall Simmonds

15

DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interest were made.

16

ST SIDWELL'S POINT, EXETER BUS STATION, & PARIS STREET/SIDWELL STREET FUTURE DEVELOPMENT

The Chief Executive & Growth Director presented a report which sought approval for additional funding in relation to the development of the Leisure Complex (St Sidwell's Point) and new Bus and Coach Station, and to seek authority to enter into a contract with the successful tenderer for the construction of both projects.

The report and a presentation provided a brief update of the projects, as well as a reminder of the approved budget of £39.2 million and subsequent decision of The Crown Estate and TH Real Estate not to progress with their proposed redevelopment scheme. He also included the context in which the wider redevelopment of the fixed boundary of the Bus and Coach Station site did not proceed. Following a period of uncertainty whilst the scheme was amended to address the practical implications of the withdrawal, including derisking the site, he was able to confirm that a contractor had successfully tendered to build the Leisure Complex and Bus & Coach Station projects. The report also sought authority for the City Surveyor to progress plans to bring forward the redevelopment of the wider area, albeit, at this stage without a developer partner.

Members had continued to reaffirm their ongoing commitment to redevelop this key strategic city centre site despite the challenges of development of the remainder of the site, the topography and emerging interface issues for the Bus and Coach Station and Leisure Complex buildings.

The Project Officer for the Leisure Centre & Bus Station projects (Phil Lewis) was invited to advise the outcome of the two stage open book tendering exercise using the public sector framework, and subsequent work with the contractor to establish the price for the buildings. The procurement exercises had demonstrated the market value for the projects. This process had allowed confidence that the price represented value for money for the specified scheme. This presentation concluded

the proposed contract sum for the works was robust and generally consistent with previous procurements, the cost of the work was necessary for the level of quality and with regard to site constraints and issues.

The Chief Executive & Growth Director sought approval for the budget to be realigned with a request for an additional £11.88m, to cover the programme costs and contract price of building the Leisure Complex and Bus & Coach Station. He set out a breakdown of the revised cost for each of the projects:-

Leisure Complex £43.8m:-

- Build Contract £34.9m
- Project Costs £7.1m (including fees, planning, building control, Passivhaus Institute approvals, legal fees and investigations); and
- Programme Costs £1.8m (including tenant and landlord obligations, operator procurement and communications costs)

Bus & Coach Station £8m

- Build Contract price £5.85m
- Projects Costs £1.35m (including design team fees, planning, building control, procurement, legal fees)
- Programme Costs £0.8m (including interim bus and coach arrangements, shelters and highways amendments)

The Council had ring fenced income from new homes bonus, community infrastructure levy (CIL), Section 106 agreements and capital receipts for the purpose of delivering the Leisure Complex and Bus & Coach Station. This amounted to £33.65m. The additional funding required to deliver this project could be achieved without negatively impacting on the Medium Term Financial Plan and would not increase the Council's already identified saving requirement or commitment over the coming years. This would be possible because of:-

- Income from the operator;
- Restructuring of Council wide loans: short term / long term commitments and rates; and
- An annuity approach instead of a straight-line capital and interest repayment.

The Chief Executive & Growth Director stated that the City Council had made a long term commitment with a responsibility for the vitality and viability of the city centre. In terms of the Leisure Centre and Bus Station, there was a need for a high quality design, and particularly for the Leisure Centre to have a sustainable building and lead the way in terms of high performance and to meet the demands of climate change and the anticipated rise in temperature. The two projects were a strategic investment and Exeter City Council would deliver in a location which supported the rest of the city centre.

He referred to the emerging opportunities for the wider Sidwell/Paris Street site and the projects being critical because they:-

- Shape the future of the city.
- Ensure the economic sustainability of the city centre.
- Positively contribute to the ongoing financial well-being and stability of the Council as a business / organisation.

- Help protect income critical to the viability of the city council: car parking, commercial rents, and business rates.

At Full Council on 12 October 2017, Members sought to progress the wider site and Jones Lang LaSalle (JLL) were commissioned to provide a financial appraisal approach for the viability of a comprehensive scheme. They had now presented a market led scheme for the wider site and they identified the demand and potential to deliver the following:-

250 units of **Private Rented Sector Housing** PRS (Built to rent), five stories over:

Retailing 39,000ft2 fronting Sidwell Street

Food & Beverage 15,500ft2 Roman Walk

4* hotel, 10 storey tower, 175 rooms, 83,400 ft2

Office units, 8 stories, 193,900 ft2

Flexi work space, alongside the leisure centre, 27,100ft2

250 market housing units 150 2 beds, 100 1 beds (184,200ft2) on the civic centre site

A new **civic centre** 52,000 ft2

Pavilions 2 units of 4,800 ft2

Public realm enhancements: new square Paris Street, new civic space

The site would offer over 925,000 sq. ft. (including the Bus and Coach Station and Leisure Complex) with much needed residential and office accommodation, a more modest retail and food and beverage offer to complement the High Street rather than detract from it, a new civic centre hub, public realm enhancements and the opportunity to explore a new multi-purpose performance venue for the city. The report included a request for £300,000 to allow the City Surveyor to pursue the options and potentially a preferred development partner. A further sum of £90,000 was requested to cover the costs of exploring the potential viability of a multi-purpose performance venue. The Chief Finance Officer explained that the funding for the combined £390,000 was available as the result of a one off cash windfall from a 100% business rates pilot, which could only be used for supporting economic growth within the area.

The Chief Executive & Growth Director responded to a Member's comment and confirmed that the potential expansion of the remainder of the site was not to secure additional funds for the Bus Station and Leisure Complex projects. He also thanked a Member for reiterating the importance of ensuring that any assumption that Paris Street would be closed or stopped up to create a pedestrian link, would be dealt with in a timely and appropriate manner.

The Chief Executive & Growth Director also responded to an enquiry about the viability of the Civic Centre's conversion to housing, the Civic Centre, with its proximity to local amenities and existing height and mass would offer a suitable opportunity to provide housing. The City Surveyor stated that conversion with additional floors and building out a space at the rear of the building, or demolition and reconstruction would be fully explored. He responded to a Member's question about the ownership of upper Sidwell Street adjoining Paris Street, as she had concerns that the City Council might be held to ransom for that part of the site. The City Surveyor confirmed that The Crown Estate held this site with a period of over 40 years left on the lease, and it was highly likely that, rather than any ransom scenario, they would have similar aspirations for redevelopment to complement the wider area.

A Member congratulated the team on their achievement and the opportunity to move to the next stage of development of the project and wider site, which would

provide a great opportunity to encourage people to live, work and visit the city centre and drive up the local economy with their spending power. He did offer a word of caution over the aspiration to manage congestion in the city centre, and encourage prospective developers who had experience of car free developments. Another Member also agreed that the wider scheme would present an exciting response to changed circumstances, albeit more radical. Retail was moving on and the city was starting to look very different, and it was important to continue to be aspirational on behalf of the city.

The Chair wished to congratulate the team's efforts to achieve the new Leisure Centre and Bus & Coach Station for the city as well as looking at the wider vision to mirror the benefits of Princesshay and work to make Exeter a better city. He remained disappointed at the lack of support for the redevelopment of the Bus Station from the transport authority, and also wished to confirm that no further student accommodation would be created on this site.

RECOMMENDED that the Leisure Complex and Bus Station Programme Board welcome the conclusions of Jones Lang LaSalle (JLL) on the development demand and potential for the Sidwell Street and Bus and Coach station site, and request Executive to recommend approval by Council of the following:-

- (1) the City Surveyor be authorised to progress work to identify options and potentially a preferred development partner, or partners, for a comprehensive scheme for the redevelopment of the wider Sidwell Street/Bus Station site (including options for the redevelopment of the Civic Centre site, Paris Street) and fund up to £300,000 to cover the associated costs of this work;
- (2) funding of up to £90,000 be authorised to cover the costs associated with exploring the potential, opportunity and viability to provide a multi-purpose performance venue as part of the wider development of Sidwell Street/Paris Street;
- (3) the allocation of an additional £11.88m to cover the programme costs and contract price of building a new Leisure Complex and Bus Station; and
- (4) the Chief Executive & Growth Director be authorised to enter into written contracts with the successful tenderer for the construction of both projects.

Two Members abstained from voting on this matter.

17 **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 EXCLUSION
OF PRESS AND PUBLIC**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I, Schedule 12A of the Act.

18 **PRESENTATION**

The Project Manager for the Leisure Centre & Bus Station was in attendance to provide a presentation on the Contractor procurement exercise, details of the tender, and proposed contract matters for the Leisure Centre and Bus Station. He responded to comments on the level of risk to be borne by the contractor and City Council, and aspects of contamination of the site, and referred to a desk top study and watching brief. The Programme Manager confirmed the approval mechanism

of the Project Gateways by the Programme Board which had been identified at the very outset of the project.

A Member wished to clarify whether the ensuing works required further authority. The Chief Executive & Growth Director explained that the Programme Board had delegated authority as a Sub-Committee of the Executive with the appropriate authority to progress the project.

RESOLVED that the Leisure Complex and Bus Station Programme Board noted the presentation and following the approval by Council in recommendations (3) and (4) of Minute 16 of the Programme Board, for funding and confirmation of the construction contract, the following authority is granted:-

- (1) the acceptance of the outcome of the tender exercise and award of the contract to Kier Construction Ltd; and
- (2) authority be given to the Project Manager in the next stage of the works (Construction and Handover) to:-
 - (a) manage of the construction contract(s) as its Agent (the Employer's Agent is a defined role under the construction contract);
 - (b) with the prior permission of the Senior Responsible Officer to instruct variations to the contract, provided the impact of which is within the constraints of the agreed budget;
 - (c) to produce, for the exclusive use of the Senior Responsible Officer and Programme Manager, a monthly report on progress, risks and issues relating to the works; and
 - (d) in the event of a matter which may critically impact on the ability to deliver the project on budget or to the agreed programme, produce an Exception Report and present such to the Programme Board, seeking approvals as required or necessary.

Two Members abstained from voting on this matter.

19

DATE OF NEXT MEETING

A further meeting of the Leisure Complex and Bus Station Programme Board would meet as and when required to suit the needs and demands of the projects within the programme.

(The meeting commenced at 5.30 pm and closed at 6.50 pm)

Chair

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REPORT TO LEISURE COMPLEX & BUS STATION PROGRAMME BOARD

Date of Meeting: 27th November 2018

REPORT TO EXECUTIVE

Date of Meeting: 11th December 2018

REPORT TO COUNCIL

Date of Meeting: 18th December 2018

Report of: Chief Executive & Growth Director

Title: St Sidwell's Point, Exeter Bus Station, & Paris Street/Sidwell Street Future Development

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1 What is the report about?

- 1.1** To seek approval for additional funding on the development of a new swimming pool and leisure complex (St Sidwell's Point) and new bus station, and to enter into contract with the successful tenderer. The report also provides context for the wider redevelopment of the bus and coach station site in the wake of the decision of The Crown Estate not to proceed with their proposed redevelopment scheme, and seeks authority for the City Surveyor to progress plans to bring forward the wider development site for housing, offices and a range of city centre uses including an option for a multi-purpose performance venue.

2 Recommendations

That Executive recommend to Council:

1. That members welcome the conclusions of Jones Lang LaSalle on the development demand and potential for the Sidwell Street and bus and coach station site and authorise the City Surveyor to progress work to identify options and potentially a preferred development partner, or partners, for a comprehensive scheme for the redevelopment of the wider Sidwell Street/Bus Station site (including options for the redevelopment of the Civic Centre site, Paris Street) and fund up to £300,000 to cover the associated costs of this work.
2. Fund up to £90,000 to cover the costs associated with exploring the potential, opportunity and viability to provide a multi-purpose performance venue as part of the wider development of Sidwell Street/Paris Street.
3. The allocation of an additional £11.88m to cover the programme costs and contract price of building a new leisure complex and bus station.
4. The Chief Executive & Growth Director be authorised to enter into written contracts with the successful tenderer for the construction of both projects

3 Reasons for the recommendations

- 3.1** In July 2017 Council approved a budget of £39.92million for the construction of a new leisure complex and swimming pool (St Sidwell's Point) and new bus station on the site in the city centre known as the Bus & Coach Station redevelopment site. At the time officers informed members that the project team was concluding the tendering exercise after the submitted bids were higher than the anticipated construction costs; and officers had sought a best and final offer. Unfortunately we could not secure a contractor to build the projects. In October 2017, Members were informed that this was the case and, as a consequence of the decision of The Crown Estate and TH Real Estate not to proceed with their scheme for redevelopment of the wider area, we would need to rework the St Sidwell's Point project to take into account changes necessitated by their withdrawal from the scheme.
- 3.2** An amended scheme was required to address the practical implications of not having a wider scheme, such as elevations now being exposed instead of being obscured by buildings, and pedestrian connections and levels being amended; all of which would have cost implications. This would require the City Council going back out to tender, and based on the previous experience we would have to work to de-risk the chances of failing to secure a contractor willing to build both projects. We anticipated additional costs would arise from these changes and an inflation cost associated with the delay would almost certainly come through the tenders.
- 3.3** Following an extensive period of working with contractors to de-risk the process, value engineering where practical, such as: ceiling changes, simplifying roof lines and balustrades; and working with the supply chain on sub-contractor packages, we have arrived at a final contract price for both the leisure complex and swimming pool, and the new bus station. To put the tender outcome into context, the project was originally tendered in late 2016, with the tenders returned in January 2017. At this time the market price for the scheme as informed by the two returned tenders was in the region of £44m and £46m. The team then attempted to establish a lower cost through the Best And Final Offer process, however – ultimately – the £39.92m scheme was not contractually concluded with the bidder. The team retendered the project, including an increased scope incorporating the additional interface works and a changed risk profile (enabling the contractor to accept more risk). This retendered scheme, at £51.8m is comparable to the original market price for the scheme, taking into account tender price inflation since the original tender (at 7.4%), the increased scope of works to include all the interface works, and the altered risk allocation. With two procurements and an open book tender process these costs are the proven market rate to construct the facilities required by the City Council.
- 3.4** Randall Simmonds has reviewed the comparative value for money for St Sidwell's Point and the Bus Station construction contracts, and has presented the work that was done on the procurement exercise and conclusions on value for money to the Leisure Complex and Bus Station Programme Board on the 27th November. The project has gone through two separate procurements with broadly similar specifications/scope of works and the two tender outcomes are broadly similar. This indicates that the market price for the works is consistent and a reduced value for this scope and specification is not obtainable. Randall Simmonds has also compared benchmarks with other facilities and commented on the long term value benefits and the savings projected from the increased capital expenditure. Randall Simmonds concluded that:

The capital costs for the scheme are comparable to other projects of a similar nature when compared on a like for like basis; the overall life cycle costs of the scheme are improved significantly by the added initial capital to raise the build standard to Passivhaus; the costs for the scheme are the market rate for the works and cannot be achieved at a reduced rate for the same specification; the scheme provides overall value for money.

- 3.5** The leisure complex with its swimming pools has been a project that the City Council wished to deliver as part of a wider re-development of the city centre and we fully expected to meet the full cost of the leisure complex; the bus station is different. Originally the new bus station was an item that was required to be funded by the lead developer for the wider development, initially Land Securities and then The Crown Estate. The City Council only got involved when it became apparent that the wider development was struggling to prove viability and the bus station was seen as an abnormal requirement that would prevent the whole scheme coming forward. The local transport authority would not contribute to the cost of the bus station and the Local Enterprise Partnership would not support a bid for the project. In recent months, with the support of the local transport authority, a bid was made to the Transforming Cities Fund for £4m of match funding, along with a bid for Marsh Barton railway Station; both bids failed. Therefore, unless the City Council funds the new bus station the redevelopment of the wider site will be delayed.
- 3.6** The bus station is tired and presents a poor impression of the city with facilities that are less than satisfactory. The services are predominantly aimed at serving communities outside of the city and it is appropriate that the city provide a high quality first impression of the city and have facilities that are fit for purpose, attractive and accessible.
- 3.7** The bus station is on land owned by the City Council and it is occupying land that could deliver a density and mix of uses that would strengthen the offer of the city centre. Jones Lang LaSalle has been brought in to advise the City Council on the viability of a scheme for the redevelopment of the wider area, and this suggests potentially a better financial outcome for the City Council than the previous scheme promoted by The Crown Estate and TH Real Estates. Importantly it establishes that a viable scheme can be brought forward for a mix of development that will address the mix of uses identified at the Extraordinary Council in October 2017. As a point to note, the value of the wider scheme would be stronger if the City Council would allow purpose built student accommodation (PBSA). For the sake of clarity the scheme appraisal has not considered PBSA, the value of land receipts would be considerably strengthened with PBSA included.
- 3.8** The argument about the new bus station design, size and location has been set out at length elsewhere, planning permission has been secured for the scheme and that was the appropriate forum for any concerns to be aired and debated. The recommendation recognises the role of the bus station in freeing up the wider site and this report makes the case that it is in the interest of the city centre to bring forward the whole site.
- 3.9** The £11.88m additional cost of delivering both the leisure complex and bus station projects can be funded without negatively impacting on the Council's medium term financial plan. Due to the way the Council has saved for the leisure complex and has used Community Infrastructure Levy (CIL), Section 106 funding, capital

receipts and loan arrangements, we can cover the total cost of the projects £51.8m without the revenue budget having to make additional savings to fund the project. This is a long term capital asset that has been designed for a life span of over 50 years, modelled for 80 years against climate change, and will provide a high quality architectural leisure complex on this most conspicuous site that will set the tone for the redevelopment of the new quarter of the city centre. It will set the standards on new swimming pools for environmental performance, with best in class energy savings. These projects represent a significant investment in the long term future of Exeter City Centre. Importantly it enables the wider redevelopment of the Sidwell Street/Paris Street area to come forward, and in the process unlock value to the City Council and secure a range of uses that will complement the city centre and help support and protect the long term revenue sources that arise from the city centre for the City Council.

- 3.10** The City Surveyor will initially need to progress the proposals for the redevelopment of the wider area without a developer partner. The process for selecting a developer partner or partners will need to be funded in the short term by the City Council. At the point a developer partner is selected the cost of making a planning application and progressing the property considerations will be covered by the development agreement. There are options for developing the site including doing the development work ourselves but with any option, if momentum is to be maintained, the city council will need to meet the immediate pre-development costs.
- 3.11** The City Council is actively reviewing the accommodation needs of delivering services in a digital age, like all organisations the direction of travel is pretty clear, smaller accommodation footprint supported by technology that allows agile working in flexible spaces. The City Council, like all local government, is reducing our space requirements, and there is a growing appetite for public services to group together, already the Civic Centre has become home to the police, Citizens Advice Bureau, and a variety of agencies. The existing Civic Centre would make a good site for residential development or offices, whilst the criterion of a new Civic Hub would enable the council to anchor a new city centre office quarter. There is a lack of grade A office accommodation within the city. There is a market failure in provision of new office space, and the City Council could address this failure and generate an income strip to support the income of the City Council.
- 3.12** At 851,190ft² the amount of accommodation envisaged is significantly larger than the 530,000 ft² that constituted the Princesshay redevelopment built out in 2006. The leisure complex and bus station would be additional to the 851,190 ft². The accommodation mix identified by Jones Lang LaSalle baseline appraisal is exciting: 250 units of private rented sector (PRS) built to rent housing, 250 open market housing, 193,900ft² of offices, a new Civic Centre Hub and 27,100 ft² of flexi workspace, 39,000 ft² of retail, 15,500 ft² of food and beverage outlets and pavilions, and a 4 star hotel (175 rooms) and budget hotel (80 rooms). The retail and food and beverage content is much more modest than the previous scheme envisaged and reflects the changing trends in the high street. This is an accommodation mix designed to complement the high street.
- 3.13** We have an opportunity to consider whether a multi-purpose performance venue could be delivered within this wider development. The assumption is that a venue would replace one of the proposed office accommodation blocks. It is appropriate that this option be explored as part of the process of identifying the preferred development partner and the content of the scheme. In recognition of the work that

would need to be done to assess the feasibility of delivering such a venue, this paper identifies funding to cover the cost of this work.

4 What are the resource implications including non-financial resources

- 4.1** The costs of identifying a developer partner, and progressing a scheme prior to the appointment of a developer partner, will have to be borne by the City Council and a budget of £300,000 will be required to take through the OJEU process. The £90,000 cost of feasibility works for a multi-purpose venue is not included in any budget. Both costs would be funded from an enhanced business rates arising from the additional business rates receipt in 2018/19 associated with the 100% business rates pilot and for which the Devon authorities have agreed should be used to support economic growth.

5 Section 151 Officer comments

- 5.1** The 100% business rates pilot is expected to deliver a one-off cash windfall in the region of £580,000 - £900,000. Therefore the allocation of £390,000 is below the minimum that the Council expects to receive. The terms of the pilot require the Council to prioritise expenditure that supports economic growth within the area. As the funding is one-off in nature, it is not appropriate to fund ongoing expenditure commitments. The proposal fits in with the Governments intentions surrounding the use of this windfall.
- 5.2** The £11.88 million, if approved, will be borrowed at the appropriate time and the impact has been added to the medium term financial plan along with the estimated income to be generated by the new Leisure Complex and Bus Station. An alternative method of debt repayment will be used that does not extend the repayment of debt from 50 years, but does smooth the cost to the General Fund. Taking account of all these factors means that the savings required over the medium term financial plan have not changed as a result of the additional funding requirements.
- 5.3** No income has been included in the updated medium term financial plan in respect of the wider redevelopment.

6 What are the legal aspects?

- 6.1** No new legal implications have been identified.

7 Monitoring Officer's comments

- 7.1** The key issue that remains to be determined by Members is whether these developments continue to represent Value for Money. Randall Simmonds have been instructed to advise on this and their advice is set out in paragraph 3.4 above.

8 Report details – Background

- 8.1** In January 2016 outline planning permission was granted for the provision of a new leisure complex and swimming pool, and a new bus station on the site of the Exeter bus and coach station and layover area (Ref15/0791/01).
- 8.2** In July 2017 Council approved funding of £39.92m and authorised officers to enter into a written contract for the construction of both the leisure complex and new bus

station. As members will be aware the council was proceeding with the building of the new bus station, even though originally it was expected that The Crown Estate and TH Real Estate would deliver this as part of the comprehensive redevelopment of the bus and coach station site. The challenge to the viability of the scheme meant the City Council had to pick up this, regrettably, even with this intervention by the City Council, the viability of the comprehensive scheme ultimately failed. The Crown Estate and TH Real Estate withdrew from the comprehensive scheme.

- 8.3** In October 2017 Members were informed that The Crown Estate/TH Real Estates were no longer able to proceed with their plans citing market conditions, and, as a consequence, the impact of the withdrawal on the leisure complex and bus station would need to be fully analysed, and addressed. The project and design team were instructed to undertake this work. The report also referred to the remaining site and the need to investigate opportunities for any interim use of the site as well as a permanent solution. The report indicated a retendering exercise would be carried out in the period March to August 2018, with an expectation that the appointment of a contractor would be made by September 2018. It was envisaged that the project build would commence in November 2018, with the site delivered by December 2020. Members were asked to consider these as indicative high level dates and best estimates at this point. Members agreed to continue with closing the bus station, developing design solutions for the interface elements of the scheme and to look at a permanent solution for the remaining site. In February 2018 the indicative time table was revised and it was confirmed the existing bus station could remain open until the new bus station opened. Subsequently authority was given to proceed with the procurement of the main contractor using the Southern Construction Framework.
- 8.4** The costs associated with the building of the leisure complex and new bus station have increased over the months since the original tender exercise was undertaken, normal inflationary pressures result in prices increasing with any delay, this has been expected, but in addition, as we found with the original tender exercise, many of the wider uncertainties facing the sector have combined with the challenge of simply getting construction companies to bid to do work - order books are healthy in the sector. The challenges and context for securing a successful tender were set out in the report to Members in July 2017. Since then Randall Simmonds and officers have been working with contractors to talk them through the projects, to remove as much of the uncertainty and risk assumed by the project so that contractors have been encouraged to bid for the works and a successful tender exercise has been achieved. Kier Construction was successful in winning the contract for site enabling works and the principles of the main contract have been agreed, we have spent many months working with Kier to price sub-contract packages to finalise the overall contract price for the two projects. The level of work that been put into an understanding of the building of this project and in its performance as a *Passivhaus* building has been considerable.
- 8.5** The approved budget for the projects is £39.92m; this will not cover the construction cost of building the leisure complex, the new bus station and overall programme costs. There is an argument to say that with The Crown Estate not proceeding with the wider development we do not need to proceed with the new bus station. The new leisure complex and swimming pool could be constructed without demolishing the bus station. Therefore, it is appropriate to examine this question, but before turning to answer this question it is appropriate to remind ourselves of the role this site has in the wider strategy of supporting the city centre.

Exeter City Centre

- 8.6** Since the redevelopment of Princesshay in 2007, Exeter has made sound progress in securing a strong position within the national retail rankings. In December 2013 Executive approved the City Centre Strategy for 2013-22, at the time Exeter was ranked at 38 within the top 50 UK centres and we were keen to strengthen the city centre to establish Exeter as a top 30 centre. The latest rankings from CACI show Exeter as the 20th Strongest town centre in the UK, second to Bristol in the south west, and a comparison market catchment now larger than Southampton, and Cardiff. Because of the changes occurring in the retail sector, our judgement was that retail rankings would be increasingly important, with a growing trend towards major retailers focusing their investments in a reducing number of large centres. It was our view that it was essential that Exeter continue to hold a strong position relative to competitive centres so as to continue to attract investment. In simple terms, in the future new brands would probably only launch in a select number of high ranking (top 30) centres; and, if anything, competition between centres has sharpened and digital retailing has brought about major changes to the sector at an alarming pace. Major high street names have become casualties of the changes. House of Fraser and Debenhams are closing many branches. The focus on the redevelopment of the bus and coach station site recognises the importance of this development to supporting the strength of the city centre both as enabler for the wider site and as an attractor generating footfall and linked trips.
- 8.7** The current Exeter City Centre Strategy highlights the need to improve the leisure and cultural offer in the city centre and the potential to increase the number of people living in an attractive city centre and the potential to support the current growth in independent retailers, particularly in the West Quarter. Our strategy has been to create an all-round visitor experience rather than a focus on retailing, and by creating the experience encourage visits to the centre, and extend dwell-time and spend. Support for culture, festivals and events has been part of the support package we have put in place to continue to support the city centre. Directing the swimming pool and leisure complex to the city centre was part of this strategy. Moving away from retail to food and drink, leisure and entertainment should maintain footfall and support the high street in the long term. A conservative figure of some 500,000 visits a year will be made to the St Sidwell's Point Leisure Complex, double the number that visit RAMM. The quality of the development also sets a design quality for both new buildings and public realm.
- 8.8** Our strategy has also recognised the importance of the wider city centre economy, and the role offices and employment from hotels and educational institutions play in supporting footfall and spend during lunch hours and early evenings. In recent years the city centre office quarter has reduced as properties get converted to residential use without the need for planning permission. This has reduced the space available for companies wishing to locate in the city centre and we are struggling to meet demand particularly from the digital sector. We have seen a large increase in the number of people living in the city centre, particularly students. A consequence of these trends has been rising prices for properties in the centre, higher land value transactions and declining availability of vacant office accommodation. The opportunity to deliver a variety of uses within the "Grecian Quarter" is a vital component of the City Centre Strategy.
- 8.9** The City Centre Strategy was informed by the document 'A City Centre Vision For A Green Capital' published in April 2011. The City Centre Vision set out: a number of development framework principles, designed to emphasise and build on those principles that are, or could be, memorable and great about Exeter; the first big

move in the regeneration of a compact centre was creating space beyond the historic walls at the East Quarter (Grecian Quarter – the Bus and Coach station development site).

The Bus & Coach Station Site

- 8.10** The redevelopment of the Bus & Coach Station site is identified in the Exeter Local Plan as the key strategic priority for the city centre and the best opportunity of delivering city centre uses. The principles of the Vision document and the City Centre Strategy remain sound and provide strategic direction that consistently point to diversifying the offer of the city centre, creating an improved sense of arrival and visitor experience, providing an opportunity to deliver a leisure and entertainment experience complementary with retailing and the functioning of the city centre.
- 8.11** Initially with Land Securities and, then, with The Crown Estate the City Council has attempted to deliver a comprehensive scheme that complemented Princesshay and met Development Plan policies. Whilst there has been a great deal of public scrutiny and discussion about the optimum mix of uses and the form of development, planning permission has been granted for the redevelopment of the site, but the demand for particular uses has changed dramatically during the time it has taken to develop the scheme. Within a few months of having served notices on short term tenancies to vacate units on Paris Street, demand for retailing and restaurants and cafes fell away dramatically. This caused The Crown Estate to rethink its commitment to the comprehensive scheme and they withdrew from the scheme. In the meantime Aviva took the concept of leisure and implemented something similar with the Queen Street Dining Quarter. This has proven to be successful and very popular and has allowed Aviva to reduce its retail footprint and diversify the mix of the Guildhall. This demonstrated that the underlying concept of more restaurants was sound, but not necessarily the right answer going forward for the Bus & Coach Station site.
- 8.12** More generally we continue to see retail stores shrink their requirements for space. John Lewis pioneered at Exeter a new format of store, significantly smaller than their hitherto flagship store size (70,000sqft rather than 250,000sqft) and conceived to positively engage with internet click and collect. The store was set up almost as a showroom with sales converted within the catchment area through the internet. As a response to reduced demand, business rates and rents, retailers and shopping centre managers are exploring opportunities to reduce the footprint of their stores and to diversify with units being created within the shell of larger stores for eating and drinking, cinemas and entertainment. Therefore, whilst the mix of retail, cafes, and restaurants is appropriate the scale of the provision needs to be carefully worked through.

Jones Lang LaSalle study – the redevelopment of the wider site

- 8.13** Since the decision of The Crown Estate to pull out of the scheme for the redevelopment of the Bus and Coach Station site we have engaged Jones Lang LaSalle to advise the City Council on the potential of the wider site and to consider viability and density of development to deliver strategic objectives. Other than a blanket no to purpose built student accommodation the advisors have been given a free hand to test the market against the planning framework to consider a form and mix of uses that could deliver a viable commercial development.
- 8.14** The City Council owns much of the land within the wider site along with The Crown Estate who have an interest in Sidwell Street. The redevelopment of the site has

been significantly de-risked by the removal of the bus depot and the relocation of Stagecoach and their layover area to Matford, and a scheme could come forward relatively quickly. The St Sidwell's Point Leisure Complex anchors the scheme with a major leisure use and the initial urban design framework informed by planning policies provide a structure to pedestrian connections and public spaces. The content of the indicative scheme is exciting, delivering the type of uses that support the core city centre function: 4 star hotel, budget hotel, offices, relocation of the civic centre, flexi-workspaces, private rented sector (PRS) accommodation, residential accommodation, retail, and restaurants. The density of the scheme is arguably better than the previous comprehensive scheme and provides a richer range of uses. It could become the new city centre office quarter and provide a choice of residential accommodation including private rented sector accommodation that in the south of the country has only been built in Bristol and Southampton. The redevelopment of the Paris Street/Sidwell Street site together with the leisure complex and bus station could deliver close to a million ft² of accommodation. Just short of double the size of Princesshay. Whilst it is important to point out this is not a planning scheme, and a lot of work would have to be done to address more detailed planning considerations, the basic ingredients of the scheme show an appropriate density and range of uses, that will provide confidence to the development sector in the long term prospects for the city centre.

Multi-purpose performance venue

8.15 The current content of the scheme assessed by Jones Lang LaSalle is predicated on delivering a commercially viable scheme. We have ruled out purpose built student accommodation - which would give us the best income – and we have not yet asked Jones Lang LaSalle to explore the potential to accommodate a performance venue. Members will recall that this was explored in the context of the South Street Corn Exchange area and we have indicated this would be our preference for a venue – that steer was given when the Council was pursuing a comprehensive scheme with the Crown Estate. The Council also been explicit that we would expect a performance venue to have to pay for its on-going revenue costs. In other words we have not assumed that it was the City Council's responsibility to provide a multi-purpose venue.

8.16 It is worth retracing what has happened to date: in January 2017 the council and the New Entertainment Venue Advisory Group commissioned Fourth Street to undertake a needs assessment for a new entertainment venue in Exeter. The overall aim of the assessment was:

- To evaluate current and likely future demand for a new large-scale entertainment venue (minimum 1,000 capacity) across Exeter and its cultural catchment area
- To identify options that could meet Exeter's needs for a new performance venue in terms of scale, operating model, programming approach and facility mix

8.17 Some key points from the final assessment are:

- there is an opportunity for developing a venue with a mixed-programme and capacity of around 1,200 seated, which could be reconfigured to a standing venue of say, 2,000 to 2,500 capacity
- a new venue of the scale being considered should be located in the city centre

- if located in the city centre, a new venue could contribute significantly to the regeneration agenda, helping to reverse Exeter's '4pm exodus' and improve the night-time economy specifically
- large auditoria, with the exception of arenas, are rarely privately financed in the UK since they offer limited (if any) financial return. Instead, they rely on a cocktail of funding with significant contributions typically derived from public, lottery and third sector sources.
- capital funding can often be secured easily, compared to the ongoing revenue requirements needed to sustain the longer-term operation and successful programming of a facility
- the needs assessment is not an outline business plan or a design brief and further feasibility work and more detailed appraisal of the options resulting from this study would be required to produce these.

8.18 In April 2018, Exeter City Council commissioned Marketing Means to conduct an in-street survey of the local general public in order to collect opinions on current provision of live entertainment venues in Exeter and the potential establishment of a new entertainment venue in the city. Some important findings are:

- The types of events most likely to be attended if a new entertainment venue were to open in Exeter were again led by drama, pop and rock, musical theatre and comedy, with close to half of respondents stating that they would attend such events.
- More than three-quarters of respondents (77%) stated that any new entertainment venue in Exeter should be built in the city centre. Only 17% preferred a site on the outskirts of the city.
- The most important aspects of a new entertainment venue were felt to be that it is multi-purpose (rated very important by 78%), and can offer multiple stage configurations/ flexible seating/standing (very important to 72%).
- Approximately two-thirds of respondents strongly agreed with four statements about a potential new entertainment venue in Exeter that it would attract visitors and tourists, enhance Exeter's reputation, have a positive impact on the night-time economy in Exeter, and help regenerate parts of the city centre.

8.19 Should members wish to explore the potential to deliver a multi-purpose performance venue as part of this wider development, ideally work should be carried out immediately. The assumption is that any development that contributes value to the scheme that is removed from the accommodation mix to make way for an alternative use would need the accommodation to be re-provisioned in the wider scheme. For example, if residential or office value was being lost because of the need for space for a venue, the housing/office accommodation would be repositioned elsewhere, such as increased height. However, at present offices are not attracting value. The value that would be assigned to the scheme from offices would reflect the fact that currently in the city rental levels would not support a speculative office development. Therefore, in practice offices do not bring value into the mix but they are important for the health of the local economy and in the absence of space it can constrain the growth of businesses in the city. But it is a cautionary note for us to consider, namely the scale of office provision. In this context it would be reasonable to consider the potential to deliver a multipurpose venue as part of the wider scheme and to undertake feasibility work looking at the

massing requirements of a building, its likely costs, i.e., quantity surveying in order to strike an appropriate mix and form of development. The design and quality of the investment the City Council is making in the site with the leisure complex and bus station provides an opportunity to create a genuine civic space.

- 8.20** Given the time sensitivity of this work, if there is any prospect of funding to provide such a venue, whether from the private sector or grant from Arts Council England, it is recommended that this be resolved in the coming months. Further, if this is to be progressed in a timely fashion it is recommended that funding is provided for this work. The expectation is the Director and the Portfolio Holder for Culture would lead this work.

St Sidwell's Point Leisure Complex

- 8.21** The St Sidwell's Point Leisure Complex is an important investment, providing new swimming pools and leisure facilities in the most accessible location by public transport. Planning permission has been granted for the scheme, and it is entirely consistent with planning policy which seeks to direct this type of use to the city centre. The architecture of the building and its environmental performance reflect a commitment to design, sustainability and environmental practise. This is a site with frontages visible on all sides that could be unforgiving of a poorly designed building. The sculpture of the building, the attention to detail and to the quality of the finishes is reflected in the cost of the scheme. It is a healthy building designed with input from researchers from the university of Exeter, modelled with climate change in mind. The *Passivhaus* construction will set a new bench mark for environmental performance for leisure centres in the UK. The *Passivhaus* Institute is closely involved in understanding and monitoring its performance. The design of the scheme was shaped by a desire to connect with the wider development of the new quarter, and therefore the principal access to the development would be from a new space that faced into the development. To improve pedestrian connectivity with the wider area it was necessary to address demanding changes in levels. This has a cost impact on the scheme. The true-value of what is being done will only be realised when the comprehensive scheme is built out. But a sense of what will be achieved can be understood from the illustrative images that will be shown at the Leisure Complex and Bus Station Programme Board.

- 8.22** Civic leadership comes in many forms, a commitment to quality public spaces, quality architecture, investment in culture and leisure are just some of the discretionary areas of council business that we do not have to do but "leadership of place" commands us to do. Invariably we know to be truth that quality matters, that investment in architecture, and whole life costs return value. The quality of the architecture that is reflected in the post-war redevelopment of Exeter shows some fine examples of real commitment to good quality design, such as the 1950's High Street. It is right to ask what legacy are we to leave to future generations. This will be a building that will announce itself to visitors to the city centre for the next 50-80 years, and this has been weighing heavily on our minds as we look at the merits of the scheme. Many of the current on-going issues we are having with current leisure assets arise from the fact they were constructed cheaply with a short life span, and we are now paying the price.

- 8.23** The City Council and our partners across the city region have a transformational growth agenda for the city region. Our unique asset is environmental science and world leading expertise in the area of environmental data, we have published a vision that says in twenty years' time Exeter will be recognised as a leading sustainable city and a global leader in addressing the social, economic and

environmental challenges of climate change and urbanisation. Further, that we will encourage high-quality contemporary design that complements and enhances the city's heritage. There is a strong argument that the design quality and environmental performance reflects this aspiration to be a world leading city. There is a cost premium in building to a high standard of design and high environmental performance, but just as with the outlay on a new ultra-low emission vehicle, the on-going revenue savings should be factored into the assessment.

The new Bus Station

- 8.24** The City Council doesn't have to replace the bus station in order to build St Sidwell's Point Leisure Complex. The City Council could leave it to a future developer to take on the challenge, but the current bus station structure, so poor in many respects, sterilises an important development opportunity, the best opportunity to deliver much needed investment in the city centre. It would sit uneasy with our ambition to be a leading city aspiring to be a leading knowledge economy to retain the current station. Many of the town centres that are now showing visible decline refused to do the thing that was required of them at the time when it mattered. It would be inappropriate to name the places that have regrets that they did not take the opportunity when it was presented, but that is the nature of decisions such as this. It is more than thirty years since the local plan identified this site as the place to redevelop in order to strengthen the city centre. Do we leave it to others to pick up, or do we get on with it and in the process provide homes, offices, and places to eat and drink and shop? We live with the realities of economic cycles, we are in uncertain times, and we need to get on with developing this site whilst the market conditions are favourable. The work undertaken by Jones Lang LaSalle shows that it is possible to deliver homes, offices, hotels, shops, cafes and restaurants, exactly the type of developments the public has demanded the council provide in the city centre.

Options

- 8.25** There are a number of options open to the City Council:
1. Not to proceed with any project
 2. To proceed with the St Sidwell's Point Swimming Pool and Leisure Complex only
 3. To proceed with the Bus Station only
 4. To proceed with both projects
- 8.26** An option would be to commit all the allocated funding to the swimming pool and leisure complex and to leave the building of the bus station to the redevelopment of the wider site as, and, when, a viable scheme can be delivered.
- 8.27** A decision not to proceed with both projects would have a significant reputational impact with the development sector, if the City Council cannot deliver its strategic priority, on land it owns with substantial funding already secured to deliver the project, it would undermine confidence in future plans. The City Council will have spent a significant amount of resource on designing the projects, on project management and professional support. The subject of the bus station redevelopment has been made an election issue through the press and the public have been informed the City Council will be building a swimming pool and leisure complex.
- 8.28** The building of a new bus station would enable the City Council to deliver in partnership with others or on its own much needed residential and office

developments. In my opinion it is a combination of uses that demands to be built. Members have been frustrated in not being able to deliver housing in the city centre and members have watched as purpose built student accommodation has come forward in large numbers across the city centre. This site allows members the opportunity to deliver different forms of flats and housing, such as: built to rent or otherwise known as private rent, and open market housing, and to replace the offices lost in Southernhay with a new city centre office quarter (including an opportunity to relocate the Civic Centre as part of a new public service hub accommodation block).

- 8.29** The additional cost of delivering both projects at £11.88m can be financed without negatively impacting on the medium term financial plan. There is a persuasive argument in the context of the long term finances of the City Council to deliver these projects to support the long term income to the City Council from business rates, commercial rents, car parking income and council tax receipts. Members have preserved the objective of integrating the new leisure complex into a wider comprehensive redevelopment of this quarter of the city centre, the logic demands the City Council press on with the new bus station as the first stage in securing the comprehensive scheme.

Leisure operator

- 8.30** A business plan for St Sidwell's Point Leisure Complex has been developed to give the City Council an indication of the likely financial position that will be presented by operators during a procurement process. The business plan was presented to the Leisure Complex and Bus Station Programme Board on the 30th October 2018 and this details the assumptions set out by the consultants (Max Associates) in some detail including the market conditions and procurement options. An initial assessment of the need and business case for a new leisure complex carried out by Continuum Leisure Ltd was reported to members in November 2014. The new business plan takes stock of the changes that have occurred in the local market since then including the emergence of budget gyms. As such it now takes into account a number of additional costs and assumptions that were not factored in to the Continuum business plan in 2014. This has had the consequential effect of reducing the overall surplus expected from the new centre. However it is a realistic approach tested by industry standards and benchmarks. Indeed, our approach has been conservative on all counts so as to be cautionary on income forecasts.
- 8.31** For example, the expected benefit from the enhanced performance on energy has not been fully factored into the income of the business plan. There will be an assessment of the actual energy usage two years after opening and this will then set the income to the City Council. This is prudent from the view point of the leisure operator business plan and the likely bid the City Council will receive. However, given that the energy performance has been an overarching principle of the design it is reasonable to assume that the projected income from delivering at least a 65% reduction on energy costs will eventually be available for the purposes of funding capital. Likewise, whilst the car parking income to the council associated with the subsidy is acknowledged, it has not been built into the business plan income. However, it is appropriate to consider this income for the purpose of funding capital as the income will be coming to the City Council.

Funding for the Projects

- 8.32** In the report to the Extraordinary Council meeting of the 19th July 2017, the resource implications associated with developing both projects were set out in some detail,

and explained the projected cost and the funding plan. The City Council has saved £18m from New Homes Bonus, £1.4m from Section 106 agreements, £8m from the Community Infrastructure Levy (CIL), and anticipate a further £6.250m from capital receipts for the purpose of delivering the leisure complex, swimming pool and bus station, giving a total of £33.65m. The overall cost of the leisure complex including programme costs and construction costs, taking into account the redesign work to address the challenge as a stand-alone building and enabling works is £43.8m, plus £8m for the bus station, amounting to a total of £51.8m against a total approved budget of £39.92m. Therefore an additional budget of £11.88m is required. The projected income from the business plan plus car parking income and full anticipated energy savings could provide an ability to service borrowing from the Public Works Loan Board (PWLB) to cover the cost of the St Sidwell's Point Leisure Complex. However the potential gains in car parking income and energy savings have not been factored in to how we fund the projects. The income from the operator has not currently been built into the Medium Term Financial Plan. The funding for the bus station would not be covered by income from the bus station operator. The revenue from the bus operator would serve a modest capital investment insufficient to cover the cost of the building.

- 8.33** It is important to note that the original comprehensive scheme with the Crown Estate and TH Real Estate promised to deliver a modest annual income to the City Council, the benefit of the development was the support it gave to the wider city centre, helping support the long term future of the city centre. City centre commercial developments were agreed to be non-viable under the CIL regime for Exeter. Unlike the rest of the city where commercial developments pay a tax, the abnormal costs associated with the city centre and were objectively agreed to be non-viable. Therefore the funding of a new bus station was seen as an abnormal cost that the City Council would pick up to support investment in the city centre. The revised scheme with a different mix and now a number of years later with a different demand profile for residential development offers the prospect of an improved income strip for the City Council or a capital receipt. Residential development will bring in additional council tax and CIL payments. It is not recommended that we seek to model the additional income opportunities that will arise from a wider scheme for the purpose of servicing borrowing, it is not needed for the purpose of supporting this investment in the bus station.

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

- 9.1** Corporate Plan 2018-2021 focuses on three strategic programmes that address the current major challenges facing the city: Tackling congestion and accessibility; promoting active and healthy lifestyles; and building great neighbourhoods. These key strategic projects touch all three priorities: delivering in the most accessible location in the city a major leisure and sporting facility, providing investment in public transport and opening the way to significant investment in city centre housing and offices, and by so doing strengthening the mix and attraction of the city centre. The City Council's emerging vision says: "By the time they are an adult, a child born in Exeter today will live in a city that is inclusive, healthy and sustainable – a city where the opportunities and benefits of prosperity are shared and all citizens are able to participate fully in the city's economic, social, cultural and civic life." These projects, and the wider developments it will unlock, are in line with this vision: Providing an exemplary sustainable building designed to the very highest environmental standard, funded in large part by the proceeds from new home bonus which is the financial benefit of delivering housing growth; and constitutes a significant capital investment in leisure and active life styles, such that the quality of facility provided by the private sector is now going to be available to

all. The City Council's ambitions to make Exeter the most active city in England is reflected in the success of the 2017 application to become a Sport England Local Delivery Pilot and the emerging Physical Activity Strategy due for publication and consultation during 2019. This will set out how it is envisaged that City Council run sports and leisure buildings, playing pitches, parks and play areas will be developed to contribute to achieving 10,000 more active citizens within the target areas and groups.

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

10.1 As part of the project management discipline an active register of risks associated with delivering this project has been maintained and progressed by the project team. We have sought to balance many of the risks in such a way that the council is not paying large sums upfront unnecessarily to contractors as insurance against risk. There are significant risks looming for all of us with Brexit, the uncertainty with city centre retailers and major currency fluctuations. Major construction companies also face significant risk because of these uncertainties, including access to labour supply. The Building Cost Information Service (BCIS) has predicted that over the period to second quarter of 2023, tender prices (cost to client) are expected to rise 22%. They are forecast to rise just under 2% in the first year and between 4% and 5% in the next two years, before rising to around 6% in the last two years. With the previous scheme we were dependent on the private sector partner, with this particular project we are not dependent on third parties and, subject to Members agreeing the funding, contracts can be signed and work can commence virtually immediately.

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 The new Leisure Complex will provide a building and facilities which will be more accessible than the current facilities can provide and be more flexible in allowing more people to use it without having to be a member of a sports club or association. The contract for the operator will allow the City Council to specify activities and practices that can promote health and well-being and broaden accessibility to all sections of the community.

Karime Hassan
Chief Executive & Growth Director.

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

- Proposal for leisure Complex and Swimming Pool, Executive November 2014
- Proposal for additional enhancement of the leisure complex and swimming pool, Council 12 August 2015
- 'A City Centre Vision For A Green Capital' published in April 2011.
- Funding for Exeter Bus Station, Executive 18th January 2016 & Council 25th January 2016
- Outline planning permission (ref 15/0791/01) for redevelopment of the Bus & Coach Station site, report to Council 20th January 2016

- Proposal to commence leisure complex and swimming pool and bus station, report to Extraordinary meeting of Council 19th July 2017
- Leisure Complex and Bus Station Programme Board papers
- BCIS Headlines for October 2018, Building Tender Price Forecast, RICS
- Randall Simmonds, Value for Money Report, November 2018

Contact for enquires:
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REPORT TO EXECUTIVE

Date of Meeting: 11 December 2018

Report of: Chief Executive and Growth Director

Heart of the South West – Joint Committee – Council Update

Is this a Key Decision? No

Is this an Executive or Council Function? Council

Recommendations: That Executive recommends to Council to:

- (a) Note the progress report setting out the work of the Heart of the South West (HotSW) Joint Committee since its establishment in March 2018;**
- (b) Agree to delegate the development and endorsement of the HotSW (LIS) to the HotSW Joint Committee (noting that final approval of the HotSW LIS rests with the HotSW Local Enterprise Partnership (LEP) and the Government) subject to reassurance that the Greater Exeter Industrial Strategy will be reflected in the HotSW LIS;**
- (c) Note the Budget statement for 2018/19 set out in Appendix B and that in accordance with the decisions taken at the time the Committee was established the Council will be asked to make an annual budgetary provision to meet the support costs of the Joint Committee in line with the 2018/19 contribution. Final clarification on any additional 2019/20 budget requirement will be provided following the completion of the review of the Joint Committee's role, function and management support arrangements and development of its work programme for 2019/20.**
- (d) To agree the Budget and Cost-sharing Agreement set out in Appendix B to this report.**

1 Introduction and summary

1.1 In January 2018, the HotSW Joint Committee was formally established by the councils and organisations involved since 2015 in the devolution partnership. The Committee is tasked with improving productivity across the HotSW area in collaboration with the HotSW LEP and other organisations as necessary.

1.2 The Committee has met formally three times in 2018, in March, June and October. In addition to this the management structure that sits behind the Committee and involves Chief Executives and senior officers from across the partnership has met regularly to drive the business of the Committee. The Committee is chaired by Cllr David Fothergill, Leader of Somerset County Council and the Vice-Chair is Cllr John Tucker, Leader of South Hams District Council.

1.3 This report summarises the progress made by the Committee over recent months in key areas of activity and sets out actions proposed in the coming months.

As part of this report there are specific recommendations for the constituent authorities to consider.

2 Key achievements

2.1 At each of our meetings the Committee has been briefed on recent inward investment successes achieved through the work of the local authorities and the LEP and it is these successes that we wish to add to through the work of the Joint Committee.

(a) Influencing government

The partnership's original focus in 2015 was to explore opportunities on offer through devolution to improve productivity. Since the Committee was created the influencing role has continued to be central to the work of the Joint Committee and recent months have seen successes in this area. Government policy changes and Brexit have required the partnership to be flexible to present a united front to Government and respond to the changes. As an example, the Government has increasingly moved away from its devolution policy approach of 2015 and the partnership is now engaged in more flexible and targeted dialogues with Government. This approach is proving successful so demonstrating the benefits of presenting a single compelling partnership vision between the business and public sectors. The Committee is keen to demonstrate its ability to deliver Government objectives as well as local priorities so accessing help beyond our boundaries is critical to the success of the partnership. It is already apparent that the Joint Committee / LEP Partnership carries a critical mass that the Government is responding to through policy announcements and on-going dialogue with Government officials. The most significant announcement is the recent inclusion of the HotSW LEP area in wave 2 of developing Local Industrial Strategies (LIS). This success is due in large part to the close alignment of the Joint Committee and the LEP on the Productivity Strategy [see (b) below]. Much of the activity detailed below has resulted directly from discussions with Government.

(b) Approval of the HotSW Productivity Strategy

- (i) In March the Committee and the LEP Board agreed a challenging HotSW Productivity Strategy which set an ambition of "Doubling the size of the Heart of the South West's economy over 20 years" with a vision of "Productivity and prosperity for all".
- (ii) The Strategy identifies three strategic themes to improve productivity by strengthening and developing:
 - a. the leadership and ideas within businesses in our area
 - b. the housing, connectivity and infrastructure our people and businesses rely on for living, moving goods, accessing jobs and training, and exploiting new opportunities.

- c. the ability of people in our area to work, learn and improve their skills in a rapidly changing global economy, and to maximise their economic potential.
- (iii) In addition, there are three cross-cutting themes, referred to throughout the Strategy:
 - a. Inclusive growth for our people, communities and places
 - b. Capitalising on our distinctive assets
 - c. Maximising the potential from digital technology

The Strategy can be viewed at:

<https://heartofswlep.co.uk/about-the-lep/how-we-work/productivity-strategy/>

- (c) Endorsement of the Delivery Plan. This document is key to the delivery of the Productivity Strategy and will be further developed as explained below. It is a live action plan that will be used to track performance locally and may also form the basis of annual progress reports to Government, as required under the recent national review of LEPs. It is broadly divided into two sections – a ‘core offer’ focussing on programmes that deliver Business Support and Employment and Skills, as well as ‘enablers’ including housing delivery, transport, and other infrastructure that is essential to support economic growth. These activities apply across the whole of the HotSW area. A further section focuses on programmes of activity linked to the agreed set of ‘opportunities’ that are specific to the HotSW area. The Plan incorporates current as well as future, planned activity, and is being produced in stages depending on how well developed the programmes of activity for each theme are. The current version features the opportunities that are at the most advanced stage, namely: Digital (Photonics); Advanced Engineering (marine and nuclear); High Value Tourism; Farming, Fishing and Food. By spring 2019 it will be expanded to include: Healthy Ageing; further Digital (Creative and Big Data); Advanced Engineering (aerospace); Construction; and Defence. Place markers have also been included for inclusive growth and natural capital to be developed as part of the next phase of work. The current version of the Delivery Plan can be viewed at:

<http://www.hotswjointcommittee.org.uk/wp-content/uploads/2018/10/HotSW-Draft-Delivery-Plan-October-2018.pdf>

- (d) An Opportunities Prospectus has been extracted from the Delivery Plan and will be used with local MPs, Ministers and senior Government officials as part of continuing to raise the profile of the HotSW area at a critical time ahead of the 2019 Spending Review and the anticipated launch of the UK Shared Prosperity Fund towards the end of 2019. The document will be circulated to MPs prior to the Chancellor’s autumn statement as part of the influencing approach. To ensure that the Prospectus document has some longevity, the key strategic ‘asks’ of Government have been set out in a covering letter, jointly signed by the Chairs of the Joint Committee and the LEP. As we develop the Delivery Plan, further asks will emerge and be submitted to Ministers. The list

of asks submitted in October is attached as Appendix A to this report. The Prospectus document can be viewed at:

<http://www.hotswjointcommittee.org.uk/wp-content/uploads/2018/10/HotSW-Opportunities-Prospectus-October-2018.pdf>

- (e) Housing is a key enabling opportunity for the Joint Committee. Following a housing audit to gauge Local Plan progress on targets and delivery rates, a HotSW Housing Summit was held in September with key agencies including Homes England. The outcome of this successful event was an agreement to work closely with Homes England to develop a bespoke package of offers and asks with Government which will help us to successfully deliver the ambitious housing programmes we have across our area. A Housing Sector Task Force of strategic leaders and officers has been established to develop our proposition to Government and to work with Homes England which will report to the Joint Committee.
- (f) National Infrastructure Commission (NIC)
The Joint Committee is seeking to secure a growth corridor study following helpful discussions with the NIC. Initial discussions with the Chair of the Commission were well received and the Joint Committee was encouraged to submit a business case to the Chancellor who will ultimately make a decision as to whether to fund a study. A proposal was submitted to the Chancellor in October. The study would be similar to the one conducted by the NIC for Cambridge-Milton Keynes-Oxford. It would help the HotSW partnership to better understand the constraints to higher levels of productivity by highlighting where investment in strategic infrastructure could unlock faster growth over the long term. The initial focus for the study would be along the A38/M5 transport spine, recognising that investment would have benefits for the whole of the HotSW area and wider south west.
- (g) Brexit Resilience Opportunities Group. The Joint Committee has consistently lobbied Government that any powers that move back from the EU under Brexit must not stop at Whitehall. This senior officer group was established by the Joint Committee to research and advise on the opportunities and risks to the HotSW. The Group has been collating evidence on some of the key risks and opportunities for our unique economy and has conducted research in the following areas: workforce, construction industry, agriculture and land management; food and farming, fisheries and post Brexit funding to support the economy. The Group is also collating the risk and impact analysis of Brexit on local government such as service delivery and community resilience. The Group has fed directly into the Local Government Association briefing papers and to key Government departments to raise the profile of the area. With the Brexit departure date looming and several 'deal' scenarios still possible, this work has become ever more important. A Brexit Joint Regional Sounding Board event planned, as part of the 12th November LEP Conference, will be an opportunity for business and public sector to engage with Government

representatives from Defra, BEIS, and MHCLG on preparedness. The Group is working with Cornwall on issues of mutual interest and concern.

- (h) Sub-National Transport Body. Linked to the Joint Committee's work on infrastructure is the imminent establishment of a South West Peninsula Shadow Sub-National Transport Body (covering Somerset, Devon, Cornwall, Plymouth and Torbay) which will develop a sub-national Transport Strategy to work with Government to deliver investment in our major transport infrastructure. In the short-term this will be an informal partnership, however a current 'ask' of Government is that they endorse the creation of a statutory Sub-National Transport Body for the Peninsula, and a separate body for the South West around the east of the region. These two new transport bodies will provide a platform for strategic discussions with Government on priorities for the region over the long term.

3 Next steps:

In addition to what is outlined above, the Joint Committee / LEP partnership will:

- (a) Develop an Investment Framework for the Delivery Plan so that priorities for delivery and project opportunities can be delivered via investment from a range of sources.
- (b) Review the roles and functions of both bodies through a governance review to acknowledge the revised and enhanced focus given to LEPs by the Government. This work will include a review of the management support arrangements. The Joint Committee and the LEP will continue to share responsibilities across the Productivity Strategy and the Delivery Plan with the LEP leading on areas closely linked to the LIS and the Joint Committee leading on other areas such as housing and infrastructure. The need for close collaboration between the two has never been more important as we look to further influence Government policy and actions over the next 12 months and beyond.

4 Local Industrial Strategy

4.1 The inclusion of the HotSW LEP area in the second wave of areas to benefit from working with the Government to develop their Local Industrial Strategies (LIS) is a considerable achievement for the Joint Committee and the LEP. The first wave 'trailblazers' were the urban conurbations of Greater Manchester, the West Midlands and Cambridge-Milton Keynes-Oxford. The partnership had been pushing to be in the second wave and had raised the ask with Government Ministers and officials over a number of months. It was therefore very welcome that HotSW was announced in July as being part of wave 2.

4.2 By working closely with Government to develop our Local Industrial Strategy we will be able to jointly agree the long term transformational opportunities that will

help deliver the asks specific to our area and influence wider Government policy and delivery.

4.3 Local Industrial Strategies will focus on the foundations of productivity and identify transformational opportunities with partners across Ideas, People, Infrastructure, Business Environment and Place. The Strategy will be led by local people and businesses, allowing local leaders to harness the strengths of their own areas; ensure that the benefits of growth are realised by all; and provide the right conditions for improving the prosperity of communities throughout the area.

4.4 Ultimate approval of the LIS rests with the LEP in collaboration with the Government. The LIS guidance requires the LEP to collaborate on the development of the LIS with a range of stakeholders including the local authorities and other partners.

4.5 The LEP's proposed timetable is to have the final LIS agreed between the LEP and the Government by June 2019. Fortunately, HotSW partners are better placed than many areas to meet this timetable as the work done by the Joint Committee and the LEP to build and test the evidence base for the Productivity Strategy and Delivery Plan has set the foundation; the LIS will be a natural extension of this.

4.6 The Joint Committee is ideally placed to provide both collective and council level input into the development of the LIS, although final approval rests with the LEP. The validity and positioning of the document would be immeasurably strengthened by the involvement and general endorsement of all the constituent authorities, and by other partners including the business community. To enable the development of the LIS to be taken forward at pace, and to demonstrate alignment with partners across the area, it is proposed that local authority input is developed, coordinated and signed off by the Joint Committee. The powers of (and delegations to) the Committee are tightly focussed around the Productivity Strategy under the current governance arrangements, so approval needs to be sought from the constituent authorities to formally delegate the Council's responsibilities for contributing to and signing off the HotSW Local Industrial Strategy (LIS) to the Joint Committee. The recommendations provide the opportunity for the Council to influence and shape the LIS as well as provide content. To ensure that there is wide buy-in to the development of the LIS across the constituent authorities, a portfolio holder engagement event is planned for 23 November 2018

5 Industrial Strategy for the Greater Exeter Area

5.1 On 9th October 2018 Exeter City Council's Executive supported the decision of the Greater Exeter Growth to endorse the Greater Exeter Industrial Strategy document and to promote the strategy to the Heart of the South West LEP Board on the basis of this being incorporated within the Local Industrial Strategy for the Heart of the South West area.

5.2 The Greater Exeter Industrial Strategy captures a place based approach to supporting growth and aligns with the regional work that has identified the key

opportunities for supporting the transformational economic agenda at Greater Exeter based on data and environmental intelligence.

5.3 The original intention was for this document to form the basis for a more intensive period of engagement with Whitehall departments prior to the next Budget in November. It is now clear, following confirmation that the Heart of the South West will be in the second wave of Local Industrial Strategies, that this work needs to be fed in to and find expression through the co-creation process that will be undertaken with Government to develop this strategy across Devon, Somerset, Plymouth and Torbay.

5.4 It is also clear from various announcements that an ambitious and robust industrial strategy needs to sit at the heart of the overall approach to promoting future growth including in relation to housing and infrastructure delivery. It is important that the work that has been undertaken to develop an industrial strategy for the Greater Exeter area, based on the role of city as economic and utilising unique strengths in environmental science and big data, is utilised in support of various allied areas of activity. To ensure that the potential local growth benefits have been considered the guidance makes it clear that it will be desirable for proposals to have the support of the Local Enterprise Partnership.

5.5 The Greater Exeter pitch has landed positively with partners and civil servants and there is recognition that the Exeter city region is driving the regional economy. It is important that the Pitch document continues to form the basis for a clear and compelling offer for productivity-led growth that can then be pursued through a variety of supporting and complimentary avenues over the course of the next 12 months.

6 Budget and Cost Sharing Agreement

6.1 The Joint Committee has been kept informed of its budgetary position to provide assurance that it is operating within its budget. This section of the report includes:

- (a) a summary of the Committee's current budget position for 2018/19 – page 11 - Appendix B
- (b) a Budget and Cost Sharing Agreement (B&CSA) which is a development of the Inter-Authority Agreement agreed by the constituent authorities at the time the Committee was established – pages 12 and 13 – Appendix B
- (c) An indicative budget request for 2019/20 to the constituent authorities.

6.2 Page 11 – Appendix B - summarises the position on the operating and support budget of the Committee. It shows a variation of the income for 2018/19 expected at the time of the Committee's establishment with a larger than anticipated underspend carried forward from the work on devolution during the 2015 to 2018 period. This together with the contributions agreed by the constituent authorities have given the Committee a larger than anticipated budget for 2018/19.

6.3 In terms of the anticipated spend for 2018/19 the current position suggests that the Committee will be able to operate within budget and should achieve an underspend to be carried forward to 2019/20 to help offset the future budget requirement for the Joint Committee. The current underspend is around £40k. It should be noted however that not all commitments for 2018/19 have yet been identified.

6.4 At the time of the Committee's establishment the Inter Authority Agreement referred to the development of a B&CSA and included some headings to be included within it. Pages 12 and 13 - Appendix B - set out the draft B&CSA. It is a relatively simple document proportionate to the small size of the budget and the limited financial risk to each constituent authority. It explains the role of the administering authority as well as the responsibilities of the constituent authorities. The Joint Committee has approved the B&CSA and all Section 151 Officers of the constituent authorities have been consulted on its contents. The document now requires the formal approval of the constituent authorities.

6.5 In terms of the Joint Committee's budget for 2019/20 the work programme is unknown at this stage although a busy year is expected for the Committee to respond to Government policy initiatives and to support the Delivery Plan. To assist the constituent authorities to plan budget commitments for 2019/20, the minimum contribution levels for 2019/20 are set out below and are at the same level as for 2018/19. These contributions will generate sufficient budget to cover the costs of the administering authority to service the Joint Committee and leave a small surplus. Dependent on the underspend carried forward from the current year and the outcome of the review of the management support arrangements, this may not be sufficient to fully cover any additional work, for example secondments, or externally commissioned work. The funding requirements will be clarified, as far as is possible, in advance of the 2019/20 financial year following the governance review and through a costed work programme and applied on a pro-rata basis.

- County Councils - £10,500
- Unitary Councils - £4,000
- District Councils and National Parks £1,400

7 Consultation, communication and engagement

7.1 Under the Communications and Engagement Plan, members of the constituent authorities, partners and the public have been kept informed of developments with the Joint Committee through newsletters published after each formal meeting and press releases on significant issues of interest. As we move towards Christmas, the Committee's engagement plans include seeking the support of relevant Ministers and all local MPs for the Communications document and specifically our 'asks' of Government. This engagement campaign will continue and accelerate as we move into 2019.

7.2 In addition the Committee has a website providing background information, links to latest news and publications and details of the membership. This can be accessed at:

<http://www.hotswjointcommittee.org.uk/>

8 Equality Considerations

8.1 No adverse impact on any protected groups.

9 Public Health Considerations

9.1 There are no direct public health impacts of these recommendations. However, public health considerations will be an important consideration in the development of the LIS recognising that there is a strong correlation between economic prosperity and health of the population.

10 Risk Management Considerations

10.1 Given the participation in the Joint Committee as one of the constituent Local Authorities, the main risks are around failing to participate actively in this or any other related process, thus manifesting a failure of sub-regional or regional awareness of the Council's specific economic and productivity concerns. The risk from failing to participate is most likely to be a loss of the Council's influence at regional level and an inability to draw attention to the area's economic needs (across such areas as productivity, skills, infrastructure and related inward investment). It would also weaken the wider partnership proposition, so affecting the ability of the HotSW partnership to speak with one voice and influence Government policy for the benefit of the wider area and including our residents, businesses and visitors.

11 Legal considerations

11.1 The HotSW Joint Committee is a Joint Committee of the local authorities across Devon and Somerset that comprise the HotSW area and established under Sections 101 to 103 of the Local Government Act 1972 and all other enabling legislation to undertake the following:

11.2 The key purpose of the Joint Committee is to be the vehicle through which the HotSW partners will ensure that the desired increase in productivity across the area is achieved.

11.3 The Committee is a single strategic public sector partnership providing cohesive, coherent leadership and governance to ensure delivery of the Productivity Strategy for the HotSW area. The specific objectives of the Joint Committee are to:

- Improve the economy and the prospects for the region by bringing together the public, private and education sectors;

- Increase our understanding of the economy and what needs to be done to make it stronger;
- Improve the efficiency and productivity of the public sector;
- Identify and remove barriers to progress and maximise the opportunities/benefits available to the area from current and future government policy.

12 Monitoring Officer's comments

[This report raises no issues for the Monitoring Officer]

13 Financial considerations

13.1 The direct costs to the constituent authorities are set out above and in Appendix B. In addition to this the constituent authorities and partners continue to input considerable amounts of officer time into the partnership on an 'in kind' basis. The LEP continues to make a significant contribution to the work of the Committee and has met some direct costs.

13.2 The constituent authorities are reminded that the Joint Committee continues to provide a relatively low-cost option to meet the partnership's objectives compared to the Combined Authority alternative.

14 Section 151 Officer comments

14.1 The £1,400 budget, if approved, will be added to the Council's budget for 2018-19.

15 Reason for Recommendation/Conclusion

15.1 It is essential that the local authorities contribute to the development and approval of the LIS working in collaboration with the LEP. The LIS will be a natural development of the Productivity Strategy and Delivery Plan for which the Joint Committee already has delegated authority, and therefore it would seem appropriate to formally extend this authority to the development and approval of the LIS to the Joint Committee on behalf of the constituent authorities.

15.2 It is important that the constituent authorities are kept up to date on the Committee's budget situation and make provision for the 2019/20 budget commitment. It is also important that the Budget and Cost Sharing Agreement is formally agreed by the constituent authorities as part of the Committee's governance arrangements.

APPENDIX A

Heart of the South West Partnership's key strategic asks of Government

As part of the partnership's increased lobbying with MPs and with reference to the Great South West Partnership several 'policy asks' of Government have been identified to coincide with party conferences and the Autumn Budget. These will be socialised over the next few months and are:

1. Recognition of the Great South West Partnership in the Autumn Budget Statement together with a commitment to co-design a Rural Deal - a 'Rural Productivity Partnership' with GSW following publication of Rural Productivity Commission Report earlier in the year
2. Strategic Connectivity
 - a. Confirmation of Sub National Transport Body/ (ies)
 - b. Peninsula Rail priorities – e.g. commitment for funding Dawlish
 - c. Funding commitment for A303 improvements
 - d. Superfast Broadband and 5G trials
 - e. Joint working with the National Infrastructure Commission on an A38/M5 corridor study to explore how we can unlock our full potential and accelerate growth to transform our region.
3. Transforming Cities and Strength in Places bids agreed
4. EU Fisheries underspend proposal: an offer to work with Government to develop a proposal to utilise the projected underspend in the current EU Fisheries budget.
5. Nuclear Sector Deal (and others specifically Maritime and Defence) to have clear place-based elements/funding, recognising the HotSW opportunities.
6. Local Industrial Strategy specific: encourage joint working with WECA on Wave 2 Local Industrial Strategies particularly around connectivity and Smart specialisations e.g. Nuclear and Aerospace.

APPENDIX B

BUDGET STATEMENT – 2018/19

Costs

At the time the Joint Committee was established it was estimated that its operating and support **costs** for 2018/19 (and to cover the remainder of 2017/18) would be £89,000 - excluding in-kind officer support. This estimate comprised:

1. £25,000 for work the Joint Committee would wish to commission to support the delivery of its work programme
2. £24,000 for the Brexit Resilience and Opportunities Group Secretariat
3. £40,000 for the Administering Authority to undertake its duties.

Budget

Current budget position summary:

18/19 Budget = <u>£117k</u> (an increase of £25k over the original estimate)	18/19 Expenditure - <u>£76.4k</u> (as at 24/10/18)
<ol style="list-style-type: none"> 1. £67k - devolution budget carry forward (as against the estimate of £42k) – transferred from PCC to SCC 2. £50k - funding contributions from the constituent authorities 	<ol style="list-style-type: none"> 1 £40k - for Administrative Authority costs including: direct meeting costs (including refreshments); staffing costs directly relating to HotSW meetings; JC communications and marketing; micro-site development 2 £11.3k - support costs of the Brexit Resilience Opportunities Group (BROG) including seconded part-time officer support (against an original budget allocation of £24k) 3 £6k – costs of Housing Summit 4 £9.8k – housing consultancy support 5 £9.3k – national corridor infrastructure corridor consultancy support

BUDGET AND COST SHARING AGREEMENT

As part of the new Joint Committee working arrangements, the following clause was agreed in relation to the costs of operation of the Joint Committee. This clause was in the Inter-Authority Agreement.

4.0 JC Finance

4.1 The JC's budgetary arrangements shall be detailed in a budget and cost sharing agreement to be agreed by all the Constituent Authorities annually on the recommendation of the JC and in advance of the financial year. The only exception to this will be in the JC's first year of operation when the JC shall recommend a budget and cost sharing agreement to the Constituent Authorities for approval at the first opportunity following its establishment.

4.2 The budget and cost sharing agreement shall cover:

- (a) The responsibilities of the Constituent Authorities for providing funding for the JC
- (b) The anticipated level of expenditure for the JC for the year ahead
- (c) The cost sharing mechanism to be applied to the Constituent Authorities
- (d) Details of how the budget will be set and agreed each year
- (e) Who is to be responsible for maintaining financial records on behalf of the JC (the 'accountable body');
- (f) What financial records are to be maintained;
- (g) What financial reports are to be made, to whom and when;
- (h) What arrangements and responsibilities are to be made for:
 - auditing accounts;
 - insurance including ensuring all partners have sufficient cover;
- (i) How any financial assets held by the JC on behalf of the Constituent Authorities will be redistributed to the CAs in the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA.

How is the budget set and agreed each year?

In the February preceding each financial year, in consultation with the Somerset County Council Finance Advisory Team, the SCC Strategic Manager - Partnership Governance on behalf of the PMO will detail a budget plan for the JC income and expenditure. This will establish estimated amounts for that financial year and the timing of those financial transactions. This will be submitted by the administering authority to the Joint Committee for recommendation to the Constituent Authorities (CA) for approval.

Each CA will pay their agreed contribution to the Administering Authority (AA) in a timely manner on receipt of invoice details.

Who is to be responsible for maintaining financial records on behalf of the JC?

SCC Finance Advisory Team – Ian Tier, Finance Manager.

What financial records are to be maintained?

Financial records, i.e. orders for supplies and services, payments made, invoices raised and receipts, will be kept electronically on the SCC financial system. This incorporates purchase orders, invoice scans, cashiers receipts and sales invoices.

What financial reports are to be made, to whom and when?

SCC Finance Advisory will present a quarterly income and expenditure report to the SCC Strategic Manager – Partnership Governance. This will be reported to the CEx Advisory Group for information. An income and expenditure report will be presented to the JC for information on at least an annual basis.

What arrangements and responsibilities are to be made for?

☐ **Auditing Accounts:** The AA's accounts and audit arrangements will apply to JC business.

☐ **Insurance:**

Each CA will ensure that it has sufficient insurance cover in place to provide protection for their members and officers participating in the work of the JC and in their capacity as officers or members of that authority. The AA will ensure that it has sufficient insurance cover in place to cover the AA role.

How any financial assets held by the JC on behalf of the CA will be redistributed to the CAs in the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA?

Itemised records of contributions made by each of the CAs will be kept over the life of the JC. In the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA having given the required notice, financial assets will be returned to the CA or CAs on a proportionate basis.

REPORT TO: PEOPLE SCRUTINY
PLACE SCRUTINY
CORPORATE SERVICES SCRUTINY

Date of Meetings: 1st November 2018, 8th November 2018, 22nd November 2018

Report of: The Scrutiny Programme Officer,
Democratic Services and Civic Support

Title: Annual Scrutiny Report 2018

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To provide an annual update in respect of the Scrutiny work achieved during the municipal year 2017/2018.

2. Recommendations:

The Annual Scrutiny Report 2018 is acknowledged and approved.

3. Reasons for the recommendations:

The Annual Scrutiny Report provides the Scrutiny Committees with an opportunity to:-

- a) track the progress of the Scrutiny function and process at Exeter City Council;
- b) comment upon the progress and direction of Scrutiny over the past year and into the future;
- c) ensure that the Scrutiny Committees are kept fully up to date as to the Task and Finish Groups and what they have achieved;
- d) illustrate how effective Scrutiny can contribute towards an accountable, transparent and democratic process.

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

None.

5. Section 151 Officer comments:

There are no financial implications contained within this report.

6. What are the legal aspects?

None identified.

7. Monitoring officer Comments

This report raises no issues for the Monitoring Officer.

8. Report Details:

This update concentrates on providing Members with an overview of the work and achievements of Scrutiny during 2017/2018 and is set out in detail at Appendix A attached to this report.

This update is divided into five main areas:-

- The Scrutiny Work Programme
- Task and Finish Group priority topics
- Summary of Task and Finish Group work
- Outstanding Task and Finish Group work
- Profile of Scrutiny at Exeter City Council

9. 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?

None in respect of the recommendation contained within this report.

**Anne-Marie Hawley : Scrutiny Programme Officer,
Democratic Services and Civic Support
Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report: None

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REPORT TO: **PEOPLE SCRUTINY COMMITTEE**
 PLACE SCRUTINY COMMITTEE
 CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meetings: **1st November 2018, 8th November 2018, 22nd November 2018**

Title: **Annual Scrutiny Report 2018**

1. The Scrutiny Work Programme

Following discussion at the Annual Scrutiny Work Programme meeting in July 2018, the Scrutiny Work Schedule has been amended as follows:-

- a) The Council Tax Support Scheme and the Increase in the Council Tax Empty Premium reports will both be submitted to the Corporate Services Scrutiny Committee.
- b) An overview presentation on Exeter City Futures Urbanisation issues will be provided to each of the Scrutiny Committees.
- c) The Annual Health and Safety Report will now appear on all three Scrutiny Committee Agendas since the interest spans across all areas.
- d) The Local Air Quality Action Plan progress report and recommendations will appear on the Scrutiny Bulletin as an update once the report has been considered by the Place Scrutiny Committee.
- e) An overview presentation detailing Exeter's cultural offer will be provided to the Place Scrutiny Committee.

2. Task and Finish Group Priority Topics

Through the Interim and Annual Scrutiny Work Programme Meetings which took place in November 2017 and July 2018 respectively, Members identified priority topics for Task and Finish Group/Spotlight Review investigation as follows:-

- Accessibility and Inclusion
- Green Travel Plans – IKEA
- Green Travel Plans - Policy
- Impacts upon the City
- The Evening Economy
- Financial Reporting
- Member Development
- Agency Working
- Council Representation on Outside Bodies
- CCTV
- Estimates, fees and charges
- Governance Review
- Housing Tenant Involvement
- PSPO Spotlight Review

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Together with topical presentations:-

People Scrutiny Committee

- The impact of Universal Credit going live in Exeter;
- Accessibility and Inclusion – a presentation by the Joint Chair of the Devon Learning Disability Partnership Board and Devon County Council's Involvement Officer.

Place Scrutiny Committee

- Transport/buses/City/Quay

3. **Summary of Task and Finish Group/Spotlight Review Work**

Concluded Groups:-

Green Travel Plans (IKEA)

(Reported to Place Scrutiny Committee: 14th June 2018)

Green Travel continues to be high on the list of priorities both locally and nationally.

The work of this Task and Finish Group linked in with the Council's aims and priorities in terms of the Core Strategy Plan, The Air Quality Strategy 2015 – 2020, Exeter City Futures: Congestion Free by 2025, and the National Planning Framework Policy and would continue to contribute to the wider conversation around congestion and transport in Exeter.

The Group consisted of Exeter City Councillors, Devon County Councillors and officers from the respective Authorities, the Travel Devon Business Coordinator and a representative from Exeter City Futures.

Key objectives were settled upon as follows:-

- (i) To review the IKEA Green Travel Plan as a benchmark example.
- (ii) To understand how future Green Travel Plans might be improved at the planning stage.
- (iii) To understand the interconnecting role of Devon County Council in terms of performance monitoring, review and enforcement.
- (iv) To ascertain whether this Green Travel Plan aligns with the aspirations of Exeter City Council and Exeter City Futures.

Members understood the challenges and restrictions faced through planning framework limitations and considered the aspirational targets of the Council and Exeter City Futures in relation to congestion targets.

The Group were keen to hear from IKEA representatives so that they could understand IKEA's plans for the future in terms of developing and improving the existing plan. Intentions were not clear from the existing Green Travel Plan document.

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IKEA's Marketing Manager and Travel Coordinator attended and explained that IKEA's travel plan is still in its infancy in terms of development but that IKEA remain committed and very keen to make it work and continue to engage with Exeter City Council. Performance of the IKEA Green Travel Plan in terms of measured success would not be apparent until 12 months has passed. It would then be easy to identify what the successes are, what the challenges are and what could be improved.

The Group considered that early discussion of larger scheme Green Travel Plans would highlight key issues at a stage that would still allow time for the developer to adapt schemes before they are submitted to Planning Committee. At present Green Travel Plans are dealt with primarily through planning conditions and reliant upon discharge so the Group felt that early discussion with developers would ensure that they are fully aware of expectations and the standard of Green Travel Plan required, in turn creating more robust and aspirational Green Travel Plans going forward and it was agreed that this should be a key consideration of the Task and Finish Group's work.

It was established that consistency of approach, both in terms of Exeter City Council and key partners, is essential to successfully ensuring that more detailed and better quality Green Travel Plans are submitted to the Planning Committee and specific training for Members would provide them with the further knowledge required to review Green Travel Plans put forward by developers and raise the bar on expectations as they would have a better understanding as to what could be achieved with various schemes.

Recommendations were put forward to the Place Scrutiny Committee and subsequently approved as follows:-

- (a) To support a review of the performance of the IKEA Green Travel Plan in 12 months' time.
- (b) To request early discussion of Green Travel Plans for larger schemes at Planning Member Working Group (PMWG) or at Delegated Briefing as appropriate.
- (c) To agree that green travel planning should be incorporated into the yearly Planning Induction Training for Councillors.

As a side issue it was agreed that it might be helpful if Green Travel Plans in respect of future significant schemes were raised at the Highways and Traffic Orders Committee (HATOC) highlighting key issues for discussion and feedback. A member of the Task and Finish Group was also a member of HATOC and would raise this at their next meeting.

An update on the performance of IKEA's Green Travel Plan appears on the Scrutiny Work Schedule for the Place Scrutiny Committee to consider at their meeting on the 13th June 2019.

Both Councillors and Officers can request early discussion of Green Travel Plans for larger schemes at PMWG or Delegated Briefing where appropriate on a case by case basis.

In terms of training, the City Development Manager will incorporate an aspect on Green Travel planning within the induction planning training which takes place every year.

Green Travel Plans (Policy)

(Reported to Place Scrutiny Committee: 14th June)

As with the Green Travel (IKEA) Task and Finish Group, this piece of work linked in similarly with the Council's aims and priorities surrounding the Core Strategy Plan, The Air

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Quality Strategy 2015 – 2020, Exeter City Futures: Congestion Free by 2025, and the National Planning Framework Policy and the general discussions around reducing congestion and improving transport within Exeter.

Again, the Group membership consisted of Exeter City Councillors and officers, Devon County Council Officers and Exeter City Futures representatives. Members were particularly keen to look at how the City Council's policy currently interacts with planning applications.

The Group decided that the key objectives should be to:-

- (a) help shape and form a short guidance note to accompany the Sustainable Transport Supplementary Planning Document (STP);
- (b) identify how the City Council can encourage City based organisations and communities to work together to meet the City's Green Travel aspirations;
- (c) encourage improvements to existing Green Travel Plans;
- (d) identify ways in which Exeter City Council and Devon County Council can enhance their collaborative working to further improve the quality of Green Travel Plans going into the future.

Overviews were provided by both Exeter City Council's City Development Manager and Devon County Council's Principal Transport Planner to clarify the planning policy background and provide the Group with some understanding of the framework through which it is delivered.

It was accepted that the Sustainable Transport Plan sets out the minimum requirements for businesses to provide and encourage their staff to get to work using sustainable travel but that both the City Council and the County Council could call for stricter adherence to that requirement.

Through subsequent discussions consideration was given to questions such as:-

- How much can the City Council achieve through the traditional planning system?
- How much can the City Council achieve outside the planning process?
- How ambitious does the City Council want to be with regard to travel plans?
- Does the City Council work closely enough with Devon County Council and other key partners?
- Is the policy basis sufficient?
- Can the City Council become more aspirational in negotiations when it comes to green travel plans?
- Are ambitions aligned?
- How do we collectively find solutions?

Engagement with interested organisations and community groups was recognised as essential to gain a different perspective, take on board ideas and comments and to assist in encouraging employers to sign up to the green travel approach. Working with schools and the community to change the culture together with collective ownership of ideas and objectives were seen as key to improving success as was encouraging businesses to engage with each other, raising awareness of positive examples of innovative Green Travel Plans, for instance, Oxygen House.

Guidance analysis as to how much green travel could save businesses and research into what revenue businesses could lose if car parking spaces are lost to workers might encourage businesses to adopt more of a green travel approach with staff. Engagement

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with the BID was seen as key to reaching local City based businesses and encouraging their cooperation, but it was also recognised that the City Council should lead by example, through their own green travel plans.

The Group concluded that Exeter City Council and Devon County Council could further assist developers and applicants in understanding the City Council's Green travel aspirations, ambitions and direction of the policy, whilst continuing to positively promote green travel with key organisations and communities across the City of Exeter, helping to improve future and existing Green Travel Plans. Aligning aspirational targets with key partners, such as Exeter City Futures, Devon County Council and the wider business community were seen as essential to ensure a more effective and robust level of Green Travel Plans moving forward.

On the 14th June 2018 the Place Scrutiny Committee approved the Task and Finish Group's recommendations.

As a result of the Group's work, officers from Devon County Council, Travel Devon Team, Exeter City Council and Exeter City Futures have met and discussed the content which should be included in the guidance note to accompany the STP and how City based organisation and communities could be encouraged to work together to meet the City's green travel aspirations.

It was established that local case studies would be an essential component of a guidance note and that presentation would also be key. The four main sections will relate to:-

- (a) Planning Policy background
- (b) Devon Toolkit
- (c) Three good examples/case studies
- (d) A "did you know page" covering data statistics on air quality impact on knowledge workers/working days lost, for example.

The Principal Transport Planner, Devon County Council is currently drafting the guidance note in association with Exeter City Council's City Development Manager and the draft note is expected to be available by October 2018, following which it will be submitted to the Place Scrutiny Committee seeking approval for its publication against a re-launch of the Sustainable Transport Supplementary Planning Document.

Exeter City Futures and the Travel Devon team are now collaboratively working on business engagement, research and analysis.

The City Development Manager (ECC) and Principal Transport Planner (DCC) identified the following areas where collaborative working may be improved to achieve more robust Green Travel Plans going forward, which could be implemented immediately through current working practices:-

- Work more closely with key site developers during the determination period, to identify key points to be included in their proposed Green Travel Plans and overall report to the Planning Committee. This will raise the profile of Green Travel and the City's aspirations which will produce better outcomes.
- Making it clear to people what is being proposed very early on in the planning process.
- Improving engagement with various groups who provide very detailed responses to planning applications/green travel plans which are welcomed and essential in order to fully inform the proposed Travel Plan.
- avoid a "disconnect" in trying to deal with areas through discharge of planning conditions in favour of identifying opportunities at an early stage.

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Through the work of this Group Members came to the conclusion that it is important to continue with efforts to ensure public engagement and that if Green Travel Plans were discussed much earlier in the process this would ensure a better result for everyone concerned. They felt strongly that it should be made clear to developers and organisations that once a Green Travel Plan is in place, if the site is expanded in future, it would be possible to re-assess the requirements in conjunction with green travel opportunities available and this point should be highlighted during initial discussions.

Financial Reporting

(Verbal updates provided to each Scrutiny Committee: June 2018)

The intention behind this Group was to focus on the financial reports prior to their submission to the Scrutiny Committees so that Members could identify what aspects they would like to concentrate upon since these may be different from those highlighted by the accountants. This would make the scrutiny of financial reports more effective and ensure that, should Councillors have questions about service areas, Service Managers could be asked to attend to provide further information and answer service related questions. This would streamline the effectiveness and quality of scrutiny.

Members could also consider how financial reports may be improved so that they would be easier to read and understand. This would enable greater challenge of the content of the reports.

Membership of the Group consisted of:-

Cllr Sheldon (Chair of Corporate Services Scrutiny Committee)
Cllr Wardle (Chair of People Scrutiny Committee)
Cllr Owen (nominated by the Chair of Place Scrutiny Committee)
Cllr Henson
Cllr Mitchell

It was quickly established that not all underspends are necessarily good and not all overspends are bad and it was recognised that different service areas can fluctuate and budgets are set on assumptions and intelligent estimates.

The Group identified areas which Members may wish to particularly consider when reviewing financial reports such as:-

- The impact of underspends on the level of service;
- Areas which are over or under budget;
- Whether budgets previously showing underspends have been amended for future;
- Whether the budget is reasonable;
- The reason for trends and particularly consistent trends;
- If bids to the Capital Programme are accurate;
- Whether expectations as to the level of delivery are realistic when considering available budget;
- Attention to the Investment Strategy and whether the Council continues to reduce the debt;
- Whether overspends are fundamental or ongoing and the reasons for this;
- Identifying areas for savings over the next 2 years.

Various improvements could be made to the financial reports immediately and with relative ease by officers such as:-

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- (i) Future budget monitoring reports to provide both the previous outturn variance forecast and the current outturn forecast on a management unit basis, so that Members can see how forecasts have changed.
- (ii) A brief explanation will appear against each point, accompanying details of overspends and underspends, setting out clearly how the figures have changed in the last three months so that it is easier for Councillors to identify and challenge.
- (iii) Where there is an overspend split between two items, the proportions of that split will appear in brackets by the side of the item.
- (iv) The last quarter figures will be included and highlighted. At present, the standard layout of variances with details of overspend and underspend is 3 months on from the previous report figures and because of this Members cannot see how the figures have changed.

These improvements have now been implemented by the Chief Finance Officer and his team.

This Spotlight Review also acted as a timely reminder that the Chairs and Deputy Chairs of the Scrutiny Committees are entitled to attend Executive meetings to set out areas of concern to their Committees and that Executive Members would welcome this, particularly in respect of financial reporting.

Financial training continues to form part of Councillors' induction training each year. As a result of this Group, the training now includes two elements, the first being a training session delivered by the Chief Finance Officer which details an internal overview and a session delivered by an external trainer providing a general overview. The focus of the training is to understand how to effectively scrutinise accounts and ask the right questions.

Member Development

(Verbal up to Corporate Services Scrutiny Committee: 27th September 2018)

The purpose of this Spotlight Review Group was to gain feedback from Members as to the current Member Development Programme including the induction plan, training and briefings.

Members were provided with details of the current induction plan, training and briefings for 2017/2018.

In relation to Members' training the Group suggested that:-

- Planning training should be made available to all Councillors and not just those who are selected for Planning Committee;
- More indepth ipad training would be helpful;
- More detail as to the existing skills base of Councillors should be obtained so that training needs can be better assessed;
- The level of training could be structured so that, for example, Level 1 would cater for new Councillors, Level 2 for old and new Councillors (concentrating on updates) and Level 3 for all Councillors mainly concentrating on new information;

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- Understanding the difference between a “duty” and a “power” should be covered within the existing governance training for Councillors;
- The training session on Committees and roles should take place the week before the Annual Council meeting;
- Paper information on training should be made available in the Members’ room and saved on the “S drive” since it is not possible to access the documents on ipads after 6 months;
- The Party Whip should encourage attendance at training sessions.

In relation to the Induction Programme the Group suggested that:-

- Small group visits should be arranged for Councillors to Belle Isle, MRF, RAMM and the recycling and collection rounds (for example). This would give the opportunity for Councillors to integrate with services and staff and gain first hand experience of what the service does and how it operates;
- There should be a tour of developments within the City and an opportunity to meet the planning team and cleansing team given that a lot of issues Councillors deal with relate to these areas;
- The opportunity to attend Planning Committee, Planning Member Working Group and Delegated Briefings should be highlighted to Councillors in case they wish to attend;
- At least two dates should be made available for Councillors to meet Directors and senior managers and the meetings should be reduced time wise;
- Existing Councillors should attend in a group to provide details and “sign up” post Election and new Councillors should be seen at arranged individual appointments.

In relation to Members’ Briefings the Group suggested that the level of attendance may be improved by:-

- Providing more information with the invitation as to the importance of the briefing;
- Sending invitations a week or two before the date of the Briefing instead of sending Councillors a block of invitations to all planned Briefings;
- Sending weekly reminders to Councillors as to what the current week’s Briefing relates to and when it is, asking for confirmation of attendance.
- The Party Whip should encourage attendance at Member Briefings.

Other, more general suggestions related to there being a list of useful officer contacts and the responsibilities of various front line services being made available together with a list of 24 hour services and contact details, for example, to use in reporting noise nuisance during the night time. It was also felt that a general organisational structure chart would be helpful in relation to operational services so that Councillors knew immediately who to contact in the event of a problem and an escalation process regarding particular problems or complaints. It would also be useful to have details of who does what outside the Council, for example, details of organisations and contact numbers in respect of Highways and Schools.

Generally, the Group felt that the offer in respect of Member Development was currently good, but valued the opportunity to look at ways in which it could be further improved.

The Corporate Manager, Democratic and Civic Support, together with the Democratic Service (Committees) Manager are working together to bring the Group’s ideas forward.

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Agency Working

(Update reported in the Scrutiny Bulletin: 4th July 2018)

This topic was identified as high priority for Spotlight Review as Councillors wished to review agency usage figures and the reasons behind high usage in certain service areas. There was a concern that not all Councillors may be aware of the current position.

The Group were provided with a table to show the hours & cost per department for the months of October 2017 & April 2018 to give an illustrative idea of any variation, together with a spreadsheet showing “Agency Total Hours FTE” which showed a month by month breakdown of agency workers’ hours as well as the pre-VAT cost (records kept since July 2017).

Prior to the meeting, the service areas of Housing, Public Realm, Refuse/MRF, Customer Access and HR were identified as having fairly significant variances and the Service Leads from these areas were invited to attend the meeting to explain the reasons for this.

In conclusion, the Group found a broad theme for variations across these front line services with reasonable explanations such as:-

- Vacant posts due to staff sickness, holiday, retirement or maternity leave;
- Pool staff are used where possible but there is a limited supply;
- Seasonal work creates fluctuation in terms of staffing required;
- Seasonal variations mean that there is a real risk that if posts are covered by recruiting permanent staff, the Department would be overstaffed for a number of weeks in the winter;
- Extra demand at various times (for instance, cleansing and refuse/student term times);
- Whilst there is a supportive and generous absence policy, long term absences can cause a staffing problem and particularly where it is not possible to offer light duties (for example MRF/Refuse);
- Staff positions need to be covered straight away in terms of front facing services (such as the Customer Service Centre for example);
- Difficulty in recruiting;
- Lack of a permanent funding stream (in respect of external funding) which can be used to secure agency staff but not to support a full time and permanent staff position;
- Re-structure resulting in the loss of staff.

It was acknowledged that the Strategic Management Board together with HR continue to monitor agency usage on a monthly basis which provides an accountability check in terms of need and necessity. However, the Group were clear that variations should be assessed on a service by service basis, since the issues affecting each service are individual rather than uniform and that it was important to recognise that the ebb and flow of agency staff usage is not evident in the information provided to the Group.

Council Representation on Outside Bodies

(Reported to Executive: 10th July 2018 and Council: 24th July 2018)

The Corporate Manager, Democratic and Civic Support put forward the suggestion for this Spotlight Review since he wished Members to have the opportunity to consider:-

- What is achieved through representation?

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- Is there merit, necessity or both in continuing with representation?
- What the Councillor attendance record is like.

Members were reminded that all appointments can be viewed on the City Council website and that the full list of Appointments to Outside Bodies is reported once a year in the first cycle in the Municipal Year.

The Group worked through the list of organisations (52 in total) to determine whether to recommend that the Council withdraw or continue with representation. Special consideration was given to charitable organisations since withdrawal of representation could mean that they would have to change their Articles of Association and make a direct approach to the Charities' Commission. This could have a negative impact on the charities concerned which Councillors wished to avoid.

Findings of the Group and recommendations as to appointments were submitted to the Executive Committee on the 10th July and subsequently to Council on the 24th July 2018 and were approved together with a recommendation that the Corporate Manager Democratic and Civic Support should be granted delegated powers, in consultation with Group Leaders to appoint, where necessary, representatives to outside bodies during the course of the Municipal Year. This would facilitate rapid appointment wherever possible and remove the need to report to Executive and Council which could cause unnecessary delay to the appointment process.

PSPO Spotlight Review

(Reported to Place Scrutiny Committee: 13th September 2018)

The purpose of this Spotlight Review was to provide the Place Scrutiny Committee with an update following implementation of the Public Spaces Protection Order (PSPO) in June 2017 which would detail the operation and effectiveness of the PSPO in reducing problematic anti-social behaviour together with details of any negative or unforeseen impacts that may have developed and provide any recommendations for varying or discharging the Order.

The Neighbourhood Inspector for Exeter and the City Centre Sergeant attended to provide input from a police perspective. They explained that the initiative generally presented an opportunity to work with other organisations such as the City Council together with businesses, communities and agencies to collectively demonstrate that the City will not tolerate certain behaviour and to put in place prevention measures. The power to seize alcohol is used by the police on a daily basis.

In conclusion the Group agreed that:-

- The PSPO is working well with a 16% reduction in anti-social behaviour reported to the Police.
- The power to seize alcohol and disperse groups and individuals is a very effective tool in tackling anti-social behaviour,
- The area currently covered by the PSPO is sufficient.
- The collaborative, multi organisational response is working well in terms of prevention, education and enforcement.
- Communities are being encouraged and supported to tackle low level anti-social behaviour, particularly through the Community Safety Partnership.

Councillor Vizard and Councillor Wright presented a report on behalf of the Group to the Place Scrutiny Committee on the 13th September 2018 where it was agreed that the PSPO is working well and should continue in its current form.

Governance Review

(Reported to the Audit and Governance Committee: 19th September 2018)

The basis for this cross party Review arose out of the Audit and Governance Committee meeting held on the 14th March 2018. The Committee agreed to the formation of a Governance Review Group to address the roles and responsibilities of the various Committees, to ensure that they continue to meet the Council's priorities, aims and objectives and that the standing orders and procedural rules contained within the Constitution remained fit for purpose.

There were three main aspects to the Review:-

- i. To draw a comparison between Exeter and other similar sized Authorities in terms of the democratic services offer;
- ii. Whether the Constitution and Standing Orders remain fit for purpose;
- iii. To identify ways in which the structure and content of the Council's democratic processes might be streamlined and improved.

In respect of (ii) comparisons were drawn with Norwich, Cambridge, Sedgemoor and Taunton Deane, considering in particular, staffing, committees, number of meetings and available budget for Democratic Services.

Specific aspects were considered such as:-

- The appetite for revision of the work load of the Scrutiny Committees – are they working as effectively as possible in their current form and number?
- Is there merit in introducing the facility for public speaking at all Committees?
- Should there be a restriction on the amount of time Councillors have to speak or restricted to a right to reply or point of clarification?
- Should amended recommendations be projected onto a screen at respective Committee meetings before the vote is taken so that Councillors are absolutely clear as to what they are voting upon?

The Review Group concluded that the Constitution and Council procedures largely remain fit for purpose subject to slight alterations and that, in the main, the Democratic process and structure at Exeter City Council works well with a reasonable comparison drawn with other similar sized Authorities.

The following recommendations were submitted to the Audit and Governance Committee on the 19th September 2018:-

- (i) The amendment of Standing Order 8 (3) (a) to state that questions should be submitted in written form no later than 10 am on the working day before the meeting.
- (ii) The addition to Standing Order 10 (6) of the following: "As long as the effect is not to negate the motion";
- (iii) The publicising, through social media and other means determined by officers, of the Council agenda prior to commencement of the Council meeting;

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- (iv) That Committee Chairs will move the minutes of their respective Committees for noting on block rather than minute by minute (with the exception of any minutes containing recommendations);
- (v) That Executive recommendations will be identified and highlighted more clearly at Council meetings and voted on accordingly;
- (vi) That the current system of three Scrutiny Committees be retained.

The findings of the Governance Review Group were reported by the Corporate Manager Democratic & Civic Support to the Audit and Governance Committee on the 19th September 2018 and the recommendations were approved and are being implemented.

Accessibility and Inclusion

(To be reported to the People Scrutiny Committee: 1st November 2018)

This topic was raised as high priority topic for Task and Finish Group investigation at the Interim Scrutiny Programme Meeting in November 2017. Inclusivity and accessibility remain high on the agenda both at national and local level, in particular the Council's commitment to providing a well run Council with effective, efficient, person centred services. The Equality Act 2010 sets the legislative background and requirements and the Council's Equality Policy was revised and subsequently approved by Corporate Services Scrutiny on the 28th June 2018. The adoption of this Policy further cements the Council's commitment to making information about services more widely available and accessible and making contacting the Council easier and more accessible to all customers.

The Policy Officer provided the Group with an overview as to the current position and key objectives were settled upon as follows:-

- (a) To review accessibility of the Council's website in relation to those with wide ranging disabilities;
- (b) To investigate whether the Council obtains feedback with regards to accessibility of services and whether that feedback is obtained in a uniform way across the Council;
- (c) To understand what the departmental offer is in terms of accessibility for those with a wide range of disabilities.

It was essential to focus the work of the Group, given the broad range of the topic and work already underway in relation to accessibility and safeguarding. As a result of this, the Group decided that it would be of benefit to focus on the four specific service areas of Housing Benefit, Housing Advice, Customer Access and Environmental Health. Initially, Service Leads from each were invited to join the Group to provide an overview of their particular service and answer specific questions so that there was a consistent structure from which to draw comparisons. It was clear that there is a lot of ongoing work in terms of services improving accessibility and that staff are going to great lengths to assist customers where they can. It is noticeable that there has been an increase in individuals presenting with mental health issues and low literacy skills.

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The second part of the Group's work was to concentrate upon engaging with service users to gain their views. A questionnaire survey was conducted with focussed questions as to how individuals choose to access Council services and information; how easy they thought this was together with any suggestions they might have for improvement. Assistance was provided by Living Options, the Learning Disability Partnership and a member of Exeter City Council's staff. The aim was to reach people with a wide range of disabilities, sending questionnaires not only via e-mail but also by post using specific formats. Generally the feedback suggests that the Council's overall accessibility rating is good in terms of communication and assistance. What was noticeable is the amount of people who choose to contact the Council by phone, either themselves or with the help of family or support workers, rather than on line.

The Task and Finish Group concluded that there are two prominent messages. Firstly, that the Council needs to better advertise its offer in respect of the support it can provide to access services and secondly, in a time of the ever increasing digital offer to customers, other forms of communication should not be overlooked or viewed as less important.

The Task and Finish Group's report, together with recommendations is due to be considered by the People Scrutiny Committee on the 1st November 2018.

4. Outstanding Task and Finish Group Work

Impacts upon the City

Considering what appears on other Local Authorities' Forward Plans and how that might impact the City. This will provide an opportunity to identify, isolate and prioritise various areas for further investigation, inviting engagement with other Authorities, stakeholders and external organisations, to ensure that the City Council is consulted on proposals which could affect the City. Topics such as Healthcare and Planning could be areas of particular interest.

The Evening Economy

Specifically concentrating upon the 5 pm to 7 pm period and use of City Council Parks (maximising use could help to reduce anti-social behaviour). Ideas such as later opening times for cafes, food markets and entertainers could maximise use and may help to reduce anti-social behaviour and should be relatively inexpensive and easy to deliver. It also presents an opportunity to understand if there is something that is preventing progress in certain areas and to identify what can realistically be achieved.

CCTV

To consider the service, cost, charges and merit in continuation.

Estimates, Fees and Charges

A general review to establish how the City Council deals with these and whether there are other aspects that should be considered.

5. Profile of Scrutiny at Exeter City Council

The profile of Scrutiny at Exeter City Council has been raised at both local and national level as a result of:-

➤ Corporate Challenge Feedback Report (4-7 December 2017)

3.3 Organisational leadership and governance – “The council is making positive steps towards enhancing the scrutiny function. This includes significant success on pre-decision scrutiny – with all papers and decisions for cabinet going to scrutiny first. The People Scrutiny Committee, one of three scrutiny committees in the council conducted a review of Homelessness with Teignbridge District Council, which led to a joint Homeless Strategy and Action Plan”.

➤ The House of Commons Communities and Local Government Committee Inquiry into the effectiveness of local authority overview and scrutiny committees

The Scrutiny Programme Officer provided a submission to the Inquiry outlining how the City Council view an effective scrutiny process as a vital component of good governance and a key component to the practical and successful delivery of Exeter’s vision. The Inquiry provided the City Council with an opportunity to contribute to the wider picture, sharing what is happening in Exeter and ensuring the continued, positive evolution of scrutiny at both local and national level. The first report of session was published on the 11th December 2017.

A copy of the submission has previously appeared in the Scrutiny Bulletin and a further copy is available upon request.

➤ The MJ Local Government Achievement Awards

The Scrutiny Programme Officer provided a submission to the MJ Awards category for “Excellence in Scrutiny and Governance” which concentrated upon the work and achievements of the Homelessness Strategy Task and Finish Group - a joint initiative between Exeter City Council and Teignbridge District Council. The Task and Finish Group involved Councillors and Officers from both Local Authorities. This work provided a prime example of how an effective Scrutiny process can support two politically opposing Councils in achieving a common goal for the benefit of all.

A copy of the submission has previously appeared in the Scrutiny Bulletin and a further copy is available upon request.

➤ Association of Democratic Service Officers (ADSO) Awards 2018 Team of the Year

Exeter City Council’s Democratic Services Team entered the Awards and have been shortlisted alongside Tower Hamlets Council, Brent Council and Sutton Council. The next stage in the process is a conference video interview with the Team which will take place on Thursday 1st November. This will involve a brief presentation to bring to life the submission, followed by questions from the judges before a final decision is made.

ADSO commented that, “The standard of the submissions was particularly high this year and it was a very difficult decision not to shortlist others. Congratulations to all of the authorities listed and many thanks to all of the authorities who participated, it

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is appreciated..... it is really important that the quality work our members undertake is recognised. The awards provides us with the ideal opportunity to do that”.

➤ Scrutiny Training

Scrutiny training continues to be provided as part of induction training for Councillors each year. This is currently delivered by the Scrutiny Programme Officer, in addition to which external courses are also available to Councillors who wish to attend.

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REPORT TO CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meeting: 22 November 2018

REPORT TO EXECUTIVE

Date of Meeting: 11 December 2018

REPORT TO COUNCIL

Date of Meeting: 18 December 2018

Report of: Chief Finance Officer

Title: OVERVIEW OF REVENUE BUDGET 2018/19

Is this a Key Decision?

No

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

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 To advise Members of the overall projected financial position of the HRA & General Fund Revenue Budgets for the 2018/19 financial year after six months and to seek approval for a supplementary budget.**

2. Recommendations:

- 2.1** It is recommended that Corporate Services Scrutiny Committee and the Executive note the report and Council notes and approves (where applicable):

The General Fund forecast financial position for the 2018/19 financial year;

The HRA forecast financial position for 2018/19 financial year;

The additional supplementary budget set out in 8.3.7;

The outstanding Sundry Debt position as at November 2018;

The creditors' payments performance.

3. Reasons for the recommendation:

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

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

- 4.1 The impact on the General Fund working balance, HRA working Balance and Council Own Build working balance are set out in sections 8.3.6, 8.2.1 and 8.2.3 respectively.
- 4.2 A request for an additional supplementary budget of £481,600 has been included in the report. This is fully funded from Central Government Grant and therefore has no impact on the Council's financial position.
- 4.3 Following the requirement to improve the financial position at the end of quarter 1, the Strategic Management Board and their Service Leads have worked hard to reduce expenditure. The result is an improvement in the financial position of £412,000, which brings the projected balance to £3.015 million at the year end. This is a welcome improvement and maintains reserves above the minimum £3 million level, however, there is no room for further financial shocks and therefore continued financial discipline will be required.

5. Section 151 Officer comments:

- 5.1 The improvement in the financial position of the Council is welcome, however maintaining this position will require a discipline to identify ways of funding any unexpected financial pressures that may occur during the rest of the year. Early notification of any pressures is therefore essential.

6. What are the legal aspects?

- 6.1 Section 28 of the Local Government Act 2003 imposes a statutory duty on the Council to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such action as it considers necessary to deal with the situation. This might include, for instance, action to reduce spending in the rest of the year, or to increase income, or to finance the shortfall from reserves.

7. Monitoring Officer's comments:

- 7.1 This report raises no issues for the Monitoring officer.

8. Report details:

8.1 Financial Summary

FUND	Planned Transfer (to) / from Working Balance	Budget Variance Over / (under)	Outturn Transfer 2018/19
	£	£	£
General Fund	2,005,710	(328,921)	1,676,789
HRA	4,097,145	(229,113)	3,868,032
Council own Build Houses	(16,630)	0	(16,630)

8.2 Housing Revenue Account (Appendix A)

- 8.2.1 The first quarter projection shows a small reduction in the amount to be taken from the working balance. The projected reduction is now £3,868,032 to leave the working balance at £6,344,212.

Movement	2018/19
Opening HRA Balance	£10,212,244
Deficit	(£3,868,032)
Projected balance at year end	£6,344,212

- 8.2.2 The key variances are as follows:

Management Unit	Over / (Underspend)
Housing Customers	(£62,000)
Officer Responsible: Housing Lead – Tenancy Services * (£27k) Forecast savings in employee costs due to vacant posts and reduced working hours of a Neighbourhood Housing Assistant. * (£30k) A £40k supplementary budget was approved for decanting tenants from flats to enable asbestos removal works to be undertaken. A saving is reported, as two flats have been set up to enable a rolling decant to take place in-line with planned works, rather than decanting all tenants simultaneously.	

Management Unit	Over / (Underspend)
Sundry Land Maintenance	(£65,000)
Officer Responsible: Housing Lead – Tenancy Services	
<p>* (£60k) Following the restructure of Public Realm, a new Tree Manager and Technical Officer (Trees) have been appointed and started in August. It is anticipated that slippage will occur in respect of works to HRA trees, whilst works are prioritised and access issues resolved.</p> <p>* (£5k) Savings are expected in respect of the Garden Assistance Scheme following lower inflationary rises in contract costs and a review of eligibility.</p>	
Repairs and Maintenance Programme	(£200,000)
Officer Responsible: Service Lead – Housing Assets	
<p>* (£200k) A new contractor for external painting and low maintenance works in respect of flats was appointed from 1 October. Slippage in the programme is forecast to reflect a transition period between the main contractors.</p>	
Rents	£100,000
<p>* A £70k reduction in rents relates to delays in letting the new units at Chester Long Court. It was anticipated that the units would be fully let during 2018/19, however lettings are now expected to commence at the end of the year. The final Building Control inspection highlighted additional fire safety works, which are planned to be completed in week commencing 5 November, reflecting the lead-in time for the required components.</p> <p>* A £30k reduction in rents relates to garages that have been cleared in Thornpark Rise, Bovemoors Lane and Anthony Road in readiness of the sites being sold to Exeter City Living Ltd, following Council approval of its formation and Year 1 business plan on 24 July 2018.</p>	
Capital Charges	£173,887
Officer Responsible: not applicable (statutory accounting charge)	
<p>* Depreciation charges are higher than budgeted due to a rise in the valuation of council dwellings.</p> <p>Depreciation is a real cost to the HRA as it represents the amount of money which needs to be set aside in the Major Repairs Reserve to provide for future capital works or to repay debt.</p>	

Management Unit	Over / (Underspend)
Housing Assets	(£145,000)
Officer Responsible: Service Lead – Housing Assets * (£65k) savings in employee costs are expected due to various vacant posts within the Housing Assets team in the first few months of the year, including Service Lead – Housing Assets and two 18 month fixed term contract Fire Safety Implementation officers. * (£25k) Stock condition surveys will re-commence in November to supplement the extensive stock condition survey undertaken by consultants last year, in order to achieve 100% coverage. This work will continue into 2019/20, a saving is therefore reported this year reflecting the November start and will be factored into next year's estimates process. * (£48k) £8k per property was budgeted for the decant of tenants in ten LAINGS properties to facilitate a major demolish and re-build programme. Two properties have naturally become void since the budgets were approved resulting in a £16k saving. A further saving of £32k is reported reflecting the tenant decants planned to take place after April '19, which will be factored into next year's estimates process. Works are planned to start on site in November, starting on the empty properties and avoiding the need to decant tenants until early 2019.	
Interest	(£70,000)
Officer Responsible: Housing Lead – Tenancy Services, Service Lead – Housing Assets, Service Lead Performance, Strategy & Resources * Reflects additional interest receivable on HRA balances (Working Balance, Major Repairs Reserve and capital receipts). Combined forecast revenue and capital underspends in 2018-19 will result in higher than anticipated HRA balances.	

- 8.2.3 The Council's new properties at Rowan House and Knights Place form part of the overall Housing Revenue Account, but separate income and expenditure budgets are maintained in order to ensure that they are self-financing. There is no variance to the projected surplus at the end of the first quarter.

Movement	2018/19
Opening Council Own Build reserve	£256,943
Surplus	16,630
Projected balance at year end	£273,573

8.3 General Fund (Appendix B)

8.3.1 The Service Committees show projected overspends of £586,893 against a revised budget of £14,898,840. The main variances are:

8.3.2 **People Scrutiny Committee – (An underspend of £92,740)**

Management Unit	Over / (Underspend)
Housing Needs	(£72,240)
Responsible Officer: Interim System Lead, Housing Needs The underspend on pay reflects the lead-in time for fully recruiting to the new Housing Needs structure approved by Executive in February 2018. Recruitment has been a significant challenge primarily due to it being scheduled alongside the implementation of the Homelessness Reduction Act (which went live in April 2018). Not only did this bring a significant additional burden of priority work, it triggered a market demand for experienced housing needs staff which impacted on recruitment nationally as well as in the South West area. Nevertheless it is anticipated that the service will have full recruitment by the end of quarter three and therefore this current underspend is a one-off in-year saving to the General Fund.	

8.3.3 **Place Scrutiny Committee – (An overspend in total of £704,133)**

Management Unit	Over / (Underspend)
Public Realm Development Team	(£80,500)
Responsible Officer: Public and Green Space Manager * Three posts have been deleted from this unit, leading to pay savings of £128,500. These savings have been used to help fund two tree officer posts in Parks and Green Spaces and three new posts in Waterways * Redundancy costs of £48,000 will be funded from the redundancy reserve. .	
Cleansing Chargeable Services	£50,000
Responsible Officer: Cleansing and Fleet Manager As happened last year, income for Trade Refuse & Recycling is expected to be £100,000 (11%) below budget as local businesses look to reduce their own costs. The loss is reduced by £50,000 savings planned by the service, and commercialisation work will commence in-year.	

Management Unit	Over / (Underspend)
Recycling	£135,000
Responsible Officer: Cleansing and Fleet Manager Problems with the MRF and fluctuations in global markets continue to increase costs and reduce income, despite the best efforts of the service to mitigate their impacts. The aging MRF equipment is increasingly unable to meet current quality standards, which leads directly to higher costs. Executive considered an MRF investment plan presented in September and agreed to consider a full business case and benchmarking exercise; these will propose measures to reduce costs and increase the service's ability to extract value from the recyclable material delivered to the plant.	
Parking Services	£63,000
Responsible Officer: Community Safety and Enforcement Service Manager The estimate for National Non Domestic Rates (NNDR) for this service was £60,000 more than the actual costs. Additional costs of £30,000 arose as a result of the additional change in tariffs requiring new signage and other related costs and increased maintenance costs. An estimated £35,000 increased income from parking charges is expected to partially offset these additional costs.	
Growth & Enterprise	(£30,000)
Responsible Officer: Economy and Enterprise Manager In-year saving from deferring recruitment to 2 currently-vacant posts.	
Planning Services	£413,990
Responsible Officer: City Development Manager. <ul style="list-style-type: none"> Community Infrastructure Grants amounting to £282,000 have been paid; these will be funded from the Community Infrastructure Levy (CIL). An additional officer has been seconded to deal with CIL work; the additional £23,000 cost arising will be funded from the CIL. £160,000 has been contributed towards the Growth Team will be paid, for which there is no budget. £80,000 of this will be funded from New Homes Bonus. Additional costs of approximately £60,000 are expected to arise from an ongoing Planning appeal Additional consultancy costs of £26,000 are expected to arise to deal with the increased workload. Fee income is expected to exceed the budget by £140,000 	

8.3.4 **Corporate Scrutiny Committee – (An underspend in total of £24,500)**

Management Unit	Over / (Underspend)
Democratic Representation	(£35,000)
Responsible Officer: Corporate Manager Democratic and Civic Support Members Allowances are expected to be £20,000 less than the budget due to some members undertaking more than one role whilst taking only one allowance. Income is being generated by sharing Member Services officers with Teignbridge District Council; this arrangement is expected to generate additional income of £15,000 in the current year.	
Corporate Support	(£35,000)
Responsible Officer: Corporate Manager Democratic and Civic Support Postage costs are expected to be £20,000 less than the budget. £22,000 rental income will be generated from leasing part of the Civic Centre to the Police. The cost of utilities and other premises costs in the Civic Centre is expected to exceed the budget by £10,000	

8.3.5 **Other Financial Variations**

Management Unit	Over / (Underspend)
Repayment of Debt	(£112,299)
Responsible Officer: Chief Finance Officer A lower than forecast need to borrow has resulted in a reduced repayment of debt calculation.	
Net Interest	(£240,000)
Responsible Officer: Chief Finance Officer As with the repayment of debt, delays in the commencement of major capital schemes, mean that not only has the Council not borrowed yet, but also there is greater cash available to place. This has had the impact of generating addition interest received rather than the Council incurring interest charges.	

8.3.6 General Fund Balance

In 2018/19 it is projected that there will be an overall net contribution from the General Fund Balance of £1,676,789. The minimum requirement for the General Fund working balance was approved by Council in February 2018 at £3 million and it is projected that the balance will be marginally above this level.

Movement	2018/19
Opening Balance	£4,692,404
Deficit	(1,676,789)
Projected balance at year end	£3,015,615

8.3.7 Supplementary Budgets

There is a requirement for one further supplementary budgets in 2018/19. The Council has been awarded a grant of £481,600 in respect of the Rough Sleeping Initiative from MHCLG. It is therefore proposed that a General Fund supplementary budget totalling £481,600 is approved in 2018/19, offset by income of £481,600 from the grant. The request is therefore cost neutral.

8.3.8 Expenditure on Consultants and Agency Staff

At the last meeting of Corporate Services Scrutiny Committee, Members requested information on the amount of expenditure incurred by the Council on agency workers and consultants. Appendices C and D set out the spend for 2017-18 and 2018-19 to date split between revenue and capital and detailed by Service.

In summary, the amounts spent are as follows:

	2017-18 £	2018-19 (to date) £
Consultancy		
Revenue	992,024.43	617,146.22
Capital	813,849.90	495,869.02
	<u>1,805,874.33</u>	<u>1,113,015.24</u>
Agency Workers		
Revenue	1,913,445.42	1,225,408.47

8.4 OUTSTANDING SUNDRY DEBT

- 8.4.1 An aged debt analysis of the Council's sundry debts is shown in the table below. The latest data shown is to the end of October.

Age of Debt	September 2017	March 2018	October 2018
Up to 29 days (current)	£1,266,865	£1,639,749	£843,953
30 days – 1 Year	£1,307,986	£1,238,393	£1,565,908
1 – 2 years	£588,743	£787,163	£948,849
2 – 3 years	£816,633	£661,047	£379,750
3 – 4 years	£275,278	£368,184	£613,242
4 – 5 years	£282,922	£259,997	£229,027
5 + years	£358,570	£415,760	£548,338
Total	£4,896,997	£5,370,293	£5,129,067

8.5 DEBT WRITE-OFFS

- 8.5.1 The following amounts have been written-off during 2018/19:

	2017/18 total	2018/19 (Qtr 2)
• Council Tax	£316,198	£270,845
• Business Rates	£216,428	£0
• Sundry Debt	£131,163	£1,219
• Housing Rents	£149,210	£29,441
• Non-HRA Rents	£201,413	£87,972

8.6 CREDITOR PAYMENTS PERFORMANCE

- 8.6.1 CREDITORS' PAYMENTS CONTINUE TO BE MONITORED IN SPITE OF THE WITHDRAWAL OF STATUTORY PERFORMANCE INDICATOR BVPI8. THE PERCENTAGE PAID WITHIN 30 DAYS WAS 96.53% FOR THE FIRST HALF OF 2018/19 COMPARED WITH 91.76% FOR 2017/18.

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

- 9.1 This is a statement of the projected financial position to the end of the 2018/19.

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

10.1 The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. Members have a legal responsibility to take action where balances are projected to reach an unsustainable level and the Strategic Management Board are working to address the current projected shortfall in reserves..

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

11.1 Not applicable

12. Are there any other options?

12.1 Not applicable

Chief Finance Officer

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

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HOUSING REVENUE ACCOUNT
2018/19 REVENUE ESTIMATES - SUMMARY
as at 30 September 2018

HOUSING REVENUE ACCOUNT

ACTUAL TO DATE				YEAR END FORECAST			
PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	Code	APPROVED BUDGET	Qrt 1 FORECAST VARIANCE	Qrt 2 FORECAST VARIANCE	CURRENT OUTTURN FORECAST
£	£	£		£	£	£	£
423,303	371,214	(52,089)	85A1 MANAGEMENT	1,270,275	35,000	39,000	1,309,275
594,622	539,951	(54,671)	85A2 HOUSING CUSTOMERS	1,393,120	(7,000)	(62,000)	1,331,120
235,038	145,513	(89,525)	85A3 SUNDRY LAND MAINTENANCE	561,710	(65,000)	(65,000)	496,710
3,094,954	2,486,926	(608,028)	85A4 REPAIRS & MAINTENANCE PROGRAMME	6,312,360	(200,000)	(200,000)	6,112,360
0	0	0	85A5 REVENUE CONTRIBUTION TO CAPITAL	7,196,550	0	0	7,196,550
3,006,450	3,180,337	173,887	85A6 CAPITAL CHARGES	3,006,450	187,682	173,887	3,180,337
679,122	552,885	(126,237)	85A7 HOUSING ASSETS	1,653,960	(70,000)	(145,000)	1,508,960
(10,360,507)	(10,160,077)	200,430	85A8 RENTS	(19,127,090)	0	100,000	(19,027,090)
989,780	989,782	2	85B2 INTEREST	1,829,810	0	(70,000)	1,759,810
			85B4 MOVEMENT TO/(FROM) WORKING BALANCE	(4,097,145)	119,318	229,113	(3,868,032)
			Net Expenditure	0	0	0	0
			Working Balance 1 April 2018	10,212,244		31 March 2019	6,344,212

COUNCIL OWN BUILD SITES

PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	Code	APPROVED BUDGET	Qrt 1 FORECAST VARIANCE	Qrt 2 FORECAST VARIANCE	CURRENT OUTTURN FORECAST
£	£	£		£	£	£	£
14,025	13,754	(271)	H005 MANAGEMENT	32,670	0	800	33,470
(5,175)	(6,314)	(1,139)	H006 ROWAN HOUSE	(10,350)	0	0	(10,350)
(29,444)	(35,420)	(5,976)	H007 KNIGHTS PLACE	(58,400)	0	(1,750)	(60,150)
0	0	0	H008 INTEREST	6,070	0	0	6,070
13,380	14,334	954	H009 CAPITAL CHARGES	13,380	0	950	14,330
			H010 MOVEMENT TO/(FROM) WORKING BALANCE	16,630	0	0	16,630
			Net Expenditure	0	0	0	0
			Working Balance 1 April 2018	256,943		31 March 2019	273,573

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GENERAL FUND
2018/19 REVENUE ESTIMATES - SUMMARY
as at 30 September 2018

	Annual Budget	Supplementary Budgets	Revised Annual Budget	Year End Forecast	Variance to Budget
	£	£	£	£	£
SCRUTINY - PEOPLE	2,935,040	579,400	3,514,440	3,421,700	(92,740)
SCRUTINY - PLACE	9,366,030	815,220	10,181,250	10,885,383	704,133
SCRUTINY - CORPORATE	7,396,760	528,770	7,925,530	7,901,030	(24,500)
less Notional capital charges	(6,722,380)		(6,722,380)	(6,722,380)	0
Service Committee Net Expenditure	12,975,450	1,923,390	14,898,840	15,485,733	586,893
Net Interest	100,000		100,000	(140,000)	(240,000)
New Homes Bonus	(2,590,900)		(2,590,900)	(2,590,900)	0
Revenue Contribution to Capital	150,000		150,000	150,000	0
Minimum Revenue Provision	720,160		720,160	607,861	(112,299)
Voluntary Revenue Provision	1,000,000		1,000,000	1,000,000	0
General Fund Expenditure	12,354,710	1,923,390	14,278,100	14,512,694	234,594
Transfer To/(From) Working Balance	(82,320)	(1,923,390)	(2,005,710)	(1,676,789)	328,921
Transfer To/(From) Earmarked Reserves	(428,000)		(428,000)	(1,724,561)	(1,296,561)
General Fund Net Expenditure	11,844,390	0	11,844,390	11,111,344	(733,046)
Formula Grant	(4,841,660)		(4,841,660)	(4,841,660)	0
Business Rates Growth / Pooling Gain	(1,379,000)		(1,379,000)	(311,104)	1,067,896
CIL Income	0		0	(334,850)	(334,850)
Council Tax	(5,623,730)		(5,623,730)	(5,623,730)	0
	0	0	0	0	0

Working Balance March 2017 £ 4,692,404 £ 3,015,615 March 2018

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APPENDIX C**EXPENDITURE ON CONSULTANCY**

	2017-18	2018-19
Revenue Expenditure		
AFFORDABLE HOUSING DEVELOPMENT	157,792.31	72,236.50
ARCHAEOLOGICAL FIELD UNIT	1,628.75	5,850.00
BUILDING CONTROL	379.69	0.00
CONTRACTED SPORTS FACILITIES	32,940.45	1,174.00
CORPORATE	38,965.23	6,527.18
CORPORATE PROPERTY - ENERGY	0.00	700.00
CORPORATE PROPERTY - ESTATES	32,302.99	30,619.20
ECONOMIC DEVELOPMENT	27,734.06	0.00
ENVIRONMENTAL PROTECTION	9,257.50	0.00
EXETER CITY LIVING LTD	0.00	12,644.50
EXTON ROAD OVERHEADS AND FLEET	600.00	8,250.00
FINANCIAL SERVICES	5,040.50	4,903.07
GRANTS/CENT SUPP/CONSULTATION	44,477.99	82,074.88
HOUSING ASSETS	9,069.75	3,599.63
HOUSING CUSTOMERS	31,594.02	5,158.00
HOUSING NEEDS	17,545.17	0.00
HUMAN RESOURCES	0.00	3,640.50
LICENCING,FOOD,HEALTH & SAFETY	2,044.60	400.50
MAJOR PROJECTS	35,837.60	13,524.20
MANAGEMENT	38,466.53	6,040.45
MUSEUM SERVICE	219,947.00	131,135.03
PARKING SERVICES	0.00	162.00
PARKS & GREEN SPACES	5,416.00	324.00
PHYSICAL ACTIVITY DEVELOPMENT	0.00	600.00
PLANNING SERVICES	66,132.16	73,248.11
PRIVATE SECTOR HOUSING	28,860.00	147.96
PROCUREMENT	5,520.00	21,854.08
RECYCLING	0.00	175.32
REPAIR & MAINTENANCE PROGRAMME	0.00	4,500.00
REVENUE COLLECTION/BENEFITS	67,911.85	79,245.00
STRATA	579.16	1,500.00
STRATEGIC MANAGEMENT	110,476.12	46,737.11
TOURIST INFORMATION	1,505.00	175.00
	992,024.43	617,146.22
Capital Expenditure		
LEISURE COMPLEX - BUILD	623,503.02	207,355.00
RAMM ROOF	4,128.70	865.16
BUS STATION CONSTRUCTION	25,733.03	144,158.10
RAMM WORLD CULTURE GALLERIES	35,818.42	0.00
ST LOYES EXTRACARE SCHEME	0.00	1,800.00
HEAVITREE (COB WAVE III)	48,247.96	11,843.00
ST DAVID'S (SOUTH STREET)	76,418.77	129,847.76
	813,849.90	495,869.02
Total Expenditure on Consultants	1,805,874.33	1,113,015.24

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APPENDIX D**EXPENDITURE ON AGENCY WORKERS**

	2017-18	2018-19
Revenue Expenditure		
AFFORDABLE HOUSING DEVELOPMENT	59,886.55	13,383.50
BUILDING CONTROL	29,180.41	12,049.00
CEMETERIES OPERATIONAL	49,004.84	13,024.51
CLEANSING CHARGEABLE SERVICES	67,301.07	41,751.50
DOMESTIC REFUSE COLLECTION	128,706.39	86,023.64
ECONOMIC DEVELOPMENT	0.00	58,018.31
ELECTIONS & ELECTORAL REG	2,070.00	0.00
ENVIRONMENTAL PROTECTION	23,206.14	0.00
EXTON ROAD OVERHEADS AND FLEET	905.58	530.00
FINANCIAL SERVICES	0.00	46,836.98
HOUSING ASSETS	319,046.49	126,501.79
HOUSING CUSTOMERS	7,747.52	0.00
HOUSING NEEDS	141,591.72	144,069.05
HUMAN RESOURCES	2,952.73	36,601.00
LEGAL SERVICES	13,839.98	0.00
LICENCING,FOOD,HEALTH & SAFETY	4,814.09	0.00
MANAGEMENT	0.00	1,246.97
MUSEUM SERVICE	2,139.45	0.00
PARKING SERVICES	11,916.02	0.00
PARKS & GREEN SPACES	194,398.03	87,457.50
PLANNING SERVICES	36,409.34	16,927.21
PRIVATE SECTOR HOUSING	811.33	14,415.61
PROCUREMENT	127,772.00	18,863.53
PUBLIC CONVENIENCES	81,951.28	47,296.14
RECYCLING	122,566.30	77,252.84
REVENUE COLLECTION/BENEFITS	141,525.36	147,076.56
STREET CLEANING	337,671.28	258,691.75
WATERWAYS	6,031.52	7,391.08
Total Expenditure on Agency Workers	1,913,445.42	1,255,408.47

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REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny - 22 November 2018
Executive - 11 December 2018
Council - 18 December 2018**
Report of: **Chief Finance Officer**
Title: **2018/19 Capital Monitoring Statement - Quarter 2**

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

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

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

2. Recommendations:

It is recommended that Corporate Services Scrutiny Committee supports and the Executive recommends to Council to approve:

- (i) **The revision of the annual capital programme to reflect the reported variations detailed in 8.1, 8.4 and 8.5**

3. Reasons for the recommendation:

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

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

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

4. What are the resource implications including non financial resources

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

5. Section 151 Officer comments:

There are no additional requests for funding for Council to consider. In terms of deferrals, a number of scheme have been re-profiled and close to £2.9 million of projects are being proposed for deferral to future years. Members should ensure that they are satisfied with the reasons for deferral.

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:

This report raises no issues for the Monitoring Officer.

8. Report Details:

2018/19 CAPITAL MONITORING STATEMENT – QUARTER 2

8.1 REVISIONS TO THE CAPITAL PROGRAMME

The 2018/19 Capital Programme, including commitments brought forward from 2017/18, was last reported to Corporate Services Scrutiny Committee on 27 September 2018. Since that meeting the following changes have been made to the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Corporate Services Scrutiny Committee, 27 September 2018	39,498,420	
Budget Deferred to 2019/20 & Beyond at Quarter 1	(7,171,960)	Approved by Council 16 October 2018
Overspends/(Underspends) reported at Quarter 1	(652,720)	
Outdoor Leisure Facilities (Arena Skatepark)	128,700	Additional S106 funding
Revised Capital Programme	31,802,440	

8.2 PERFORMANCE

The revised capital programme for the current financial year is £31.802 million. During the first six months of the year the Council spent £4.164 million on the programme, which equates to 13.09% of the revised programme. This compares with £4.134 million (17.3%) being spent in the first six months of 2017/18.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2018/19 of £28.896 million with £3.180 million of the programme potentially being deferred to 2019/20 and beyond and £0.239 million being brought forward from future years.

Appendix 2 shows the approved budgets for 2019/20 with the proposed 2018/19 budget to be carried forward to 2019/20 and beyond for Executive and Council to consider for approval.

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

8.3 AVAILABLE CAPITAL RESOURCES

The available capital resources for the General Fund for 2018/19 are £9.889 million. An estimated spend of £14.025 million is required of which £10.390 million will be funded from borrowing with £6.254 million capital receipts carried forward to 2019/20. The available capital resources for the HRA for 2018/19 are £33.847 million. An estimated spend of £14.871 million is required leaving £18.976 million to be carried forward into 2019/20. Appendix 4 sets out the forecast use of the resources available for the General Fund and

the HRA and the likely amounts of borrowing that will be necessary to fund the capital programme over the next three years.

The value of actual capital receipts received in 2018/19 to date in respect of the General Fund and the HRA are:

	General Fund £	HRA £
Balance as at 1 April 2018	6,306,833	7,704,749
New Receipts to 30 September	87,500	1,384,242
Balance as at 30 September 2018	6,394,333	9,088,991

8.4 EXPENDITURE VARIANCES

The main variances and issues concerning expenditure in 2018/19 are:

Scheme	Estimated Overspend / (Underspend) £	Reason
Topsham Lock	50,000	The initial stabilising solution failed. A separate report will be presented to the Executive on 11 December.
Adaptations	(50,000)	Based on current levels of referrals it is anticipated that an under-spend may occur.
Zebcat Project	(30,000)	A saving is reported in-line with recent tender returns. The Council is undertaking a net zero energy whole building retrofit to six homes, as part of a project with five other delivery partners.
COB Wave 2 – Rennes Car Park	73,365	An overspend is forecast in respect of additional fire safety works identified as part of the final building control inspection.

8.5 SCHEMES TO BE DEFERRED TO 2019/20 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2019/20 and beyond are:

Scheme	18/19 Budget £	Budget to be Deferred £	Reason
Repair Canal Bank at M5	29,090	25,990	Delays in receiving various consents within Site of Special Scientific Interest.
Bowling Green Marshes Coastal Defence Scheme	28,900	28,900	To cover initial costs should the Environment Agency schemes proceed.
Exeter Flood Alleviation Scheme	200,000	200,000	
Replacement of Mallison Bridge	350,000	300,000	Delays due to the planning process and the additional design work required as scope of the scheme has expanded (with external funding) and the project will take longer than anticipated to complete.
Purchase of Harbour Patrol Vessel for Exe Estuary	50,000	50,000	Purchase of boat to be within wider Council vehicle replacement programme tender in February 2019.
City Wide Property Level Protection	94,400	30,000	To overcome listed building issues.
Outdoor Leisure Facilities	425,530	80,000	Long term sickness absence of the officer best placed to deliver these schemes.
Leisure Complex	1,399,200	(141,610)	Budgets re-profiled in-line with anticipated expenditure.
Bus Station Construction	265,200	(97,180)	
Programmed Re-roofing	280,590	180,000	A major programme of re-roofing is pending the outcomes of the additional stock condition surveys that are due to start in November, so that planned works can be based on 100% condition data.
Energy Conservation	100,000	50,000	Further commitments against this budget are pending the outcomes of the net zero energy building retrofit demonstrations.
Balcony Walkway Improvements	210,000	100,000	These works form part of a wider low maintenance contract awarded from 1 October. The budgets have been re-profiled to reflect the mid-year start on

Communal Door and Screens	331,000	100,000	site, following completion of the tender process.
Rennes House Structural Works	350,000	140,000	A 10 month contract has been awarded in respect of the lift improvements at Rennes House, running from October '18 to July '19. The budget has been re-profiled accordingly.
Common Area Footpath/Wall Improvements	350,000	100,000	Inspections of HRA footpaths and walls are being undertaken in order to inform a planned programme of improvement works with the budget re-profiled to allow for any identified health and safety works in the current financial year.
Fire Safety Storage Facilities	150,000	90,000	The two Fire Safety Implementation Officers were appointed in August '18. The provision of new storage facilities will be co-ordinated by the officers and the budget has been re-profiled to reflect their mid-year start.
Fire Risk Assessment Works	476,810	150,000	Slippage of £150K to 2019/20 due to the appointment of a new Fire Risk Assessment Contractor not commencing until 1st November 2018. Additionally, industry guidance on the technical specification for composite fire doors was only released in September 2018 so the associated works to complete the installation programme has been delayed.
St Loyes Extra Care Scheme	5,100,000	1,500,000	The budget has been re-profiled in line with the latest cash-flow projections from external consultants. The projected spend for 2018/19 is less than their last assessment, due to an extended pre-construction phase to allow a value engineering process and some limited re-design work to be completed.

8.6 Achievements

• Cowick Barton Tennis Courts

Three tennis courts at Cowick Barton Playing Fields have been refurbished to provide enhanced (and free) facilities to further encourage active lifestyles. The previously tired, grey and crumbling courts have been transformed with a far more suitable surface in pleasing shades of green. The courts provide a great opportunity for tennis players of all ages and abilities to either take up the sport or improve their game.

- **Guildhall Fire Alarms**

The scheme to ensure the historically significant asset and users of the facility are effectively protected has been completed.

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

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

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

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

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

No impact

12. Are there any other options?

No

DAVE HODGSON
Chief Finance Officer

Author:
Nicola Matthews-Morley

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

Background papers used in compiling this report:

None

Contact for enquiries:
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Room 2.3
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2018/19 CAPITAL MONITORING - QUARTER 2

Responsible Officer	Scheme	2018/19 Capital Programme	2018/19 Spend to Date	2018/19 Forecast Spend	2018/19 Budget to be Carried Forward to 2019/20 and Beyond	2018/19 Programme Variances (Under)/Over
		£	£	£	£	£
PEOPLE						
	HELP ME FIND SOMEWHERE TO LIVE					
Environmental Health & Licensing Manager	Disabled Facility Grants	701,180	99,754	701,180		
Environmental Health & Licensing Manager	Warm Up Exeter/PLEA Scheme	100,000	36,565	100,000		
Environmental Health & Licensing Manager	Wessex Loan Scheme	79,030	38,051	79,030		
Housing Development Officer	WHIL Empty Properties	194,000	0	194,000		
System Lead, Housing Needs	Temporary Accommodation Purchase	108,670	276	108,670		
PEOPLE TOTAL		1,182,880	174,646	1,182,880	0	0
PLACE						
	WELL RUN COUNCIL					
Fleet Manager/SMB	Vehicle Replacement Programme	442,500	44,207	442,500		
Cleansing & Fleet Manager	MRF Air Compressor	7,840	0	0		(7,840)
Service Manager, Community Safety & Enforcement	Car Park Resurfacing, Lining & Boundary Improvements	50,000	0	50,000		
Interim Public & Green Space Manager	Mechanisation of Street Scene	150,000	0	150,000		
Cleansing & Fleet Manager	Waste Infrastructure	16,700	0	16,700		
	IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD					
Commercial Operations Manager, Public Realm	Repair Canal Bank at M5	29,090	3,100	3,100	25,990	
Principal Project Manager (Place Making)	Queen's Crescent CPO	18,000	0	18,000		
Commercial Operations Manager, Public Realm	Kings Arms Bridge	399,630	34,883	384,630	15,000	
Commercial Operations Manager, Public Realm	Bowling Green Marshes Coastal Defence Scheme	28,900	0	0	28,900	
Commercial Operations Manager, Public Realm	Exeter Flood Alleviation Scheme	200,000	0	0	200,000	
Interim Public & Green Space Manager	Exwick Cemetery Ashes Section	32,420	30,404	30,404		(2,016)
Service Manager, Community Safety & Enforcement	Replacement of Mallison Bridge (Exeter Quay)	350,000	17,398	50,000	300,000	
Interim Public & Green Space Manager	Parks Infrastructure	150,000	23,844	150,000		
Interim Public & Green Space Manager	Cemeteries & Churchyards Infrastructure Improvements	60,000	0	60,000		
Service Manager, Community Safety & Enforcement	Purchase of Harbour Patrol Vessel for Exe Estuary	50,000	0	0	50,000	
Service Manager, Community Safety & Enforcement	Improved Car Park Security Measures at King William Street & Arena Park	45,000	0	45,000		
Service Manager, Community Safety & Enforcement	Repairs to Turf Lock Pier Head	20,000	0	20,000		
Service Manager, Community Safety & Enforcement	Repairs to Salmonpool Bridge	45,000	0	45,000		
Service Manager, Community Safety & Enforcement	Repair to Walls at Farm Hill	30,000	0	30,000		
Service Manager, Community Safety & Enforcement	Bank Repairs & Stabilisation to Watercourses	20,000	17,972	23,000		3,000
City Surveyor	Matford Centre Fire Alarm Replacement	100,000	0	100,000		
	KEEP ME/MY ENVIRONMENT SAFE & HEALTHY					
Commercial Operations Manager, Public Realm	Car Park Surfacing - Haven Road	12,350	0	12,350		
City Surveyor	Replace Lifts at Mary Arches MSCP	240,000	0	240,000		
Commercial Operations Manager, Public Realm	City Wide Property Level Protection	94,400	12,714	64,400	30,000	
Environmental Health & Licensing Manager	RAMM Air Monitoring Equipment	89,560	256	89,560		
Commercial Operations Manager, Public Realm	Topsham Lock	180,000	8,752	230,000		50,000

Responsible Officer	Scheme	2018/19 Capital Programme £	2018/19 Spend to Date £	2018/19 Forecast Spend £	2018/19 Budget to be Carried Forward to 2019/20 and Beyond £	2018/19 Programme Variances (Under)/Over £
	PROVIDE GREAT THINGS FOR ME TO SEE & DO					
Commercial Operations Manager, Public Realm	Outdoor Leisure Facilities	425,530	25,046	345,530	80,000	
City Surveyor	Sports Facilities Refurbishment	146,430	106,571	146,430		
City Surveyor	Passenger Lift at RAMM	73,880	0	73,880		
City Surveyor	St Nicholas Priory	39,920	6,682	39,920		
RAMM, Operational Services Lead	RAMM World Culture Galleries	160,440	82,128	160,440		
Interim Public & Green Space Manager	Cowick Barton Tennis Courts	35,000	33,434	33,434		(1,566)
Director	Newtown Community Association - Belmont Park Community Building	150,000	0	150,000		
Director	Belmont Park Enhanced Facilities	50,000	0	50,000		
	MAINTAIN THE ASSETS OF OUR CITY					
City Surveyor	RAMM Roof Access Improvement	58,520	952	58,520		
City Surveyor	Pyramids Essential Works	950,000	794,360	950,000		
City Surveyor	Leisure Centre Essential Enhancements	2,000,000	0	2,000,000		
City Surveyor	Leisure Centre Additional Enhancements	880,000	0	880,000		
City Surveyor	Livestock Market Drainage & Toilets	200,000	0	200,000		
	DELIVER GOOD DEVELOPMENT					
Chief Executive & Growth Director	Leisure Complex - Build Project	1,399,200	250,846	1,540,810	(141,610)	
Chief Executive & Growth Director	Bus Station Construction	265,200	74,884	362,380	(97,180)	
Director	Pinhoe Community Hub	90,000	0	90,000		
Director	Newtown Community Centre (S106)	75,090	6,100	75,090		
Director	Newtown Community Centre (1st Grant)	50,000	0	50,000		
Director	Newtown Community Centre (2nd Grant)	43,410	0	43,410		
City Surveyor	Beacon Heath Martial Arts & Boxing Club - New Roof	14,650	0	14,650		
PLACE TOTAL		9,968,660	1,574,533	9,519,138	491,100	41,578
CORPORATE SERVICES						
	WELL RUN COUNCIL					
SMB	Invest to Save Opportunities	29,550	0	29,550		
City Surveyor	Guildhall Fire Alarms	50,000	38,046	50,000		
City Surveyor	Energy Saving Projects	2,011,870	3,790	2,011,870		
Interim Public & Green Space Manager	Belle Isle Temporary Facilities	103,330	58,844	103,330		
Director	Council Signage Improvement	40,000	0	40,000		
Corporate Manager, Democratic & Civic Support	Electoral Registration - Mobile Canvassing	20,000	0	20,000		
City Surveyor	Building Management System (BMS)	80,000	0	80,000		
City Surveyor	Civic Centre Air Conditioning Replacement	150,000	0	150,000		
City Surveyor	Civic Centre Kitchens Replacement	90,000	0	90,000		
SMB	Customer Contact Platform	155,490	0	155,490		
SMB	Annual Contribution to Strata	53,900	53,904	53,900		
SMB	Idox System for Planning	104,300	0	104,300		
SMB	HR System	39,940	0	39,940		
SMB	Convergence Projects	294,660	0	294,660		
SMB	Capitalised Staff Costs	100,000	0	100,000		
CORPORATE SERVICES TOTAL		3,323,040	154,584	3,323,040	0	0

Responsible Officer	Scheme	2018/19 Capital Programme	2018/19 Spend to Date	2018/19 Forecast Spend	2018/19 Budget to be Carried Forward to 2019/20 and Beyond	2018/19 Programme Variances (Under)/Over
		£	£	£	£	£
HRA						
	INVESTMENT IN EXISTING STOCK					
Reactive Repairs Lead	Adaptations	420,975	131,176	370,975		(50,000)
Housing Lead - Tenancy Services	Estate Improvements	68,395	5,231	68,395		
Planned Works Lead	Programmed Re-roofing	280,590	0	100,590	180,000	
Planned Works Lead	Energy Conservation	100,000	0	50,000	50,000	
Planned Works Lead	Garage Upgrades	74,000	0	74,000		
Planned Works Lead	LAINGS Refurbishments	1,936,000	16,179	1,936,000		
Reactive Repairs Lead	Kitchen Replacement Programme	1,059,950	441,034	1,059,950		
Planned Works Lead	Balcony Walkway Improvements	210,000	0	110,000	100,000	
Planned Works Lead	Bathroom Replacement Programme	693,760	299,224	693,760		
Planned Works Lead	Door Replacements (including Outbuildings)	122,000	0	122,000		
Health, Safety & Compliance Lead	Fire Precautionary Works to Flats	28,530	11,384	28,530		
Planned Works Lead	Communal Area Improvements	97,890	0	97,890		
Planned Works Lead	Structural Repairs	294,280	1,364	294,280		
Planned Works Lead	Rennes House Structural Works	350,000	0	210,000	140,000	
Health, Safety & Compliance Lead	Common Area Footpaths/Wall Improvements	350,000	0	250,000	100,000	
Planned Works Lead	Soil Vent Pipe Replacement	77,530	0	37,530	40,000	
Planned Works Lead	Electrical Central Heating	36,940	6,591	36,940		
Health, Safety & Compliance Lead	Fire Safety Storage Facilities	150,000	0	60,000	90,000	
Health, Safety & Compliance Lead	Electrical Re-wiring	550,250	134,946	550,250		
Health, Safety & Compliance Lead	Central Heating and Boiler Replacement Programme	560,000	112,300	560,000		
Planned Works Lead	Communal Doors and Screens	331,000	0	231,000	100,000	
Health, Safety & Compliance Lead	Fire Risk Assessment Works	476,810	6,439	326,810	150,000	
Planned Works Lead	Loft & Cavity Insulation	50,000	0	50,000		
Planned Works Lead	Whipton Barton House Water Mains	50,000	0	50,000		
Planned Works Lead	Re-roofing Works Shilhay	164,800	147,109	164,800		
Planned Works Lead	Window Replacements	954,300	0	954,300		
Housing Lead - Tenancy Services	Replacement Housing Management System	175,100	175,096	175,100		
Planned Works Lead	Porch Canopies	102,000	0	102,000		
Planned Works Lead	ZEBCat Project	480,000	1,800	450,000		(30,000)
	PROVISION OF NEW COUNCIL HOMES					
Service Lead Housing Assets	Social Housing Acquisitions - Open Market	855,000	328,937	855,000		
Service Lead Housing Assets	Social Housing Acquisitions - Section 106	100,000	370	100,000		
Service Lead Housing Assets	COB Wave 2 - Rennes Car Park	271,500	209,099	344,865		73,365
Service Lead Housing Assets	St Loyes Extracare Scheme	5,100,000	2,004	3,600,000	1,500,000	
Service Lead Housing Assets	Estate Regeneration - Heavitree (COB Wave III)	59,860	61,611	61,611		1,751
Service Lead Housing Assets	Estate Regeneration - Heavitree (Clifford Close)	141,950	305	141,950		
Service Lead Housing Assets	Estate Regeneration - Heavitree (Vaughan Road)	321,320	14,715	321,320		
Service Lead Housing Assets	Estate Regeneration - Heavitree (South Street)	233,130	153,053	231,379		(1,751)
HRA TOTAL		17,327,860	2,259,967	14,871,225	2,450,000	(6,635)
TOTAL CAPITAL BUDGET		31,802,440	4,163,730	28,896,283	2,941,100	34,943

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BUDGETS CARRIED FORWARD TO 2019/20 AND BEYOND

	2019/20 Budget as per Budget Book/Council Approvals £	Budget to be Carried Forward to 2019/20 and Beyond at Qtr 1 £	Proposed Budget to be Carried Forward to 2019/20 and Beyond at Qtr 2 £	Budget Reprofiled to Future Years £	Total 2019/20 Capital Programme £	2020/21 Budget as per Budget Book/Council Approvals £
PEOPLE						
HELP ME FIND SOMEWHERE TO LIVE						
Disabled Facility Grants	450,000	0	0	0	450,000	450,000
PEOPLE TOTAL	450,000	0	0		450,000	450,000
PLACE						
WELL RUN COUNCIL						
Vehicle Replacement Programme	400,000	0	0	0	400,000	400,000
Car Park Resurfacing, Lining & Boundary Improvements	200,000	0	0	0	200,000	0
Waste Infrastructure	163,000	0	0	0	163,000	144,000
IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD						
Repair Canal Bank at M5	0	0	25,990	0	25,990	0
Kings Arms Bridge	0	0	15,000	0	15,000	0
Bowling Green Marshes Coastal Defence Scheme	0	0	28,900	0	28,900	0
Exeter Flood Alleviation Scheme	0	0	200,000	0	200,000	0
Replacement of Mallison Bridge (Exeter Quay)	0	0	300,000	0	300,000	0
Parks Infrastructure	250,000	0	0	0	250,000	100,000
Cemeteries & Churchyards Infrastructure Improvements	80,000	0	0	0	80,000	20,000
Purchase of Harbour Patrol Vessel for Exe Estuary	0	0	50,000	0	50,000	0
Repairs to Turf Lock Pier Head	100,000	0	0	0	100,000	0
Repair to Walls at Farm Hill	60,000	0	0	0	60,000	0
Bank Repairs & Stabilisation to Watercourses	20,000	0	0	0	20,000	20,000
KEEP ME/MY ENVIRONMENT SAFE & HEALTHY						
City Wide Property Level Protection	0	0	30,000	0	30,000	0
PROVIDE GREAT THINGS FOR ME TO SEE & DO						
Outdoor Leisure Facilities	0	0	80,000	0	80,000	0
Sports Facilities Refurbishment	56,430	0	0	0	56,430	0

BUDGETS CARRIED FORWARD TO 2019/20 AND BEYOND

	2019/20 Budget as per Budget Book/Council Approvals	Budget to be Carried Forward to 2019/20 and Beyond at Qtr 1	Proposed Budget to be Carried Forward to 2019/20 and Beyond at Qtr 2	Budget Reprofiled to Future Years	Total 2019/20 Capital Programme	2020/21 Budget as per Budget Book/Council Approvals
	£	£	£	£	£	£
DELIVER GOOD DEVELOPMENT						
Leisure Complex - Build Project	16,831,010	2,647,330	(141,610)	(5,199,430)	14,137,300	12,167,690
Bus Station Construction	2,319,980	2,986,550	(97,180)	(3,000,920)	2,208,430	3,000,920
PLACE TOTAL	20,480,420	5,633,880	491,100	(8,200,350)	18,405,050	15,852,610

CORPORATE SERVICES						
WELL RUN COUNCIL						
Council Signage Improvement	40,000	0	0	0	40,000	40,000
Annual Contribution to Strata	53,900	0	0	0	53,900	53,900
Capitalised Staff Costs	100,000	0	0	0	100,000	100,000
CORPORATE SERVICES TOTAL	193,900	0	0	0	193,900	193,900

HRA						
INVESTMENT IN EXISTING STOCK						
Adaptations	517,500	75,000	0	0	592,500	535,610
Estate Improvements	207,000	0	0	0	207,000	214,250
Programmed Re-roofing	186,100	0	180,000	0	366,100	314,140
Energy Conservation	0	0	50,000	0	50,000	0
Garage Upgrades	64,260	0	0	0	64,260	66,510
LAINGS Refurbishments	1,298,580	0	0	0	1,298,580	0
Kitchen Replacement Programme	1,347,250	0	0	0	1,347,250	2,020,880
Balcony Walkway Improvements	105,000	0	100,000	0	205,000	108,670
Bathroom Replacement Programme	883,220	0	0	0	883,220	1,324,840
Door Replacements (including Outbuildings)	143,940	0	0	0	143,940	231,000
Communal Area Improvements	103,190	0	0	0	103,190	79,930
Structural Repairs	155,250	0	0	0	155,250	160,680
Rennes House Structural Works	3,495,275	1,850,000	140,000	0	5,485,275	0
Common Area Footpaths/Wall Improvements	94,050	0	100,000	0	194,050	95,800
Soil Vent Pipe Replacement	63,950	0	40,000	0	103,950	27,000
Electrical Central Heating	19,900	0	0	0	19,900	21,890
Fire Safety Policy Storage	0	0	90,000	0	90,000	0
Electrical Re-wiring	756,140	0	0	0	756,140	566,300
Boiler Replacement Programme	575,000	0	0	0	575,000	590,500

BUDGETS CARRIED FORWARD TO 2019/20 AND BEYOND

	2019/20 Budget as per Budget Book/Council Approvals	Budget to be Carried Forward to 2019/20 and Beyond at Qtr 1	Proposed Budget to be Carried Forward to 2019/20 and Beyond at Qtr 2	Budget Reprofiled to Future Years	Total 2019/20 Capital Programme	2020/21 Budget as per Budget Book/Council Approvals
	£	£	£	£	£	£
Communal Doors and Screens	246,320	0	100,000	0	346,320	254,940
Fire Risk Assessment Works	65,200	0	150,000	0	215,200	67,480
Loft & Cavity Insulation	51,750	0	0	0	51,750	53,560
Window Replacements	733,090	0	0	0	733,090	758,750
Porch Canopies	90,480	0	0	0	90,480	55,810
PROVISION OF NEW COUNCIL HOMES						
Social Housing Acquisitions - Section 106	250,000	390,000	0	0	640,000	250,000
St Loyes Extracare Scheme	5,360,000	(776,920)	1,500,000	0	6,083,080	156,360
HRA TOTAL	16,812,445	1,538,080	2,450,000	0	20,800,525	7,954,900
TOTAL CAPITAL BUDGET	37,936,765	7,171,960	2,941,100	(8,200,350)	39,849,475	24,451,410

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CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

	Total Capital Budget	Total Spend to Date	2018/19 Programme Variances (Under)/Over
	£	£	£
PEOPLE			
<i>HELP ME FIND SOMEWHERE TO LIVE</i>			
Temporary Accommodation Purchase	584,950	476,560	0
PEOPLE TOTAL	584,950	476,560	0
PLACE			
<i>WELL RUN COUNCIL</i>			
MRF Air Compressor	13,300	5,460	(7,840)
<i>IMPROVE THE ENVIRONMENT AND MY NEIGHBOURHOOD</i>			
Repair Canal Bank at M5	64,520	38,531	0
Kings Arms Bridge	410,000	45,253	0
Exwick Cemetery Ashes Section	60,000	57,984	(2,016)
<i>KEEP ME/MY ENVIRONMENT SAFE & HEALTHY</i>			
RAMM Air Monitoring Equipment	90,000	692	0
<i>PROVIDE GREAT THINGS FOR ME TO SEE & DO</i>			
Passenger Lift at RAMM	75,000	1,120	0
St Nicholas Priory	115,000	81,758	0
RAMM World Culture Galleries	368,740	290,429	0
<i>MAINTAIN THE ASSETS OF OUR CITY</i>			
RAMM Roof Access Improvement	68,500	10,929	0

	Total Capital Budget	Total Spend to Date	2018/19 Programme Variances (Under)/Over
	£	£	£
DELIVER GOOD DEVELOPMENT			
Leisure Complex - Build Project	31,367,791	3,772,833	0
Bus Station Construction	6,870,000	1,373,153	0
Pinhoe Community Hub	100,000	10,000	0
Newtown Community Centre (S106)	85,430	16,443	0
Newtown Community Centre (1st Grant)	70,000	20,000	0
Newtown Community Centre (2nd Grant)	50,000	6,578	0
Beacon Heath Martial Arts & Boxing Club - New Roof	21,810	7,158	0
PLACE TOTAL	39,830,091	5,738,321	(9,856)
CORPORATE SERVICES			
WELL RUN COUNCIL			
Belle Isle Temporary Facilities	190,000	145,516	0
CORPORATE SERVICES TOTAL	190,000	145,516	0
HRA			
PROVISION OF NEW COUNCIL HOMES			
COB Wave 2 - Rennes Car Park	3,975,370	3,912,964	73,365
St Loyes Extracare Scheme	10,850,000	1,012,572	0
Estate Regeneration - Heavitree (COB Wave III)	459,150	460,905	1,751
Estate Regeneration - Heavitree (Clifford Close)	141,950	305	0
Estate Regeneration - Heavitree (Vaughan Road)	321,320	14,715	0
Estate Regeneration - Heavitree (South Street)	372,580	292,502	(1,751)
HRA TOTAL	16,120,370	5,693,963	73,365
TOTAL CAPITAL BUDGET	56,725,411	12,054,360	63,509

GENERAL FUND AVAILABLE RESOURCES

GENERAL FUND	2018-19 £	2019-20 £	2020-21 £	2021-22 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Capital Receipts Brought Forward	6,306,833				6,306,833
GF Capital Receipts	163,590	0	1,259,750	0	1,423,340
GF Ringfenced Capital Receipts	0	0	0	0	0
Revenue Contributions to Capital Outlay	0	0	0	0	0
Disabled Facility Grant	801,181	450,000	450,000	450,000	2,151,181
New Homes Bonus	198,069	13,477,952	0	0	13,676,021
Community Infrastructure Levy	1,903,193	2,837,788	2,254,113	0	6,995,094
Other - Grants/External Funding/Reserves/S106	515,839	80,000	720,481	0	1,316,320
Total Resources Available	9,888,705	16,845,740	4,684,344	450,000	31,868,789
GENERAL FUND CAPITAL PROGRAMME					
Capital Programme	14,474,580	18,334,480	16,719,880	1,167,900	50,696,840
Overspends/(Savings)	41,578				41,578
Slippage	(491,100)	714,470	(223,370)		0
Total General Fund	14,025,058	19,048,950	16,496,510	1,167,900	50,738,418

UNCOMMITTED CAPITAL RESOURCES:					
Capital Receipts Brought Forward	6,306,833	6,253,895	6,253,895	1,387,400	6,306,833
Resources in Year	3,581,872	16,845,740	4,684,344	450,000	25,561,956
Less Capital Receipts to carry forward	(6,253,895)	(6,253,895)	(1,387,400)	(1,387,400)	(1,387,400)
Less Spend in Year	(14,025,058)	(19,048,950)	(16,496,510)	(1,167,900)	(50,738,418)
Borrowing Requirement	10,390,248	2,203,210	6,945,671	717,900	20,257,029

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APPENDIX 4

HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2018-19 £	2019-20 £	2020-21 £	2021-22 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward					7,704,749
Major Repairs Reserve Brought Forward					11,169,004
Other HRA Sales	1,802,000	0	0	0	1,802,000
RTB sales	1,067,691	500,000	400,000	400,000	2,367,691
Surrender back to DCLG - pending investment in replacement affordable housing	0	(1,097,567)	0	0	(1,097,567)
Major Repairs Reserve	3,180,337	3,180,337	3,180,337	3,180,337	12,721,348
Revenue Contributions to Capital	7,196,555	2,500,000	3,000,000	4,500,000	17,196,555
External contributions	284,000	308,424	0	0	592,424
Grant funding - Estate Regeneration Funding	756,257	0	0	0	756,257
Grant funding - Zero Energy Buildings Project	216,000	0	0	0	216,000
Commuted sums	471,107	5,320,000	949,432	0	6,740,539
Total Resources available	14,973,947	10,711,194	7,529,769	8,080,337	60,169,000
CAPITAL PROGRAMME					
HRA Capital Programme	17,327,852	19,767,447	9,687,978	9,059,688	55,842,965
Quarter 2 - Overspends / (Savings)	(6,635)				(6,635)
Quarter 2 - Slippage / Re-profiling	(2,450,000)	1,050,000	1,400,000		0
Total Housing Revenue Account	14,871,217	20,817,447	11,087,978	9,059,688	55,836,330
UNCOMMITTED CAPITAL RESOURCES:					
Usable Receipts Brought Forward	7,704,749	8,419,440	4,791,873	2,851,869	7,704,749
Major Repairs Reserve Brought Forward	11,169,004	10,557,043	4,078,357	2,460,152	11,169,004
Resources in Year	14,973,947	10,711,194	7,529,769	8,080,337	41,295,247
Less Estimated Spend	(14,871,217)	(20,817,447)	(11,087,978)	(9,059,688)	(55,836,330)
Uncommitted Capital Resources	18,976,483	8,870,230	5,312,021	4,332,670	4,332,670
WORKING BALANCE RESOURCES:					
Balance Brought Forward	10,212,244	6,344,212	6,442,943	6,627,747	8,567,454
HRA Balance Transfer - Surplus/(Deficit)	(4,097,145)	472,618	398,191	(623,006)	(2,204,552)
Quarter 2 budget monitoring - forecast variances	229,113	(373,887)	(213,387)	(173,887)	(532,048)
Balance Carried Forward	6,344,212	6,442,943	6,627,747	5,830,854	5,830,854
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Uncommitted HRA Working Balance	2,344,212	2,442,943	2,627,747	1,830,854	1,830,854
TOTAL AVAILABLE CAPITAL RESOURCES	21,320,695	11,313,173	7,939,768	6,163,524	6,163,524

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REPORT TO **CORPORATE SERVICES SCRUTINY COMMITTEE,
EXECUTIVE AND COUNCIL**
Date of Meeting: **Corporate Services Scrutiny - 22 November 2018
Executive – 11 December 2018
Council - 18 December 2018**
Report of: **Chief Finance Officer**
Title: **Treasury Management 2018/19 Half Year Update**

Is this a Key Decision?
No

Is this an Executive or Council Function?
Council

1. What is the report about?

To report on the current Treasury Management performance for the 2018/19 financial year and the position regarding investments and borrowings at 30 September 2018. The report is a statutory requirement and is for information only with no key decisions required.

2. Recommendations:

That Scrutiny and Executive note the Treasury Management report in respect of the first six months of the 2018/19 financial year.

3. Reasons for the recommendation:

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

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

The report is an update on the overall performance in respect of Treasury Management for the first six months of the 2018/19 financial year. Therefore, there are no financial or non-financial resource implications.

5. Section 151 Officer comments:

The report sets out the current position in respect of Treasury Management. The increase in interest received reflects the additional cash reserves that the Council has, which are being placed in line with the approved Strategy.

6. What are the legal aspects?

In February 2012 the Council adopted the updated *CIPFA Treasury Management in the Public Services: Code of Practice*, which requires the Council to report on its performance at the end of each financial year. Adoption of the Code is required by regulations laid under the Local Government Act 2003.

7. Monitoring Officer's comments:

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

8. Report Details:

8.1 Economic Context and Interest Rate Prospects

The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase the Bank Rate on 2 August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats –

mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

The Authority's treasury management advisors have provided the following information:

"We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit."

8.2 **Treasury Management Strategy**

The Council approved the 2018/19 Treasury Management Strategy at its meeting on 20 February 2018. There were no significant changes to the strategy, the stated investment strategy was to continue to hold only small surplus funds and to seek to utilise its Call Accounts, Money Market Funds, use the Government's Debt Management Office and use short dated deposits which would be placed with Local Authorities.

The strategy for In-House investments included approval to invest in Property Funds. The council has made 2 investments in the CCLA – LAMIT property fund (April and November 2016). The yield from the Property Fund has been in the region of 4.5% in this financial year, which is significantly higher than the returns on other investment options available.

The Council's stated borrowing strategy was to maintain, and if possible reduce, short-term borrowing as long as rates remained low. 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. The Council is currently borrowing over 1 or 2 year periods.

In July the Council approved the establishment of a Housing Development Company. The Council is expecting to borrow £2.2 million during this financial year over 25 years from the PWLB and will lend the money to the Company at a rate of 4.86%. It is expected that the transaction will take place in the near future.

8.3 Net Interest Position

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

	Estimate £	Actual to 30 September 2018 £	Estimated Outturn £	Variation £
Interest paid	300,000	44,877	89,753	(210,247)
Interest earned				
Temporary investment interest	(190,610)	(172,405)	(326,408)	(135,798)
Other interest earned	(180)	0	0	180
Science Park Loan	(25,780)	(12,890)	(25,780)	0
CVS Loan	(19,530)	(1,953)	(3,906)	15,624
Less				
Interest to HRA	192,000	123,566	247,133	55,133
Interest to S106 agreements	90,000	49,710	99,420	9,420
Interest to Trust Funds	4,000	2,215	4,430	430
Lord Mayors Charity	100	95	190	90
GF interest (received) / paid out	50,000	(11,662)	(4,922)	(54,922)
Net Interest	350,000	33,215	84,832	(265,168)
CCLA – LAPF Dividend	(250,000)	(112,572)	(225,143)	24,857
Investment Loss – General Fund	0	0	0	0
Net Interest	100,000	(79,356)	(140,311)	(240,311)

9. Investment Interest

The Council can use the Government's Debt Management Office account and call accounts with Handelsbanken and Barclays, however, due to low interest rates these have not yet been used this financial year. Appendix A sets out the institutions that the Council can use for deposits, this is known as our Counterparty list.

The Council has five Money Market Funds. The money market funds allow immediate access to our funds and spreads risk as it is pooled with investments by other organisations and invested across a wide range of financial institutions.

The Council made an investment in the CCLA's LAMIT Property Fund in 2016. It should be noted that investments in property funds are a long term commitment which means that there can be fluctuations on the return from the investment.

9.1 The Council's current investments are:

Money Market Funds

Amount	Investment	Interest rate*
£5,000,000	Amundi Asset Management	0.56%
£4,000,000	Federated Investors UK	0.56%
£1,500,000	CCLA	0.57%

* Interest rate is variable (therefore this is based on past performance)

Fixed Term Deposits - Current

Amount	Investment	Interest rate	Date Invested	No of Days
£3,000,000	Eastleigh Borough Council	0.55%	15/11/17	364
£5,000,000	Guildford Borough Council	0.55%	28/11/17	364
£5,000,000	Blackpool Borough Council	0.60%	07/12/17	364
£5,000,000	Leeds City Council	0.60%	08/06/18	185
£5,000,000	London Borough of Southwark	0.95%	27/02/18	364
£3,000,000	Salford City Council	0.78%	24/08/18	210
£5,000,000	Slough Borough Council	0.60%	04/04/18	364
£3,000,000	North Ayrshire Council	0.70%	26/06/18	364
£3,000,000	The City of Liverpool	0.85%	14/08/18	364
£5,000,000	Dundee City Council	0.85%	22/08/18	364

Fixed Term Deposits – Forward Deals

Amount	Investment	Interest rate	Date Invested	No of Days
£5,000,000	Blackpool Borough Council	0.81%	06/12/18	99

Property Funds

Amount	Investment	Dividend Yield
£5,000,000	CCLA – LAMIT Property Fund	4.50%

10. Borrowings

The Council's short term borrowing is £10 million, long term borrowing remains at £56.884 million. Details of current loans are set out in 10.1. The future cash flow forecast included planned borrowing of £10 million as part of the 2018-19 capital programme, to date this borrowing has not been required.

The ongoing borrowing requirement will be monitored and a decision of whether to take the planned borrowing will be made in light of need and current and forecast interest rates. If additional borrowing is required advice will be sought from the treasury management advisors in order that the most cost effective form of borrowing can be secured.

10.1 Current Borrowing

Amount	Lender	Interest rate	Date of repayment
£10,000,000	London Borough of Wandsworth	0.90%	05/12/2019
£56,884,000	PWLB	3.48%	28/03/2062

11. Future Position

As interest rates remain very low, the Council will continue to utilise short term borrowing to manage its cashflow. Current rates for borrowing are between 0.90% and 1.10% for up to 1 year and the Council will continue to borrow for 1 or 2 year periods.

- 11.1 The Council's five Money Market Funds which are AAA rated, currently offer rates between 0.69% and 0.72%, the rates are liable to fluctuation in the year. The call accounts offer between up to 0.40% for the average annual balance.

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

The Council is anticipating £16 million of expenditure on the St Sidwells Point and Bus Station projects in 2019/20 and a further £15 million in 2020/21 but will utilise its cash balances and short term borrowing to reduce the cost of financing the project until such time as it is operational and generating an income. This will be reviewed if interest rates begin to rise substantially.

- 11.2 We will also lend, when possible, to institutions on the Council's counterparty list which includes other Local Authorities, UK and Foreign owned banks, building societies and the Debt Management Office. The rates received are currently around 0.80%.
- 11.3 Officers have regular meetings with the Treasury Management advisors in order to seek advice on how to maximise investment returns and to minimise the need to borrow whilst taking into account investment risk.
- 11.4 We continually explore the possibility of widening the investment options available to the Council. If the options are proved to be of interest, and viable, they will be included in the Treasury Management strategy which is presented to committee for approval in February 2019.

13. 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.

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

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

15. 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.

16. Are there any other options?

No.

David Hodgson, Chief Finance Officer

Author: Nicola Matthews-Morley, Principal Accountant

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

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List of Approved Counterparties for Lending for Exeter City Council

Counterparty		Fitch Ratings		Moody's Ratings		Band Name	Monetary Limit	Duration
		Long Term	Short Term	Long Term	Short Term			
Australia		AAA		Aaa				
Banks	Australia and New Zealand Banking Group Ltd.	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	Commonwealth Bank of Australia	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	National Australia Bank Ltd.	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	Westpac Banking Corp.	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
Canada		AAA		Aaa				
Banks	Bank of Montreal	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Bank of Nova Scotia	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Canadian Imperial Bank of Commerce	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Royal Bank of Canada	AA	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months
Finland		AA+		Aa1				
Banks	Nordea Bank Abp	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	OP Corporate Bank plc	WD	WD	Aa3	P-1	Non UK	3 Million	9 Months
Germany		AAA		Aaa				
Banks	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months
	Landesbank Berlin AG			Aa2	P-1	Non UK	3 Million	9 Months
	Landesbank Hessen-Thuringen Girozentrale	A+	F1+	Aa3	P-1	Non UK	3 Million	9 Months

Counterparty		Fitch Ratings		Moody's Ratings		Band Name	Monetary Limit	Duration
		Long Term	Short Term	Long Term	Short Term			
	Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	Non UK	3 Million	9 Months
	NRW.BANK	AAA	F1+	Aa1	P-1	Non UK	3 Million	9 Months
Netherlands		AAA		Aaa				
Banks	Bank Nederlandse Gemeenten N.V.	AA+	F1+	Aaa	P-1	Non UK	3 Million	9 Months
	Cooperatieve Rabobank U.A.	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	Nederlandse Waterschapsbank N.V.			Aaa	P-1	Non UK	3 Million	9 Months
Singapore		AAA		Aaa				
Banks	DBS Bank Ltd.	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months
	Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months
	United Overseas Bank Ltd.	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months

Counterparty		Fitch Ratings		Moody's Ratings		Band Name	Monetary Limit	Duration
		Long Term	Short Term	Long Term	Short Term			
Sweden		AAA		Aaa				
Banks	Skandinaviska Enskilda Banken AB	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	Non UK	3 Million	9 Months
	Swedbank AB	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
Switzerland		AAA		Aaa				
Banks	UBS AG	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
United Kingdom		AA		Aa2				
AAA rated and Government backed securities	Debt Management Office					DMO		12 Months
Banks	Abbey National Treasury Services PLC	A	F1	Aa3	P-1	UK Low	3 Million	6 Months
	Bank of Scotland PLC (RFB)	A+	F1	Aa3	P-1	UK Low	3 Million	6 Months
	Barclays Bank PLC (NRFB)	A	F1	A2	P-1	UK Low	3 Million	6 Months
	Barclays Bank UK PLC (RFB)	A	F1	A1	P-1	UK Low	3 Million	6 Months
	Close Brothers Ltd	A	F1	Aa3	P-1	UK Low	3 Million	6 Months
	Goldman Sachs International Bank	A	F1	A1	P-1	UK Low	3 Million	6 Months
	HSBC Bank PLC (NRFB)	AA-	F1+	Aa3	P-1	UK High	4 Million	12 Months
	HSBC UK Bank Plc (RFB)	AA-	F1+			UK High	4 Million	12 Months
	Lloyds Bank Corporate Markets Plc (NRFB)	A	F1	A1	P-1	UK Low	3 Million	6 Months
	Lloyds Bank Plc (RFB)	A+	F1	Aa3	P-1	UK Low	3 Million	6 Months
	Santander UK PLC	A	F1	Aa3	P-1	UK Low	3 Million	6 Months
	Standard Chartered Bank	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Sumitomo Mitsui Banking Corporation Europe Ltd	A	F1	A1	P-1	UK Low	3 Million	6 Months
	UBS Ltd.	AA-	F1+	Aa3	P-1	UK High	4 Million	12 Months
Building Society	Coventry Building Society	A	F1	A2	P-1	UK Low	3 Million	6 Months

Counterparty		Fitch Ratings		Moody's Ratings		Band Name	Monetary Limit	Duration
		Long Term	Short Term	Long Term	Short Term			
	Nationwide Building Society	A	F1	Aa3	P-1	UK Low	3 Million	6 Months
United States		AAA		Aaa				
Banks	Bank of America N.A.	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
	Bank of New York Mellon, The	AA	F1+	Aa1	P-1	Non UK	3 Million	9 Months
	JPMorgan Chase Bank N.A.	AA	F1+	Aa1	P-1	Non UK	3 Million	9 Months
	Wells Fargo Bank, NA	AA-	F1+	Aa1	P-1	Non UK	3 Million	9 Months

Advisory notes:

Country Limits Maximum of £3 million

Counterparty Limits Maximum that will be lent to any one organisation (other than the UK Government) will be £5 million.
For individual banks the limit is £4 million.

REPORT TO: CORPORATE SERVICES SCRUTINY
Date of Meeting: 22 November 2018

REPORT TO: EXECUTIVE
Date of Meeting: 11 December 2018

REPORT TO: COUNCIL
Date of Meeting: 18 December 2018

Report of: Director – Communities, Health, Wellbeing, Sport & Leisure

Title: Safeguarding Policy

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To seek approval for the city council's revised safeguarding policy.

2. Recommendations:

2.1 That Corporate Services Scrutiny supports the adoption of the revised safeguarding policy.

2.2 That Executive supports the adoption of the revised safeguarding policy.

2.3 That Council adopts the revised safeguarding policy.

3. Reasons for the recommendation:

3.1 The safeguarding policy has been updated to reflect changes in governance arrangements for safeguarding within the council.

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

4.1 The report is an update on the policy. There are no specific resource implications other than training and awareness raising programmes to ensure all staff understand their responsibilities and what to do to manage enquiries and referrals.

5. Section 151 Officer comments:

There are no additional financial implications contained in this report.

6. What are the legal aspects?

6.1 The Children Act 2004, specifically Section 11, places a duty on key people and public bodies, including district councils, to make arrangements to ensure that their functions are discharged with regard to the need to safeguard and promote the welfare of children.

6.2 The Care Act 2014 requires local authorities and relevant partners (including district councils) to co-operate with each other when exercising any respective functions which are relevant to care and support. This co-operation can be at a strategic level or related to individual cases.

- 6.3 There are a number of other pieces of legislation that cover all aspects of safeguarding under which the council has specific duties and these are listed in the policy document.

7. Monitoring officer Comments

This report raises no issues from the Monitoring Officer.

8. Report Details:

- 8.1 The city council has had a safeguarding policy in place since 2006, which has been subject to review and minor amendments.
- 8.2 In 2016 a joint policy with each of the district councils across Devon was developed to provide a framework of understanding about what safeguarding is and how to respond across the county. This was based on the Exeter City Council policy.
- 8.3 In order to more easily reflect the city council's internal reporting structures and levels of accountability a single Exeter City Council policy is more appropriate as this better reflects how our organisation works. Section 6 of the policy sets out the governance framework and responsibilities of officers and members.
- 8.4 In addition two sections (7 and 8) have been added to clarify responsibilities around events and land hire and grant applications.
- 8.5 The policy is subject to ongoing annual review in order to respond to changes in legislation and best practice.
- 8.6 Members are asked to endorse this policy.

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

- 9.1 In promoting safeguarding and protecting the wellbeing of children, young people and adults with care and support needs the safeguarding policy meets contributes directly to three strands of the Corporate Plan:
- Leading a well-run council
 - Building great neighbourhoods
 - Promoting active and healthy lifestyles

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

- 10.1 The council safeguarding officers work closely with both Devon Safeguarding Adults Board, Devon Children and Families Partnership Quality Assurance Board, Safer Devon Partnership and other district councils. This ensures best practice and that the council is kept up to date with any issues.
- 10.2 Corporate Safeguarding risks are identified and monitored through the Corporate Risk Register.

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 The policy and associated work has a positive impact on equality and diversity, health and wellbeing and safeguarding. An equality impact assessment has been conducted which is appended to this report.

12 Are there any other options?

12.1 No.

Jo Yelland, Director – Communities, Health, Wellbeing, Sport & Leisure

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

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Exeter City Council

Safeguarding Policy

This policy should be read with the Exeter City Council guides for managers and employees

This policy can be made available in large print and other formats such as printed on yellow paper, taped, Braille etc. as requested.

Policy development and Version details

V2 20 September 2018

Title	Exeter City Council Safeguarding Policy
Author	Melinda Pogue-Jackson, Policy Officer
Owner	Jo Yelland, Director
Review dates	September 2019
Status for FOI	Open
Protected marking status	Unclassified
EqIA conducted	October 2015

Version	Date	Description

1. Introduction

- 1.1 Exeter City Council believes that all children, young people and adults have the right to be safe, happy and healthy and deserve protection from abuse. The council is committed to safeguarding from harm all children, young people and adults with care and support needs (see definition in point 3.1 relating to the Care Act 2014) using any council services and involved in any of their activities, and to treat them with respect during their dealings with the councils, our partners and contractors.
- 1.2 We aim to act as an exemplar of safeguarding practice providing strong leadership and improving safeguarding standards through having a robust safeguarding policy and monitoring system.

2. Aims of the Policy

2.1 The aims of the policy are to:

- Clarify the roles and responsibilities of all parties within scope of the policy.
- Support the promotion of a safe working environment and a culture of care in which the rights of all children, young people and adults with care and support needs are protected and respected.
- Promote best practice in how employees, elected members and associated workers interact with children, young people and adults with care and support needs while providing Council services.
- Develop clear guidance and procedures for those employees, elected members and associated workers and ensure through training and support that they are aware of these and able to implement them.
- Provide a framework for developing partnerships with appropriate external bodies e.g. Devon Safeguarding Children Board and Devon Safeguarding Adults Board, to ensure that the policy continues to reflect legal and best practice requirements in respect of the responsibility of care of children, young people and adults with care and support needs.

3. Scope of the Policy

3.1 The policy is in respect of Exeter City Council's responsibility towards:

- Children and young people, legally defined as any person under the age of 18. From this point the terms child or children will be used to refer to this group.
- Adults with care and support needs are defined under the Care Act 2014 and for the purposes of this policy, as anyone over the age of 18 who:
 - has needs for care and support (whether or not the local authority is meeting any of those needs) **and**;
 - is experiencing, or at risk of, abuse or neglect; **and**
 - as a result of those care and support needs is unable to protect themselves from either the risk of, or the experience of abuse or neglect.
- The employees of the council who have dealings with children, young people and adults with care and support needs and who are required to act in a position of trust and to act responsibly and within the law.
- The employees and elected members of the council who, while not required to act in a position of trust, may come into contact with members of these groups on a regular basis during the course of their work.
- Volunteers and other workers involved in the provision of council services but not employed by the council, including workers in organisations with whom the council has contracts for the delivery of services.

3.2 It covers all the functions and services of the council, its elected members, staff, partners and contractors.

3.3 This document is primarily concerned with protecting children, young people and adults with care and support needs from harm and providing guidance on how to deal with issues. However it is

important to remember that safeguarding has a wider meaning which includes the promotion of welfare and taking action to enable all children, young people and adults with care and support needs to have the best life outcomes.

- 3.4 The policy does not cover health and safety issues related to safeguarding children such as use of play equipment or provision of food at events. Separate guidance on this and appropriate behaviours when dealing with children and adults with care and support needs, should be read in conjunction with this policy.
- 3.5 The policy does not cover safeguarding of council staff, elected members, contractors or volunteers which is dealt with separately under the Health and Safety Policy and associated procedures.

4. Legal Framework

4.1 This policy is based on Exeter City Council's responsibilities under:

- 4.1.1 The Care Act 2014 in particular Sections 42 to 46 related to safeguarding, further information can be found at: <http://www.legislation.gov.uk/ukpga/2014/23/contents/enacted>
- 4.1.2 The Children Act 2004, specifically Section 11 which places a duty on key people and public bodies, including district councils, to make arrangements to ensure that their functions are discharged with regard to the need to safeguard and promote the welfare of children. Further information can be found at: <http://www.legislation.gov.uk/ukpga/2004/31/contents>
- 4.1.3 The Counter Terrorism Act 2015 section 26 which places a duty on certain bodies, in the exercise of their functions, to have due regard to the need to prevent people from being drawn into terrorism. The Prevent Agenda is one of four strands which makes up the Governments counter-terrorism strategy. Further information can be found at: <http://www.legislation.gov.uk/ukpga/2015/6/contents>
- 4.1.4 The Modern Slavery Act 2015. Further information can be found at: <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>
- 4.1.5 The Anti-Social Behaviour, Crime and Policing Act 2014 in particular Part 10 relating to forced marriage. Further information can be found at: <http://www.legislation.gov.uk/ukpga/2014/12/contents/enacted>
- 4.1.6 The Serious Crime Act 2015 particularly Part 5 (see Appendix A)
- 4.1.7 The policy is written with reference to the principle of Think Child, Think Parent, Think Family. Further information can be found at: <https://www.devonchildrenandfamiliespartnership.org.uk/documents/2014/10/think-family-protocol.pdf/>

5. Supporting structures, policies and procedures

- 5.1 A Corporate Safeguarding Group has been set up to have oversight of safeguarding practice within the council and to drive forward improvements. The Group meets four times a year and includes representation from the Strategic Management Board and unions.
- 5.2 The Director Communities, Health, Wellbeing, Sport and Leisure has been appointed Strategic Safeguarding Lead and will chair the Corporate Safeguarding Group.
- 5.3 In addition the council has appointed a Corporate Safeguarding Lead responsible for co-ordinating the implementation of the policy and providing a single point of contact for the safeguarding boards.

- 5.4 The Corporate Safeguarding Lead has responsibility for:
- ensuring there is a secure central record relating to allegations and investigations
 - acting as multi agency partner on the Local Safeguarding Children Board and Local Adult Safeguarding Board
 - advocating the importance of safeguarding to partners, contractors and customers
 - ensuring all safeguarding policies, procedures and guidelines are implemented and promoted
- 5.5 In addition the Corporate Safeguarding Lead chairs a Safeguarding Representatives Group made up of a number of staff across the different services of the council. This group will have an operational overview of safeguarding issues in service areas, together with actions that could be taken.
- 5.6 Safeguarding Representatives have responsibility for:
- Receiving concerns, discussing them with whoever has raised the concern and taking advice from the relevant partner agency/County Council service: this could include complex matters such as consent and whether parents/carers should be notified.
 - Making a decision about how to proceed and whether to make a formal referral. If there is disagreement on the appropriate course of action to take then the safeguarding lead has the final decision. Where staff are dissatisfied with the decision of the safeguarding lead, they should report their concerns to their line manager in the first instance and can still make a referral if they have strong concerns.
 - Ensuring the procedure is followed on such matters as making a referral, confidentiality and recording.
 - Working with colleagues to improve practice across the organisation.
 - In the event of an incident or query, should a safeguarding lead not be available, staff should go straight to relevant Devon County Council service. They can be supported by a senior manager but details of any incident must not be shared unless absolutely necessary.
 - Attending appropriate courses and updating of safeguarding legislation.
- 5.7 Any staff who have a safeguarding concern should in the first instance discuss the matter with any one of the Safeguarding Representatives who will make a decision whether or not to refer the matter to the appropriate external organisation. A suite of supporting procedural documents is made available to all staff on the council's intranet site.
- 5.8 Exeter Community Safety Partnership (of which Exeter City Council is a statutory partner) also deals with some safeguarding issues on a city wide basis such as Domestic & Sexual Violence and Abuse, Modern Slavery, Child Sexual Exploitation and Preventing Violent Extremism. Both the Strategic and Corporate Safeguarding Leads sit on the Partnership so are able to ensure that the work of the Corporate Safeguarding Group supports that of the Community Safety Partnership and vice versa .
- 5.9 This policy should also be used in conjunction with the following:
- Disciplinary Procedure
 - Grievance Procedure
 - Whistle Blowing Policy
 - IT Acceptable Use Policy

- Equality and Diversity Policy
- Complaints & Feedback Procedure
- Harassment and Hate Crime Policy
- Health & Safety at Work guidance

6. Responsibilities

6.1 Responsibility for the implementation of this policy lies at all levels of the council.

6.2 Members

6.3 Elected members are collectively responsible for ensuring that the council has a policy, which adequately provides protection for children and adults with care and support needs in receipt of its services and for the regular review of this policy in the light of changes to legislation or regulation.

6.4 Each Exeter City Councillor has the personal responsibility to comply with the policy.

6.5 Elected Members should report any concerns to the Strategic or Corporate Safeguarding Leads.

6.6 The Portfolio Holder for Support Services has lead responsibility for safeguarding.

6.7 Officers

6.8 All employees and particularly those working with children and adults with care and support needs are responsible for:

- Ensuring that they are familiar with and understand the policies and procedures relating to their work with or in the vicinity of children and adults with care and support needs.
- Ensuring that they feel confident in working within this environment and working with their managers to ensure that they have the knowledge and skills to carry out their tasks in this context.
- Treating all those children and adults with whom they come into contact while carrying out their work equally and with respect.
- Reporting to a Safeguarding Representative, any concerns they may have about abuse or a lack of care of children and adults with care and support needs either from other staff, from carers, parents or those in place of a parent or between members of the group.

6.9 The Chief Executive is the lead officer with overall responsibility for the organisation's safeguarding arrangements,

6.10 Strategic Management Board is required to ensure good governance of the organisation and has responsibility to make sure this policy is consistently applied and taken into account when setting strategic direction and reviewing performance.

6.11 Members of Strategic Management Board are also responsible for:

- Ensuring that all necessary procedures and practices are in place to provide adequate protection both for the individuals in these groups but also protection for the employees involved with them.
- Ensuring that the procurement framework for the authority includes expectations upon contractors to demonstrate effective safeguarding practices for all their staff.

6.12 Tier 3 Service Leads are responsible for:

- Identifying those services and posts that are likely to have an involvement with children and adults with care and support needs, and undertaking an appropriate risk assessment of posts in respect of DBS disclosure requirements.
- Ensuring that those people appointed by them to the district council, whose normal duties fall into the definition of Regulated Activity as defined in the Safeguarding Vulnerable Groups Act 2006 and amended by the Protection of Freedoms Act 2012, are subject to the appropriate level of DBS disclosure and are appropriately qualified and/or trained in working with these groups.
- Ensuring that proper records are kept of any incidents occurring within their service and that these are held securely and/or passed on to the council's Human Resources/Personnel team if the incident involves a member of staff.
- Ensuring that employees, volunteers and other workers dealing with these groups are adequately trained and aware of their responsibilities in this area.
- Ensuring that external contractors delivering council services are aware of the council's expectation that workers are aware of and abide by the standards of behaviour expected of council employees.
- Ensuring that carers and/or parents of the children and adults with care and support needs are aware that, in providing services, council employees are not normally acting in place of a parent, except in relation to events for unaccompanied children who have been formally registered.
- Ensuring the carers and/or parents of the children and adults with care and support needs who are in direct receipt of council services ¹ are made aware that services will be delivered in line with this policy.
- Ensuring that any evidence or complaint of abuse or lack of care is reported to the appropriate body e.g. Devon County Council, Safeguarding Board or the Police, and to council's Human Resources team where employees, volunteers and contractors are involved and to the Monitoring Officer where elected members are involved.
- Ensuring that employees and others do not work with children or adults with care and support needs on regulated activities without an appropriate Disclosure & Barring Service (DBS) disclosure.
- Working with other associated agencies to ensure the proper transfer of information relating to dealings with children and adults with care and support needs, where necessary.
- Ensuring that adequate supervision and support is available to those who have been directly involved in dealing with safeguarding cases, including a debrief of the case and any relevant outcomes.

6.13 Human Resources are responsible for:

- Working with senior managers in maintaining a record of those posts, requiring a DBS disclosure together with the level of disclosure required.
- Ensuring that recruitment procedures are robust and that information pertinent to working with these groups is obtained during the recruitment procedure.

¹ For example: this would include arranging accommodation for a vulnerable adult or holding an event for children at the museum. It would not include arranging accommodation for a family with children where the contract is with the parents/carers.

- Ensuring that DBS Disclosures are carried out in compliance with legislation and DBS guidance.
- Supporting senior managers in dealing with allegations of abuse or lack of care by staff.
- Referring information to the DBS and Local Authority Designated Officer (LADO) about employees who have been dismissed or removed from working with vulnerable groups (or would have been had they not left/resigned) as a result of a relevant caution/conviction, conduct that has harmed or put a child/vulnerable adult at risk of harm, or satisfied the 'Harm Test' in relation to vulnerable groups.

6.14 Volunteers and other workers are responsible for:

- Working with employees of the council, to the same standard, in ensuring the safety and well-being of children and adults with care and support needs within their scope.
- Participating in any training or development opportunities offered to them to improve their knowledge of skills in this area.

6.15 Contractors, suppliers and consultants are responsible for:

- Working with employees of the council, to the same standard, in ensuring the safety and well-being of children and adults with care and support needs within their scope.
- Participating in any training or development opportunities offered to them to improve their knowledge of skills in this area.

6.16 A requirement to comply with equality legislation will be included in all contracts and service level/delivery agreements. Failure to comply may lead to the termination of contracts. Organisations doing business with us are welcome to adopt our safeguarding policy for their own use.

7. Events and land hire

- 7.1 Any organisation who has lease agreements or regularly hire out or lease council facilities or open spaces, should have appropriate safeguarding procedures in place. They should also ensure any volunteer or employee that has unsupervised contact with children, young people or adults with care and support needs undertakes a DBS check.
- 7.2 Any safeguarding concerns on council land should be reported to a Safeguarding Representative. (Not negating a need to call Police in a safeguarding emergency) Safeguarding Representatives are able to provide further advice and support to groups or organisations.
- 7.3 An Exeter City Council Events Hire Policy is being developed which will provide more detail on these requirements.

8. Grant applications

- 8.1 Safeguarding policies and procedures are required from all grant funded organisations. Satisfactory DBS checks for employees and volunteers may also be requested of any organisation or group, working with children, young people and adults with care and support needs who seek funding from the council.
- 8.2 As a minimum, an organisation will be expected to have a policy statement or procedure relating to safeguarding. Commissioned, contracted or grant funded organisations with minimal contact with children, young people and vulnerable adults may wish to adopt the councils Safeguarding Policy and procedures if deemed suitable.

9. Review

- 9.1 This policy and the related guidance will be reviewed annually or sooner if required by the Safeguarding Representatives Group and Corporate Safeguarding Group. This will include and on-going review of guidance, both nationally and locally, to ensure the Council meets requirements to safeguard children, young people and adults, and there are appropriate procedures and protocols in place.
- 9.2 The Council's scrutiny function will also have a role in scrutinizing and challenging the Corporate Safeguarding Policy and the work of the Corporate Safeguarding Group. An annual report will be submitted to the Place Scrutiny committee.

Serious Crime Act 2015

Part 5 Protection of children and others

Protection of children

- 66. Child cruelty offence
- 67. Sexual communication with a child
- 68. Child sexual exploitation
- 69. Possession of a paedophile manual

Female genital mutilation

- 70. Offence of female genital mutilation: extra-territorial acts
- 71. Anonymity for victims of female genital mutilation
- 72. Offence of failing to protect girl from risk of genital mutilation
- 73. Female genital mutilation protection orders
- 74. Duty to notify police of female genital mutilation
- 75. Guidance about female genital mutilation

Domestic Abuse

- 76. Controlling or coercive behavior in an intimate or family relationship
- 77. Guidance about investigation of offences under section 76

Further information can be found at: <http://www.legislation.gov.uk/ukpga/2015/9/contents/enacted>

Corporate Safeguarding Group Terms of Reference



Safeguarding means protecting people's health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect.

Purpose

- 1.1 Exeter City Council recognises and accepts its responsibility as an employer to ensure, as far as is reasonably practicable, that its staff are aware of their individual and collective responsibilities to safeguard vulnerable citizens**
- 1.2 In its ambition to act as an 'exemplar' of safeguarding practice, it seeks to give strong leadership through the formation of a Corporate Safeguarding Group to devise, develop and promote controls and initiatives, to improve standards of safeguarding through having a robust Safeguarding Policy and monitoring system.**

1. Function

- 1.1 Responsibility for promoting exemplar safeguarding practice throughout the Council;
- 1.2 Actively improve safeguarding performance and standards, and strive to exceed all statutory standards, codes of practice, regulations and applicable legal requirements reviewing where and when appropriate;
- 1.3 To ensure the effective implementation of systems and processes for safeguarding is embedded within corporate and service structures;
- 1.4 Provide strategic oversight for all aspects of safeguarding work across the organisation and ensure our policies and procedures are up to date and effective in protecting people who use services from potential or actual harm;
- 1.5 To identify, commission and monitor the Council's safeguarding training needed and attainment of the required training standards;
- 1.6 Providing strategic leadership and oversight with respect to safeguarding across all Council services so that strategic decisions can be made on robustly tackling emerging threats and trends, together with actions that need to be taken;
- 1.7 Consider reports from the Safeguarding Lead, Safeguarding Representatives Meetings, Internal Audit and external auditors deemed necessary;
- 1.8 Consider information provided by HM Government and other responsible bodies and provide the necessary strategic direction and guidance as required;
- 1.9 Provide strategic direction regarding Safeguarding communication and publicity across the Council, raising the profile of children and adults' safeguarding and promote proactive communications and raise awareness both internally and externally;
- 1.10 Initiate improvements in Exeter City Council's working practices, systems and procedures to support effective safeguarding practice in Exeter City Council's statutory and regulatory roles to protect people from potential or actual harm;
- 1.11 Identify, respond and escalate, as appropriate, organisational risk within Exeter City Council related to safeguarding;

- 1.12 To be satisfied that investigations have been undertaken where safeguarding issues are suspected or identified, to receive reports and make appropriate recommendations arising from the outcome of such investigations;
- 1.13 To provide strategic oversight of any internal management reviews that are conducted and to consider recommendations that are made as a result of Domestic Homicide Reviews, Safeguarding Adults Reviews and children's Serious Case Reviews;
- 1.14 To maintain links with other local community safety and protection strategies and frameworks, ensuring that multi-agency partnership working is strengthened and any issues identified are given a focus (such as PREVENT, domestic and sexual violence and abuse, modern slavery, child sexual exploitation and hate crime).

2. Membership

2.1 The membership of the Corporate Safeguarding Committee will be:

- **Directors**
- **City Solicitor and Human Resources Manager**
- **Chief Finance Officer**
- **UNISON Branch Secretary (or nominated deputy)**
- **Other recognised Union Branch Secretary's as appropriate**
- **Corporate Safeguarding Lead**
- **Environmental Health and Licensing Manager**

3.2 Membership of the group will be reviewed annually to ensure that it remains appropriate.

3.3 A minimum of 5 group members will need to be present at any given committee meeting for it to be deemed quorate.

3. Procedures

4.1 The Chair shall be a Director nominated from the Senior Management Board and will be reviewed at the first meeting of the calendar year.

4.2 Tier 3 staff (Corporate Managers and Service Leads) may make representation about safeguarding matters relating to their service through making a formal request to the chair.

4.3 Tier 3 staff may also be invited to discuss matters arising at the request of the chair.

4.4 Meetings will take place every quarter. Reports submitted will be timetabled and there will be standing items on proactive and reactive monitoring.

4.5 Additional meetings may be arranged by the chair in exceptional circumstances in response to a local or national event or change in national guidance or legislation.

4.6 Minutes of meetings will be taken by Democratic Services

4.7 Agreed minutes will be kept of each meeting and circulated to the group members. A copy of the minutes will be made available on Mod Gov. committee system

4.8 Group members will be trained in safeguarding.



Safeguarding Representatives Group

Terms of Reference

Safeguarding means protecting people's health, wellbeing and human rights, and enabling them to live free from harm, abuse and neglect.

4. Purpose

- 1.1 Exeter City Council recognises and accepts its responsibility as an employer to ensure, as far as is reasonably practicable, that its staff are aware of their individual and collective responsibilities to safeguard vulnerable citizens**
- 1.2 In its ambition to act as an 'exemplar' of safeguarding practice, it seeks to give strong leadership through the formation of a Corporate Safeguarding Group and Safeguarding Representatives Group to devise, develop and promote controls and initiatives, to improve standards of safeguarding through having a robust Safeguarding Policy and monitoring system.**

Function

- 4.1 Actively improve safeguarding performance and standards, and strive to exceed all statutory standards, codes of practice, regulations and applicable legal requirements reviewing where and when appropriate
- 4.2 Commit to improving safeguarding practice across the organisation and to take all reasonable steps to promote safeguarding.
- 4.3 To have an operational overview of safeguarding issues in service areas, together with actions that could be taken.
- 4.4 Make representation on potential safeguarding risks which affect, or could affect service areas
- 4.5 Make representations on general safeguarding matters affecting service areas and on matters consulted about by the Corporate Safeguarding Group
- 4.6 Undertake audits and reviews assigned to them and report back to the Safeguarding Representatives Meeting
- 4.7 Consider information provided by the Devon Children and Families Partnership, Devon Adult Safeguarding Board and other relevant partnerships, and input to the Safeguarding Group on the impact to service areas as required
- 4.8 Revise and review safe working practices as necessary
- 4.9 Consider reports which other Safeguarding Representatives submit to the meeting
- 4.10 To provide an operational input on safeguarding training
- 4.11 Progress the annual Safeguarding Action Plan within their service area

5. Membership

5.1 The membership of the Safeguarding Representatives Group will be:

- **Corporate Safeguarding Lead**
- **Safeguarding representatives from the following services:**

- **Housing Assets, Customers and Lettings & Leasehold**
- **Housing Needs**
- **RAMM**
- **Leisure contract**
- **Benefits**
- **Payments & Collections**
- **Customer Services**
- **Environmental Health**
- **Events**
- **Corn Exchange**
- **Place Directorate**
- **City Development and Economy**

3.2 Membership of the Group will be reviewed annually to ensure that it remains appropriate

3.3 A minimum of 5 group members will need to be present at any given group meeting for it to be deemed quorate.

6. Procedures

4.1 The Chair shall be the Corporate Safeguarding Lead.

4.2 Meetings will take place every quarter. The agenda will focus on service improvement and performance monitoring of remedial actions. Matters arising that cannot be resolved locally will be passed to the Safeguarding Group for consideration.

4.5 Meetings that have to be cancelled or postponed will have an agreed date for the next meeting made as soon as possible

4.6 Additional meetings may be arranged by the chair in exceptional circumstances in response to a local or national event or change in national guidance or legislation.

4.7 Agreed minutes will be kept of each meeting and circulated to the Representative Group Members and the Corporate Safeguarding Group.

4.8 Safeguarding Representative Group Members will be trained to Devon Children and Families Partnership Group 3 and Devon Adult Safeguarding Board Level 3 or equivalent.

4.9 Safeguarding Representative Group Members will be permitted time away from normal duties to fulfil their role. The amount of time away from normal duties will be discussed and agreed with the line manager of the service from which the Representative Group Member is nominated.

4.10 Changes to the Safeguarding Representatives Group terms of reference must receive ratification from the Safeguarding Group.

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Equality Impact Assessment report

Exeter City Council Safeguarding Policy

Introduction

The aim of the policy is to make sure that the safeguarding process is more accessible and effective through improving understanding of what safeguarding means, setting out a clear line of accountability and simplification of reporting.

The policy is a key corporate document and supporting procedures are available to all staff. The purpose of this policy and associated procedures is to protect and promote the welfare of the children and adults with care and support needs using or receiving services provided or commissioned by Exeter City Council and to protect the council, its officers, elected members and volunteers.

The policy had been a joint policy with other district councils across Devon but following an annual review the Exeter City Council has decided to have its own policy thereby making it easier to reflect its internal reporting structures and levels of accountability. The other main changes made to the policy have been the addition of clauses on events and land hire, grant applications and clarity around accountability taking into consideration the creation of the new Corporate Safeguarding Group and Safeguarding Representatives Group.

Stakeholder consultation

Devon Children and Families Partnership Quality Assurance Board and Devon Local Safeguarding Adults Board provide the strategic lead for safeguarding in the county. Exeter City Council has a duty to co-operate with the county council in discharging its duties and to promote the wellbeing of children and adults with care and support needs.

The ultimate beneficiary from this policy will be the local community in that it will provide reassurance as to how the council will deal with safeguarding issues. However in practice the people who will be guided by the policy on a day to day basis will be council employees whose work relates to the welfare of children and adults with care and support needs.

The Safeguarding Representatives from each service area of the council have been consulted on the policy. The policy will be sent to the board managers and chairs for both children and adult safeguarding boards. However as the core content of the policy has been in place for sometime already it is not anticipated that there will be any major changes arising.

Policy review and development

Because of the statutory and high risk nature of safeguarding there are a number of processes and structures in place which allow for continual learning to feed into policy and procedure development:

- Lessons learnt and findings from serious case reviews and multi-agency case audits

- Regular meetings of district safeguarding leads with the chairs and managers of the local safeguarding boards
- Regular training opportunities provided by the county council and others for all staff involved in safeguarding
- Internal district council audit
- Strategic and Corporate Safeguarding Lead officers links to Exeter Community Safety Partnership

For this reason the policy and related internal procedures will be reviewed annually or whenever there is a change in the related legislation or an emerging risk is identified.

Identified impact

The aim of the policy is to have a positive impact on children and adults with care and support needs however most of the public interest has more recently been focused on the welfare of children. This may mean that awareness of safeguarding adults (and the duties contained in the Care Act 2014) may be low among staff. Training and awareness raising may be needed to increase emphasis on this issue.

Staff who have been in post a long time may become desensitised or over sensitive to the issues. While targeted training and promotion may address the former, the latter will need to be addressed by staff welfare programmes.

The Policy will be publicly available and can be translated into different languages and formats on request.

The Policy covers cultural or religious issues such as forced marriage and FGM which have an impact on young people. However it does not make clear that, while cultural differences are to be taken into account in assessing the needs and circumstances of children, young people and their families, these are not to be used as an acceptable reason for any form of child abuse or neglect. This will need to be picked up in training and procedural documents.

The policy covers domestic abuse which has a disproportionate impact on women.

Actions

Further staff training on cultural diversity as well as specific issues related to safeguarding such as mental health, FGM, forced marriage, domestic abuse and modern slavery to be developed.

September 2018

REPORT TO: CORPORATE SERVICES SCRUTINY COMMITTEE
Date of Meeting: 22 NOVEMBER 2018

REPORT TO: EXECUTIVE
Date of Meeting: 11 DECEMBER 2018

REPORT TO: COUNCIL
Date of Meeting: 18 DECEMBER 2018

Report of: Bindu Arjoon - Director
Title: Council Tax Support scheme 2019/20

Is this a Key Decision?

Yes

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

Is this an Executive or Council Function? Council

1. What is the report about?

This report is presented to seek members' views on the local Council Tax Support (CTS) scheme for working age residents for 2019/20. The local CTS scheme started in April 2013 and members are required to agree the scheme rules annually.

2. Recommendations:

- 2.1 That Corporate Services Scrutiny supports the scheme for 2019/20 to continue without substantive changes from the current year scheme.
- 2.2 That Executive supports the scheme for 2019/20 to continue without substantive changes from the current year scheme.
- 2.3 That Council approve the scheme for 2019/20 to continue without substantive changes from the current year scheme.

3. Reasons for the recommendation:

- 3.1 Universal Credit Full Service began rollout in Exeter from September 2018. The impact of this major reform is not yet known and it is too soon to determine how the CTS scheme should change in response.
- 3.2 The precepting authorities are not asking for savings to be made from the scheme costs. There is recognition that further reducing support to these households will have a detrimental impact on collection rates.
- 3.3 There has been little in the way of significant welfare reform from central government in the past 12 months. There is therefore no need to align our local scheme with national changes.

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

A more generous scheme of CTS reduces the amount of Council Tax which is billed to residents and therefore available for collection. A less generous scheme increases the amount of billed Council Tax however this then needs to be collected from low income households.

5. Section 151 Officer comments:

The section 151 Officer agrees that the timing of the roll out of Universal Credit means that it is prudent to not make changes to the scheme this year. Adopting this policy will therefore continue the current level of support and associated costs.

6. What are the legal aspects?

Paragraph 5 of Schedule 1B to the Local Government Finance Act 1992 requires billing authorities to adopt a Council Tax Support scheme each year, no later than 31 January.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer

8. Report details:

- 8.1 Exeter City Council's local Council Tax Support scheme has been in place since national Council Tax Benefit was abolished in April 2013. Rules for pensioners are set nationally, leaving discretion for local rules for working age customers. The scheme agreed by Exeter City Council from April 2013 was based on the old Council Tax Benefit scheme with the following key changes:

- Maximum support limited to 80%
- Capital limit reduced to £6,000
- Introduction of an Exceptional Hardship policy

This scheme remained unchanged between April 2013 and April 2017.

- 8.2 In April 2017 the Council introduced a number of changes to the scheme for working age customers. These changes were intended to align with changes introduced in nationally determined benefits such as Housing Benefit, Universal Credit, Employment and Support Allowance and Council Tax Support for pensioners. The changes introduced were:

- Using a minimum income for self-employed earners after 1 year's self-employment
- Reducing backdating to 1 month and allowing claims from newly liable customers
- Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to 4 weeks
- Removing the Work Related Activity Component in the calculation of the entitlement for new applicants
- Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) for looking after them
- Removing entitlement to the additional earnings disregard for Universal Credit customers in work

- 8.3 At October 2018 there were 7544 households receiving Council Tax Support from Exeter City Council at a total cost of £6.3m. Of this total, 42% of households and 48% of expenditure was for pensioner cases. The scheme for pensioners is set by Central Government and we have no say over the level of support given.
- 8.4 Universal Credit Full Service arrived in Exeter on 26th September 2018. It replaces six working age welfare benefits, combining them into a single monthly household payment. Ultimately the majority of our 4392 working age Council Tax Support customers will be receiving Universal Credit. Reliable estimates for how quickly cases will move to Universal Credit are hard to make, however our best projections indicate that, by October 2019, 1400 of our CTS customers could be receiving UC.
- 8.5 Universal Credit entitlement is calculated each month based on the customer's circumstances in the month just passed. Any changes in the customer's financial or household circumstances in the previous month will result in a revised UC award. The details of this new award will be sent to us automatically. Our current working age CTS scheme requires that we reassess their CTS award based on this new income, even where the difference is minimal. This new assessment will result in a new Council Tax demand notice being issued and reset any recovery action in place on earlier bills.
- 8.6 By October 2019 we could be receiving 1000 notices each month for Universal Credit customers. The work generated by this new demand will mean the Benefits and Welfare team will be adjusting many more awards of Council Tax Support much more frequently. The Payments and Collection team will face a challenge in recovering Council Tax balances which change repeatedly, resetting payment arrangements and recovery action. The customer will be faced with uncertainty from one month to the next and will be much more likely to accrue Council Tax arrears through no fault of their own.
- 8.7 We are working with other authorities through the Devon Revenues and Benefits Officers Group to look at the best way to align Council Tax Support Scheme rules with Universal Credit. Any changes proposed will need to achieve a fair outcome for customers as well as achieving significant efficiency savings in the administration of the scheme and maximising recovery.
- 8.8 When changes are made to the CTS scheme they will need to work, so far as possible, with the information that comes through from DWP. As Universal Credit rolls out we are looking at exactly what information is received for these cases and how this can be incorporated into a new scheme. It is too early to make any recommendations for changes as a result of Universal Credit, however we hope to be in position to recommend changes for 2020 or 2021.

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

The Council Tax Support scheme supports Exeter's communities and neighbourhoods by helping low income residents afford their Council Tax liability. The Exceptional Hardship policy strengthens this support by ensuring that the scheme rules do not cause inadvertent hardship in individual cases.

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

Maintaining the scheme unchanged for the upcoming year will mean a full year of running a CTS scheme which does not work well with Universal Credit and carries a risk that the collection rate for these customers will be adversely affected. However changing the scheme before we understand the best way to align with UC risks causing far more disruption to current recovery work.

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?

An Equality Impact Assessment accompanies this report. Members are requested to have read this assessment.

12. Are there any other options?

Council can choose to make changes to the scheme from April each year. To comply with the legal requirements highlighted in section 6 above, any changes must be subject to consultation with precepting authorities and the public before implementation.

Bindu Arjoon
Director

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



Council Tax Support

Equality Impact Assessment

October 2018

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Version history

1	June 2013	To accompany new scheme
2	October 2016	Major revision to incorporate proposed changes
3	October 2017	Revised for adopted changes April 2017 and updated caseload demographics
4	October 2018	Updated caseload

Background

Exeter City Council introduced a local Council Tax Support scheme in April 2013 to replace the national Council Tax Benefit. Since then the scheme has been updated annually to reflect changes in benefit rates. More significant changes were made to the working age scheme from April 2017 to help align areas of the scheme with changes in Housing Benefit and Universal Credit.

In preparing this assessment regard has been had to the policy paper issued by DCLG in 2014, *“Localising Support for Council Tax. Vulnerable people – key local authority duties.”*¹

The scheme for pensioners continues to be prescribed nationally with entitlement protected at current levels. No changes are proposed to the working age scheme for 2019/20.

Timescale

Schemes for working age customers must be set each year by a meeting of the full Council. The agreed scheme comes into force on 1 April and must be agreed before 31 January of that year. If changes to the scheme are proposed then a period of public consultation must be held prior to the decision being made.

Financial impact – Exeter City Council & Council Tax preceptors

The grant allocation for Council Tax Support is no longer identified separately; funding is included within the Formula Grant. It is for Billing Authorities to determine their working age schemes and calculate the cost of providing support at the chosen level. In order to make financial savings from the scheme, reductions must be made to the support for working age claimants.

Maintaining support at a higher level means less money is charged to Council Tax payers receiving Council Tax Support. This means less money can be collected to be spent on services by Devon County Council, Exeter City Council, Devon & Cornwall Police and Devon & Somerset Fire & Rescue Service.

Reducing support for low income households increases the amount of Council Tax charged. This only translates into increased income for the authority and preceptors once it has been collected.

Data used in this report

The figures within this report are based on an extract from the Council Tax Support processing system on 16 October 2018. As caseload and expenditure fluctuate throughout the year it is not possible to be certain of the final figures until the end of the financial year.

Not all characteristics are recorded (and therefore available for this analysis) in every individual case; for example a disability characteristic does not always affect the amount of a CTS passported award.

This impact assessment will be reviewed annually when the scheme for the following year is agreed, to ensure that any changes to equality issues within the scheme are addressed effectively. The data used may also change to reflect the caseload fluctuations as stated above.

¹ <https://www.gov.uk/government/collections/localising-council-tax-support>

Financial impact – Claimants

Exeter currently has 4292 Council Tax Support claimants below the age where the pensioner scheme would apply. The locally determined scheme only affects claimants in the working age group.

Age	Cases	% of CTS caseload	Change since 2013
Working age	4392	59%	-18%
Pensioner age	3092	41%	-25%
Total	7484	100%	-21%

Overall caseload numbers have declined steadily since the introduction of Council Tax Support in April 2013. The mix between working age and pension age customers has remained fairly stable throughout.

<i>April 2013</i>	<i>Cases</i>	<i>% of CTS caseload</i>
Working age	5398	57%
Pensioner age	4101	43%
Total	9499	100%

Protection of vulnerable customers

Central Government does not prescribe any specific groups within the working age caseload who must be given particular protection in a local scheme. They do however highlight our existing duties in relation to¹:

- The public sector Equality Duty (The Equality Act 2010)
- The duty to mitigate effects of child poverty (The Child Poverty Act 2010)
- The duty to prevent homelessness (Housing Act 1996 & Homelessness Act 2002)
- The Armed Forces covenant

Additionally Government expect local schemes to support the operation of work incentives in the wider welfare reform agenda.²

Protections in the previous CTB scheme

Council Tax Benefit existed as a national scheme to provide assistance to low-income taxpayers since the introduction of Council Tax in 1993 until April 2013. It was a mature, robust and complex legislative system with protections for vulnerable groups built in. It has been subject to repeated legal challenge ensuring it generally satisfies equality duties.

The structure of the means test ensured that vulnerable groups were recognised and protected. Specifically, this worked in the following ways:

- Personal allowances were increased for families and all additional children
- Additional premiums for disabled household members and carers
- Income disregards for certain disability benefits, child benefit and child maintenance

² *Localising Support for Council Tax. Taking work incentives into account*, DCLG, May 2012

- Earned income disregards; higher rates applied for full time work, disabled workers, certain part-time emergency workers and lone parent workers
- Childcare costs disregarded for workers with children
- Local disregard of War Pension income

Preserving the CTB means test in our local CTS scheme since 2013 has maintained the protections and work incentives that have been refined over many years. At its meeting of 13 December 2016³ Exeter City Council rejected proposals to introduce changes from April 2017 which would have undermined the protections for families with dependent children.

Exceptional Hardship policy

Since the introduction of our local Council Tax Support scheme in April 2013 we have operated an Exceptional Hardship policy. This flexible scheme allows us to provide additional support to vulnerable customers who find themselves unable to afford their liability under the rules of the CTS scheme. An award of Exceptional Hardship can reduce a customer's liability to nil. The policy was revised from April 2017 to ensure it can assist vulnerable customers adversely impacted by changes made to the CTS scheme.

It is a sensible approach to use Exceptional Hardship to deal with complex situations and recognise extra need in individual cases. Inserting legally complex exemptions into the main CTS scheme for groups which are hard to define risks not helping the right people. If clearly defined groups can be identified then a more reasonable approach may be to introduce an exemption into the scheme rules. By reviewing those who are applying for extra help or are identified as struggling to pay we continue to build this picture.

Changes to the scheme from April 2017

A number of changes were made to the scheme for working age customers

Minimum Income Floor (MIF) for self-employed claimants

Minimum Income Floor (MIF) for self-employed claimants	Working age		
	Total	Count (Affected)	Percentage
Affected by MIF	4292	300	7.0%
Dependent children	1773	219	12.4%
Lone parent	1302	120	9.2%
Carers premium	288	5	1.7%
Disability premium, disabled child or Severe Disability Premium	2259	25	1.1%
Carers and disability premiums	395	18	4.6%

From April 2017 a change to the local scheme was introduced for self-employed claimants, mirroring rules already in place in Universal Credit. This assumes a notional income after one year of trading, where affected customers are treated as

³ <https://exeter.gov.uk/council-and-democracy/councillors-and-meetings/meetings-agenda-and-minutes/>

having an income equal to 35 hours work at the National Living Wage (National Minimum Wage for under 25s).

It is possible that parents may find the extra flexibility afforded by running their own business preferable to taking up employment. Similarly those with caring responsibilities or a disability may find self-employment more sustainable than paid work. It is important that the limitations these groups may face in working the assumed number of hours is recognised. This is achieved by the granting of extra help through the Exceptional Hardship scheme where individual circumstances show there is a need.

Additional earnings disregard in Universal Credit

From April 2017 the additional earnings disregard was removed for customers who are working while in receipt of Universal Credit. The disregard is worth up to £3.42 CTS weekly. There are currently 30 Universal Credit customers in receipt of CTS who may have received the additional earnings disregard before the change. The average affected household would have to pay an extra £2.60 weekly towards their Council Tax bill. Once a customer is earning sufficient to not be entitled to Universal Credit, the additional disregard can be applied as currently.

The additional hours disregard is linked to the number of hours a customer works and was tied to the equivalent addition in Working Tax Credit. The disregard / addition does not form part of Universal Credit calculation. When the assessment of earned income is undertaken by the local authority, the number of hours worked is available and relevant to the calculation of Housing Benefit or CTS. For Universal Credit cases the assessment of earnings is undertaken by DWP staff. The basis of this calculation is not always identifiable and is generally based on a past period. Obtaining reliable information on the number of hours worked for the relevant period is not often possible and applying these from a monthly award of Universal Credit to a weekly calculation of CTS results in inconsistent treatment of income and disregards.

Although there is the potential for this change to weaken work incentives, it is considered likely to have a minimal impact against the incentives to increase earning under Universal Credit.

Backdating

The maximum period a claim can be backdated was reduced from six months to one month in April 2017. At the same time a new rule was introduced allowing a new claim for CTS to be linked to the date a first bill was issued. In 2015/16 the reduced backdating period would have affected 24 claims. Backdating is allowed for a number of reasons and can apply to claimants in any of the groups discussed in this impact assessment. The change aligned rules with Housing Benefit. With such low numbers affected any difficult cases can be managed through the Exceptional Hardship policy. In the first 6 months of this change there have been no cases referred for consideration of exceptional help.

Absence outside GB

The period a claimant can be away from their home has been limited to four weeks where this absence is outside Great Britain. No data is recorded on length of absences or destination so it is impossible to say how many people have been affected by this change. It is likely that the effects of this change will be felt more by non UK nationals and those with family outside the country (and therefore a greater need to travel abroad) than those with no links outside the country. It follows that there may therefore be a higher than average impact on minority ethnic groups. No data is held on these characteristics and therefore the scale of this impact cannot be

confirmed. Aligning rules with those already in place in Housing Benefit includes the easements for the deaths of close relatives. The change is likely to affect very few people overall and any difficult cases can be well managed through Exceptional Hardship awards.

Effect of the scheme on particular groups

Primary benefit

Council Tax Support largely retains the means-test calculation from Council Tax Benefit. Entitlement to certain primary benefits, awarded by Department for Work and Pensions, passports the customer through the CTS means test. In these cases, as a full means test is not required, we do not necessarily hold detailed income and household information. Customers will normally be entitled to receive the maximum award of CTS. This may be reduced for other adults living in the property.

Overall more than 67% of CTS customers are in receipt of a primary benefit; this rises to nearly 72% of working age customers. Since the introduction of Universal Credit, new claims for JSA have instead been claims for UC. These customers are not passported to full CTS under the local scheme so are not included in the figures below.

Primary benefit	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Income Support	652	8.7%	652	14.8%	N/A	N/A
Jobseekers Allowance Income Based	282	3.8%	282	6.6%	N/A	N/A
Employment and Support Allowance Income Related	2210	29.5%	2210	51.5%	N/A	N/A
Pension Credit Guarantee Element	1885	25.2%	N/A	N/A	1885	58.1%
Universal Credit	97	1.3%	97	2.2%	N/A	N/A
Standard (no primary benefit)	2358	31.5%	1151	26.9%	1207	37.2%
Total	7484		4392		3092	

Family characteristic

Local Authorities are under a duty to reduce and mitigate the effects of child poverty in their area. The proportion of cases where a child is present in a household subject to the local scheme rules is higher than within the overall CTS caseload. This is to be expected as generally more children in the CTS caseload are resident in working age households than pensioner households and pensioner households are protected by national rules.

Family characteristic	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Single	4871	65.1%	2343	53.3%	2528	81.8%
Couple with no children	874	11.7%	296	6.7%	548	17.7%
Lone parent	1259	16.8%	1257	28.6%	2	0%
Couple with children	480	6.4%	496	11.3%	14	0.5%

Total	7484		4392		3092	
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The means test in CTS ensures that households with children keep more income before their awards are affected than a similar household with no children.

Single parent households

Single parent household	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total working age claimants	Count	% of total pension age claimants
Female	1198	16%	1197	27.3%	1	0%
Male	61	0.8%	60	1.4%	1	0%
Total	1259	16.8%	1257	28.6%	2	0%

As would be expected the proportion of lone parent households subject to the local scheme is higher than the overall caseload of lone parent cases. This is because the majority of lone parent claimants are working age. Female lone parents account for nearly 95% of our lone parent claimants. This group is highlighted in The Fawcett Society briefing paper as being “a group more likely to live below the poverty line”.⁴

It is likely that this group is further disadvantaged in the employment market because of their caring responsibilities dictating the hours & type of work they can reasonably undertake. The added difficulties this group may face increasing their income is taken into account when considering Exceptional Hardship claims.

Single person households

Single person household	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total working age claimants	Count	% of total pension age claimants
Female	2889	38.6%	1119	25.5%	1770	57.2%
Male	1982	26.5%	1224	27.9%	758	24.5%
Total	4871	65.1%	2343	53.3%	2528	81.7%

Single person households may also face a greater challenge increasing their income or managing additional expenditure than households with more members who can contribute. The proportion of single person households subject to the local scheme rules is lower than in the overall CTS population.

⁴ <http://fawcettsociety.org.uk/documents/The%20Impact%20of%20Austerity%20on%20Women%20-%2019th%20March%202012.pdf>

Summary table – family characteristics

Age	Neutral impact - it does not affect	Negative impact - it could disadvantage	Reason
Older people (born before 6 July 1953)	✓		Older people cannot be affected by the local CTS scheme. Their rules continue to be set by Central Government.
Younger people (born from 6 July 1953)		✓	All of the current 4,292 working age claim households are asked to pay more towards their Council Tax under local scheme rules than the national benefit it replaced.
Under 18s	✓		Will not be liable for Council Tax and therefore unaffected.
Single people under 25		✓	The local scheme does not distinguish on claimant age within the working age claimant group. However all working age claimants are expected to pay at least 20% of their liability.
Dependent children in household		✓	The means test allows additional amounts for each child in the household. Households with children are subject to the same minimum payment as all working age households.

Gender

Gender	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Male	2043	27.3%	1284	29.2%	759	24.5%
Female	4087	54.6%	2316	52.7%	1771	57.3%
Couples	1354	18.1%	792	18%	562	18.2%
Total	7484		4392		3092	

No gender group is treated differently by the local scheme. However, as there are relatively more in the caseload, a larger number of single females in Exeter are subject to the locally determined Council Tax Support scheme.

Independent research also highlights the effect that the wider welfare reform changes will have on women:

“The Fawcett Society is extremely concerned about the impact of austerity on women’s equality in the UK. Our analysis - and the conclusions of independent research bodies and academics - has highlighted that the cumulative effect of fiscal measures taken to reduce net public spending will

have a disproportionate effect on women, making many women poorer and less financially autonomous. The knock-on effects of this will be to turn back time on a range of indicators of women's rights and equality.

The Fawcett Society has highlighted that women face a triple jeopardy: women are being hit in three key ways as a result of the deficit-reduction measures:

1. Women are being hit hardest by cuts to public sector jobs, wages and pensions.
2. Women are being hit hardest as the services and benefits they use more are cut.
3. Women will be left 'filling the gaps' as state services are withdrawn.”⁵

The report shows the current position of economic indicators highlighting that equality for women still falls below equivalent measures for men in areas such as full time pay, low paid work, ethnicity & poverty, personal pensions, lone parents and childcare.

Tenure type

Tenure type	All CTS cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Council Tenant	2629	35.1%	1651	37.6%	978	31.6%
Private Rented	3445	46%	2446	55.7%	999	32.3%
Owner Occupier	1410	18.8%	295	6.7%	1115	36.1%
Total	7484		4392		3092	

Tenants in both the private and social sectors may have also seen reductions in the amount of Housing Benefit available to them as a result of other welfare reforms. This includes the social sector size restriction, household benefit cap (reduced further from November 2016), freezes to Local Housing Allowance (LHA) rates. Still to come are the restriction of new social tenancies to the LHA rate and the replacement of Housing Benefit with Universal Credit Housing Costs. These households could therefore face multiple pressures on their budgets. 93% of those subject to local scheme rules also have a rent liability. This compares to 81% of the total CTS caseload as proportionally more pensioner CTS claimants own their home.

Disabilities and carers

Within the means test in CTS extra amounts are given for disabilities or caring responsibilities of a household member. This recognises the extra expense that can be involved in these circumstances. The scheme also operates a number of disregards where the extra benefits paid for disability are not taken into account in the means test.

Awards of the extra amounts in the CTS calculation (referred to as “premiums”) is based on set criteria and is often tied to receipt of a qualifying benefit. Figures below include households receiving any of the following premiums:

- Disability Premium
- Enhanced Disability Premium
- Severe Disability Premium

⁵<http://fawcettsociety.org.uk/documents/The%20Impact%20of%20Austerity%20on%20Women%20-%2019th%20March%202012.pdf>

- Disabled Child Premium
- Carers Premium

In cases where the household receives a passported benefit (Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance, Guarantee Pension Credit) we do not necessarily hold information on disability or carer status. The figures below should therefore be taken to indicate “at least” this many households.

More than one of the disability premiums can be awarded to the same household where applicable. The tables below also highlight households receiving one or more of the Disability Premium and the Carers Premium together. These households are also included in the appropriate Disability premiums or Carers Premium figures.

Disability premiums

Disability premiums	All CTS cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total with a disability premium	Count	% of total with a disability premium
Couple	507	24.8%	466	58.8%	41	5.4%
Female	1432	35%	1007	43.5%	425	24%
Male	916	44.8%	728	56.7%	188	24.8%
Total	2855	38.1%	2201	50.1%	654	21.2%

Carers

Carers	All CTB cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total carers	Count	% of total carers
Couple	450	33.2%	313	39.5%	137	24.3%
Female	255	6.2%	229	9.9%	26	1.5%
Male	42	2%	36	2.8%	6	0.8%
Total	747	9.9%	512	11.7%	169	5.5%

Disability and carer premiums

Disability and carer premiums	All CTB cases		Working age		Pensioner	
	Count	% of CTS claimants	Count	% of total with	Count	% of total with
Couple	311	15.2%	290	36.6%	21	3.7%
Female	141	3.4%	134	5.8%	7	0.4%
Male	16	0.8%	15	1.2%	1	0%
Total	468	6.3%	439	10%	29	1%

Summary table - disabilities

	Neutral impact - it will not affect	Negative impact - it could affect	Reason
Physical		✓	Ability to travel to make payments. Potentially less able to use online or telephone methods for payment and advice. Potential inability to increase income.
Sensory		✓	Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.
Learning		✓	Ability to access and understand information advising of the charge. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.
Mental health		✓	Ability to access and understand initial information advising of the charge. Potential difficulties accessing Council in person or by online / telephony routes for payments and advice. Potential inability to increase income.

Work status

Work status	All CTB cases		Working age		Pensioner	
	Count	%	Count	%	Count	%
Working	837	11.2%	802	18.3%	35	1.1%
Not working	6647	88.8%	3590	81.7%	3057	98.9%
Total	7484		4392		3092	

Local schemes are expected not to discourage claimants from taking up employment or increasing hours of work. A higher proportion of households subject to the local scheme rules are in work compared to the overall CTS population. This is to be expected if most working households are in the working age population rather than the pension age population (who are protected by national rules).

Other protected characteristics

ECC Benefits Service do not hold data for race, sexual orientation, religion or belief. The scheme is designed to treat all claimants equally based on their household and financial circumstances without discrimination. As we do not hold data on characteristics which are not relevant to the calculation of support, it is impossible to say whether scheme rules may unintentionally have disproportionate impacts on these groups.

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REPORT TO: CORPORATE SERVICES SCRUTINY COMMITTEE

Date of Meeting: 22 NOVEMBER 2018

REPORT TO: EXECUTIVE

Date of Meeting: 11 DECEMBER 2018

REPORT TO: COUNCIL

Date of Meeting: 18 DECEMBER 2018

Report of: Bindu Arjoon - Director
Title: Council Tax Long Term Empty Premium 2019/20

Is this a Key Decision?

No

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

Is this an Executive or Council Function?

Council

1. What is the report about?

This report is presented to seek members' views on the Government proposal to allow Local Authorities to increase the Council Tax Long-Term Empty Premium from a maximum of 50% to a maximum of 100%. This will affect properties that have been empty for 2 or more years.

2. Recommendations:

- 2.1 That Corporate Services Scrutiny supports the adoption of the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.
- 2.2 That Executive supports the adoption of the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.
- 2.3 That Council adopts the increase in the Council Tax Long-Term Empty Premium from 50% to 100% from the 1 April 2019 assuming the relevant primary legislation is in place.

3. Reasons for the recommendation:

- 3.1 The Council is committed to reducing the number of empty homes. The 100% premium could be an important tool in achieving this aim. Although the increase in income to the Council through increasing the premium from 50% to 100%, would be negligible (< £5,000), the focus of this initiative is to encourage owners of empty homes to bring their properties back into use.
- 3.2 There are currently just over 200,000 long-term empty dwellings in England, compared to 300,000 in 2010. The number has reduced since 2013, when councils were given

powers to charge a 50% premium, indicating that applying a premium has been a successful incentive in tackling empty homes.

- 3.3 Through the New Homes Bonus scheme introduced in 2011, the Council can earn the same financial reward for bringing an empty home back into use as for building a new one. Therefore this initiative could assist in attracting more New Homes Bonus if it is successful in bringing more empty homes back into use.

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

Any increase to the premium could generate additional correspondence and telephone calls from those customers affected. However, it is expected that this work would be absorbed within the general work of the Council Tax Section. Capita, the software providers for the Council Tax System, will carry out the required changes to allow the increased premium to be applied. The increase in income to the Council, should a 100% premium be agreed, will be approximately £4,230.

5. Section 151 Officer comments:

The proposal is noted, although the financial benefit to the Council is small. Clearly there are other non-financial benefits to this proposal, which raises no issues of concern for the section 151 Officer.

6. What are the legal aspects?

The administration and collection of Council Tax is a statutory function of the Council. The level of premium available to local authorities is set down in primary legislation and can be changed only through primary legislation. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill was introduced on 28 March 2018 and is currently making its way through Parliament and will enable this change. Clause 2 of the Bill makes amendments to section 11B of the Local Government Finance Act 1992. Subsection (2) specifies that the change will take effect from 1 April 2019.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer

8. Report details:

- 8.1 Since 1 April 2013, local authorities in England have been able to charge a premium of up to 50% on long-term empty properties, which are defined as properties which have been unoccupied and substantially unfurnished for over two years. The premium is in addition to the usual council tax charge that applies to the property.

- 8.2 In the 2017 Autumn Budget, the Government promised to legislate to give local authorities the power to charge a premium up to 100% on long-term empty properties, and the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill is the result of this promise. The Bill increases the premium's maximum level to 100%, however decisions on whether to apply a premium, and the exact rates to be charged, will remain a matter for individual local authorities, taking into account local circumstances, such as the number of empty properties and housing supply and demand.

- 8.3 The drivers behind the Bill are:
1. There are currently more than 200,000 properties standing empty in England.
 2. Empty properties attract squatters, vandalism and anti-social behaviour; can be a blight on the local community; and can affect the value of the properties around them.
 3. When 1.6 million households are on social housing waiting lists, long-term empty properties are a wasted resource.
- 8.4 Recognising that a one-size-fits-all approach is inappropriate, given that different areas will have different housing needs and different numbers of long-term empty homes, the Government's intention is to keep the premium as a discretionary discount, allowing local authorities to decide whether it is appropriate for their areas, and what level of premium should be charged.
- 8.5 Doubling the amount of the premium will allow local authorities to strengthen the incentive for owners of empty homes to bring them back into use. However guidance published in 2013, reminds local authorities to take into account the reasons why a property is empty, making clear that the premium should not be used to penalise owners of homes that are genuinely on the market for rent or sale.
- 8.6 The Government do not propose to change the qualifying period of two years believing it strikes a balance between providing a strong incentive for bringing empty homes back into use, and giving home-owners sufficient opportunity to sell or rent out their properties, or to complete any major renovations that might be required.
- 8.7 The Council Tax system provides statutory exemptions for properties left empty for a specific purpose such as when a person goes into care. Local Authorities also have powers to apply discretionary discounts in cases where homes are empty due to special circumstances such as fire, flooding or hardship. By law, the premium cannot apply to homes that are empty due to the occupant being in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. Members may wish to consider whether there are other circumstances in which they would not wish to levy the premium.
- 8.8 When the premium was first introduced in April 2013, the Council had 223 long term empty properties and of these 61 had been empty for more than 2 years. There are currently 71 properties that are subject to the 50% Premium for being empty for more than 2 years:

Band A - 21
Band B - 26
Band C - 13
Band D - 3
Band E - 2
Band F - 3
Band G - 1
Band H - 2

As the Council's share of Council Tax income is only 8.56%, the increase in income to the Council, should a 100% premium be agreed, will be approximately £4,230.

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

Through contributing to building great neighbourhoods. This initiative could assist in achieving the goal of a home for every resident. It also contributes to the Empty Homes Strategy of bringing back into use long-term empty properties.

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

The Bill will not bring any additional properties within scope of a long-term empty homes premium. The only change is that these properties could be subject to a premium of up to 100% rather than 50%. The qualifying period remains at two years.

Only 71 properties are currently subject to a Long-Term Empty Premium. It could reasonably be expected that some of those owners affected by the increase would contact the Council because of potential financial issues in paying the Council Tax due. However, this could be an opportunity to engage with them regarding how the property could be brought back into use.

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

The intention of raising the premium that can be applied to long-term empty homes, is to bring more empty homes back into use, which will have a positive impact on community safety and the environment.

12. Are there any other options?

As the decision on whether to apply a premium, and the exact rates to be charged, is for the Council to decide, the Long Term Empty Premium could remain at 50% or be applied at a different rate up to a maximum of 100%.

Bindu Arjoon
Director

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

Background papers used in compiling this report:-

None

Contact for enquires:
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