

EXECUTIVE

Date: Tuesday 30 November 2021
Time: 5.30 pm
Venue: Guildhall, High Street, Exeter

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

Due to the current social distancing restrictions brought about by the Corona Virus outbreak, any members of the public wishing to attend the meeting, please contact the [Democratic Services Team](#) in advance as there is limited capacity for public attendance. Priority will be given to those addressing the Committee under the public speaking provisions.

The recording of the meeting will be uploaded onto YouTube the following day.

If you have an enquiry regarding any items on this agenda, please contact Mark Devin, Democratic Services Officer on 01392 265477.

Membership -

Councillors Bialyk (Chair), Wright (Deputy Chair), Foale, Ghusain, Harvey, Morse, Sutton, Williams and Wood

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 2 November 2021.

(Pages 5 -
8)

3 **Declarations of Interest**

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

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

It is considered that the Committee would be unlikely to exclude the press and public during consideration of any of the items on the agenda, but if it should wish to do so, the following resolution should be passed:-

RECOMMENDED 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 particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1, Schedule 12A of the Act.

5 Questions from the Public Under Standing order No. 19

To receive questions relating to items on the Agenda from members of the public and responses thereto.

Details of questions should be notified to the Corporate Manager Democratic and Civic Support by 10.00am at least three working days prior to the meeting. Further information about speaking at a committee can be found here: [Speaking at a Committee](#)

6 Changes to the role of the Chief Executive & Growth Director and Strategic Management Board

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

(Pages 9 - 24)

7 The Exeter Article 4 Direction: Houses in multiple occupancy. Response to a recent petition

To consider the report of the Deputy Chief Executive.

(Pages 25 - 42)

8 Overview of General Fund Revenue Budget 2021/22 - Quarter 2

To consider the report of the Director Finance.

(Pages 43 - 62)

9 2021/22 General Fund Capital Monitoring Statement - Quarter 2

To consider the report of the Director Finance.

(Pages 63 - 82)

10 2021/22 HRA Budget Monitoring Report - Quarter 2

To consider the report of the Director Finance.

(Pages 83 - 106)

11 Treasury Management 2021/22 Half Year Update

To consider the report of the Director Finance.

(Pages 107 - 116)

12 Updates to procurement and contract procedures

To consider the report of the Director Finance.

(Pages
117 - 154)

13 **Members Allowances 2022/23**

To consider the report of the Independent Remuneration Panel.

(Pages
155 - 168)

Date of Next Meeting

The next scheduled meeting of the Executive will be held on **Tuesday 11 January 2022** at 5.30 pm in the Guildhall.

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](#). This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on (01392) 265477 for further information.

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EXECUTIVE

Tuesday 2 November 2021

Present:

Councillor Bialyk (Chair)

Councillors Wright, Foale, Ghusain, Harvey, Morse, Sutton, Williams and Wood

Apologies:

Councillors Leader and K. Mitchell (as opposition group Leaders)

In attendance:

Councillor D. Moore (as an opposition group Leader)

Also present:

Chief Executive & Growth Director, Corporate Manager – Executive Support, Service Lead Legal Services, Service Lead - Environmental Health & Community Safety and Democratic Services Officer (MD)

103

MINUTES

The minutes of the meeting held on 5 October 2021, were taken as read, approved and signed by the Chair as a correct record.

104

DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interests were made.

105

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER NO. 19

A member of the public, Mr Cleasby submitted the following question, related to Minute No. 106:-

- Does the Council agree that taking a more consistently open approach to disclosing information, such as a clear default position in favour of publication, would reduce the costs of the Council complying with the legislation?

The Council Leader responded that under its publication scheme and commitment to openness and transparency, the Council already openly disclosed a significant amount of information, which included more than 1,200 pages on its website. This was in addition to more than ten datasets, such as contracts, grants and expenditure over £500 that were published regularly under the Transparency Code. The costs of preparing that information, included redacting personal and commercially-sensitive information, were already significant and fixed.

The Council Leader explained that the Council held an existing commitment to openness and transparency, and that any information that was not published could be requested, and that the Council abided by the Information Commissioner's presumption in favour of disclosure. It was often the case that information requested under the Freedom of Information Act was not routinely published as it needed to be retrieved from various information systems and often in liaison with external parties.

Officers were then required to review the information to redact information that the Council was entitled to withhold on the basis of personal, commercially-sensitive, or legally-privileged exemptions. It was in the interest of the Council, its partners, residents and taxpayers to ensure that the Council did not breach other legislation,

such as the Data Protection Act 2018. There was a cost to that processing, regardless of when the information was published or the default position and the report presented at the meeting outlined what work was being undertaken to reduce the burden.

Mr Cleasby on putting a supplementary question enquired, whether the Council Leader would agree, that because the Council performance to information request responses was not 100%, would a change to the culture of openness and transparency with additional staff training, improve the response rate for requests for information?

The Council Leader responded that he was not in agreement.

106

REQUESTS FOR INFORMATION

The Executive received the report which provided an update on the available options for accessing Council held information, including the use of the Freedom of Information Act. The report provided a summary of the number and type of information requests received by the Council over the last three years, and how the requests were managed and their resource implications.

Councillor D. Moore, as an opposition leader, enquired on whether the Council would consider publishing Freedom of Information requests on the Council website, in a similar way to Devon County Council.

The Corporate Manager Executive Support explained that, although it was possible to publish a register of information requests, there would need to be a justification and evidence supporting a demand for a public register. Each information request required a tailored response, so the Council would have to address the benefit of publishing each request against available resources.

The Leader noted that the report had been brought to Members to raise awareness of the number of requests received, and their respective cost and resource implications.

Members welcomed the report and noted that there had been an increase in the number of Freedom of Information requests received and further noted that details reported in Council papers and minutes were already of a high transparency level. Residents could also contact Councillors, which could help alleviate the number of requests received and support officer time and resources.

RECOMMENDED that Council note the report.

107

THE EXETER ARTICLE 4 DIRECTION: HOUSES IN MULTIPLE OCCUPANCY - RESPONSE TO PETITION

RESOLVED that the item be deferred.

108

DRAFT STATEMENT OF GAMBLING POLICY 2021-2023

The Executive received the report on the Statement of Gambling Policy, which had a legal requirement to be reviewed every three years. The proposed updated Gambling Act 2005 Statement of Licensing Policy had been presented to the Licensing Committee at the meeting held on 14th September 2021 to agree sharing

the draft policy with the statutory consultees. A consultation for representations had been undertaken between 20 September and 20 October 2021. The Licensing Committee had considered the report at its meeting on 26 October 2021 and supported its adoption.

Particular reference was made to there being no national changes made to the policy, with the only changes being minor administrative amendments.

Members welcomed the report and noted that the policy allowed the Council to make its own requirements for gambling matters for the city.

RECOMMENDED that Council approves and adopts the updated Gambling Act 2005 Statement of Licensing Policy.

109

PROPOSED CONSULTATION ON VARYING THE PUBLIC SPACES PROTECTION ORDER

The Executive received the report which sought approval to commence a consultation on the draft proposals for amending the dispersal powers in Prohibition E of the Public Spaces Protection Order (PSPO), to address a continuance of certain anti-social behaviour in the city in recent years. Currently the PSPO could only disperse a group of two or more people for a maximum of six hours. The consultation would seek the views of residents to change the dispersal powers to include any individual for up to 24 hours.

The consultation period would run between 2 November and 31 December 2021 and a report would be presented to the Executive on 8 February 2022 and Council on 22 February 2022, ahead of the PSPO expiry date of 20 June 2022.

Councillor D. Moore, as an opposition leader, enquired for clarification, that the potential risks highlighted in the Equality Impact Assessment (EQIA), for those with mental health issues and homeless residents would be addressed and that there would be supplementary guidance provided for officers.

In response to the enquiry, the Service Lead – Environmental Health and Community Safety explained that guidance would be issued and reviewed

During the discussion, the following points were raised:-

- the eight week consultation period would allow appropriate time for the public to contribute to the consultation and address any concerns; and
- the consultation would be a proactive approach, which would be welcomed by residents who felt a sense of discomfort from antisocial behaviour.

RESOLVED that the Executive note and approve:-

- (1) the contents of the proposed variation of Prohibition E as detailed in Appendix A of the report;
- (2) a consultation to take place between 2 November and 31 December 2021, to obtain the views of the public and other stakeholders; and
- (3) a report to be presented to the Executive on 8 February 2022 and Council on 22 February 2022, with recommendations on whether to amend or seek continuance of the current Public Spaces Protection Order.

**REPRESENTATION AT COURT: SECTIONS 222 AND 223 LOCAL
GOVERNMENT ACT 1972**

The Service Lead Legal Services requested Member approval to authorise Chris Garlick and Max Murphy to represent the Council at the County and Magistrates' Courts. The two apprentices had joined the Council in 2015 and 2017 respectively, and had worked hard throughout their development as Apprentice Solicitors. Approval of the recommendations would provide them with the opportunity to further develop their legal skills in the Courts.

Members welcomed the recommendations, to enable the apprentice Solicitors to represent the Council on Court and noted that the apprenticeship scheme offered by the Council was continuing to provide opportunities for young people to develop their careers.

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

- Chris Garlick - Apprentice Solicitor; and
- Max Murphy - Apprentice Solicitor.

(The meeting commenced at 5.30 pm and closed at 5.58 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 14 December 2021.

REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Leader of the Council

Title: Changes to the role of the Chief Executive & Growth Director and Strategic Management Board

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

This report seeks Members' agreement to deploy senior capacity to the leadership of the Net Zero Exeter 2030 Plan with the proposal that Chief Executive & Growth Director lead Exeter City Futures CIC for two days a week and is supported in this role by the Director for Transformation working up to three days a week. This would be for a 12 month period. The report also captures changes in reporting lines for Strategic Management Board as directors support work on strategic priorities including responding to the Medium Term Financial Plan.

2. Recommendations:

That Executive recommends and Council approves:

- (1) that the Chief Executive & Growth Director be seconded for two days per week to head up the work of Exeter City Futures CIC in support of the Net Zero Exeter 2030 Plan, commencing on 2 January 2022;
- (2) that the Director of Transformation be seconded for up to three days per week to Exeter City Futures, to design and lead the programme of change in support of the Net Zero Exeter 2030 goal, commencing on 2 January 2022; and
- (3) that the arrangements will be reviewed in twelve months;
- (4) that, in addition to the work currently being undertaken to establish the carbon base line position of the City Council estate and operations, work be commissioned to establish a carbon budget for the city of Exeter which will show the base line position for the city, the various sectors within the city contributing to carbon emissions, together with the required targets to achieve Net Zero and the implications for carbon emissions in pursuing proposals set out in the Net Zero Plan. This will help the City Council and its partners understand the impact of pursuing a course of action and the scale of change required to achieve Net Zero Exeter.

(5) Members to note changes in reporting lines for members of SMB; and

(6) that Strata Service Solutions Ltd be requested to consider the amendment to its constitution so as to allow for the officer representation on its Joint Executive Committee to be the Chief Executive or his nominee of the three constituent authorities (rather than the Chief Executive)

3. Reasons for the recommendation:

3.1 Council declared a climate emergency and gave a commitment to make Exeter carbon neutral by 2030 before knowing how to achieve the goal; members therefore defined what mattered but not how it would be achieved. The Net Zero Exeter 2030 Plan answers the question of how, and this pointed to the costs and scale of the task in getting to Net Zero. However, given the immediate financial challenge caused by Covid-19 Members pragmatically took a staged approach to the question of responding to the Plan.

3.2 The first step was to endorse the Plan, and to commend it to other stakeholders in the city, inviting all organisations to consider the role they can play in realising this goal. The Liveable Exeter Place Board was requested to consider the Plan with a view to adopting it as the blueprint to achieving the Exeter Vision 2040 with its commitment to a Net Zero Exeter by 2030. This was done and the Place Board weaved the commitment to Net Zero throughout the Build Back Better Recovery Plan.

3.3 For the second step, Members accepted that they would consider the implications for the Council's finances, resourcing, structures and reporting mechanisms within the Council to deliver the actions set out in the Plan.

3.4 This report sets out proposals for supporting and leading the work in the city to deliver the necessary transformation captured in the Net Zero Exeter 2030 Plan. The proposal is for the Chief Executive and Growth Director to lead the work of Exeter City Futures CIC (ECF) in pursuance of the Net Zero goal in a shared role alongside CEO of the City Council; and for the Director of Transformation to support and work with the CEO on city-wide transformation in respect of Net Zero and in identifying and responding to some of the challenges we face in meeting the goal.

3.5 Many Councils have shared their Chief Executive, close to home Councils such as South Hams and West Devon, Taunton Dean and North Somerset, and in the past East Devon & South Somerset, have had shared CEO arrangements.

3.6 Rather than sharing the CEO with another Council, the proposal is that the CEO lead the work which involves a number of the Council's strategic partners represented on the Exeter City Futures CIC Board, namely: Devon County Council, the University of Exeter, Exeter College and the RD&E. ECF is a mature vehicle for addressing challenges facing the city of Exeter and the City Council has in the past funded the Programme Director to lead this work on behalf of the partners.

3.7 Net Zero Exeter 2030 is one of the Council's key strategic priorities. The Council has declared a Climate Emergency and a degree of urgency needs to be injected into the work in support of this agenda. The City Council cannot achieve a Net Zero Exeter on its own, the Plan requires the support of partner organisations and a shared endeavour. Exeter City Futures CIC was set up by partner organisations in support of the city's vision

to be a leading global city in addressing the challenges of climate change. The Net Zero programme and the role expected of Exeter City Futures requires a variety of skills associated with private and public sector partnerships. At this early stage in the programme there is definitely a challenge around leadership, the tasks associated with building the programme of delivery requires skills that are typically expected of leaders in the public sector working on strategic issues that require system architecture, municipal entrepreneurial activity, and soft and hard skills associated with project management, collaborative skills and building a campaign. The CEO & the Director of Transformation have a good grounding in the specific issues facing the city in addressing the challenge of Net Zero and enjoy positive relationships with the city's institutions and business networks which gives confidence that the city can accelerate progress and gain traction with the Net Zero plan.

3.8 A number of Council officers work on aspects of the plan in their day to day duties, these include officers working on: the Council's energy needs, requirements through the planning system, retrofit housing programmes, skills, building energy networks, recycling and waste initiatives, encouraging active life styles, cycling provision, air pollution and community infrastructure. A one off pot of funding has been identified to support the City Council's own contribution to the Net Zero agenda. The Net Zero team under Dave Bartram, Director, is focused on the City Council's carbon emissions.

3.9 The work supporting Exeter's Net Zero ambition needs a different approach, one that recognises the carbon emissions of the city require a raft of initiatives set out in the Net Zero Plan, and that no single organisation can solve the problem on its own. There are a handful of key institutions in the city that can make a significant impact on the transformational agenda to get to Net Zero. A number of these key institutions sit on the board of the Exeter City Futures CIC: the University of Exeter, Exeter College, Devon County Council, the RD&E, Oxygen House and the City Council.

3.10 Exeter City Futures produced the Net Zero Plan and has been working consistently in support of the Net Zero Agenda, however it is clear that the team is in need of additional support from the partner organisations to make progress in line with the Plan. As a community interest company CIC it provides a vehicle for the partner organisations to take joint actions on behalf of the city of Exeter.

3.11 The Plan and the major work streams captures the level of investment required to achieve a net zero Exeter, it states it could require £750m to £1bn to achieve the goal. Such a programme is unlikely to be funded through conventional approaches, certainly not at the pace that is required. The City will need to explore options to secure investment to deliver at scale. The City Council has shown a willingness to innovate and pilot projects, our anchor institutions such as the University of Exeter and the RD&E have also shown a willingness to innovate in pursuit of Net Zero Exeter. The Civic University Agreement makes it explicit that Innovation and Net Zero is a strategic priority for the university. It is imperative therefore that the City Council capitalise on this intent with clear leadership in furthering this agenda at pace.

3.12 In the original report on Net Zero Exeter the Chief Executive sought, and was given, authority to begin exploring opportunities to bring investment to support the city in this

ambitious programme. This remains the task but requires a wider remit beyond the city Council.

3.13 Hitherto the City Council funded the secondment of the MD for ECF, that funding came to an end in 2021. There has been a recognition from the partner organisation that something different has to happen to give momentum and confidence to the programme. It is easier to redirect the CIC and to give it momentum than to start again.

3.14 The City Council has limited capacity or funding to support the Net Zero agenda, and against the background of the MTFP the Council needs to be creative in solving what is a significant challenge. Net Zero is one of the three outward facing Council priorities, but the Council has a modest budget and therefore relies on innovation, bidding for pots of funding and partnership work to make progress. In the absence of an obvious alternative for leading the city wide programme, the Leader and CEO have explored the idea of the CEO stepping in and leading the Exeter City Futures team to give impetus to the Net Zero Plan. The Director of Transformation has the required skills to design systems architecture of the type required in bringing lots of organisations together in pursuit of a shared purpose. The work in support of Wellbeing Exeter and the Sport England local delivery pilot demonstrate leadership in moving from purposeful goals such as supporting wellbeing and health outcomes and designing processes and change programmes to outcomes that realise those goals.

3.15 Both the CEO and Director Transformation have built up an extensive network in both the public and private sector as well as the community and voluntary sector. Both are able to reach into the city's organisations to support our shared agenda.

3.16 There are a number of priority actions identified in the Net Zero Exeter plan 2030, such as:

1. 100% of electricity consumed by the city shall be generated from clean sources. (2.1);
2. Exeter shall be engaged in multi-authority strategic planning to exploit the maximum potential for renewable generation (solar, wind, geothermal). (2.2);
3. All domestic homes in Exeter shall achieve energy performance ratings of C+ following completion of a widespread programme of retrofit to reduce energy demand and costs. (3.3);
4. A programme of domestic retrofit to the highest efficiency standards has been delivered across Council owned properties using programme such as EnergieSprong (or equivalent). (3.5);
5. A network of work and healthcare hubs shall exist in Exeter's travel-to-work area contributing to a reduction in the need to travel into the city for work or health.(5.8);
6. Exeter's bus network shall comprise only Ultra Low Emission Vehicle (ULEV) Buses and use non-fossil fuels. (7.1);
7. All public sector fleet vehicles in Exeter shall be ULEV / non-fossil fuel.(7.2);
8. Exeter's taxi fleet and private hire fleet shall be in the ULEV category / non-fossil fuel. (7.3);
9. All private cars in Exeter shall be in the ULEV category. (7.4); and
10. Exeter shall have a comprehensive network of electric vehicle charging points (including on-street) which supports transition to electric vehicles, with priority for shared vehicles. (7.5)

These are the type of targeted actions that will form the focus of the work of the CEO and Director of Transformation over the next 12 months.

3.17 Some will return a bigger carbon saving than others, and the costs to achieve the goals will vary markedly. Other organisations sitting on the board of ECF may take responsibility for some of these actions as there may be a natural fit with their work, but part of the job will be to explore these matters. Clearly there is a natural fit for the City Council to lead on the retrofit programmes, but the key issue is the scale of the endeavour requires a coalition of partners in pursuit of the goal and this will require innovation, partnership working and a broad range of technical, commercial and policy considerations.

3.18 The Devon Carbon Plan is making good progress and the corporate world is making strides with firms signing up to Environmental, Social and Corporate Governance goals. The organisations working together on the Liveable Exeter Place Board have signed up to the Vision to make Exeter Net Zero 2030. There is therefore a willingness to support the goal and a spirit of collaboration for the work ahead.

3.19 Members will be aware that funding was established to help progress the Net Zero agenda and we began by focusing on the Council's own carbon emissions. The Net Zero team is working with the South West Energy and Environment Group (SWEEG) managed by the Centre for Energy and the Environment at the University of Exeter. The report that has been commissioned will determine the City Council's carbon output and an action plan developed to reduce the City Council's carbon output. This report will be the City Council's own Net Zero Plan and build on work already completed by the Corporate Energy Team to understand our baseline carbon output. In a similar fashion it is important that we establish a baseline carbon position for the City of Exeter as a whole. This will need to address all the sectors in the city contributing to carbon emissions. This work will enable Exeter City Futures and the City Council to understand how progress is being made at city level, the contribution specific programmes and actions can make to reduce carbon emissions. This will be important in assisting decision makers on policy matters and informing businesses and the community on progress. Clearly it will be important that members can assess performance and effectiveness of initiatives. It will be important that all the key partners supporting Exeter City Futures and the Goal of Net Zero think about how resources can be identified to produce annual reports on progress and enable city wide conversations at the Liveable Exeter Place Board and beyond regarding progress in delivering the Exeter 2040 Vision and the commitment to a Net Zero Exeter 2030.

Matters for members to note regarding the Strategic Management Board

3.20 Members will be aware that the Interim Deputy Chief Executive is leading the internal transformation of the organisation to meet the demands of the MTFP in a programme we have called One Exeter. To support her in the leadership of this programme the reporting lines of the Director of Finance, the Director Corporate Services and the Corporate Manager for Executive Support will be changed to report to the Interim Deputy CEO. The arrangements for the Interim Deputy Chief Executive will be aligned to match the changes with the CEO role so that both roles extend to the end of 2022. During this time work will continue on addressing the challenge of the medium term financial plan and this will inform a raft of issues associated with the design of services and the

structure of the organisation. The Deputy CEO is leading on this work with the support of a Programme Steering Group and the Operational Management Board. The Deputy CEO will retain line management of Council Housing & Development Services, Housing Needs and Homelessness and Customer Access. The interim arrangements whereby the Programme manager for the One Exeter Programme reports to the Deputy CEO will continue. The line management of the Service Lead HR is shared on an interim basis between the Director Corporate Services and the Deputy CEO. This work underpins the Council corporate priorities of Delivering Value for Money Services and A Well Run Council.

3.21 The Liveable Exeter programme was led by the Project Director. He recently left to join Mid Devon as Director of Place. Liveable Exeter is a key corporate priority for the City Council and it underpins the Net Zero Plan and the other Council priorities of Building Great Neighbourhoods and Active Lifestyles. The Liveable Exeter programme is presently being worked into the preparation of the new local plan. The integration of the Liveable Exeter programme and the Planning Service is therefore urgent and necessary. Therefore instead of recruiting to a like for like post as Project Director the Council will be recruiting a Director of Planning and Development and this will ensure the integration of the Liveable Exeter programme into the main stream city development service and reflect its significance to the strategic direction of the City Council. The new Director will report into the CEO and Growth Director.

3.22 The task of the new Director will be to assemble the team to progress the programme and the Local Plan, as well as support the Liveable Exeter Place Board's work in realising the Exeter 2040 Vision.

3.23 Funding is already in place for addressing some of the capacity issues associated with the Liveable Exeter programme, and members may recall that authority was already given to recruit a number of roles to the team. Members have also earmarked a reserve to fund support for the Council's work with property and Exeter City Living. Members will be familiar with a number of proposed property transactions, a large part of the Liveable Exeter programme requires the City Council to proactively support assembling land and unlock constraints in bringing forward sites. Getting ahead of the programme in terms of land assembly is a necessary requirement to demonstrate the strategy is sound. To assist this task the City Surveyor will now in relation to the programme report directly to the CEO and will work closely with him on all aspects of development including support to him as the shareholder representative to Exeter City Living. The City Surveyor will still formally line report to the Director of Finance, albeit in practice he will work day to day with the CEO on these strategic priorities.

3.24 The CEO is presently acting as temporary director lead of the Sport England Local Delivery Pilot. This work relates to the Council's key corporate priority to support Wellbeing and Active Lifestyles. From the 2nd January 2022 this work will be led by Jon Paul Hedge, Director. This will allow the Director for Culture & Leisure Services to address the leisure estate, and activities within our facilities, alongside the work we do to support physical activity in our communities and in public spaces. This is an exciting opportunity to redefine movement and to be innovative in the ways we support our residents get active. This will be alongside the existing responsibility for culture, tourism, marketing and comms.

3.25 Other changes that will be made in support of this report relate to the Director of Transformation role. Currently the Director of Finance sits as the Council's director on the Strata Board, from the 2nd January the Director of Transformation will now be the city Council director on the Strata Board, and she will also replace the Director of Culture & Leisure Services on the Board of the Exeter Science Park. This will address capacity issues for directors and will bring different skills to the board of each company and help both companies in their next phase of the journey they are on. The Interim Deputy CEO will replace the CEO in supporting the Strata Joint Executive Committee. This latter point would be subject to approval by Strata Service Solutions Ltd for this, as it would need a change to its current constitution which stipulates that officer representation on the JEC is restricted to the Chief Executive of the three constituent authorities. .

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

4.1 The recommendations and decisions that have been taken are met from existing budgets. There are two earmarked reserves to support both work on Net Zero and Liveable Exeter. In addition Homes England and MHCLG have provided capacity funding for elements of the Liveable Exeter Programme. The fundamental premise of the approach that is being recommended is that the City Council by working with other institutions can bring greater resources to the shared goal of a net zero city than otherwise could be found from within the City Council. Retrofit is a good example of how a city wide approach may bring greater benefits in terms of investment, procurement advantages, supply chain and labour/skills development benefits.

5. Section 151 Officer comments:

5.1 Whilst there is a small financial implication from extending the role of the interim Deputy Chief Executive, it is considered that this can be funded from existing earmarked reserves. The Council set aside £1 million to support the Net Zero agenda, which will enable the Council to direct resources as it requires.

6. What are the legal aspects?

The Council is required to have a robust officer structure to support and provide resilience to the functions of the authority. The arrangements detailed in this report ensure that this capacity is maintained

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer, other than that detailed in recommendation 6 pertaining to the arrangements for Exeter City Council representation on the Strata Joint Executive Committee

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

The City Council's Corporate Strategy has 5 priorities:

- Delivering Net Zero Exeter 2030;
- Promoting Active & healthy lifestyles;
- Building Great Neighbourhoods;
- Providing Value for Money Services; and

- Leading A Well-Run Council.

This report and its recommendations are principally designed to progress the Net Zero Exeter Plan, but have implications across all corporate strategies.

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

9.1 The key risk associated with this report is the impact on the City Council in losing the capacity of two key members of the Strategic Management Board for significant periods of time while they head up this programme of work. Steps have been taken to minimise the impact, the Interim Deputy Chief Executive is now leading on the City Council's internal transformation programme called One Exeter designed to meet the challenge of the medium term financial plan. This will ultimately look at the design of the structure of the Council on the basis that the Council will no longer look the same when the financial gap of £7m has been addressed. The Director of Finance and Director Corporate Services, plus the Corporate Manager for Executive Support will now report into the Interim Deputy Chief Executive. This helps with progressing the One Exeter programme and removes direct reports to the CEO. All officers are working in a fashion that reflects the challenges we are facing and understanding that the organisation will invariably look different as a consequence of the work involved in One Exeter. The recommendations of this report make it explicit that the arrangements will be reviewed in 12 months.

9.2 More generally with the Net Zero agenda that this report is designed to address, it is worth taking stock: The Council is a district Council with a modest budget, steps have been taken to identify capacity within the Council to progress work on the net zero agenda in respect of the City Council's own carbon footprint. This report seeks to address the work that needs to be done in support of a whole city transformation and therefore it requires the support of many institutions, businesses, voluntary groups, individuals, government, and investors.

9.3 The Net Zero Exeter 2030 plan captures the actions and scale of investment required. It is self-evidently the case that the City Council on its own cannot realise the goal, indeed some of the actions required will need to be pursued at a wider geography such as the greater Exeter travel to work area, and some actions will need to be at county, if not regional, geography. There is a risk that co-operation is not forthcoming, also there are tensions between urban and rural needs. This is noticeable when addressing the needs of travel and the actions required to support less private cars in the city. There are also risks associated with unintended consequences and these will need to be brought out in the individual risk assessments for the actions.

9.4 The risks are many and varied, ranging from the obvious that other organisations do not engage with the work and that it is put in the too difficult to do tray. Individual businesses and organisations will have established business case considerations that may be at odds with the strategic goal of net zero; this is understandable and familiar. At national level the Government has financially supported the adoption of some technology and reduced resistance to adoption by subsidising costs. There can be a resistance to pursuing something that may be obvious but where standards are not mandated, therefore there can be a perception that others will benefit down the line and therefore they sit back for others to lead. Government policy on a wide range of issues will have a significant impact on the success of the programme.

9.5 Exeter City Futures has been working in pursuance of the low carbon agenda for a number of years and it has built up a good understanding of the challenges to making progress at pace. Behavioural shift is a challenge but we have seen with Covid-19 how behaviour can shift and it points to accelerated changes in the area of home working and commuting.

10. Equality Act 2010 (The Act)

10.1 In delivering the commitment for a carbon neutral Exeter there will be a positive impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Achieving the target will offer benefits including reduced air pollution, congestion and road fatalities, and improved health outcomes from more active travel and cleaner air. However, individual initiatives and programmes will need to take into account the impact of the Equality Act.

11. Carbon Footprint (Environmental) Implications:

11.1 No direct negative carbon/environmental impacts arising from the recommendations. Indeed, the report is designed to support the goal of making Exeter Net Zero.

12. Are there any other options?

12.1 There are a wide range of options but the obvious two are: Business as usual, there is no statutory obligation to lead a city wide Net Zero agenda and the Council could do what most Council's do, focus on the carbon emissions from their organisation. The Council could fund on a temporary basis a secondment to lead the programme under ECF. This was tried in the past and made progress but clearly has not proven to be the complete answer.

Councillor Phil Bialyk, Leader Exeter City Council

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

Background papers used in compiling this report:-
Net Zero Exeter 2030 Published By Exeter City Futures

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Equality Impact Assessment: *Changes to the role of the Chief Executive & Growth Director and Strategic Management Board.*

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
Executive Committee – 30 November 2021; and Council – 14 December 2021.	Changes to the role of the Chief Executive & Growth Director and Strategic Management Board	That Executive recommends and Council approves: (1) that the Chief Executive & Growth Director be seconded for two days per week to head up	In delivering the commitment for a carbon neutral Exeter there will be a positive impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>the work of Exeter City Futures CIC in support of the Net Zero Exeter 2030 Plan, commencing on 2 January 2022;</p> <p>(2) that the Director of Transformation be seconded for up to three days per week to Exeter City Futures, to design and lead the programme of change in support of the Net Zero Exeter 2030 goal, commencing on 2 January 2022; and</p> <p>(3) that the arrangements will be reviewed in twelve months;</p> <p>(4) that, in addition to the work currently being undertaken to establish the carbon base line position of the City Council estate and operations, work be commissioned to establish a carbon budget for the city of Exeter which will show the base line position for the city, the various sectors within the city contributing to carbon emissions, together with the required targets</p>	<p>Achieving the target will offer benefits including reduced air pollution, congestion and road fatalities, and improved health outcomes from more active travel and cleaner air. However, individual initiatives and programmes will need to take into account the impact of the Equality Act.</p>

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>to achieve Net Zero and the implications for carbon emissions in pursuing proposals set out in the Net Zero Plan. This will help the City Council and its partners understand the impact of pursuing a course of action and the scale of change required to achieve Net Zero Exeter.</p> <p>(5) Members to note changes in reporting lines for members of SMB; and</p> <p>(6) that Strata Service Solutions Ltd be requested to consider the amendment to its constitution so as to allow for the officer representation on its Joint Executive Committee to be the Chief Executive or his nominee of the three constituent authorities (rather than the Chief Executive)</p>	

Factors to consider in the assessment: For each of the groups below, an assessment has been made on whether the proposed decision will have a **positive, negative or neutral impact**. This is must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

High impact – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

Medium impact –some potential impact exists, some mitigating measures are in place, poor evidence

Low impact – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Race and ethnicity (including Gypsies and Travellers; migrant workers; asylum seekers).	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Disability: as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Sex/Gender	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Gender reassignment	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Religion and belief (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Sexual orientation (including heterosexual, lesbian, gay, bisexual).	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Age (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Pregnancy and maternity including new and breast feeding mothers	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy. Individual initiatives will consider the impact to the Equality Act and be reported back.
Marriage and civil partnership status	Neutral	Low Impact	The recommendations support the delivery commitment for a carbon neutral Exeter, which will have a positive impact on impact on the health and wellbeing of the residents of Exeter, community safety, the environment and the economy.

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
			Individual initiatives will consider the impact to the Equality Act and be reported back.

Actions identified that will mitigate any negative impacts and/or promote inclusion

Officer: Phil Bialyk, Leader Exeter City Council

Date: 18 November 2021

REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Deputy Chief Executive

Title: The Exeter Article 4 Direction: Houses in multiple occupancy. Response to a recent petition

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1. At the Council meeting on 21 July 2021, the Lord Mayor confirmed receipt of a petition with 48 signatures requesting the extension of the Article 4 restrictions on Houses in Multiple Occupation (HMOs) to include the rest of Sylvan Road, Sylvan Avenue and Moorview Close. Following Council on 21 July 2021, additional signatures were received, making the total number of signatures as 98. This has been referred to the Executive for further consideration.

2. Recommendations:

That the Executive recommend to Council to:

2.1 Note the content of the petition and appreciate the concerns raised regarding the potential impacts of Houses in Multiple Occupation on the local community;

2.2 Maintain the prioritisation of work to prepare the new Local Plan above a revision to the Article 4 Direction; and

2.3 Approve revisiting the Article 4 Direction following the adoption of the new Local Plan.

3. Reasons for the recommendation:

3.1 The issues raised within the petition and the associated concerns of the local community are understood. However, a review of the Article 4 area has to go through a statutory process as it effectively alters the way in which planning legislation regarding permitted development is applied. This would require significant work which would mean any changes would take some time to come into force.

3.2 The housing market and higher education sector are currently going through a volatile period brought about by Brexit and the ongoing Covid-19 pandemic. As such, this is not

an appropriate time to undertake a review of the Article 4 Direction and associated designated area.

3.3 Current national planning policy is clear on the need to limit the scope and geography of Article 4 Directions and an extension would not fit comfortably with that policy position.

3.4 A review of evidence relating to the number of HMOs in Pennsylvania suggests that there is currently insufficient evidence at this point to require a review of the A4 provisions in this area.

3.5 Finally, there is a need to focus limited resources carefully on the corporate priorities of the Council. In terms of planning policy, this means the work on the new Local Plan as opposed to a review of the Article 4 Direction.

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

4.1 The report recommends that, at this stage, no further action is taken to extend the boundaries of the current Article 4 area. On this basis, specific further work is not proposed and therefore the recommendations made in this report do not result in any direct additional resource implications.

5. Section 151 Officer comments:

5.1. There are no financial implications contained in this report.

6. What are the legal aspects?

6.1 The Council has already made an Article 4 direction for a designated area around the main campus of the University of Exeter through the General Permitted Development Order. This restricts Class C4 Permitted Development rights in this area meaning that a change of use from 'regular' C3 class residential development to create houses in multiple occupation now requires planning permission. In establishing this position, the necessary processes in accordance with Article 4 of the General Permitted Development Order were undertaken.

6.2 The Council is not currently proposing to undertake a review of the Article 4 direction or the area to which it relates, and there are no specific legal requirements to require the Council to do so. The Council's priority focus in terms of planning policy work remains the preparation of the new Local Plan. This is a statutory duty.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

Background

8.1 The Council values the vital role that the University of Exeter plays in the life of the city. The University brings world-class education to our young people, provides economic benefits through job creation and investment, brings prestige and adds to the vitality of our city. However, the success of the University can lead to issues associated with the

growing student population. In some cases, this can cause tensions between students and other local residents, including regarding the impact of houses in multiple occupation.

8.2 On 21 July 2021, the Lord Mayor confirmed receipt of a petition with 48 signatures requesting the extension of the Article 4 restrictions on Houses in Multiple Occupation (HMOs) to include the rest of Sylvan Road, Sylvan Avenue and Moorview Close. This report addresses the requests within the petition.

8.3 The City Council has an Article 4 Direction in place for areas in the St James, St David's, Newtown, Polsloe and Pennsylvania areas. This restricts owners' permitted development rights to use their properties as houses in multiple occupation. It was most recently updated in 2014. This system aims to check the continued growth of student houses in areas where this leads to imbalanced communities and local impacts. Currently, the northern part of Sylvan Road, the vast majority of Sylvan Avenue and Moorview Close are outside the Article 4 area.

The current position regarding student accommodation

8.4 The Council closely monitors the numbers of students studying at the University of Exeter and has a close dialogue with University staff. In the last twenty years, the monitoring has demonstrated the large increases in numbers of students studying at the University.

8.5 Since 2006/07, the number of students studying at the University has increased from 11,170 to 23,661 in 2020/21. Taking account of part time students and those living at home (both groups who are considered less likely to require student accommodation), the numbers likely to require specific accommodation has risen from 10,267 in 2006/07 to 21,760 in 2020/21. This equates to an increase of 11,493.

8.6 Looking forward, the University has plans to increase the numbers of students studying in the city from 23,661 in 2020/21 to 24,679 in 2025/26. Again, taking account of part time students and those living at home, the number of students requiring accommodation is likely to increase from 21,760 in 2020/21 to 22,696 in 2025/26, an increase of 936 students.

8.7 The Council has recognised the need to consider the impacts of this growth. The Council's approach to managing the potential impact of student growth has been to work closely with the University and to implement two planning policy responses:

- To make an Article 4 Direction that restricts home owners' permitted development rights to use their properties as houses in multiple occupation (HMOs) within Class C4 of the Use Classes Order. This means planning consent is required to change the use of a regular house to a house in multiple occupation.
- To include a strategy in the adopted Core Strategy which aims to accommodate 75% or more of additional student numbers in purpose built student housing. This housing is planned to be located on, or close to, the University campuses, at sustainable locations at or near to major transport routes, or in the city centre. Greater detail relating to this approach is included in the Exeter HMO (Use Class C4) Supplementary Planning Document.

8.8 These two joined-up approaches aim to take a proactive approach to providing appropriate levels of student accommodation in the city while ensuring that the numbers of houses in multiple occupation do not create imbalanced neighbourhoods.

8.9 These two approaches have been relatively successful in accommodating the additional student growth in the city. Since 2006/07, there has been a cumulative increase of 11,493 University of Exeter students in need of accommodation. This compares to an increase of just over 8,100 PBSA bed spaces over the same period. These figures indicate that, since 2006/07, 71% of additional students in need of accommodation have been housed in PBSA – just short of the Core Strategy target of 75. This success is also supported by the decreases in numbers of Council Tax exemption N properties in the general housing stock which represent HMOs.

Houses in multiple occupation and associated issues in Pennsylvania

8.10 In spite of the success that the Council and University policies have had in accommodating additional student numbers, it is acknowledged that in some areas and on some occasions, there can be issues associated with the numbers of houses in multiple occupation.

8.11 As a result of different lifestyles and routines of students and other residents there can be reports of noise and other anti-social behaviour. These issues are taken seriously by both the Council and the University and both organisations work together to manage concerns.

8.12 A key concern behind the petition is that, outside of the Article 4 area, numbers of HMOs are increasing. Some have gone further and would argue that the numbers of HMOs outside the Article 4 area are increasing because the Article 4 direction is causing the demand for HMOs to jump outside of the designated area.

8.13 Specifically in relation to the petition, these concerns have led to calls for the Article 4 area to be extended to include all of Sylvan Road, Sylvan Avenue and Moorview Close.

8.14 Following receipt of the petition, some further analysis of the situation in the three streets mentioned in the petition has been undertaken. This has focused on Council Tax records. For Council Tax purposes, exemption 'N' properties are those entirely occupied by full time equivalent students. The location of these properties are therefore an indicator of the distribution of the student population.

8.15 Table 1 identifies the total number of properties, and the number of HMOs, in each of Sylvan Road, Sylvan Close and Moorview Close using Council tax data from 2021. It is worth noting that previously, between 10% and 20% HMOs has led to the inclusion of a street in the Article 4 area.

Street name	Number properties in A4 area	Number HMOs in A4 area	% HMOs in A4 area	Total properties outside A4 area	Number HMOs outside A4 area	% HMOs outside A4 area
Sylvan Road	55	20	36.36	33	0	0.00
Sylvan Avenue	1	0	0	21	1	4.76
Moorview Close	0	0	0	9	0	0

Table 1: Numbers of houses in multiple occupation in Sylvan Road, Sylvan Avenue and Moorview Close, 2021

8.16 Having considered this data, it is clear that the number of HMOs in the three streets, or parts of the streets, outside of the Article 4 area are significantly under the 10-20% threshold which has previously been considered as a reasonable justification for reviewing the area. This suggests that there is insufficient evidence to consider extending the Article 4 area.

8.17 Some analysis has also been done to consider the changes in numbers of HMOs in each of Sylvan Road, Sylvan Close and Moorview Close since 2015, as shown in Table 2.

Street	Number of Class N properties	
	April 2015	February 2021
Sylvan Road	16	20
Sylvan Avenue	0	1
Moorview Close	0	0

Table 2 : Changes in the numbers of HMOs in Sylvan Road, Sylvan Avenue and Moorview Close between 2015 and 2021

8.18 This data demonstrates that there has been limited change in the number of Class N properties in the three roads in the last six years. On this basis, it is reasonable to conclude that the numbers of HMOs is relatively stable and therefore there is insufficient evidence to justify a review of the Article 4 area at this stage.

8.19 Looking at more strategic level, it is also important to recognise that a review of the Article 4 area in terms of evidence would need to consider the number of HMOs in the wider Article 4 area. This could lead to unintended consequences, included the potential for evidence to suggest the drawing-in of the boundary if parts of the Article 4 area were now to see reduced numbers of HMOs.

The current impacts of Covid-19

8.20 Some residents have suggested that Covid-19 has resulted in an increase in the demand for student housing and HMOs. Currently, the Council has not had sight of robust evidence which identifies that this is the case. Indeed, anecdotally, the demand could potentially have reduced due to the significant move to online lectures and the ease with which students can study remotely. This may have led to reduced short-term demand for students to live full time in the city.

8.21 More widely, we are aware of commentary which suggests that smaller cities such as Exeter are seeing greater interest in terms of general house moves from the larger metropolitan areas.

8.22 These two arguments demonstrate the complexities of analysing current conditions and the causes of potential trends. Given the breadth of housing market issues caused by Covid-19 and the potential for patterns to be short term in nature, care needs to be taken in considering when and how to respond. The Council needs to ensure that it plans for longer-term patterns, as opposed to more short term changes. On this basis, it is currently not considered to be the appropriate time to undertake a revision of the Article 4 Direction.

Article 4 Directions and the relationship with the new Local Plan

8.23 An Article 4 Direction is made under planning legislation (Article 4 of the General Permitted Development Order) which enables the local planning authority to withdraw specified permitted development rights across a defined area. In this case, the change of use is from regular residential development (Class C3) to houses in multiple occupation (Class C4).

8.24 Changes to the Exeter Article 4 Direction would have to be undertaken in accordance with the formal requirements of the legislation. These include:

- Compiling evidence regarding the need to revise the Article 4 Direction;
- Legal drafting of the Article 4 Direction itself;
- Completing a period of consultation on the proposed changes;
- Analysing responses;
- Reviewing the Article 4 Direction;
- Securing Council approvals; and
- Providing notice of the work to the Secretary of State.

8.25 It is anticipated that the process would take approximately 8 months.

8.26 The legislative requirements of reviewing the Article 4 Direction have been considered alongside those of preparing the new Local Plan. This exercise has considered whether the ongoing Local Plan work could encompass the review of the Article 4 Direction. It is however clear that the legislative requirements of the two areas of work are distinct; the Local Plan is progressed in accordance with the Town and Country Planning (Local Planning) (England) Regulations 2012. A review of the Article 4 Direction would need to be undertaken in accordance with the Town and Country Planning (General Permitted Development) (England) Order 2015.

8.27 This means that separate processes would be required. Although undertaking work on a review of the Article 4 Direction area would not be insurmountable in itself, it would add to the significant workload of the newly formed Local Plans team. The workload of the team includes the corporate priority of the new Local Plan which is being prepared to an ambitious timetable to enable adoption in 2024. There is no spare officer capacity to undertake additional work without causing a delay to the Local Plan.

8.28 The new Local Plan will have wide-ranging and citywide benefits. As a result, it is considered that continued focus should be given to the Local Plan as opposed to a review of the Article 4 Direction and its designated area. Such work, although potentially beneficial and understandably favoured by some residents including those signing the petition, would have a much narrower focus and therefore would have more limited benefits in terms of the area and population affected.

8.29 Although it is not currently proposed to review the Article 4 Direction, it is suggested that the Council keeps this under review and undertakes ongoing monitoring to ensure that a robust evidence base is compiled. This will enable the issue to be revisited following the adoption of the Local Plan. In the meantime, it will be vital to ensure that emerging planning policies to be incorporated into the new Local Plan clearly address the potential impact of houses in multiple occupation.

National planning policy

8.30 The consideration of the relatively narrow geographic scope and focus of an Article 4 Direction review is relevant in the context of national planning policy. A revised version of the National Planning Policy Framework was published in July 2021. Paragraph 53 specifically considers the application of Article 4 Directions. It states:

'The use of Article 4 directions to remove national permitted development rights should:

- Where they relate to change from non-residential use to residential use, be limited to situations where an Article 4 direction is necessary to avoid wholly unacceptable adverse impacts (this could include the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability, but would be very unlikely to extend to the whole of a town centre);*
- In other cases, be limited to situations where an Article 4 direction is necessary to protect local amenity or the well-being of the area (this could include the use of Article 4 directions to require planning permission for the demolition of local facilities); and*
- In all cases, be based on robust evidence, and apply to the smallest geographical area possible.*

8.31 The NPPF clearly states that Article 4 Directions can be used to protect local amenity which is the rationale for the existing policy position in Exeter. However, the reference to robust evidence and applying the Direction to the smallest geographic area possible is pertinent; when Exeter's existing Article 4 area already covers a significant area around the main University campus, it is difficult to justify the need to extend it without the necessary clear evidence.

The wider activities of the Council

8.32 It should be noted that planning is just one of the various responsibilities of the Council. There are other activities which the Council undertakes in order to manage issues associated with houses in multiple occupation.

8.33 There is regular and ongoing liaison between the Council and the University to highlight the need for the student population to respect the local area and other residents. During specific periods when there can be issues relating to anti-social behaviour, the

environmental health team works with colleagues from the University and the police to respond to complaints. This work also extends to speaking with local residents and students in order to manage particular incidents.

8.34 This work will continue and will be monitored to consider any changes to local circumstances.

Summary

8.35 Following receipt of the petition, the Council has reviewed the request to extend the Article 4 area into the rest of Sylvan Road, Sylvan Avenue and Moorview Close. In undertaking this work, the Council recognises the concerns of the local community regarding the potential impacts of houses in multiple occupation.

8.36 However, having reviewed the position it is not recommended to revise the Article Direction at this time because:

- Evidence suggests that the numbers of HMOs in Sylvan Road, Sylvan Avenue and Moorview Close do not justify a review of the Article 4 area boundary at this time;
- The current conditions in the housing market and in the delivery of higher education, both of which would affect the potential for impact of HMOs, are currently subject to ongoing volatility and therefore basing policy changes on current conditions would be inappropriate;
- Focusing officer resources on a review of the Article 4 Direction would divert the focus away from the preparation of the Local Plan – a key corporate priority with city-wide impact; and
- National planning policy is clear about the limited application and geographic scope of Article 4 Directions.

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

9.1 The decision not to undertake a review of the Article 4 direction at this stage enables focus to be maintained on the preparation of the new Local Plan. This is a statutory duty and will be critical to ensure the delivery of three corporate objectives set out in the Council's Corporate Plan:

- Delivering Net Zero Exeter 2030;
- Promoting active and healthy lifestyles; and
- Building great neighbourhoods.

The Local Plan will also play a central role in tackling congestion and accessibility, the focus of one of the three strategic programmes that addresses the current major challenges facing the city.

9.2 Focusing on the Local Plan reflects the Council needing to prioritise resources efficiently in order to provide value-for-money services - a key part of the corporate plan.

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

10.1 There are no statutory requirements to review the Article 4 Direction. On this basis, there are minimal legislative risks for the Council.

10.2 There would be a greater risk in reviewing the Article 4 Direction now due to the volatility of the housing market and potential uncertainties about the way in which higher education is delivered going forward. The potential that prevailing conditions are short term could mean that if a review were undertaken now, further work could be required in the not too distant future to reflect housing markets and education delivery patterns which are longer term.

10.3 Furthermore, work to review the Article 4 Direction would lead to a delay in the timetable of the Local Plan which would have various risks for the city. This would include the loss of local planning controls.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- Eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- Advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- Foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty, authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In making the recommendations in this report, no potential negative impact has been identified on people with protected characteristics as determined because no specific action is being proposed. This position may have a more significant impact on the areas just outside the current designated area of the Article 4 direction, but this would not have any specific impacts on those groups with protected characteristics.

12. Carbon Footprint (Environmental) Implications:

12.1 There are no direct carbon/environmental impacts arising from the recommendations because no specific action is being proposed. If a review of the Article 4 Direction was implemented now it would provide limitations to HMOs in larger areas around the University which could potentially result in students seeking accommodation further away from the main campuses. This could increase car use which would have a negative impact in terms of carbon emissions.

13. Are there any other options?

13.1 The Council does have the option of an immediate review of the Article 4 Direction. Currently this is not considered to be an appropriate course of action because of the reasons detailed in the report.

Deputy Chief Executive, Bindu Arjoon

Author: George Marshall – Assistant Service Lead: Local Plan

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

Background papers used in compiling this report:-

None

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Equality Impact Assessment: The Exeter Article 4 Direction: Houses in multiple occupancy. Response to a recent petition

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
Executive. 02.11.2021	The Exeter Article 4 Direction: Houses in multiple occupancy. Response to a recent petition	1. Notes the content of the petition and appreciates the concerns raised regarding the potential impacts of Houses in Multiple Occupation on the local community.	The impact of the recommendations could have an impact in two ways: - Relating to recommendations 1 and 3: On the wider community in those areas within, and close to, the

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		2. Maintains the prioritisation of work to prepare the new Local Plan above a revision to the Article 4 Direction. 3. Approves revisiting the Article 4 Direction following the adoption of the new Local Plan.	current Article 4 area - Relating to recommendation 2: On the city as a whole through the suggested prioritisation of work on the Local Plan.

Factors to consider in the assessment: For each of the groups below, an assessment has been made on whether the proposed decision will have a **positive, negative or neutral impact**. This must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

High impact – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

Medium impact – some potential impact exists, some mitigating measures are in place, poor evidence

Low impact – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Race and ethnicity (including Gypsies and Travellers; migrant workers; asylum seekers).	Positive	Low impact	The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
			<p>will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
<p>Disability: as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.</p>	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
<p>Sex/Gender</p>	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p>
<p>Gender reassignment</p>	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
<p>Religion and belief (includes no belief, some philosophical beliefs such</p>	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local</p>

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
as Buddhism and sects within religions).			<p>Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
Sexual orientation (including heterosexual, lesbian, gay, bisexual).	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
Age (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>
Pregnancy and maternity including new and breast feeding mothers	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p>

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
			The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.
Marriage and civil partnership status	Positive	Low impact	<p>The key recommendations are to prioritise the work on the Local Plan and revisit the Article 4 Direction following the adoption of the Local Plan. This would enable the Council to focus planning policy resources on a project which will have city and community-wide impacts. This work will have potential benefits for the whole community including groups with protected characteristics.</p> <p>The Council's responsibilities under the Act will be revisited through ongoing planning policy preparation.</p>

Actions identified that will mitigate any negative impacts and/or promote inclusion

Work on the Local Plan itself will help to address issues of inclusivity.

Officer: George Marshall

Date: 11.10.2021

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6 July 2021

Roger Clotworthy
Assistant Service Lead (Planning)
City Development
Exeter City Council
Civic Centre
Paris Street
Exeter
EX1 1JN

Dear Roger,

Thank you for your email received today advising us that you will make sure that our petition is considered by the Council following the usual protocols.

Further to our emails regarding the issue of conversion of single-occupancy properties into HMOs in Sylvan Road, Moorview Close and Sylvan Avenue, please find enclosed a petition containing 48 signatures of residents in these roads. The petition requests that Article 4 restrictions (currently applied to other roads in the neighbourhood) be extended to cover the rest of Sylvan Road, Moorview Close and Sylvan Avenue.

Please advise us if any other information is required and if a meeting with Council officers would be an appropriate way to discuss the issues involved.

Many thanks.

Yours sincerely,

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REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: Overview of General Fund Revenue Budget 2021/22 – Quarter 2

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise Members of the overall financial position of the General Fund Revenue Budgets for the 2021/22 financial year after six months.

2. Recommendations:

It is recommended that Members of the Executive note the report and Council notes and approves (where applicable):

- (1) the General Fund forecast financial position for the 2021 financial year;
- (2) the supplementary budgets as detailed in paragraph 8.11;
- (3) the outstanding Sundry Debt position as at September 2021; and
- (4) the creditors payments performance

3. Reasons for the recommendation:

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?

The impact on the General Fund working balance is set out in section 8.10.

The General Fund Working Balance is projected to stand at £4.499 million at year end.

5. Section 151 Officer comments:

At the halfway stage of the year, the Council is on track to deliver its budget in line with projections at the start of the year. In terms of income losses as a result of the restrictions being lifted slowly, the projection is for a loss of £2.4 million, mainly in car parking, entertainment and visitor facilities. However significant projected underspends elsewhere have more than offset this. It is important that members note that some of these underspends are merely timing issues caused by either a lack of resources to

deliver or the current global pressures on supply chains. At year end, once the level of supplementary budgets are known, up to £2.4 million will be transferred from the earmarked reserve set up to protect against budget volatility. This will ensure that there is sufficient funding available for the supplementary budget requests.

6. What are the legal aspects?

The Local Government Finance Act 1992 places a legal requirement on Council to approve not only the budget but also any changes to the budget proposed during the year. Council has a legal duty to ensure that the budget is balanced and that any changes to the budget are fully funded.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

Overview of General Fund Revenue Budget 2021/22 – Quarter 2

8.1 Financial Summary

FUND	Planned Transfer To / (From) Working Balance £	Budget Variance Over / (under) £	Outturn Transfer 2021/22 £
General Fund	(£745,720)	548,121	(197,599)

8.2 General Fund (Appendix 1 & Appendix 2)

The current forecasts show an overall projected service overspend of £385,932 against a revised budget of £21,189,360. This includes supplementary budgets of £5,143,100 already agreed by Council. Variances of more than +/- £30,000 are detailed below:

8.3 Chief Executive & Growth Director

Budget Heading	Over / (Underspend)
Affordable Housing Development	(£170,000)
Responsible Officer: Chief Executive & Growth Director	
This underspend is due to the budget for three ECL business cases not being fully utilised. It is likely that there will only be approximately £100,000 in spend this year therefore the remainder will be forecast as savings.	

8.4 City Development, Housing & Supporting People

Budget Heading	Over / (Underspend)
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Building Control & Land Charges	(£59,000)
Planning Services	(£439,620)
<p>Responsible Officer: Interim Service Lead for City Development</p> <p>Income from Land Charges has increased due to the stamp duty holiday resulting in increased property sales. Building Control income is also higher than budgeted levels due to an increase in home improvements and the construction industry in general. Any surplus from these services is transferred to a ring fenced reserve at year end.</p> <p>There have been a number of vacant posts within the planning service resulting in savings in pay costs. Planning fee income is higher than budgeted levels at the 6 month stage, this will be monitored closely for the remainder of the year.</p> <p>The local plan budget has been re-profiled in line with expenditure plans, it is estimated that £100k will now be spent in 2022/23 instead of the current year.</p> <p>Income collected in respect of habitats mitigation contributions from developers will be transferred to an earmarked reserve at the end of the year.</p>	
Organisational Change Programme	(£100,000)
<p>Responsible Officer: Deputy Chief Executive</p> <p>The budget has been re-profiled to reflect a three year programme, any underspend will be requested as a supplementary budget in 2022/23 and 2023/24.</p>	

8.5 Communications, Culture and Leisure Facilities

Budget Heading	Over / (Underspend)
Culture	(£159,112)
<p>Responsible Officer: Service Lead – Communications, Culture, Leisure & Tourism</p> <p>The budget of £106,490 for special events is unlikely to be utilised this year, which is the predominant reason for the underspend in this management unit. A grant of £50,000 has also been received which is expected to be used by year-end.</p>	
Markets & Halls	£101,072
<p>Responsible Officer: Facilities & Markets Manager</p> <p>The effects of the pandemic are still impacting events at the Corn Exchange. Although the stage events programme restarted in September, there is still public caution in attending live performances so ticket sales are down and some events are still being postponed or delayed. This loss of income is offset by cost savings, and other locations, such as the Matford Centre, are showing a healthy performance so far this year, but recovery is still uncertain and difficult to forecast.</p>	
Museum Service	(£270,560)

Responsible Officer: Museums Manager

The Museum is still being affected by the pandemic and like all cultural organisations, audiences still have to be rebuilt. Many activities, such as corporate events, are still not possible to hold and others, such as events and activities currently have attendance numbers curtailed as a covid safety measure. However, although these factors will continue to reduce revenue, the overall loss has been offset with material savings in supplies and services with a net loss of approximately £20,000 in revenue being forecast.

There are significant savings in other areas: £110,000 in salaries and staff costs. These savings are due to vacancies and are predominantly in the first six months, as there has been a robust recruitment drive. £175,000 of Arts Council funding was moved into 21/22 from 20/21, reflecting the reduced level of activity possible in the former year. It is still uncertain at this time whether any of this will be carried forward into 22/23.

There could also be material savings in non-domestic business rates. However the Valuation Office has still not made a decision as to whether the rateable value will decrease in 21/22 so the maximum amount is being forecast until a final figure is announced.

Visitor Facilities	£37,252
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Responsible Officer: Facilities & Markets Manager

The Underground Passages remain closed, due to water leakage. This is currently being investigated by Estates and South West Water so it is not yet known when this attraction will be able to reopen

Communications	(£130,080)
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Responsible Officer: Service Lead – Communications, Culture, Leisure & Tourism

This year continues to present challenges. The start of the year was slow, due to the initial lockdown then the gradual relaxation of guidelines, making it difficult to predict a recovery period or how quickly public confidence would return. The underspend is due to the reduced activity in the communications and marketing team, leading material underspends across supplies and services, although some income has started to come in (around £22,000) which could be a positive indication of a return to more normal levels of activity.

8.6 Net Zero Exeter and City Management

Budget Heading	Over / (Underspend)
Public Safety	£35,000

Responsible Officer: Service Lead – Engineering, Waterways & Parking

Home call income is lower than budgeted and we are engaging with a consultant to review our pricing structure to ensure we are comparable with other local authorities and improve take up of the service.

Parking Services	£1,987,130
<p>Responsible Officer: Service Lead – Engineering, Waterways & Parking</p> <p>Parking income was better than expected over the summer and achieved 98% of the budget in August so the shortfall has improved compared with the first quarter projection. However this has fallen again in September as we become reliant again on commuter parking and we continue to project 75% of the budget for the second half of the year.</p>	
Engineering	(£128,750)
<p>Responsible Officer: Service Lead – Engineering, Waterways & Parking</p> <p>The supplementary budget for the removal of North St footbridge is unlikely to be spent before the end of the financial year.</p>	
Cleansing Chargeable Services	£330,650
<p>Responsible Officer: Interim Waste, Recycling & Fleet Manager</p> <p>In order to balance the budget for 2021/22 trade waste income was increased on the assumption that additional contracts would be secured with big employers in the city. Progress has been delayed and, although the number of customers is increasing, there are no significant new contracts agreed at this stage. However these losses are slightly offset by green waste exceeding expectations.</p>	
Recycling	(£174,890)
<p>Responsible Officer: Interim Waste, Recycling & Fleet Manager</p> <p>The budget for the year included the balance of the kerbside recycling service change revenue budget, however as we have been unable to recruit an officer to manage this process the roll out has been delayed and we will be seeking approval to carry this forward to 2022/23.</p>	

8.7 Finance

Budget Heading	Over / (Underspend)
Corporate Property – Major Projects	(£199,829)
<p>Responsible Officer: City Surveyor</p> <p>The three projects (Bus station wider site options, ECL property support and miscellaneous major projects) are funded through supplementary budgets included each year. At this point in the year, none of these projects have commenced due to scarcity of resources; however, any balance at year-end will be rolled forward into the 22/23 financial year budgets.</p>	
Corporate Property – Assets	(£316,019)

Responsible Officer: City Surveyor

The out-turn forecast on property maintenance continues to be difficult to forecast, due to the unpredictability of spend patterns. However, with winter approaching, it is likely that works will increase significantly therefore this underspend is not likely to increase significantly and may well decrease as the year progresses.

8.8 Corporate Services

Budget Heading	Over / (Underspend)
Legal Services	(£51,680)
Responsible Officer: Service Lead – Legal Services The surplus to budget forecast for year-end is almost entirely due to an increase in income, generated by work carried out for Exeter City Living and litigation support for South Hams council. It is hoped that these partnerships will continue to generate this income for the foreseeable future.	
Corporate Support	£165,354
Responsible Officer: Corporate Manager Democratic and Civic Support 2021/22 continues to be a challenging year. Empty units at the Civic Centre are still causing a deficit in rental income which is forecast to be £271,000 by year-end. This has been mitigated in some part by forecast savings in the Civic Centre itself (£57,000) and in the other areas of Corporate Support - £29,000 in the Corporate Support Unit and £18,000 in Mail. Although recovery has been slow, there is grounds for cautious optimism as enquiries to fill the vacant tenancies have started to be received, with a strong possibility that some may be filled by year-end.	

8.9 Other Financial Variations

Budget Heading	Over / (Underspend)
Net interest	£415,000
The budgeted interest payable for 2021/22 anticipated that the Council would take out additional borrowings in the year, to finance a further loan to the wholly owned property development company; ECL. It is now anticipated that additional borrowings will not be required in 2021/22, therefore saving £490k of interest payable. The interest receivable for 2021/22 is anticipated to be £891k lower than budget. This is due to two key factors; the above mentioned loan to ECL will now not take place in 2021/22 and therefore the expected interest will not be receivable; and the Council is receiving significantly lower than expected interest on investments, investment interest rates still remain at record lows following the economic recession caused by the global pandemic.	
Minimum Revenue Provision	(£390,616)

The Council has provided fully for the vehicles it has leased, this has resulted in the reduction in minimum revenue provision. This will be an ongoing saving over the life of the medium term financial plan.

Sales, Fees & Charges Compensation	(£440,000)
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On 2 July 2020, the Secretary of State announced a new support measure to reimburse councils for income from sales, fees and charges that are irrecoverable due to the pandemic. The scheme has been extended to the first quarter of 2021/22 with the claim totalling £440k.

8.10 General Fund Balance

In 2021/22 it is projected that there will be an overall net contribution to the General Fund Balance of £2,007,401. The minimum requirement for the General Fund working balance was approved by Council in February 2021 at £3 million.

Movement	2021/22
Opening Balance, as at 01/04/21	£4,696,282
Net	(£197,599)
Projected Balance at Year End	£4,498,683

8.11 Supplementary Budgets

It is proposed that the supplementary budgets identified in Appendix 3 are approved and added to the 2021/22 budget.

- £224,000 is a budget reduction and will reduce the amount of Neighbourhood CIL required to fund expenditure;
- £5,000 will need to be funded by the general fund and will reduce the working balance; and
- The remaining requests are all self-financing and will have no impact on the projected General Fund working balance.

8.12 Outstanding Sundry Debt

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

Age of Debt	March 2020	March 2021	September 2021
Up to 29 days (current)	£2,399,454	£1,075,975	£1,653,977
30 days – 1 Year	£1,530,103	£2,234,973	£1,769,223
1 – 2 years	£451,358	£1,249,353	£1,217,317
2 – 3 years	£550,482	£341,134	£637,303
3 – 4 years	£276,837	£208,302	£245,593
4 – 5 years	£417,580	£240,861	£221,811
5 + years	£752,772	£1,030,325	£1,083,679

Total	£6,378,586	£6,380,923	£6,828,903
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8.13 Debt Write-Offs

The following amounts have been written-off during 2021/22:

	2020/21 Total	2021/22 (Qtr 2)
• Council Tax	£100,805	£57,730
• Business Rates *	(£19,497)	£0
• Sundry Debt	£37,336	£26,691
• Housing Rents	£61,893	£17,040
• Non-HRA Rents	£59,823	£19,565
• HB Overpayments	£194,205	£43,330

* Business Rate write offs dealt with annually

8.14 Creditor Payments Performance

Creditors' payments continue to be monitored in spite of the withdrawal of statutory performance indicator BVPI8. The percentage paid within 30 days was 95.5% for the first six months of 2021/22 compared with 97.00% after the first six months of 2020/21.

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

This is a statement of the projected financial position to the end of the 2021/22.

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

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.

Areas of budgetary risk are highlighted in this report. The key areas of budgetary risks are attached as Appendix 4, for reference.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because there are no significant equality and diversity impacts associated with this decision.

12. Carbon Footprint (Environmental) Implications:

There are no direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

Not applicable.

Director Finance & S151 Officer, Dave Hodgson

Authors: Nicola Matthews-Morley, Bridget Kendrick and Claire Hodgson

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265275

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2021/22 GENERAL FUND BUDGET MONITORING - SUMMARY

APPENDIX 1

QUARTER 2

	Original Budget £	Supplementary Budgets & Virements £	Revised Budget £	Year End Forecast £	Variance to Budget £
Chief Executive & Growth Director	2,933,980	315,950	3,249,930	3,079,930	(170,000)
Transformation	1,184,020	297,660	1,481,680	1,481,680	0
City Development, Housing & Supporting People	4,744,710	2,266,450	7,011,160	6,387,540	(623,620)
Communications, Culture and Leisure Facilities	5,490,450	436,530	5,926,980	5,483,913	(443,067)
Net Zero Exeter and City Management	3,358,890	1,347,030	4,705,920	6,791,000	2,085,080
Finance	23,380	479,480	502,860	(3,100)	(505,960)
Corporate Services	2,548,880	0	2,548,880	2,592,379	43,499
Less Use of Furlough Scheme	0	0	0	0	0
less Notional capital charges	(4,238,050)	0	(4,238,050)	(4,238,050)	0
Service Committee Net Expenditure	16,046,260	5,143,100	21,189,360	21,575,292	385,932
Net Interest	150,000		150,000	565,000	415,000
New Homes Bonus	(1,940,880)		(1,940,880)	(1,940,880)	0
Revenue Contribution to Capital	0		0	0	0
Minimum Revenue Provision	692,000		692,000	301,384	(390,616)
Voluntary Revenue Provision	0		0	0	0
General Fund Expenditure	14,947,380	5,143,100	20,090,480	20,500,796	410,316
Transfer To/(From) Working Balance	(349,530)	(396,190)	(745,720)	(197,599)	548,121
Transfer To/(From) Earmarked Reserves	570,000	(4,420,910)	(3,850,910)	(4,368,380)	(517,470)
General Fund Net Expenditure	15,167,850	326,000	15,493,850	15,934,817	440,967
Formula Grant	(4,732,030)		(4,732,030)	(4,732,030)	0
Business Rates Growth / Pooling Gain	(2,334,000)		(2,334,000)	(2,334,000)	0
Covid 19 Grant	(760,000)		(760,000)	(760,967)	(967)
Sales Fees & Charges Compensation	0		0	(440,000)	(440,000)
CIL Income	(1,090,000)	(326,000)	(1,416,000)	(1,416,000)	0
Council Tax	(6,251,820)		(6,251,820)	(6,251,820)	0
	0	0	0	0	0

Working Balance March 2021

£ 4,696,282

£ 4,498,683

March 2022

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2021/22 GENERAL FUND BUDGET MONITORING - DETAIL
QUARTER 2

ACTUAL TO DATE			YEAR END FORECAST							
PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	APPROVED BUDGET	CURRENT OUTTURN FORECAST	FORECAST VARIANCE	QTR 1 FORECAST VARIANCE				
£	£	£	£	£	£	£				
10,861,982	9,801,378	(1,676,921)	TOTAL GENERAL FUND NET EXPENDITURE				25,427,410	25,813,342	385,932	3,033,074
Chief Executive & Growth Director										
938,310	869,276	(69,034)	IT SERVICES	1,840,080	1,840,080	0	0			
470,468	471,136	668	STRATEGIC MANAGEMENT	820,290	820,290	0	0			
135,633	27,823	(107,810)	AFFORDABLE HOUSING DEVELOPMENT	272,950	102,950	(170,000)	(170,000)			
156,194	126,335	(29,859)	CENTRAL SUPPORT	316,610	316,610	0	0			
1,700,605	1,494,570	(206,035)	NET EXPENDITURE	3,249,930	3,079,930	(170,000)	(170,000)			
Transformation										
321,495	306,716	(14,779)	ACTIVE & HEALTHY PEOPLE	892,020	892,020	0	0			
294,822	179,398	(115,424)	EXETER COMMUNITY GRANTS PROGRAMME	589,660	589,660	0	0			
0	486,114	(130,203)	NET EXPENDITURE	1,481,680	1,481,680	0	0			
City Development, Housing & Supporting People										
105,099	45,315	(59,784)	HOUSING NEEDS & HOMELESSNESS	1,211,970	1,211,970	0	0			
86,422	76,248	(10,174)	SUNDRY LANDS MAINTENANCE	92,680	92,680	0	0			
0	0	0	GF HOUSING - PROPERTY	170,920	170,920	0	0			
(19,891)	(89,691)	(69,800)	BUILDING CONTROL & LAND CHARGES	50,150	(8,850)	(59,000)	0			
336,535	(48,483)	(385,018)	PLANNING SERVICES	1,122,100	682,480	(439,620)	0			
2,152,016	2,104,768	(47,248)	REVENUES, BENEFITS & CUSTOMER ACCESS	2,996,110	2,971,110	(25,000)	0			
513,446	92,322	(421,124)	LIVEABLE EXETER GARDEN CITY	1,026,890	1,026,890	0	0			
170,170	30,661	(139,509)	ORGANISATIONAL CHANGE PROGRAMME	340,340	240,340	(100,000)	0			
3,343,797	2,211,140	(1,132,657)	NET EXPENDITURE	7,011,160	6,387,540	(623,620)	0			
Communications, Culture and Leisure Facilities										
261,014	186,195	(74,819)	CULTURE	522,880	363,768	(159,112)	0			
62,581	51,332	(11,249)	TOURISM	126,490	104,851	(21,639)	0			
(235,716)	(481,034)	(245,318)	MARKETS & HALLS	(370,260)	(269,188)	101,072	170,462			
1,152,696	934,284	(218,412)	MUSEUM SERVICE	2,502,420	2,231,860	(270,560)	0			
835,148	884,915	49,767	LEISURE & SPORT	2,477,380	2,477,380	0	451,642			
29,925	0	(29,925)	ST SIDWELLS POINT	59,850	59,850	0	0			
65,585	91,618	26,033	VISITOR FACILITIES	116,680	153,932	37,252	40,652			
243,215	167,336	(75,879)	COMMUNICATIONS	491,540	361,460	(130,080)	0			
2,414,448	1,834,646	(579,802)	NET EXPENDITURE	5,926,980	5,483,913	(443,067)	662,756			
Net Zero Exeter & City Management										
188,078	81,790	(106,288)	ENVIRONMENTAL PROTECTION	372,240	372,240	0	0			
173,945	160,778	(13,167)	LICENCING, FOOD, HEALTH & SAFETY	460,460	460,460	0	0			
57,908	93,374	35,466	PUBLIC SAFETY	339,780	374,780	35,000	0			
(2,478,529)	(1,837,637)	640,892	PARKING SERVICES	(6,218,960)	(4,231,830)	1,987,130	2,139,640			
149,581	181,319	31,738	WATERWAYS	357,180	357,180	0	0			
368,589	218,791	(149,798)	ENGINEERING SERVICES	949,270	820,520	(128,750)	0			
858,954	776,365	(82,589)	PARKS & GREEN SPACES	2,040,350	2,063,510	23,160	18,000			
(2,576)	28,238	30,814	BEREAVEMENT SERVICES	60,340	74,950	14,610	12,000			
694,703	611,919	(82,784)	STREET CLEANING	1,743,060	1,736,980	(6,080)	0			
89,354	47,265	(42,089)	PUBLIC CONVENIENCES	387,720	364,910	(22,810)	(21,200)			
891,880	865,189	(26,691)	DOMESTIC REFUSE COLLECTION	2,259,010	2,280,570	21,560	30,330			
(461,702)	(323,983)	137,719	CLEANSING CHARGEABLE SERVICES	(565,940)	(235,290)	330,650	385,990			
76,205	610,289	534,084	EXTON ROAD OVERHEADS AND FLEET	141,610	147,110	5,500	31,750			
326,432	281,048	(45,384)	RECYCLING	844,810	669,920	(174,890)	0			
1,233,973	1,192,870	(41,103)	BUSINESS & NET ZERO	1,534,990	1,534,990	0	0			
2,166,795	2,987,615	820,820	NET EXPENDITURE	4,705,920	6,791,000	2,085,080	2,596,510			
Finance										
202,630	2,801	(199,829)	MAJOR PROJECTS	405,660	205,831	(199,829)	2,697			
(1,948,618)	(1,744,975)	203,643	CORPORATE PROPERTY - ESTATES	(3,445,300)	(3,423,795)	21,505	8,296			
557,190	309,342	(247,848)	CORPORATE PROPERTY - ASSETS	1,132,620	816,601	(316,019)	(225,253)			
55,176	57,437	2,261	CORPORATE	110,350	124,763	14,413	34,503			
765,168	725,253	(39,915)	UNAPPORTIONABLE OVERHEADS	1,556,370	1,530,340	(26,030)	0			
262,301	252,485	(9,816)	FINANCIAL SERVICES	533,940	533,940	0	0			
50,159	48,075	(2,084)	INTERNAL AUDIT	102,030	102,030	0	0			
52,256	54,016	1,760	PROCUREMENT	107,190	107,190	0	0			
(3,738)	(295,566)	(291,828)	NET EXPENDITURE	502,860	(3,100)	(505,960)	(179,757)			
Corporate Services										
301,857	230,813	(71,044)	HUMAN RESOURCES	610,440	585,240	(25,200)	0			
84,752	44,220	(40,532)	LEGAL SERVICES	176,730	125,050	(51,680)	(4,754)			
193,970	150,392	(43,578)	ELECTIONS & ELECTORAL REG	388,520	394,776	6,256	19,909			
318,239	306,531	(11,708)	DEMOCRATIC REPRESENTATION	643,490	619,340	(24,150)	3,788			
113,172	96,573	(16,599)	CIVIC CEREMONIALS	290,070	262,989	(27,081)	4,622			
228,085	273,280	45,195	CORPORATE SUPPORT	439,630	604,984	165,354	100,000			
0	(18,950)	(18,950)	TRANSPORTATION	0	0	0	0			
1,240,075	1,082,859	(157,216)	NET EXPENDITURE	2,548,880	2,592,379	43,499	123,565			

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PROPOSED SUPPLEMENTARY BUDGETS & BUDGET TRANSFERS

Supplementary Budgets

Description	£	Funded by:
Exeter Community Grants Programme - reduction in grants programme for the year in line with expectations	(224,000)	Neighbourhood CIL
Self Isolation Accommodation - expenditure	75,000	Self financing
Self Isolation Accommodation - grant income	(75,000)	Self financing
Accommodation for Ex-Offenders - expenditure	47,260	Self financing
Accommodation for Ex-Offenders - grant income	(47,260)	Self financing
Navigator Cost Adjustment	(159,870)	Self financing
Navigator Grant Adjustment	159,870	Self financing
Devon Household Support Fund - expenditure	152,960	Self financing
Devon Household Support Fund - grant income to be reimbursed	(152,960)	Self financing
Key Cities Membership Subscription	5,000	GF Balances
Total	(219,000)	

Budget Transfers

Resource transfer from Leisure & Sport to Human Resources	24,230	
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2021/22 BUDGET MONITORING

AREAS OF BUDGETARY RISK

The table below notes service-areas that, based on either experience last year or market factors this year, have been identified as having significant budgetary risk within the 2021/22 revenue budgets.

The revenue budget areas of risk are:

Service	21/22 Approved Budget	Risk Rating	Risk and mitigation
City Development, Housing & Supporting People			
Planning Services Revenue	£782,320		There have been a number of recent planning decisions which have been appealed. This generally results in a need for external consultancy and legal advice. Significant expenditure has been incurred in this area in previous financial years.
Revenues and Benefits Housing Benefit Subsidy	£32,697,040		The Council currently administers over £33 million of Housing Benefit payments for rent allowances and rent rebates. Not all expenditure can be claimed back as subsidy. Certain supported and temporary accommodation costs are not eligible for full subsidy; these claim types will remain in Housing Benefit and not move to Universal Credit. As more Housing Benefit claims move onto Universal Credit the amount of unsubsidised expenditure will be an increased proportion of total expenditure. Errors made by ECC officers are not subsidised in full if they go over a set percentage of total expenditure. As total expenditure reduces due to Universal Credit rollout, the margins within which error payments are subsidised will reduce, increasing the risk of a subsidy loss in this area.
Communications, Culture and Leisure Facilities			
Leisure & Sport (Revenue)	£2,477,380		'Despite a challenging start to the year and sector, the leisure facilities are making steady progress in recovering lost time – a robust recruitment drive is filling vacant posts and membership income is continuing to rise with an expected spike in the New Year. Certainty around St Sidwell Point's opening date won't be known until the start of December. In addition there could be new Covid-19 restrictions implemented as the autumn and winter progresses. At this half-way point in the year, forecasting is cautious with a break-even position being predicted; quarter three review should give a much better indication of final outturn

Service	21/22 Approved Budget	Risk Rating	Risk and mitigation
Markets & Halls (Revenue)	(£370,260)		Covid restrictions may have lifted but recovery has been slow especially at The Corn Exchange. Many events have been affected and there is still uncertainty amongst promoters, artists and the public, resulting in reduced tickets sales and a significant amount of refunds. Also, performances are being postponed until further in the year, in the hope that confidence in the industry will be regained and attendance numbers return to a level of normality. It is still too early to accurately forecast how the rest of the year will progress although it is hoped that quarter three will provide a better picture.
Visitor Facilities (Revenue)	£116,680		The Underground Passages remain closed. It had been hoped that it could reopen after a safe period of time after covid restrictions were lifted but there has been water leaks leading to some flooding in the passages. This is now being investigated so it is not yet known when it can reopen to the public; however, it is unlikely to make a material impact in 21/22.
Net Zero Exeter and City Management			
Trade Waste Fees & Charges	(£1,294,160)		Income from existing trade waste customers has generally recovered well from the impact of the pandemic, however when the budgets were prepared it was anticipated that ECC could secure some significant contracts within the city. Progress on these has been delayed, with few opportunities for making cost savings.
Car Parking Fees & Charges	(£8,882,350)		<p>The ongoing restrictions during the first quarter of 2021/22 continued to impact upon car park income. There has been an uplift in recent weeks but there is expected to be a long term impact as working from home becomes more commonplace. The assumption made for the remainder of the year is that we will receive 75% of budgeted income.</p> <p>The Sales, Fees and Charges income compensation scheme will help recover a significant proportion of losses incurred during Quarter 1 but there is no further financial support.</p>

Risk Rating Key:

	<p>Current forecasts indicate either a favourable variance compared to the budget or no variance at all</p>
	<p>Current forecasts indicate an adverse budgetary variance of between 0% and 5% that will be kept under review</p>
	<p>Current forecasts indicate an adverse budgetary variance of more than 5% and will be monitored closely</p>

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REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: 2021/22 General Fund Capital Monitoring Statement – Quarter 2

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?

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 Executive Committee supports and recommends to Council to approve:

- (1) The revision of the annual capital programme to reflect the reported variations detailed in 8.1 and Appendix 1; and
- (2) The additional budget detailed in 8.6

3. Reasons for the recommendation:

3.1 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.

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

5. Section 151 Officer comments:

5.1 As per the previous quarter, Members are reminded that the construction sector is under pressure from rising prices for materials and labour shortages. This will continue to impact the programme for some time, resulting in delays to the programme and likely requests for additional funding where the budget is now insufficient to deliver the planned scheme owing to rising prices. In the short term, this will be managed by seeking Council approval to vire funds from schemes which are delayed, particularly if the asset is under review.

6. What are the legal aspects?

6.1 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:

2021/22 GENERAL FUND CAPITAL MONITORING STATEMENT – QUARTER 2

8.1. REVISIONS TO THE CAPITAL PROGRAMME

The 2021/22 Capital Programme, including commitments brought forward from 2020/21, was last reported to Executive on 5 October 2021. Since that meeting the following changes have been made that have increased the programme:

Description	£	Approval/Funding
Capital Programme, as reported to Council 19 October 2021	67,455,350	
Budget Deferred to 2022/23 & Beyond at Quarter 2	(15,497,990)	Approved by Council 19 October 2021
Overspends/(Underspends) reported at Quarter 2	(21,470)	
Commercial Property Purchase	55,000,000	
IT Replacement Programme	50,000	
Revised Capital Programme	106,985,890	

8.2. PERFORMANCE

The revised capital programme for the current financial year is £106.986 million. During the first six months of the year the Council spent £9.694 million on the programme, which equates to 9.06% of the revised programme. This compares with £10.260 million (30.98%) that was spent in the first six months of 2020/21.

The current programme is detailed in Appendix 1. The Appendix shows a total forecast spend for 2021/22 of £89.286 million with £17.590 million of the programme potentially being deferred to 2022/23 and beyond.

Appendix 2 shows the approved budgets for 2022/23 with the proposed 2021/22 budget to be carried forward to 2022/23 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 2021/22 are £11.659 million. An estimated spend of £89.286 million is required of which £79.559 million will be funded from borrowing with £0.418 million capital receipts carried forward to 2022/23.

Appendix 4 sets out the forecast use of the resources available for the General Fund and the likely amounts of borrowing that will be necessary to fund the capital programme over the next three years.

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

	General Fund £
Balance as at 1 April 2021	3,329,009
New Receipts	251,530
Balance as at 30 September 2021	3,580,539

8.4. EXPENDITURE VARIANCES

The main (greater than +/- £30k) variances and issues concerning expenditure are as follows:

Scheme	Variance £
Street Scene & Other Asset Management	(£124,840)
Officer Responsible: Chief Executive & Growth Director The convergence project initially envisaged did not get past the business case stage therefore the project is not proceeding.	

8.5. SCHEMES TO BE DEFERRED TO 2022/23 AND BEYOND

Schemes which have been identified as being wholly or partly deferred to 2022/23 and beyond are:

Scheme	Budget to be Deferred £
Customer Contact Platform	£157,840
Officer Responsible: Chief Executive & Growth Director Transactions for the Firmstep digital platform are being assessed and prioritised as part of the One Exeter transformation programme. New service demands have arisen as a consequence of the transfer of some face-to-face services to more effective and efficient online services, which has diverted resources. This work will continue into 2022 when additional business analysis and ICT resources will be required to enhance the Firmstep portfolio.	
Datacentre Relocation	£35,940
Officer Responsible: Chief Executive & Growth Director This project is delayed as other key projects - such as the feasibility of a cloud migration – has not been completed. Depending on the outcome of this and other projects, a decision will be made regarding the future of this project.	

Scheme	Budget to be Deferred £
Pinhoe Playing Field upgrades	44,530
District Street Lighting	103,000
Exeter Quay Cellars cliff face	82,500
Repairs to walls at Farm Hill	25,000

Officer Responsible: Engineering & Assets Manager

Works on the skate park at Pinhoe Playing Fields have been delayed and we are only likely to spend £50,000 this financial year and the rest in 2022/23.

Devon CC is contracting with SSE regarding District Street Lighting and there are likely to be delays due to resourcing issues.

Agreement has been given to proceed with investigation works at Exeter Quay Cellars cliff face so up to £75,000 will be spent this year and works identified are unlikely to be carried out until 2022/23.

The investigation on high risk walls at Farm Hill is further delayed due to resourcing issues and only £25,000 is likely to be spent this year.

Scheme	Budget to be Deferred £
Riverside Sports Hall Roof	£1,500,000

Officer Responsible: Director

This project has been delayed while the added structural requirements needed to support the solar panel array have been investigated. However, it is now anticipated that preliminary work will begin in early 2022, with the majority being completed by summer of that year

Scheme	Budget to be Deferred £
Loan to Exeter City Living	£15,641,560

Officer Responsible: Director Finance

Director Finance has advised that this will take effect on 1st April 2022

8.6. FURTHER FUNDING REQUESTS

Brownfield Land Release Projects (£6,391,470)

The Council has recently received funding for brownfield land release projects from the Ministry of Housing, Communities & Local Government, totalling £6,391,470. The funding

will be used for works at Bonhay Meadows, Exeter canal basin, Mary Arches car park, Belle Isle, Cathedral & Quay car park and Clifton Hill.

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. Equality Act 2010 (The Act)

11.1. Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2. In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3. In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4. In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the impact of each scheme is considered prior to approval. Any significant deviation from this will be noted within the body of this report.

12. Carbon Footprint (Environmental) Implications:

We are working towards the Council's commitment to carbon neutral by 2030. The impact of each scheme is considered prior to approval.

13. Are there any other options?

There are no other options.

Director Finance & S151 Officer, Dave Hodgson

Authors:

Nicola Matthews-Morley, Bridget Kendrick and Claire Hodgson

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

Background papers used in compiling this report:

None

Contact for enquires:

Democratic Services (Committees)

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2021/22 CAPITAL MONITORING - QUARTER 2

Responsible Officer	Scheme	2021/22 Capital Programme	2021/22 Spend to date	2021/22 Forecast spend	2021/22 Budget to be Carried Forward to 2022/23 and Beyond	2021/22 Programme Variances (Under)/Over
		£		£	£	£
Chief Executive & Growth Director						
	Customer Contact Platform	162,840	1,812	5,000	157,840	0
	Annual Contribution to Strata	53,910	53,904	53,910	0	0
	Idox System for Planning	78,540	21,432	78,540	0	0
	HR System	5,680		5,680	0	0
	Cabinet & Network Replacement	5,000	4,730	5,000	0	0
	Street Scene and Other Asset Management	124,840		0	0	(124,840)
	Cash and Income Management	53,720	7,018	73,720	0	20,000
	Land Charges	5,390		5,390	0	0
Chief Executive & Growth Director	Finance System Upgrades	32,310	36,253	36,250	0	3,940
	Idox System Upgrades	8,160	1,900	8,160	0	0
	Financial Management	248,000	0	228,000	0	(20,000)
	Idox Environmental Health	4,120	11,203	11,200	0	7,080
	Datacentre Relocation	35,940		0	35,940	0
	SAN Replacement	179,700		179,700	0	0
	Door Access RAMM	100,000	26,538	100,000	0	0
	NCSC Zero Trust	53,910		53,910	0	0
	IT Replacement programme	50,000		50,000	0	0
TOTAL		1,202,060	164,790	894,460	193,780	(113,820)
Transformation						
Director	Leisure Complex - Build Project	9,361,370	5,577,788	9,361,370	0	0
	Bus Station Construction	724,760	203,958	724,760	0	0
	Pinhoe Community Hub	53,760	0	53,760	0	0
TOTAL		10,139,890	5,781,746	10,139,890	0	0

Responsible Officer	Scheme	2021/22 Capital Programme	2021/22 Spend to date	2021/22 Forecast spend	2021/22 Budget to be Carried Forward to 2022/23 and Beyond	2021/22 Programme Variances (Under)/Over
		£		£	£	£
Net Zero Exeter and City Management						
Service Manager - Public & Green Spaces	Parks Infrastructure	100,000	2,479	100,000	0	0
	Cemeteries & Churchyards Infrastructure Improvements	134,790	0	134,790	0	0
	Parks Anti-Incursion Measures	44,200	6,207	44,200	0	0
	Ash Die Back Tree Replacement	173,140	0	173,140	0	0
	Binrastructure	20,000	8,500	20,000	0	0
	Columbarium	367,300	0	367,300	0	0
	Cemetery Fields Play Area	10,000	0	10,000	0	0
	Play Areas	140,000	0	140,000	0	0
Engineering & Assets Manager	Pinhoe Playing Field Upgrades	94,530	37,329	50,000	44,530	0
	Salmonpool Swing Bridge	45,210	45,211	45,210	0	0
	Trews Weir refurb	153,000	0	153,000	0	0
	Exeter Arena Skatepark	25,600	5,595	30,000	0	4,400
	District Street Lighting	153,000	0	50,000	103,000	0
	Piazza Terracina	10,000	0	10,000	0	0
	Holman Way, Topsham CP Copse	10,000	0	10,000	0	0
	Exeter Quay Cellars cliff face	157,500	0	75,000	82,500	0
	Underground Passages	30,900	0	30,900	0	0
	St James Weir & Ducks Marsh	2,360	2,356	2,360	0	0
	St Davids Church Boundary Wall	31,830	17,336	31,830	0	0
	Double Locks	10,300	0	10,300	0	0
	Heavitree Paddling Pools	50,000	3,850	50,000	0	0
	Flowerpot Skate Park	15,000	0	15,000	0	0
Mincinglake Valley Park	10,000	0	10,000	0	0	
Service Manager - Engineering, Waterways & Parking	Car Park Resurfacing, Lining & Boundary Improvements	5,210	5,215	5,210	0	0
	Improved Car Park Security Measures at King William Street & Arena Park	19,670	0	19,670	0	0
	Repairs to Turf Lock Pier Head	10,000	3,193	10,000	0	0
	Repair to Walls at Farm Hill	50,000	0	25,000	25,000	0
	CCTV improvements	243,000	0	243,000	0	0
Service Manager - Recycling, Waste & Fleet	Cleansing Bins and Boxes	40,000	28,331	40,000	0	0
	Improved recycling containers	2,150,000	23,950	2,150,000	0	0
	Enhance the Materials Reclamations Facility	1,500,000	0	1,500,000	0	0
Service Manager - Environmental Health & Community Safety	Disabled Facility Grants	811,490	239,492	811,490	0	0
	Warm Up Exeter/PLEA Scheme	204,820	21,753	204,820	0	0
Miscellaneous	Capitalised Staff Costs	50,000	0	50,000	0	0
TOTAL		6,872,850	450,797	6,622,220	255,030	4,400

Responsible Officer	Scheme	2021/22 Capital Programme	2021/22 Spend to date	2021/22 Forecast spend	2021/22 Budget to be Carried Forward to 2022/23 and Beyond	2021/22 Programme Variances (Under)/Over
		£		£	£	£
City Development, Housing & Supporting People						
Director	Agile & Flexible Rollout	82,930	0	82,930	0	0
	Next Steps/Rough Sleepers Accommodation Programme Property Acquisitions	1,641,760	286,341	1,641,760	0	0
	Marsh Barton Station	1,300,000	1,300,000	1,300,000	0	0
TOTAL		3,024,690	1,586,341	3,024,690	0	0
Communications, Culture and Leisure Facilities						
Director	Council Signage Improvement	79,090	0	79,090	0	0
	Leisure Centre Essential Enhancements	47,880	9,638	47,880	0	0
	Riverside Leisure Centre	1,337,430	920,089	1,337,430	0	0
	Riverside Sports Hall Roof	2,000,000	0	500,000	1,500,000	0
	Leisure Complex - Fit Out	1,500,000	29,261	1,500,000	0	0
	Leisure Management	245,440	0	245,440	0	0
TOTAL		5,209,840	958,988	3,709,840	1,500,000	0
Finance						
Director	Loan to Exeter City Living	15,641,560	0	0	15,641,560	0
	Commercialisation Options	4,912,720	0	4,912,720	0	0
	Energy Saving Projects	2,470,030	599,134	2,470,030	0	0
	Building Management System (BMS)	80,000	0	80,000	0	0
	Civic Centre Air Conditioning Replacement	25,000	0	25,000	0	0
	Fire Risk Assessment Works	769,540	0	769,540	0	0
	Pinces Gatehouse Roof repairs	70,000	0	70,000	0	0
	Corn Exchange Roof Replacement	250,000	151,906	250,000	0	0
	Exmouth Buoy Store	95,000	0	95,000	0	0
	Mary Arches MSCP	172,950	0	172,950	0	0
City Surveyor	Guildhall MSCP	103,120	0	103,120	0	0
	Cathedral & Quay MSCP	377,220	621	377,220	0	0
	John Lewis MSCP	126,770	0	126,770	0	0
	Princesshay 2 MSCP	118,270	0	118,270	0	0
	Princesshay 3 MSCP	57,700	0	57,700	0	0
	Leighton Terra & KW St MSCP	81,680	0	81,680	0	0
	City Wall	35,000	0	35,000	0	0
	Guildhall Roof Replacement	100,000	0	100,000	0	0
	RAMM Roof Replacement	50,000	0	50,000	0	0
TOTAL		25,536,560	751,661	9,895,000	15,641,560	0
GENERAL FUND SERVICES TOTAL		51,985,890	9,694,323	34,286,100	17,590,370	(109,420)

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BUDGETS CARRIED FORWARD TO 2022/23 AND BEYOND

Responsible Officer	Scheme	2022/23 Budget as	Budget Carried	Proposed Budget to	Budget Reprofiled	Total 2022/23	2023/24 Budget as
		per Budget	Forward to 2022/23	be Carried Forward	to Future Years	Capital Programme	per Budget
		Book/Council	and Beyond at Qtr 1	to 2022/23 and			Book/Council
		Approvals		Beyond at Qtr 2			Approvals
		£	£	£	£	£	£
Chief Executive & Growth Director							
Chief Executive & Growth Director	Customer Contact Platform			157,840		157,840	
	Annual Contribution to Strata	53,910	0	0		53,910	53,910
	Datacentre Relocation			35,940		35,940	
TOTAL		53,910	0	193,780	0	247,690	53,910
Net Zero Exeter and City Management							
Service Manager - Public & Green Space	Parks Infrastructure	0	141,880	0		141,880	
	Ash Die Back Tree Replacement	150,480	0	0		150,480	
	Cemetery Fields Play Area	79,580	67,250	0		146,830	
	Play Areas	212,200	66,000	0		278,200	218,600
	Outdoor Leisure Facilities - Newcourt		121,270	0		121,270	
	Repair Canal Bank at M5		26,890	0		26,890	
	Bowling Green Marshes Coastal Defence Scheme	160,000	340,000	0		500,000	160,000
	Topsham Flood Prevention Scheme		800,000	0		800,000	
	Pinhoe Playing Field Upgrades		0	44,530		44,530	
	Cricklepit Bridge		153,750	0		153,750	
	Trews Weir refurb	901,850	0	0		901,850	
	District Street Lighting	159,150	0	103,000		262,150	163,950
	Trews Weir Safety Improvements		60,000	0		60,000	
	Exeter Ship Canal M5 viaduct		164,500	0		164,500	
	Exeter Quay Cellars cliff face	318,300	0	82,500		400,800	
	Exhibition Way Bridge	169,760	41,200	0		210,960	
	Yaroslavl Bridge	0	77,250	0		77,250	
	Leypark Road Footbridge	169,760	41,200	0		210,960	
	Paul Street Car Park Bridge & Ramp	21,220	0	0		21,220	87,440
	King William Footbridge	21,220	0	0		21,220	87,440
	Farm Hill Retaining Walls (23 no.)	53,050	0	0		53,050	218,600
	Mallison Bridge	265,250	772,500	0		1,037,750	
	Riverside Walls at Quay	477,450	51,500	0		528,950	
	Bonhay Rd/Andlaw House Footpath	42,440	0	0		42,440	
	St James' Weir & Ducks Marsh Meadow banks	212,200	(2,360)	0		209,840	1,093,000
	Canal Basin, Topsham Quay, Countess Wear	106,100	82,400	0		188,500	
	Double Locks Access Road & paths		0	0		0	43,720
	Heavitree Paddling Pools	159,150	259,000	0		418,150	
	Taddiford Brook @ New North Road / Taddiford Road		10,300	0		10,300	43,720
	Flowepot Skate-park		10,750	0		10,750	
Engineering & Assets Manager							

BUDGETS CARRIED FORWARD TO 2022/23 AND BEYOND

Responsible Officer	Scheme	2022/23 Budget as	Budget Carried	Proposed Budget to	Budget Reprofiled	Total 2022/23	2023/24 Budget as
		per Budget	Forward to 2022/23	be Carried Forward	to Future Years	Capital Programme	per Budget
		Book/Council	and Beyond at Qtr 1	to 2022/23 and			Book/Council
		Approvals		Beyond at Qtr 2			Approvals
		£	£	£	£	£	£
	Landfill Gas Extraction Systems @ Clifton Hill & Mincinglake Valley Park (Public Realm & Environmental Health)	53,050	0	0		53,050	601,150
	Mincinglake Valley Park Reed Beds & Pipe Inlet	106,100	41,500	0		147,600	
	Exeter Ship Canal - Bottleneck & Bird Hide	106,100	10,300	0		116,400	
	Exeter Ship Canal - Green Tip to Salmonpool		51,500	0		51,500	
	Okehampton Street & Parr Street Car Parks		0	0		0	54,650
	Exwick Cemetery		0	0		0	21,860
	Higher Cemetery		0	0		0	21,860
	Budlake Road		0	0		0	109,300
Service Manager - Engineering, Waterways & Parking	Repairs to Turf Lock Pier Head		63,500	0		63,500	27,330
	Repair to Walls at Farm Hill		29,900	25,000		54,900	
	Bank Repairs & Stabilisation to Watercourses		20,000	0		20,000	
Service Manager - Recycling, Waste & Fleet	Waste Infrastructure		463,300	0		463,300	
Service Manager - Environmental Health & Community Safety	Disabled Facility Grants	800,000	0	0		800,000	800,000
Miscellaneous	Capitalised Staff Costs	50,000	0	0		50,000	50,000
TOTAL		4,794,410	3,965,280	255,030	0	9,014,720	3,802,620
City Development, Housing & Supporting People							
Director	Rough Sleepers Accommodation Programme Property Acquisition		737,370	0		737,370	
TOTAL		0	737,370	0	0	737,370	0
Communications, Culture and Leisure Facilities							
Director	Riverside Sports Hall Roof			1,500,000		1,500,000	
TOTAL		0	0	1,500,000	0	1,500,000	0

BUDGETS CARRIED FORWARD TO 2022/23 AND BEYOND

Responsible Officer	Scheme	2022/23 Budget as per Budget Book/Council Approvals	Budget Carried Forward to 2022/23 and Beyond at Qtr 1	Proposed Budget to be Carried Forward to 2022/23 and Beyond at Qtr 2	Budget Reprofiled to Future Years	Total 2022/23 Capital Programme	2023/24 Budget as per Budget Book/Council Approvals
		£	£	£	£	£	£
Finance							
Director	Loan to Exeter City Living			15,641,560		15,641,560	
	Beacon Heath Martial Arts & Boxing Club - New Roof		14,650	0		14,650	
	Pinces Gatehouse Roof repairs		15,000	0		15,000	
	Mary Arches MSCP	1,467,960	1,959,470	0		3,427,430	
	Guildhall MSCP		0	0		0	1,014,340
	Cathedral & Quay MSCP		3,496,800	0		3,496,800	
	Harlequins MSCP		16,510	0		16,510	
	Princesshay 2 MSCP	2,384,310	0	0		2,384,310	
	Princesshay 3 MSCP		0	0		0	567,580
	Leighton Terra & KW St MSCP	606,660	0	0		606,660	1,071,350
	Civic Centre Phase 3 Roof Rep		230,000	0		230,000	
	City Wall		343,520	0		343,520	
	Backlog Maintenance	1,010,940	3,923,890	0		4,934,830	
	Guildhall roof replacement	514,190	0	0		514,190	
	RAMM - roof replacement	600,130	338,400	0		938,530	
City Surveyor	Commercial Property Ancillary Accommodation flat roof recovering	124,640	0	0		124,640	
	Bradninch Place - additional actions to enable potential asset transfer including heating system, roof access and removal of the BMS system. These works are in addition to the condition survey backlog of £598,000	242,350	0	0		242,350	
	Wat Tyler House - resolving ongoing water ingress with new rainwater system		235,270	0		235,270	
	Verney House - roof access and rainwater drainage improvements. Potential for mitigation if asset transferred for residential development opportunity		121,000	0		121,000	
	Commercial Properties - capital improvements to enable ongoing income (compliance with EPC legislation)	103,870	100,830	0		204,700	107,000
TOTAL		7,055,050	10,795,340	15,641,560	0	33,491,950	2,760,270
GENERAL FUND SERVICES TOTAL		11,903,370	15,497,990	17,590,370	0	44,991,730	6,616,800

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SIGNIFICANT CAPITAL SCHEMES SPANNING MORE THAN ONE FINANCIAL YEAR

Responsible Officer	Scheme	Total Capital Budget £	Total Spend to Date £	Programme Variances (Under)/Over £
Transformation				
Director	Leisure Complex - Build Project	41,987,040	38,111,413	0
	Bus Station Construction	8,939,050	8,418,249	0
	Pinhoe Community Hub	100,000	46,244	0
TOTAL		51,026,090	46,575,906	0
Net Zero Exeter and City Management				
Service Manager - Public & Green Space	Parks Infrastructure	500,000	260,597	0
	Cemeteries & Churchyards Infrastructure Improvements	180,000	45,205	0
Engineering & Assets Manager	Repair Canal Bank at M5	64,520	37,631	0
	Replacement of Mallison Bridge (Exeter Quay)	1,082,160	44,407	0
Service Manager - Engineering, Waterways & Parking	Repairs to Turf Lock Pier Head	242,950	4,693	0
TOTAL		2,069,630	392,534	0
Communications, Culture and Leisure Facilities				
Director	Leisure Centre Essential Enhancements	331,480	293,242	0
	Riverside Leisure Centre	7,062,100	6,644,758	0
TOTAL		7,393,580	6,938,001	0
GENERAL FUND SERVICES TOTAL		60,489,300	53,906,440	0

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GENERAL FUND AVAILABLE RESOURCES

GENERAL FUND	2021-22 £	2022-23 £	2023-24 £	2024-25 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Capital Receipts Brought Forward	3,329,009				3,329,009
GF Capital Receipts	2,360,030	0	0	0	2,360,030
Revenue Contributions to Capital Outlay	0	89,668	0	0	89,668
Disabled Facility Grant	1,016,310	800,000	800,000	800,000	3,416,310
New Homes Bonus	0	14,647	0	0	14,647
Community Infrastructure Levy	1,300,000	0	0	0	1,300,000
Other - Grants/External Funding/Reserves/S106	3,653,948	2,578,171	160,000	160,000	6,552,119
Total Resources Available	11,659,297	3,482,486	960,000	960,000	17,061,783
GENERAL FUND CAPITAL PROGRAMME					
Capital Programme	51,985,890	27,401,360	6,616,800	7,300,250	93,304,300
Overspends/(Savings)	(109,420)				(109,420)
Slippage	(17,590,370)	17,590,370			0
Total General Fund	34,286,100	44,991,730	6,616,800	7,300,250	93,194,880
UNCOMMITTED CAPITAL RESOURCES:					
Capital Receipts Brought Forward	3,329,009	417,949	0	0	3,329,009
Resources in Year	8,330,288	3,482,486	960,000	960,000	13,732,774
Less Capital Receipts applied in respect of fleet lease	(1,514,170)	(743,103)	(281,585)		(2,538,858)
Less Capital Receipts to carry forward	(417,949)				0
Less Spend in Year	(34,286,100)	(44,991,730)	(6,616,800)	(7,300,250)	(93,194,880)
Borrowing Requirement	24,558,922	41,834,398	5,938,385	6,340,250	78,671,955

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REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: 2021/22 HRA Budget Monitoring Report – Quarter 2

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To advise Members of the financial position of the HRA Revenue and Capital Budgets for the 2021/22 financial year after six months.

In addition to the budgetary over/under-spends reported to this committee, Appendix 1 also highlights areas of risk, so that Members are aware that certain budgets have been identified as being vulnerable to factors beyond the control of the Council, which may result in potential deviations from budget, and are therefore subject to close monitoring by officers.

2. Recommendations:

2.1. It is recommended the Executive note the report and Council notes and approves (where applicable):

(1) The HRA forecast financial position for 2021/22 financial year; and

(2) The revision of the HRA Capital Programme to reflect the reported variations detailed in Appendix 4

3. Reasons for the recommendation:

3.1. To formally note the HRA's projected financial position and to approve the reported variations to the HRA Capital Programme.

The Housing Revenue Account is a statutory account and local housing authorities have a duty to keep a HRA in accordance with proper accounting practices and to review the account throughout the year. Members are presented with a quarterly financial update in respect of the HRA and this is the second update for 2021-22.

4. What are the resource implications including non financial resources

4.1. The financial resources required to deliver both housing services to Council tenants and to invest in new and existing housing stock during 2021/22 are set out in the body of this report.

The impact on the HRA's available financial resources are set out in Appendix 3.

5. Section 151 Officer comments:

5.1 There remains nothing significant to draw members' attention to in respect of the HRA other than to note the list of deferred capital schemes.

6. What are the legal aspects?

6.1. The Housing Revenue Account is framed by the Local Government and Housing Act 1989. This Act created the ring-fence and the structure within which the HRA operates and covers the detailed operation of the HRA, including the credits (income) and debits (expenditure) which make up the account.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

HRA BUDGET MONITORING – QUARTER 2

8.1. Background to the HRA

The Housing Revenue Account (HRA) records expenditure and income relating to council housing and the provision of services to tenants. Housing authorities have a statutory duty to maintain a HRA account, which is primarily a landlord account, in order to account to their tenants for income and expenditure on council housing separately from other functions and services of the Council. This includes tenancy management, repairs and maintenance, Council house building and Council house retrofits.

8.2. Projected Movement in Working Balance

	£
Approved Budgeted transfer from/ (to) the working balance	6,647,075*
Supplementary budgets – Council approved 20 July 2021	333,000
Revenue Contribution to Capital deferred from 2020/21 – Council approved 20 April 2021	446,550
Revised Budgeted transfer from/ (to) the working balance	7,426,625

*2021/22 Approved Budget Represented By	£
85A1 MANAGEMENT	1,267,435
85A2 TENANCY SERVICES	1,455,550
85A3 SUNDRY LANDS MAINTENANCE	604,910
85A4 REPAIR & MAINTENANCE PROGRAMME	6,393,320
85A5 REVENUE CONTRIB TO CAPITAL	7,950,000
85A6 CAPITAL CHARGES	3,742,940
85A7 HOUSING ASSETS	2,210,260
85A8 RENTS	(19,236,370)
85B2 INTEREST	2,259,030
85B4 MOVEMENT TO/(FROM) WORKING BALANCE	(6,647,075)

The HRA has built up a considerable working balance of £12.950m as at 31 March 2021. This is considerably higher than the £4m contingency resolved to be retained. The HRA approved Medium Term Financial Plan (MTFP) plans to reduce the working balance, largely through significant revenue contributions to capital. This enables the built-up working balance to be used to fund the HRA capital programme towards planned works, retrofits and Council House building developments.

The approved 2021/22 budget built-in a large anticipated revenue contribution to capital for the year of £7.950m. A further £0.447m contribution to capital was deferred from 2020/21, taking the anticipated revenue contribution to capital for 2021/22 to £8.397m.

8.3. The budget variances anticipated at quarter 2, indicate that £7,405,640 will be taken from the working balance in 2021/22 – See appendix 2. This represents a movement of -

£20,985 compared to the revised budget £7,426,625 for 2021/22. The key budget deviations are explained below.

Budget Heading	Forecast Outturn Budget Variance at Quarter 1 (Under)/Overspend	Forecast Outturn Budget Variance at Quarter 2 (Under)/Overspend
Management Costs	£30,000	£30,000
<p>Officers Responsible: Assistant Director of Housing (AP) Assistant Director of Housing (LB)</p> <ul style="list-style-type: none"> (£30k) Forecast overspend in empty property council tax charges. A number of invoices relating to 2020/21 became payable in Q1 of 2021/22. These properties were empty longer term due to major works and the pandemic and being unable to let them. In addition to this during 2021/22, approximately 35 properties will be held empty for major works or redevelopment opportunities. 		
Tenancy Services	£nil	(£12,500)
<p>Officers Responsible: Assistant Director of Housing (LB)</p> <ul style="list-style-type: none"> (£12.5k) forecast underspend on shared ownership costs. The 2021/22 budget allowed for costs in anticipation of shared-ownership arrangements. Shared-ownership is not expected to be offered during 2021/22 therefore this budget is not due to be spent. 		
Sundry Land Maintenance	£nil	(£39,640)
<p>Officers Responsible: Assistant Director of Housing (AP) Assistant Director of Housing (LB)</p> <ul style="list-style-type: none"> (£40k) forecast underspend on garden assistance. This is a service provided on a monthly basis and spend is therefore dependent on how many gardens are expected to be serviced each month. This contract is currently undergoing a re-tender process, due to be completed by the end of the year. 		
Repair & Maintenance Programme	(£nil)	(£nil)

Officer Responsible: Service Lead – Housing Assets

- £30k forecast overspend on general reactive repairs. The budgetary impact is consistent with national trends and is potentially a consequence of the COVID periods with people spending more time at home, properties exhibiting more 'wear and tear', less/delayed capital investment and increased expectations for repair completions. Close monitoring continues to be in place to scrutinise activity and expenditure.
- £100k forecast overspend on voids. The recent void analysis indicates that we have had a larger than usual number of void properties this year returned to us with high void costs which are not capital repairs. Work by the Voids Review Group continues to examine reasons for this trend and ways to mitigate and it is hoped that Housing Officer visits will go some way to reducing this pressure. Additionally, as a priority action the Voids Review Group are currently reviewing the Recharge Policy to make it fit for purpose and it is anticipated that this will assist in the management of voids, and the associated costs, moving forward.
- (£109k) forecast underspend on Older Persons' decoration. This service provision has been temporarily suspended (2021/22) following the COVID period and risk assessments relating to non-urgent work. Furthermore, we do not currently have significant demand from tenants. It is likely that we will review and recommence this service offer to tenants from April 2022.
- (£21k) amalgamation of savings identified to offset the above expected overspends.

Capital Charges**£nil****£101,155****Officer Responsible: not applicable (statutory accounting charge)**

Depreciation charges are higher than budgeted due to a valuation increase of the properties in the portfolio at 2020/21 year end.

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.

Interest**£nil****(£100,000)**

Officer Responsible:
Assistant Director of Housing (AP)
Assistant Director of Housing (LB)

(£100k) forecast underspend on interest. The 2021/22 budget included interest cost for additional £3.9m approved borrowing. This additional borrowing is likely not to be undertaken in 2021/22.

Total budget (underspend)/overspend	£30,000	(£20,985)
Projected transfer from/ (to) the working balance	£7,456,625	£7,405,640

8.4. Impact on HRA Working Balance

The HRA Working Balance represents amounts set aside to help facilitate service improvements, repay debt or to provide investment in the stock in future financial years.

The forecast balance, as at 31 March 2022, is set out below:

Movement	2021/22
Opening HRA Working Balance, as at 1 April 2021	£12,950,277
Forecast transfer (from)/to the working balance for 2021/22	(£7,405,640)
Balance resolved to be retained (HRA contingency)	(£4,000,000)
Forecast Balance Available, as at 31 March 2022	£1,544,637

The significant transfer from the working balance anticipated for 2021/22 brings the working balance as at 31 March 2022 down closer to the HRA balance resolved to be retained of £4m.

8.5. HRA Available Resources over the Medium Term

The forecast HRA available resources for delivering both housing services and capital investment are set out in Appendix 3 for the period to 2024/25.

The total available resources is made up of several reserve balances; the HRA working balance, the Useable Capital Receipts reserve and the Major Repairs Reserve.

The HRA working balance is the movement on revenue budgets, contributions can be made from this reserve towards financing capital budgets in the form of 'Revenue Contributions to Capital'. The useable capital receipts reserve is made up of both the Right-to-Buy (RTB) receipts reserve and the Non-RTB receipts reserve; these reserves are available to finance capital spend, some restrictions apply. The Major Repairs Reserve is increased each year by the HRA depreciation charge to revenue, this reserve is then available to spend on the HRA capital programme.

The total forecast HRA available resources is impacted by estimated variances in both revenue budgets detailed in section 8.3 above and estimated variances in capital budgets detailed in section 8.9 below.

The forecast total available resources has improved by £1k since last reported. Additional capital budget requirements for 2021/22 (detailed in section 8.9), have been offset by Green Energy grant funding won during the year, an increase in expected contributions to the Major Repairs Reserve and savings/efficiencies identified.

8.6. HRA Debt

In October 2018 the Government formally removed the HRA debt cap, which restricted the amount of borrowing stock-holding local authorities could have for the purposes of the HRA. The lifting of the 'debt cap' means that local authorities are now able to borrow for housebuilding in accordance with the Prudential Code.

Executive on 8 October 2019 approved the first Council House Building Programme, which will deliver 100 new homes into the HRA at a cost of £18 million. On 5 April 2020, the Council took out a loan of £15.36 million from the PWLB to support this programme. The remaining £2.64 million will be funded by capital receipts.

As at 31 March 2021, the HRA's borrowing stood at £73.242 million. The total of the £15.360 million new loan and the former 'debt cap' level of £57.882 million.

The HRA currently has approval to borrow a further £6.9m, this will likely be required in the next 12 to 24 months.

8.7. HRA Capital Programme

The 2020-21 HRA Capital Programme was last reported to Council on 19 October 2021. Since that meeting the following changes have been made that have decreased the 2021/22 programme.

Description	2021/22	Approval / Funding
HRA Capital Programme	£31,106,731	
Budgets deferred to future financial years	(£2,998,395)	Council - 19 October 2021
2021/22 Budget overspend	£3,124	Council - 19 October 2021
Revised HRA Capital Programme	£28,111,460	

8.8. Performance

The current HRA Capital Programme is detailed in Appendix 4. The appendix shows a total forecast spend of £24,544,913 compared to the £28,111,460 approved programme;

a movement of £3,566,547. This is made up of £5,049,223 that will be deferred to future years, an additional budget requirement of £2,169,135 and identified savings of £686,459.

8.9. Capital Budget Variances

The details of key (greater than +/- £50k) variances from budget are set out below. The Assistant Director of Housing (AP) will be able to provide further details in respect of these areas, if required.

Scheme	Forecast Overspend / (Underspend)
Energy Conservation	£1,874,490
<p>Officer Responsible – Planned Works Lead</p> <p>The Council received Green Energy Grants towards funding carbon reduction works on the housing stock. These grants have significantly accelerated this energy retrofit programme of works for 2021/22 which includes; cavity wall insulation, solar PV panels, loft insulation and heating upgrades. The grant conditions dictate that a landlord contribution is expected, so the HRA does have to finance a proportion of each retrofit out of its available resources. The forecast overspend is offset by grant funding of £1.1m, so the net additional cost to the HRA is £774k.</p> <p>To work towards the Council's commitment to carbon neutral by 2030 the Council will look to apply for any further grant funding available, but the required landlord contributions may require the reappportioning of budget from other areas of the HRA approved capital programme.</p> <p>A detailed review of the carbon retrofit budget requirement is currently underway, this will include a review of the entire HRA capital programme to identify areas where budgets can be reappportioned from. A report will be submitted to members in the third quarter of 2021/22.</p>	
Structural Repairs	£197,929
<p>Officer Responsible – Planned Works Lead</p> <p>It has been identified that in order to prepare properties for carbon reduction upgrades, some structural repairs are required. This predominately relates to the failure of wall ties and some lintels and the need to clear wall cavities of building rubble prior to the reinstallation of cavity insulation. Whilst this work was not anticipated its completion will significantly improve the thermal performance of the wall structures and the associated affordable warmth for our tenants.</p>	
Thornpark Rise	(£137,596)
<p>Assistant Director of Housing (AP)</p> <p>The final price agreed on the purchase of the 9 properties, was less than the original budgeted amount following the process of valuation carried out by the City Surveyor's Team.</p>	
Energiesprong project (Zebcat)	(£100,000)

<p>Officer Responsible – Planned Works Lead</p> <p>Additional budget of £100k requested and approved on 21 July 2020 is no longer expected to be required. This project is expected to be finished by the end of the year.</p>	
Fire safety storage facilities	(£100,000)
<p>Officer Responsible – Planned Works Lead</p> <p>Scheme designs for the current programme of estate improvements have not required the upgrades to storage areas that was originally anticipated – the budget has been revised down accordingly.</p>	
Bathroom replacements	(£32,000)
Kitchen replacements	(£150,000)
<p>Officer Responsible – Planned Works Lead</p> <p>The programme of delivery has been re-profiled over a 3-year period following the procurement of a new Contractor – this has required the reduction of the 2021/22 budget.</p>	
Window replacements	(£166,863)
<p>Officer Responsible – Planned Works Lead</p> <p>Programme rearrangements, and efficiencies via procurement and contractor management have resulted in £166,863 savings from the 2021/22 budget.</p>	
Council Own Build (Phase 3) – 4 Proposed Sites	£94,200
<p>Assistant Director of Housing (AP)</p> <p>The above budgets are is being requested to engage Exeter City Living to undertake feasibility assessments on four sites with a view to delivering the next phase of new, high quality and low-carbon Council homes.</p>	

Schemes to be deferred to 2022/23 and beyond

Schemes which have been identified as being wholly or partly deferred to 2022/23 and beyond are:

Scheme	Budget deferred to future years
---------------	--

Adaptions	£181,936
<p>Officer Responsible – Planned Works Lead</p> <p>There are some large adaptations projects that have required formal procurement of contracts due to size. This has resulted in some works that were planned for 2021/22 being deferred into 2022/23.</p>	
Communal Area flooring	£104,351
<p>Officer Responsible – Planned Works Lead</p> <p>Delays with the Section 20 notification process for all leaseholders in blocks identified for this work has resulted in start dates moving towards the end of 2021/22 and the anticipated spend falling in 2022/23.</p>	
Door replacements	£56,274
<p>Officer Responsible – Planned Works Lead</p> <p>The programme of delivery has been re-profiled over a 3-year period following the procurement of a new Contractor.</p>	
Fire Risk Assessment – Compliance	£332,038
Fire Risk Assessment – Planned works	£128,025
<p>Officer Responsible – Planned Works Lead & Compliance lead</p> <p>The tender process is still on-going to find a contractor to undertake the fire compartmentation programme.</p> <p>The planned works budget deferred budget relates to a large fire door project on a block of flats that was due to finish in March 2022, but is now expected to complete early 2022/23.</p> <p>The planned works and compliance teams have worked together with external contractors to review and update work programmes for future years. All work has been prioritised to ensure full delivery of fire risk assessment responsibilities.</p>	
Lift upgrades	£74,800
<p>Officer Responsible – Compliance lead</p>	

A procurement exercise is underway to tender for a contractor to undertake significant lift upgrades on four sites. Work is not expected to start until after 31 March 2022.	
Rennes House Structural Works	£1,000,000
<p>Assistant Director of Housing (AP)</p> <p>In consultation with the Council's Housing Development and Services Portfolio Holder, it has been agreed that an update report will be submitted to members in the third quarter of 2021/22.</p>	
Hamlin Gardens	£400,000
<p>Assistant Director of Housing (AP)</p> <p>Following the main contractor withdrawing from this development project, a new procurement schedule has been designed and agreed. The initial procurement stage has now been completed with the submission of expressions of interest from three contractors – the full procurement programme will run until November 2021. Work is unlikely to commence until Q1 of 2022/23 and will run to 2024.</p>	
Vaughan Road	£2,750,000
<p>Assistant Director of Housing (AP)</p> <p>Demolition works have now commenced on this site. The budget has been re-profiled to align with the current timeline.</p>	

9. Historic Council Own Build Final Accounts TO 31 MARCH 2022

9.1. The historic Council's own build 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.

As the 21 units were built using HCA funding in conjunction with borrowing (£998k), they are accounted for separately in order to ensure that they self-financing. A separate COB working balance and Major Repairs Reserve are maintained until such time as a sufficient balance has been accumulated to repay the debt attributable to these properties, at which point the units can be accounted for with the wider HRA stock.

9.2. Key Variances from Budget

A variance of £2,352 has been identified due to an increase in capital charges for 2021/22. The budgeted transfer from the COB working balance is now expected to be £28,122 for the year.

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

The Housing Revenue Account contributes to a key purposes, as set out in the Corporate Plan; Build great neighbourhoods.

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

For clarity, these are specific financial risks, alongside the risks captured in the corporate risk register.

It is not permissible for the HRA to go into an overall financial deficit position, it is therefore important to ensure that an adequate level of HRA balances is maintained as a contingency against risks. The HRA resolve to retain a working balance at no less than £4 million to mitigate against financial risks.

Areas of budgetary risk are highlighted to committee as part of the quarterly budget monitoring updates. Appendix 1 sets out the risks identified, at Quarter 1.

12. Equality Act 2010 (The Act)

12.1. Under the Act's Public Sector Equality Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding

12.2. In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

12.3. In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

12.4. In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because there are no significant equality and diversity impacts associated with this decision

13. Carbon Footprint (Environmental) Implications:

We are working towards the Council's commitment to carbon neutral by 2030. The impact of each scheme is considered prior to approval.

14. Are there any other options?

No.

Director Finance, David Hodgson

Author: Kayleigh Searle

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

Background papers used in compiling this report:-

None

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A number of areas of budgetary risk have been identified within the HRA, as follows:

Budget Title	2021/22 Approved Budget	Risk Rating	Risk and mitigation
General Maintenance	£2,238,127 (revenue)		The volatility of the level of requested repairs due to factors beyond the control of the Council, for example adverse weather conditions represent a budgetary risk. The impact of property inspections undertaken by the Tenancy Services Team may also lead to the identification of additional repairs. Spend to month six is slightly ahead of profile. Mitigation measures include monthly contract meeting with the Contractor – the meetings include budget review and work in progress updates. Other supporting measures include weekly Surveyors meetings to highlight repair demand pressures.
Repairs to Void Properties	£1,262,493 (revenue)		Property turnover and the varying condition of properties when returned to the Council represent a budgetary risk. Spend to month six is ahead of profile. Mitigation includes a current review of the void standard – for inclusion in the currently commissioned Integrated Asset Management Contract. Additionally, property inspections by Housing Officers highlight sub-standard property conditions wherever possible and are an early alert to issues.
Rental Income from Dwellings	(£18,769,500) (revenue)		Right to Buy sales, number of new tenancies set at convergence rent levels, number of days lost through major works, rent lost in respect of void properties and welfare reform changes (for which an increased bad debt provision has been made) all impact on the annual rental income. The impact on rents due to COVID-19 was considered in 2020-21 and a two year recovery period was built into the medium-term financial plan. Rental income after the first 6 months is slightly behind profile, but payments made during the rent-free fortnights may mitigate, as in previous years. Mitigation has been impacted by the scale of work to some void properties. However, contract works are monitored to focus on timely completion of refurbishments.

Risk Rating:

	Potential for a favourable variance compared to the budget or no variance at all
	Potential for adverse budgetary variance of between 0% and 5% that will be kept under review
	Potential for an adverse budgetary variance of more than 5% and will be monitored closely

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HOUSING REVENUE ACCOUNTS BUDGET MONITORING 2021-22

APPENDIX 2

QUARTER 2

ACTUAL TO DATE			YEAR END FORECAST				
PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	MANAGEMENT UNIT	APPROVED BUDGET	Qrt 1 FORECAST VARIANCE	Qrt 2 FORECAST VARIANCE	CURRENT OUTTURN FORECAST
£	£	£		£	£	£	£
473,483	471,588	(1,895)	MANAGEMENT	1,314,435	30,000	30,000	1,344,435
594,580	542,599	(51,981)	TENANCY SERVICES	1,445,550	0	(12,500)	1,433,050
304,320	125,767	(178,553)	SUNDRY LAND MAINTENANCE	744,910	0	(39,640)	705,270
3,502,705	3,284,685	(218,020)	REPAIRS & MAINTENANCE PROGRAMME	6,561,320	0	0	6,561,320
0	0	0	REVENUE CONTRIBUTION TO CAPITAL	8,396,550	0	0	8,396,550
0	0	0	CAPITAL CHARGES	3,742,940	0	101,155	3,844,095
960,935	940,186	(20,749)	HOUSING ASSETS	2,198,260	0	0	2,198,260
(11,221,216)	(10,925,638)	295,578	RENTS	(19,236,370)	0	0	(19,236,370)
1,129,515	1,090,389	(39,126)	INTEREST	2,259,030	0	(100,000)	2,159,030
			MOVEMENT TO/(FROM) WORKING BALANCE	(7,426,625)	(30,000)	20,985	(7,405,640)
			Net Expenditure	0	0	0	0
			Working Balance	12,950,277	31 March 2022		5,544,637

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COUNCIL OWN BUILD SITES

PROFILED BUDGET	ACTUAL TO DATE	VARIANCE TO DATE	MANAGEMENT UNIT	APPROVED BUDGET	Qrt 1 FORECAST VARIANCE	Qrt 2 FORECAST VARIANCE	CURRENT OUTTURN FORECAST
£	£	£		£	£	£	£
37,415	28,120	(9,295)	MANAGEMENT	74,830	0	0	74,830
(5,365)	(5,938)	(573)	ROWAN HOUSE	(10,730)	0	0	(10,730)
(30,850)	(38,771)	(7,921)	KNIGHTS PLACE	(61,700)	0	0	(61,700)
0	0	0	INTEREST	7,590	0	0	7,590
0	0	0	CAPITAL CHARGES	15,780	0	2,352	18,132
			MOVEMENT TO/(FROM) WORKING BALANCE	(25,770)	0	(2,352)	(28,122)
			Net Expenditure	0	0	0	0
			Working Balance	317,178	31 March 2022		289,056

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APPENDIX 3

HRA AVAILABLE RESOURCES

HOUSING REVENUE ACCOUNT	2021-22 £	2022-23 £	2023-24 £	2024-25 £	TOTAL £
CAPITAL RESOURCES AVAILABLE					
Usable Receipts Brought Forward					9,600,364
Major Repairs Reserve Brought Forward					15,133,198
Other HRA Sales	1,354,235				1,354,235
RTB sales	825,000	825,000	825,000	825,000	3,300,000
Surrender back to DCLG - pending investment in replacement affordable housing		(2,944,893)			(2,944,893)
Major Repairs Reserve	3,844,095	3,844,095	3,844,095	3,844,095	15,376,380
Revenue Contributions to Capital	8,396,550	2,000,000	2,450,000	2,300,000	15,146,550
External contributions	592,424		-	-	592,424
Grant funding - Green Energy	1,100,000				1,100,000
Commuted sums	821,356				821,356
Borrowing	7,239,498	5,400,000	750,000	750,000	14,139,498
Total Resources available	24,173,158	9,124,202	7,869,095	7,719,095	73,619,112
CAPITAL PROGRAMME					
HRA Capital Programme	31,106,731	18,884,588	10,778,768	9,435,609	70,205,696
Q1 - Slippage / Re-profiling	(2,998,394)	1,982,851	1,015,543		-
Q1- Overspends / (Savings)	3,124				3,124
Q2 - Slippage / Re-profiling	(5,049,223)	1,489,248	3,559,975		-
Q2- Overspends / (Savings)	1,482,676				1,482,676
					-
Total Housing Revenue Account	24,544,914	22,356,687	15,354,286	9,435,609	71,691,496
UNCOMMITTED CAPITAL RESOURCES:					
Usable Receipts Brought Forward	9,600,364	7,831,538	2,201,646	1,669,954	9,600,364
Major Repairs Reserve Brought Forward	15,133,198	16,530,268	8,927,676	1,974,176	15,133,198
Resources in Year	24,173,158	9,124,202	7,869,095	7,719,095	48,885,550
Less Estimated Spend	(24,544,914)	(22,356,687)	(15,354,286)	(9,435,609)	(71,691,496)
Uncommitted Capital Resources	24,361,806	11,129,321	3,644,131	1,927,616	1,927,616
WORKING BALANCE RESOURCES:					
Balance Brought Forward	12,950,277	5,544,637	5,155,652	4,625,241	12,950,277
HRA Balance Transfer - to/(from) Working Balance	(7,426,625)	(388,985)	(530,411)	265,194	(8,080,827)
Q1 forecast under/(over)spend 2021-22	(30,000)				(30,000)
Q2 forecast under/(over)spend 2021-22	50,985				50,985
Balance Carried Forward	5,544,637	5,155,652	4,625,241	4,890,435	4,890,435
Balance Resolved to be Retained	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Uncommitted HRA Working Balance (after balance resolved to be retained of £4m)	1,544,637	1,155,652	625,241	890,435	890,435
TOTAL AVAILABLE CAPITAL RESOURCES (after balance resolved to be retained of £4m)	25,906,443	12,284,973	4,269,372	2,818,051	2,818,051

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**2021-22
CAPITAL MONITORING - QUARTER 2**

	2021-22 Capital Programme	2021-22 Spend	2021-22 Forecast Spend	2021-22 Budget to be Carried Forward to Future Years	TO 2022-23	TO 2023-24	TO 2024-25	2021-22 Programme Variances Under ()
	£	£	£	£	£	£	£	£
HRA CAPITAL								
EVERYONE HAS A HOME								
Adaptations	741,936	183,756	560,000	181,936	181,936			-
Balcony Walkway Improvements	115,360	0	115,360					-
Bathroom Replacements (inc. Communal)	868,206	181,833	836,206					(32,000)
Boiler Replacement Programme & Central Heating	707,512	363,848	707,512					-
Common Area Footpath & Wall Improvements	228,340	133,517	246,340	(18,000)	(18,000)			-
Communal Area Improvements - New Flooring	204,351	355	100,000	104,351	104,351			-
Communal Door and Screen Replacements	500,000	34,120	500,000					-
Door Replacements (inc. Outbuildings)	506,274	194,018	450,000	56,274	56,274			-
Electrical Central Heating	15,760	13,455	15,760					-
Electrical Rewires - Communal	174,159	57,974	174,159					-
Electrical Rewires - Domestic	309,667	154,057	309,667					-
Energy Conservation	761,058	1,693,512	2,635,548					1,874,490
Estate Improvements	45,221	1,699	45,221					-
Fire Risk Assessment Works - Compliance	732,038	11,179	400,000	332,038	332,038			-
Fire Risk Assessment Works - Planned	488,025	10,659	360,000	128,025	128,025			-
Fire Safety Storage Facilities	150,000	75	50,000					(100,000)
Garage Upgrades		2,171	2,171					2,171
Kitchen Replacements (inc. Communal)	1,073,469	156,890	923,469					(150,000)
LAINGS Refurbishments	937,025	364,420	937,025					-
Lift Upgrades	74,800	0	0	74,800	74,800			-
Reroofing - Flats	396,414	53,819	396,414					-
Reroofing - Houses (outbuildings, chimney, gutters, downpipes, fascia)	1,100,805	551,111	1,100,805					-
Porch Canopies	70,413	0	50,000		20,413			-
Rennes House Structural Works	1,500,000	0	500,000	1,000,000		1,000,000		-
Soil Vent Pipe Replacement	25,957	6,571	6,571	19,386	19,386			-
Structural Repairs	383,946	176,094	581,875					197,929
Window Replacements	1,366,863	393,496	1,200,000					(166,863)
Housing Management system	3,124	3,469	3,469					345
Zebcat Project	107,479	358	7,479					(100,000)
HOUSING REVENUE ACCOUNT TOTAL	13,588,202	4,742,456	13,215,051	1,899,223	899,223	1,000,000	0	1,526,072
COUNCIL OWN BUILD CAPITAL								
Social Housing Acquisitions - Section 106	589,507	0	589,507					-
Social Housing Acquisitions - Open Market	1,319,281	0	1,319,281					-
St Loyes Extracare Scheme	1,163,008	828,022	1,163,008					-
Council House Building Programme - Bovemoors Lane	105,358	198	105,358					-
Council House Building Programme - Hamlin Gardens	1,000,000	30,780	600,000	400,000		400,000		-
Council House Building Programme - Vaughan Road	4,750,000	6,504	2,000,000	2,750,000	590,025	2,159,975		-
Thornpark Rise	2,596,104	2,458,508	2,458,508					(137,596)
Anthony Road	0	0	0					-
DP budget	3,000,000	0	3,000,000					-
Council Own Build (Phase 3)	0	0	94,200					94,200
COUNCIL OWN BUILD TOTAL	14,523,258	3,324,012	11,329,862	3,150,000	590,025	2,559,975	0	(43,396)
OVERALL HOUSING REVENUE ACCOUNT TOTAL	28,111,460	8,066,468	24,544,913	5,049,223	1,489,248	3,559,975	0	1,482,676

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REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: Treasury Management 2021/22 Half Year Update

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

1.1 To report on the current Treasury Management performance for the 2021/22 financial year and the position regarding investments and borrowings at 30 September 2021. The report is a statutory requirement and is for information only with no key decisions required.

2. Recommendations:

2.1 That the Executive and Council note the Treasury Management report in respect of the first six months of the 2021/22 financial year.

3. Reasons for the recommendation:

3.1 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?

4.1 The report is an update on the overall performance in respect of Treasury Management for the first six months of the 2021/22 financial year. Therefore, there are no financial or non-financial resource implications.

5. Section 151 Officer comments:

5.1 Although our advisers are suggesting a cautious approach to interest rate rises, the impact of inflation is causing the Bank of England to review its position and indeed there was a split vote in favour of maintaining the rate at 0.10% this month. The Governor has indicated that the first rise may come as soon as December although it is still expected that the approach to increases will be cautious.

6. What are the legal aspects?

6.1 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 for the Monitoring Officer.

8. Report details:

8.1 Economic Context and Interest Rate Prospects

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

Link Group Interest Rate View		29.9.21								
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.

As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 23/24 and a third one to 0.75% in quarter 4 of 23/24.

Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts could require revising within a relatively short time frame as they are dependent on several changeable factors.

It is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10% in March 2020. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.

8.2 Treasury Management Strategy Statement

The Council approved the 2021/22 Treasury Management Strategy Statement at its meeting on 23 February 2021. The Council's stated investment strategy was to continue to hold 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, Banks or Building Societies in-line with the Council's counterparty list.

The Council's stated borrowing strategy was to defer borrowing until later years, where possible, and to reduce the size of the Council's investment balance instead, however some targeted long term borrowing may be undertaken, where the costs will be offset against future income streams.

The Council is currently maintaining an under-borrowed position; so the actual borrowings of the Council are below the Council's borrowing requirement, as it has taken advantage of internal borrowings. This means that the Council's borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and to mitigate exposure to counterparty risk.

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 2021	Estimated Outturn	Variation
	£	£	£	£
Interest paid	1,557,000	545,160	1,090,320	(466,680)
Interest earned				
Temporary investment interest	(332,700)	(16,377)	(49,131)	283,569
ECL Loan	(1,205,000)	(229,367)	(458,733)	746,267
Other interest earned	(9,300)	(4,743)	(9,485)	(185)
Science Park Loan	(25,780)	(12,890)	(25,780)	0
CVS Loan	(4,220)	0	(4,561)	(341)
Less				
Interest to HRA	250,000	100,489	200,978	(49,022)
Interest to S106 agreements	95,000	16,626	33,253	(61,747)
Interest to deposits held	0	441	883	883
Interest to Trust Funds	4,900	1,989	3,977	(923)
Lord Mayors Charity	100	40	79	(21)
GF interest (received) / paid out	(1,227,000)	(143,792)	(308,520)	918,480
Net Interest	330,000	401,368	781,800	451,800
CCLA – LAPF Dividend	(180,000)	(108,230)	(216,460)	(36,460)
Investment Loss – General Fund	0	0	0	0
Net Interest after dividends	150,000	293,138	565,340	415,340

9. Investments

9.1 The Council can utilise the Government's Debt Management Office (DMO) account and a reserve account with Barclays, these accounts have not been utilised during the period.

Appendix A sets out the institutions that the Council can use for deposits, this is known as our Counterparty list.

9.2 The Council had access to four Money Market Funds during the period. 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.

9.3 The Council made investments 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.

9.4 The Council's investments held at 30 September 2021 were:

Money Market Funds

Amount	Investment	Interest rate*
£10,000,000	Federated Investors	0.01%
£10,000,000	CCLA - The Public Sector Deposit Fund	0.03%
£10,000,000	Black Rock Asset Management	0.01%
£2,000,000	Aberdeen Standard Investments	0.01%

* Interest rate is variable (therefore rates quoted were as at 30 September 2021)

Fixed Term Deposits - Current

Amount	Investment	Interest rate	Date Invested	Maturity Date	No. of Days
£5,000,000	Thurrock Council	0.17%	17/05/21	17/02/22	276
£3,000,000	Standard Chartered – Sustainable deposit	0.12%	15/04/21	15/10/21	183
£2,000,000	Surrey Heath Borough Council	0.07%	23/04/21	22/10/21	182
£3,000,000	Surrey Heath Borough Council	0.05%	14/06/21	14/12/21	183
£3,000,000	Goldman Sachs	0.145%	15/06/21	15/12/21	183
£5,000,000	Plymouth City Council	0.10%	28/06/21	28/06/22	365
£3,000,000	Barclays Green 95 day notice account	0.10%	02/12/20	95 days from notice date	Min: 95
£5,000,000	London Borough of Croydon	0.10%	18/11/21	18/05/22	181
£5,000,000	Slough Borough Council	0.08%	12/11/21	12/05/22	181

The Standard Chartered Sustainable deposit guarantees that investment is referenced against sustainable assets aligned to the United Nations' Sustainable Development Goals (SDGs).

The Barclays Green account is linked to projects in pursuit of the transition to a lower carbon economy and as such counts towards the Council's Green agenda and can be included in a sustainability clause in the audited accounts.

Property Funds

Amount	Investment	Dividend Yield
£5,000,000	CCLA – LAMIT Property Fund	3.91%

10. Borrowings

10.1 The Council's long term borrowing is currently £124.217 million (£51.973 million General Fund and £72.244 HRA) and there is no short-term borrowings. Details of loans are set out below.

10.2 The current General Fund capital programme as at Quarter 2 indicates total borrowing requirement of £70.630 million over the next 3 years.

The current HRA capital programme as at Quarter 2 indicates further borrowing requirement of £6.90 million over the next 3 years.

10.3 The ongoing borrowing requirement will be monitored and a decision of whether to take further 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.

10.4 Existing loans

Principal Amount outstanding as at 30 September 2021	Lender	Interest rate	Loan type	Date of repayment
£56,884,000	PWLB (HRA)	3.48%	Maturity	28/03/2062
£2,033,000	PWLB	2.34%	Annuity	11/01/2044
£2,015,915	PWLB	2.08%	Annuity	04/04/2044
£4,404,697	PWLB	1.61%	Annuity	26/09/2049
£8,425,853	PWLB	1.71%	Annuity	26/09/2054
£35,093,894	PWLB	1.80%	Annuity	26/09/2069
£15,360,000	PWLB (HRA)	1.31%	Maturity	14/04/2070

11. Compliance with Treasury and Prudential Limits

During the half year ended 30th September 2021, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2021/22. No difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices

12. Future Position

12.1 The short-term cash surplus will be invested in line with the Council's Treasury Management Strategy and will ensure that funds are available to meet demands, whilst also maximising returns.

12.2 The Council's Money Market Funds which are AAA rated, currently offer rates between 0.01% and 0.03%, the rates are liable to fluctuation in the year. The short term investments that are made through the money market funds ensure cash can be accessed immediately. This has an impact on returns but ensures the liquidity of funds.

12.3 The Council 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 currently average around 0.10%.

12.4 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.

12.5 Officers 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 2022.

12.6 Investment opportunities that provide attractive interest rates are somewhat limited in the current economic climate, following the impact of COVID 19.

12.7 This will be closely reviewed and advice will be sought from our financial advisors to ensure our counterparty list is adequate and robust enough. Any adjustments to the list and the impact of this will be presented to committee for approval in the Treasury Management strategy 2022/23.

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.

The volatility of the world economy is being closely monitored and daily updates are provided by our financial advisors and investment brokers. This has somewhat eased in the past month and economic forecasts now show an improved position.

15. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;

- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the report is for information only.

16. Carbon Footprint (Environmental) Implications:

We are working towards the Council's commitment to carbon neutral by 2030. The environmental impact of each decision is considered prior to approval

17. Are there any other options?

None.

Director Finance, David Hodgson

Author: Kayleigh Searle

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265275

Appendix A

List of Suggested 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			
Canada	AA+		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							
Commerzbank AG	WD	WD	A1	P-1	Non UK	3 Million	9 Months
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	Non UK	3 Million	9 Months
Landesbank Berlin AG			Aa2	P-1	Non UK	3 Million	9 Months
Landesbank Hessen-Thüringen Girozentrale	A+	F1+	Aa3	P-1	Non UK	3 Million	9 Months
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.	AAA	F1+	Aaa	P-1	Non UK	3 Million	9 Months
ING Bank N.V.	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
Sweden	AAA		Aaa				
Banks							
Skandinaviska Enskilda Banken AB	AA-	F1+	Aa3	P-1	Non UK	3 Million	9 Months
Svenska Handelsbanken 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-		Aa3				
AAA rated and Government backed securities	Debt Management Office					DMO		12 Months
Banks	Al Rayan Bank Plc			A1	P-1	UK High	4 Million	12 Months
	Bank of Scotland PLC (RFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Barclays Bank PLC (NRFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Barclays Bank UK PLC (RFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Goldman Sachs International Bank	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Handelsbanken Plc	AA	F1+			UK High	4 Million	12 Months
	HSBC Bank PLC (NRFB)	AA-	F1+	A1	P-1	UK High	4 Million	12 Months
	HSBC UK Bank Plc (RFB)	AA-	F1+	A1	P-1	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	A1	P-1	UK Low	3 Million	6 Months
	National Bank Of Kuwait (International) PLC	AA-	F1+			UK High	4 Million	12 Months
	NatWest Markets Plc (NRFB)	A+	F1	A2	P-1	UK Low	3 Million	6 Months
	Santander Financial Services plc (NRFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	Santander UK PLC	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	SMBC Bank International Plc	A	F1	A1	P-1	UK Low	3 Million	6 Months
	Standard Chartered Bank	A+	F1	A1	P-1	UK Low	3 Million	6 Months
Building Society	Coventry Building Society	A-	F1	A2	P-1	UK Low	3 Million	6 Months
	Nationwide Building Society	A	F1	A1	P-1	UK Low	3 Million	6 Months
	Skipton Building Society	A-	F1	A2	P-1	UK Low	3 Million	6 Months
Non-licensed and Part-licensed Banks	National Westminster Bank PLC (RFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
	The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	UK Low	3 Million	6 Months
United States		AAA		Aaa				
Banks	Bank of America N.A.	AA	F1+	Aa2	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.

A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Money Market Funds and similar pooled vehicles holding the highest possible credit ratings (AAA) Monetary Limit: £10m each, Time Limit: 3 months.

UK Local Authorities Monetary Limit: £5m for Upper Tier/£5m for Lower Tier, Time Limit: 12 months.

Property Funds £10 million per fund.

REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Director Finance

Title: Updates to procurement and contract procedures

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To approve the updates to the procurement and contract procedures, at Appendix A and the updated procedural note at Appendix B. The rules were last updated and approved by the committee in July 2018. To ensure council contract procedure rules are up to date and provide clarity of roles, accountabilities and process in order to ensure transparency about how public resources are used and to mitigate the potential for fraud.

2. Recommendations:

It is recommended that the Executive note and Council approves:-

- (1) the revised Procurement and Contract Procedures in Appendix A;
- (2) the revised Procedural Note – Exemptions in Appendix B; and
- (3) that the Director Finance in conjunction with the relevant Portfolio Holder is authorised to make minor changes to the Contract Procedure Rules as defined below and that any changes be reported to Members as part of the wider update on progress:

- Changes in statutory framework, such as references to new or updated legislation;
- Changes in titles, names or terminology; and
- Changes consequential to other constitutional changes already made.

3. Reasons for the recommendation:

As a public sector organisation Members will be aware that as part of the wide constitutional governance the need to have clear rules around carrying out procurement arrangements and entering into third party contracts is essential. This both helps ensure probity and transparency in how the Council undertakes such activities but also ensuring legislative compliance, in particular with the Public Contracts Regulations 2015.

Whilst an important governance tool for the Council to operate under it also seeks to provide public transparency around the Council's approach especially to external

organisations and suppliers who are interested in seeking opportunities to contract with the Council.

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

As with any form of governance framework, there is a balance to be had around the administration to implement it and ensuring that the approaches put forward are proportional to the needs and the associated risks. The Procedures look to proportionately strike this balance

5. Section 151 Officer comments:

There are no financial implications contained in the report. It is good practice to ensure that the Council's procedures are up to date and reflect the latest requirements.

6. What are the legal aspects?

The council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000. The minimum requirements for the content are set out in The Local Government Act 2000 (constitutions) (England) Direction 2000 which includes a description of the rules and procedures for the management of the council's financial affairs including: procedures for auditing and financial rules. These are the rules that officers follow in the day to day operation of the council set within this council's budget and statutory framework of local government finance.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer, although attention is drawn to paragraph 6 above.

8. Report details:

Key considerations Procurement and Contract procedures.

The 2021 proposed updates to the Procurement and Contract procedures (PCPs) predominantly includes changes to the PCPs in light of EU Exit and other updates as detailed below. The updated PCPs, attached with highlighted changes at Appendix A, have been updated specifically as follows:

- a) All references to Official Journal of the European Union (OJEU) and thresholds now refer as applicable to the Government Procurement Agreement (GPA).
- b) In line with national guidance on Public-sector procurement from 1 January 2021, PCPs have now been updated to reflect new procedures for above UK threshold procurements and will ensure the council is compliant with new UK publication requirements.
- c) References to State Aid are updated to the new Subsidy Control Bill of June 2021.
- d) Inclusion of the latest Procurement Policy Note (PPN) 11/20, for reserving below UK threshold procurements to suppliers: by location; and for SME /VCSE organisations, in consultation with Procurement.

- e) Update to the exemption form which includes the requirement for it to be used when making a direct award under a framework agreement.
- f) Additional amendments have been made as clarification or improvement, these include:
 - Updated hyperlinks to policies and legislation
 - Reflect changes in officer roles and job titles
 - Expressly iterate the requirement to sign contracts before they commence

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

The proposed revisions to the contract procedure rules are designed to ensure that the council complies with all of the current relevant financial regulations which govern the council's financial conduct in relation to procurement and ensures that the council follows effective local financial processes which includes delivering value for money and supporting spending resources locally. In doing so it supports the corporate priorities of 'providing value for money services' and 'leading a well-run council'.

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

The current regulations are out of date, in some places, and this creates potential for confusion, errors and misunderstandings. Updating the rules will attempt to deal with these issues and problems and ensure that the council continues to have sound financial management policies in place including clear guidance for officers when carrying out any procurement and transparency for suppliers about how the Council procures goods and services.

This transparency will help us to mitigate against the risk of procurement challenge from suppliers which has been showing an increasing trend over the last 6 months. As businesses struggle post-brexit and post-pandemic and with an overhaul of the current remedies directive (which facilitate supplier challenges) on its way, suppliers seem to be more open to taking their opportunity to challenge at this time.

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because the public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this decision relates to improving internal processes, we do not believe that it will have an impact on our equality duty.

12. Carbon Footprint (Environmental) Implications:

12.1 The council provides and purchases a wide range of services for the people of Exeter. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Exeter's outstanding natural environment. Whilst this is a procedural update and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's environmental aspirations. For example both procedure rules encourage the use of online facilities available rather than using a paper trail.

13. Are there any other options?

The council could continue with its current financial and contract procedure rules; however they would then not be up to date or provide clarity of roles and processes.

Director Finance, David Hodgson

Author: Chanelle Busby

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

Appendices:

Annex A - Procurement and Contract Procedures
Annex B - Revised Procedural Note – Exemptions
Background papers used in compiling this report:-

None

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EXETER CITY COUNCIL

Procurement and Contract Procedures



Date of Creation: 21.03.2018
Last Review Date: 04.11.2021 VERSION: Final

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PART A

SECTION 1:

The Role and Purpose

- 1.1. The Procurement and Contract Procedures (“the Procedures”) form part of the Council’s Financial Regulations ~~within see part 4c of~~ the Constitution and apply to all Officers employed by Exeter City Council (“the Council”) and should be complied with in all cases when the Council expects to spend money with external third party suppliers in order to provide value for Supplies, Works or Services.
- 1.2. The purpose of the Procedures is to:
 - i. Ensure the Council complies with all relevant legal requirements, including but not limited to domestic legislation, UK Public Contracts Regulations 2015 (“the Regulations”).~~The European Union Procurement Directives, and Treaty of the Functioning of the European Union Treaty (also referred as the Treaty of Rome)~~
 - ii. Provide appropriate safeguards and due diligence to support the Council in how it undertakes procurement and commercial activities.
 - iii. Provide accountability, probity and transparency in the Council’s dealings within such activities.
 - iv. Provide clear direction in how procurement and commercial dealings with third party suppliers are to be made.
 - v. Support the policy framework and budget procedures of the Council.
 - vi. Support compliance with the Council’s Constitution, the Employee and Members Codes of Conduct.
 - vii. Promote Value for Money in both how Tendering is undertaken and resulting contracts are managed.
- 1.3. In addition to the Procedures there are supporting Procedural Notes which shall also be adhered to in relation to third party spend.

SECTION 2:

When do the Procedures apply?

Inclusions

- 2.1 The Procedures shall apply to both capital and revenue expenditure and cover contracts for Supplies, Works or Services.
- 2.2 Spending includes expenditure incurred by the Council where it is in receipt of and acting as lead organisation funded by external Grants (this includes funding requests or applications) and where expenditure is expected to be made to a third party. In the case of external Grants the Council shall ensure that in addition to the Procedures it complies with any specific Grant funding conditions as outlined by the funding partner, and / or **UK Subsidy Control** Bill (formerly State Aid / General Block Exemption Regulations).

Exclusions

- 2.3 The Procedures apply in respect of commercial dealings of the Council with third party organisations. However, there are certain situations where it would not be necessary to apply the requirements of the Procedures. For example, exclusions apply in the following situations:
- i. Appointments outside of the control of the Council, e.g. appointment of external auditors;
 - ii. Subscriptions to national organisations;
 - iii. Specific licensing requirements (e.g. TV / Public Entertainment);
 - iv. Planning and Highway Agreements (such as S.106, 278 and 38);
 - v. Grant payments from the Council to third parties;
 - vi. Loan payments or loans from the Council to third parties provided on market terms (otherwise State Aid considerations may apply);
 - vii. Disposal of surplus Goods / Supplies;
 - viii. Financial dealings by the Section 151 Officer;
 - ix. Employment contracts;
 - x. Acquisition, purchase, leases (and / or disposal) in relation to land matters, existing buildings or immovable property, provided on market terms.
 - xi. Acquisitions for museum collections; collections related material; the work of specific artist(s) or themed exhibitions, all having unique qualities or attributes.
- 2.4 In cases where these Procedures do not apply, other rules and legislation are likely to apply. The Responsible Officer shall ensure that they adhere to any relevant rules and legislation, and if in doubt seek advice on those other relevant rules and legislative regulations.

Exemptions

- 2.5 Wherever practically possible the Procedures should be followed and consistently applied. However, it is noted that there may be situations where it is necessary to seek Exemptions to the Procedures. In cases where Exemptions are sought then the Procedural Note: Exemptions to the Procedures shall apply, considering the following:

- i. Arrangements above £10k shall require formal authorisation as set out within the Exemption Procedure.
- ii. Exemptions shall be completed in advance of committing spend. If this is not undertaken, then a justification shall be made as to why this was not the case.
- iii. The Procurement Team shall be engaged prior to the decision to apply any Exemption to ensure that there is consideration given to the appropriateness of an Exemption and / or alternative courses of actions.
- iv. A formal Exemption does not forgo the other formal requirements or due diligence, for example, to ensure a formal contract is put in place / contract variation, proportionate contract management is undertaken or the obtaining of any formal decision to award the contract.
- v. Any Exemption granted over the Official Journal of the European Union (OJEU) Threshold approves only the anticipated non-compliance with the Council's Procedures and does not mitigate the risks associated with non-compliance with the Regulations or the European Union (EU) Procurement Directive as applicable.
- vi. Exemptions shall be in line with the supporting 'Procedural Note: Exemptions' and 'Delegation to Officers and Deputies' as detailed in the Councils Constitution.

Breaches and non-compliance

- 2.6 The Procedures are an essential part of the overall Constitution of the Council. Those with responsibility for fulfilling their duties in line with these Procedures are required to maintain ongoing knowledge and awareness to ensure compliance with the Procedures.
- 2.7 In addition, it will be the responsibility of Responsible Officers (including those with line management responsibilities) to address non-compliance swiftly and in the most appropriate way according to the circumstances. Any potential misuse or non-compliance of the Procedures will be reported to the Service Lead – Commercial and Procurement.
- 2.8 Non-compliance with the Procedures may result in the Council's Disciplinary and Capability Procedure being invoked. In respect of willful, negligent, repeated or other serious breaches this could result in significant sanctions and even dismissal.
- 2.9 Means of reporting concerns can also be raised anonymously in line with the Council's [Whistleblowing Policy](#).
- 2.10 The Procedures do not negate the requirement to follow the Council's formal decision making process, "Delegation to Officers and Deputies" as set out in the Constitution and specific processes enforced by an individual Department or Service.

SECTION 3:

Guiding Principles

- 3.1 This section sets out guiding principles on what is expected in incurring expenditure on behalf of the Council with third party suppliers is made, and should be applied wherever possible:
- i. To be accountable in how procurement and contract management is undertaken;
 - ii. Seek Value for Money through competition;
 - iii. Act in a joined-up manner consistent with considering category spend requirements across the whole Council and not in isolation,;
 - iv. Seek to obtaining Value for Money and benefit through collaborative arrangements;
 - v. Be fair, non-discriminatory and consistent with suppliers or others in the process and avoid unnecessary burdens or constraints;
 - vi. Be efficient in how processes are applied;
 - vii. Procurement processes should be carried out as cost effectively as possible;
 - viii. Maintain and protect commercial confidentiality where required;
 - ix. Act legally, conforming to the principles of public sector procurement (non-discrimination; equality of treatment; openness and transparency; mutual recognition; proportionality) and with integrity ensuring avoidance of fraud, corruption or collusion in dealings with suppliers or others and third parties;
 - x. Apply an appropriate balance and proportional levels of due diligence to safeguard risks;
 - xi. Ensure required levels of authorisation and governance are applied to enable informed decision making;
 - xii. Procurement decisions are duly planned, consider ongoing costs and contract management arrangements;
 - xiii. Comply with the expectations of procuring in the public sector;
 - xiv. Maintain the reputation and standards expected of the Council and Public Sector.
- 3.2 The expectation is that these principles are diligently and consistently applied and unless there are clear and evidenced reasons to the contrary. For those with responsibilities in applying the Procedures as intended, they should do so in an informed manner which supports and upholds the guiding principles as set out.

SECTION 4:

Roles and responsibilities

Specific responsibilities.

4.1 Specific responsibilities as follows:

<p>Chief Finance Officer / Section 151 / Director Finance</p>	<p>Ensuring overall probity in respect of related financial matters, through relevant controls and monitoring.</p>
<p>City Solicitor Director Corporate Services / Monitoring Officer</p>	<p>Acting as the ultimate point of escalation in respect of breaches or non-compliance with the Procedures.</p> <p>Ultimate point of authorisation in respect of contract signatory and execution.</p> <p>Applying the requirements of the Monitoring Officer role diligently in consideration of matters concerning the Procedures.</p>
<p>Service Lead – Legal Services</p>	<p>Ultimate point of authorisation in respect of contract signatory and execution.</p>
<p>Corporate Manager/ Director</p>	<p>Authorisation in line with levels as set out in the Authorisation Process and Scheme of Delegation as set out in the Constitution.</p> <p>Ensuring awareness and compliance within their respective areas of responsibility.</p> <p>Escalation point to investigate and / or action breaches and non-compliance within the respective area of responsibility and, where necessary, onward escalation to Director / Monitoring Officer.</p>
<p>Service Lead – Commercial and Procurement</p>	<p>Overall ownership of the Procedures and ensuring that the overall framework for commercial considerations is complied with robustly and effectively.</p> <p>Ensuring compliance with the Council’s overarching decision-making responsibilities and providing related guidance. On occasions will also have the same responsibilities as outlined in the Responsible Officer definition.</p>
<p>Elected Members</p>	<p>Ensuring compliance with the Members’ Code of Conduct, including in relation to any interests they may have, and any specific responsibilities they have in relation to the Procedures themselves.</p> <p>Make such decisions as are referred to them for determination in relation to these Rules.</p>
<p>Legal Services</p>	<p>Leading on the overall ownership Advising on legal of commercial matters relating ed to Contract Terms and Conditions.</p> <p>Point of escalation in relation to formal challenges within procurement or contract matters.</p>

Portfolio Holder	<p>Maintaining an ongoing awareness of exempted spend.</p> <p>Ensuring accountability is maintained by those Officers with responsibilities for delivery of the Procedures.</p>
Procurement Team	<p>Acting as primary advisory service in relation to public sector procurement, commercial and contract management matters.</p>
Responsible Officer	<p>This will include the relevant Service Leads and officers carrying out these with responsibilities in any of the following activities, including:</p> <p>Quoting, Tendering or contract renewals in line with the Procedures</p> <p>Seeking additional advice where these Procedures do not apply.</p> <p>Ensuring there is a genuine and legitimate business requirement for the spend and an approved budget and acting with the authority of the budget holder.</p> <p>Ensuring that the appropriate Authorisations have been received in respect of committing spend.</p> <p>Drafting fit for purpose specifications for each procurement which meet the requirements of the procurement.</p> <p>Providing justification for any deviation from the approved Sourcing Strategy.</p> <p>Accurately estimating the total contract value at the start of each procurement.</p> <p>Conducting sourcing / procurement in line with the Authorisation Process.</p> <p>Diligently—a Applying Exemptions process where appropriate. relevant. Implementing—Diligent contract management to ensure compliance with for the terms and conditions of the contract. s which are within their jurisdiction.</p> <p>Reporting matters of breach or non-compliance.</p> <p>Engaging the Corporate Procurement Team. where the project / Tender is in excess of £50k</p>
Senior Management Board	<p>Maintaining a strategic overview of compliance with the Procedures and overall accountability for non-compliance with the Procedures in their respective areas of responsibility.</p> <p>Instructing relevant changes to ensure compliance and controls remain effective.</p> <p>Authorisation in line with levels as set out in the Authorisation Process.</p>

PART B

SECTION 5:

Sourcing Strategy

General

5.1 The following Sourcing Strategy is based on the assumption that there is a proven need and requirement for the Supplier, Works or Services. The Sourcing Strategy shall be applied when considering how to fulfil a proven need and requirement, and done in the following order of priority:

Step 1: Consideration for the Council to self-deliver the requirements direct by the Council or through a Council formed **Company in accordance with Regulation 12** of the PCR 2015 ('Teckal Company');

Step 2: Purchasing via established compliant Value for Money Council contract, Council framework or alternative Council compliant arrangement (e.g. Dynamic Purchasing arrangement);

Step 3: Undertaking new procurement process – including Procurement via established alternative Public Sector compliant Value for Money contract, framework or alternative compliant arrangement (e.g. Dynamic Purchasing arrangement);

5.2 In considering the Sourcing Strategy and route to market, benefits of collaboration opportunities should be considered, along with overall Value for Money.

5.3 Formal option appraisal to be used on arrangements above £50k.

5.4 Consideration of these steps should be captured within the Commercial Endorsement Form.

Step 1: Self-delivery or Purchase

5.5 Where no current arrangements exist for the provision of the Supplies, Works or Services, a decision shall be taken as to whether the Council should look to self-deliver the requirements, ahead of looking to formally make any arrangements to purchase via a third party supplier(s).

5.6 To aid decision making as to whether a procurement process and ultimately a contract with a third party supplier is required, consideration shall in the first instance be given as to whether the Council has the skills, capacity, competency and experience to self-deliver the Supplies, Works or Services and if so, whether this can be done in a cost effective manner which ensures Value for Money.

5.7 The decision around self-delivery, for example delivery direct by the Council or Council's Teckal company or purchasing via a third-party supplier relationship, shall be taken prior to undertaking a formal procurement process.

5.8 The decision around self-delivery or not to shall be proportional to the nature of the anticipated spend and supported by consideration of Value for Money. Typical examples where consideration of direct award may be applied are:

- i. The Council has established a Teckal Company delivering in that similar space.
- ii. Consideration is taken to establish a new service provision.

iii. Provision of Services and Works, less likely the provision of Supplies.

5.9 Where a decision is taken to self-deliver the Supplier, Works or Services, through one of the Council's Companies (either established or new) then this should be supported by an appropriate and proportionate Service Level Agreement to ensure Value for Money is delivered in any arrangement. The reasons around any decisions should be captured for audit and accountability reasons.

Step 2: Purchasing via Council contract, framework or alternative compliant arrangement (e.g. Dynamic Purchasing arrangement or Neutral Vendor arrangement)

5.10 In the event where a decision is to purchase or call off from existing compliant Council arrangements, then due regard shall be taken to ensure the purchase / call off conditions under that arrangement are duly applied.

5.11 Authorisation levels for the spend are to be in line with the Assurance and Authorisation process as outlined in Procedural Note: Commercial Assurance and Authorisation.

5.12 Where it is known, or likely to be known that, the total level of spend is of a certain value, then the approvals should be for the upper estimate for the purchases. It will not be deemed appropriate to place smaller values of spend to circumvent the Authorisation Process, which would likely adversely impact value to be obtained from an aggregated spend approach and also be in breach of the wider procurement directives.

5.13 In consideration of use of existing Council contracts or framework agreement it will be important to understand the implications any additional requirements may have on the contract such as exclusivity clauses, locked in volume discounts, guaranteed minimum values, block payments or framework rebates and to consider the materiality of any additional spend placed through that contract.

Step 3: Undertaking new procurement process

5.14 Commencing a new formal procurement process shall be undertaken where the Council is not deemed to be able to deliver the requirement themselves by making the Supplies, Works or Services, and that the Council does not have any existing commercial arrangements which would otherwise fulfill the requirements.

5.15 Undertaking a new procurement will include either the Council conducting and running a new procurement process themselves (e.g. advertising the requirements, supplier engagement, evaluations, award, and contract), or procurement via established alternative Public Sector contract, Framework Agreement or alternative compliant arrangement (e.g. Dynamic Purchasing arrangement or neutral vendor arrangement).

Other considerations.

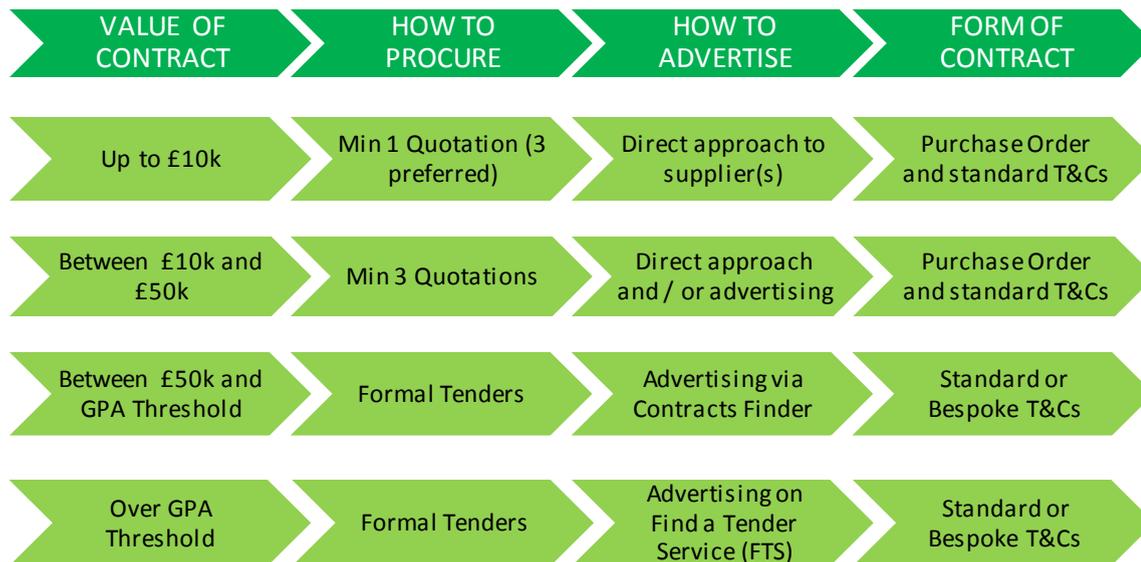
5.16 Where there is external funding (e.g. external Grant funding) care should be taken to ensure that funding conditions in how spend is made are followed to avoid risks around reclaiming of Grant monies from the funder.

SECTION 6:

Financial levels / thresholds

- 6.1 When estimating the total contract value the estimate shall be:
- i. For the whole life term of any anticipated contract, for example, if the value is £50,000 per annum for two years, then the total value of the contract is estimated at £100,000. If the length of a contract is uncertain and the value cannot be reasonably estimated, the total contract value will be its total value over 4 years;
 - ii. Net of Value Added Tax (VAT);
 - iii. The value of any non-monetary consideration or benefit the Council is giving e.g. Concession elements;
 - iv. The value of anything the Council is getting for free as part of the contract;
 - v. Any amount that could be paid by extending the contract (if it is possible to extend it);
 - vi. In the event of Works procurement, it shall be for the total estimated value of the Works themselves.
- 6.2 A single contract must not be undervalued or split into smaller contracts to circumvent these Authorisation levels as set out in the Procedures, undermine aggregated spend considerations or the Regulations.
- 6.3 Where the proposed procurement for Supplies, Works or Services may result in the requirement being split into Lots, the value shall be based upon the value of all Lots.
- 6.4 Where the initial estimate of the contract value is within 10% below the relevant **GPAO JEU** Threshold, consideration should then be taken as to apply ~~the formal OJEU~~ considerations as defined by the **Public Contract Regulations 2015**. Furthermore detailed calculation shall be conducted in accordance with Regulation 6 of the Regulations.

FIGURE 1 Value Thresholds for New Procurement Arrangements



NOTE: 1. Latest ~~OE~~ EU GPA Thresholds for Supplies, Services and Works can be accessed via the following link ~~to the~~ [Official EU site](#) – see: [Thresholds \(wto.org\)](#) 2. For the purposes of Quotation it is deemed an estimate as opposed to Tender when it is deemed as a formal offer requiring acceptance.

- 6.5 For below GPA threshold contracts Officers may have regard to Procurement Policy Note (PPN) 11/20, for reserving below UK threshold procurements to suppliers: by location; and for SME /VCSE organisations, in consultation with the Procurement Team.
- 6.6 In the event where the Council’s preferred route to market is via an established public sector contract, Framework Agreement or alternative compliant arrangement (e.g. Dynamic Purchasing arrangement or Neutral Vendor agreement) there would not be the requirement to advertise the requirements. Any call offs and contracting via such routes to market shall be in accordance with the public sector contract or Framework Agreement’s terms and conditions.
- 6.7 Where permissible, this will include considerations of direct awards and further competition under the contract or Framework Agreement.
- 6.8 Prior to any direct award via a Framework agreement above £50,000 an Exemption Form must be completed by the Responsible Officer and authorised by the appropriate Council officers as set out within the ‘Procedural Note –Exemptions’.

TABLE 1 Authorisation Levels

Authorisation Levels - Supplies, Works and Services	Authorisation Points
<p>Total Contract Value Below £50,000</p>	<p>The Responsible Officer with budget responsibilities in the Service area with the requirement will be responsible for taking a proportional approach to justifying the spend and holding all supporting documentation for audit and reporting purposes.</p> <p>For contracts in excess of £5k the Responsible Officer must provide details of the contract as required in the Contracts Register Entry form to the Procurement Team so that these can be published in line with transparency legislation.</p>

£50,000 to Official Journal of European Union (OJEU) for Services GPA Threshold	Appropriate Corporate Manager / SMB Member in conjunction with Service Lead – Commercial and Procurement
Above OJEU GPA Threshold for Services up to £1 million	SMB Member and Portfolio holder authorisation
Over £1million (key decision)	Executive Committee and Full Council

6.9 The Authorisation Process shall be applied at the following stages:

- i. Confirmation of business case / Options Appraisal – Authorisation at this stage provides authority to commence with the purchase / procurement process in line with the agreed business case, options appraisal and route to market.
- ii. Confirmation of Award – Authorisation at this stage provides authority to enter into the contractual agreement with the preferred supplier as a result of the outcomes from the approved purchase / procurement approach.
- iii. Confirmation of Benefits Realisation (above OJEU Level for Services)

6.10 Records of authorisation approvals shall be captured on the Commercial Endorsement Form.

Contract Signature

6.11 Formalising contracts and execution (signing or sealing) shall be completed in line with Table 2 below.

TABLE 2 Contract signature and sealing summary

Total Value	Method of Completion	By Whom
Below £50,000	Purchase Order or standard terms	The Responsible Officer in line with the <u>Scheme of Delegation</u> . approved at a Service level
Above £50,000 - below £1million	Signature*	
£1million and above or a Key Decision	Sealing	

*unless Seal required in line with 6.11 below

6.12 All Contracts must be signed by both parties prior to the commencement of the Supply, Work or provision of the Services and dated following sealing/signature by both parties.

6.13 Where a Contract is entered into under seal it shall be by way of deed which is effected by applying the Council's seal attested by the appropriate officer under the Scheme of Delegation and Standing Orders. The seal shall not be affixed without the authority of the ~~Executive or other~~ the appropriate decision-maker in accordance with ~~the Council's formal decision-making requirements including~~ the Scheme of Delegation and Standing Orders.

6.14 A contract shall be sealed where:

- i. the Council may wish to enforce the contract more than six years after its end; or
- ii. the price paid or received under the contract is a nominal price and does not reflect the value or significance of the Supplies, Services or Works; or
- iii. the total value exceeds £1,000,000; or
- iv. in any other circumstances where it is considered appropriate to do so in consultation with Service Lead - Legal Services.

6.15 Contracts must be signed by both parties prior to the commencement of the Supply, Work or provision of the Services.

SECTION 7:

Overall approach to be applied

- 7.1 ~~Adequate~~ **Adequate Consideration** must be given to the timescales required for any procurement exercise to take place. Where the procurement is to re-Tender this is essential to ensure continual service. Any re-Tendering exercise must comply with the Procedures and the Regulations.
- 7.2 The Councils Electronic Tendering System, shall be used for all Quotations and Tenders over £50k where actions can be tracked for accounting and audit purposes, and benefits from the relevant encryption and security that comes with the Electronic Tendering System. This shall include:
- i. Issuing Quotations / Tenders
 - ii. Receiving, and opening quotations / Tender submissions
 - iii. Confirming Quotation / Tender intention to award decisions
 - iv. Supplier clarifications and responses

Preliminary Market Engagement

- 7.3 Provided that it does not have the effect of distorting competition and does not result in a violation of the principles of non-discrimination and transparency, where necessary preliminary market engagement may be conducted to better understand the nature of the market and how the market place may respond, help shape the understanding on what shape the requirements may take, gather proportionate market intelligence with the aim to inform any resulting procurement process.
- 7.4 Care must be taken not to jeopardise any formal procurement that may follow. Where any preliminary market engagement / consultation has taken place details of this should be captured and findings made available as part of any formal procurement that may follow.
- 7.5 The principles of the Regulations shall apply, in particular see:
- [Regulation 18](#) - acting in line with the principles of public sector procurement)
 - [Regulation 40](#) - empowering Contracting Authorities in being able to undertake preliminary consultation
 - [Regulation 41](#) - requiring contracting authority take appropriate measures to ensure that competition is not distorted by the participation of that candidate or Tenderer.

Due Diligence

- 7.6 Relevant subject matter experts (e.g. service area teams, Legal Services, Finance, etc.) are to be consulted at appropriate times during the procurement process. (Reference should also be made in relation to the Procedural Note: Assurance and Authorisation and the Commercial Assurance Summary).

Advertising

- 7.7 The advertising stage is the formal notification of commencement of the procurement, to make potential suppliers and third parties aware of the procurement opportunity. In the event where the route to market is via a formal quotation / procurement then primary means of advertising shall be via:
- i. Contracts Finder (above £50k) – More information can be accessed at [Regulation 106](#) which details the requirement to publish at a National level and the information to be provided.
 - ii. [OJEU FTS](#) (above relevant [GPA Thresholds](#)) - [Find a Tender \(find-tender.service.gov.uk\)](#) <http://ted.europa.eu/TED/main/HomePage.do> which provides the link to the [OJEU FTS Portal](#).
 - iii. Both of the above means of advertising will be delivered via the Councils E-Tendering portal which automatically punches out the adverts to the required external system as required for the threshold of that contract.
- 7.8 Consideration shall also be made to the use of the Council's website and social media, plus where relevant other outlets to ensure the opportunities are suitably publicised.
- 7.9 All documents related to the procurement shall be complete and ready as a formal Tender pack for suppliers at the time of advertising.
- 7.10 Where a decision is taken to purchase or formally procure via an established framework agreement, then there is no requirement to advertise.

Clarification during the process

- 7.11 Clarifications regarding procurement documentation which are received from a Tenderer are to be received and replied to via the Councils E-Tendering portal. Any response to clarification questions raised by Tenderers during the procurement process shall be shared with all Tenderers for the purposes of openness and transparency.
- 7.12 In the event where the clarification and / or the response is commercially confidential to the organisation raising the clarification then the clarification / response should not be shared. In such cases care shall be taken not to adversely advantage or disadvantage any parties.
- 7.13 It should be noted that discussions with Tenderers after submission of a Tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-Tender negotiations) shall not be undertaken. Advice should be sought from the Procurement Team in the event of single Quotation / Tender submissions.

Submissions and openings

- 7.14 As noted in 7.2 above all Quotations and Tenders for contracts above £50k shall be managed through the Councils Electronic Tendering system, and it is optional to use the Electronic Tendering System for contract below £50k.
- 7.15 All Quotations and Tenders shall be submitted in accordance with requirements set out within in the [Invitation to Tender](#).

- 7.16 All Quotations / Tenders received must be opened together at one time in a suitable place in line with the Authorisation Levels.
- 7.17 Upon opening the Quotations / Tenders received they must be registered and recorded to confirm the following information:
- i. name and address of company submitting Tender;
 - ii. Tender value;
 - iii. date and time of opening;
 - iv. names of the officer present at the time of opening.
- 4.17.1 Within the Electronic Tendering System the opening of the tenders is known as verification. In all cases of Tenders in excess of £50k, a representative from Internal Audit will carry out the verification process within the Electronic Tendering System.

Missing, Omitted or late information

- 7.18 If there appears to be an error in the information submitted by the Tenderer, including missing or omitted material, then Procedural Note: Missing and Omitted Materials from a Quotation or Tender shall be followed, and / or Procedural Note: Late Submission as may apply.

Evaluations

- 7.19 All award criteria, including sub-criteria, shall be established at the outset of any process and made clear in the Tender documents and referenced within the advertisement.
- 7.20 Evaluations and any resulting award decisions shall be made against the award criteria published at the time of advertisement. In exceptional circumstances award criteria and sub-criteria may need to be varied during the procurement process and where this occurs all potential bidders will be notified of the variations prior to the deadline for the submission of Quotations / Tenders. Consideration shall be given to extending the submission deadline and / or whether it is appropriate to continue with the process or cancel and recommence as appropriate. Award criteria shall:
- i. Clearly disclose how scores are to be awarded to responses
 - ii. Clearly disclose whether and how sub-criteria are to be used
 - iii. Be relevant and proportionate to the subject matter of the contract
 - iv. Be non-discriminatory
- 7.21 The award criteria shall be based on the principles of the Most Economically Advantageous Tender (MEAT). Formal award decisions shall be in accordance with these Rules and the Council's decision-making requirements.
- 7.22 Any commercial information such as prices shall not be shared with the evaluation team until the final scores for all other elements have been collated.
- 7.23 The award process to be followed will depend on the total contract value.

Award (Above £50k to below ~~OJEU~~ GPA Threshold)

- 7.24 The principles of the Regulations shall be considered and applied as appropriate including:
- i. Informing unsuccessful applicant(s) and preferred applicant(s) of the outcomes of the evaluation.
 - ii. Informing the unsuccessful applicant(s) of the relative characteristics of the preferred applicant to their bid.
 - iii. Confirming what the Council will be doing to conclude contractual matters with the preferred Tenderer.
- 7.25 Details around the award of all contracts above £25k shall be provided via Contracts Finder in line with Public Contract Regulations 2015 – [Chapter 8](#)
- 7.26 Proportional consideration shall be applied in arrangement below £50k.

Award (OJEU Threshold and above)

- 7.27 Contract Award Notices shall be published in accordance with the requirements of the Public Contract Regulations and will be complied with, in particular application of [Chapter 7](#)
- 7.28 In the event of a ~~contract OJEU~~ award in **excess of the GPA threshold**, a Mandatory Standstill period shall apply prior to concluding any formal contract, in line with the Public Contract Regulations, [Regulation 87](#) (detailing the requirement to provide details of preferred supplier and debrief unsuccessful suppliers ahead of any formal contract).
- 7.29 Voluntary standstill may be applied to below ~~OJEU~~ sub-GPA threshold procurements.
- 7.30 The Contract Award Notice shall be published:
- i. in ~~OJEU~~ FTS no later than 30 days after the date of award of the contract (if relevant);
 - ii. on the Council's **website contracts register**;
 - iii. on Contracts Finder for contracts over £25,000

Contract matters

- 7.31 All Contracts will be in writing or other approved electronic format and will specify:
- i. the work, service, Supplies or materials to be supplied;
 - ii. the price, or the basis for determining the price to be paid;
 - iii. all discounts or other deductions;
 - iv. the time or times **of** performance.

- 7.32 No contract will provide for payment by the Council in advance of satisfactory performance or delivery unless with the express approval of the Responsible Officer in consultation with the Chief Finance Officer.
- 7.33 Contracts entered into must be on the Council's terms and conditions, or where procured under a Framework Agreement the Terms as set out under that agreed Framework Agreement, which must be included with each Invitation to Tender (ITT). Exceptions to this rule must be approved by the Service Lead – Legal Services via negotiation with the Supplier.
- 7.34 The Responsible Officer must ensure that a job title and suitable person is named as the Contract Manager for all new contracts. All contracts must have a named Contract Manager for the entirety of the contract and this person is responsible for ensuring that performance is monitored and the terms of the contract are delivered. The appointed Contract Manager should have the necessary skills and knowledge to manage the contract.
- 7.35 Any contract may be extended or varied if the terms of the contract allow, and the extension or variation is within the parameters of the terms of contract. Where a modification to the contract or framework is not expressly provided for in the initial procurement documents and the contract or framework agreement, the involvement of both Service Lead – Legal Services and the Procurement Team is required to assess the commercial and legal implications of any such modification. All modifications shall be in writing and in accordance with the terms of the relevant contract or framework agreement.
- 7.36 Contracts may only be terminated after seeking advice from the Procurement Team and the Service Lead – Legal Services.
- 7.37 Once the contractual formalities have been completed all original signed copies of contracts over £50k must be sent to the Council's Property Records for safekeeping with the second copy being sent to the supplier. This will be done by Legal Services where the contract has been sealed and by Procurement where the contract has been signed. A copy of the contract must be held by the named Contract Manager and a scanned copy must also be sent to the Procurement Team. This shall apply also for formal changes, variations and extensions as may apply to the Contract. All formal changes, variation and extensions must be signed off by Legal.
- 7.38 Contracts must be kept for at least six years from their end date if they were signed; and for at least 12 years from their end date if they were sealed.
- 7.39 The Procurement Team will maintain a central **contracts** register of all contracts over £5k awarded, ~~with the contract register and these~~ will be published in accordance with the ~~requirements of the~~ Local Government Transparency Code 2015 ~~requirements~~.

SECTION 8:

Other Matters

- 8.1 The Procedures as set out are aimed to cover the majority of events and circumstances which may arise in the general dealings of the Council, principally procurement and contract matters below the European Thresholds and the more conventional procedures referenced in the Regulations.
- 8.2 In the event of the following specific matters, then further advice should be sought where these either apply or are being considered as suitable solutions:
- i. **Concessions Arrangements**, including reference to the Procedural Note: Concessions; <http://www.legislation.gov.uk/ukxi/2016/273/contents/made>
 - ii. **Competitive Procedure with Negotiation** (formal process set out in the Regulations which enables multiple rounds of negotiation to be built into the process – see <http://www.legislation.gov.uk/ukxi/2015/102/regulation/29>
 - iii. **Competitive Dialogue** (formal process set out in the Regulations which seeks to identify the right solution and preferred bidder in a structure competitive dialogue process – see <http://www.legislation.gov.uk/ukxi/2015/102/regulation/30/made>);
 - iv. **Innovation Partnerships** (The aim of the innovation partnership being to develop 'an innovative product, service or works' and to subsequently purchase 'the resulting supplies, works or services – see <http://www.legislation.gov.uk/ukxi/2015/102/regulation/30/made>);
 - v. **State-Aid Subsidy Control** (Consideration of matters that may provide advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the ~~European Union (EU) UK~~; [Subsidy Control Bill - GOV.UK \(www.gov.uk\)](http://www.gov.uk/guidance/state-aid) <https://www.gov.uk/guidance/state-aid>
 - vi. **Reserved Contracts - Sheltered Workshops** (Cases where Contracting Authorities may reserve the right to participate in public procurement procedures to sheltered workshops and economic operators, e.g. whose main aims are social and professional integration of disabled or disadvantaged persons or may provide for such contracts to be performed in the context of sheltered employment programmes, provided that at least 30 % of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers <http://www.legislation.gov.uk/ukxi/2015/102/regulation/20/made>);
 - vii. **Reserved Contracts** (VCSE – Light Touch)

SECTION 9:

Strategic

9.1 The following Procedural Notes are considered to be strategic and generally apply in application of the Procedures and therefore need to be considered in all situations:

Procedural Note Commercial Assurance and Authorisation

Operational

9.2 The following Procedural Notes apply in specific operational situations or circumstances and would need to be applied if / when such situations arise:

Procedural Note	Exemptions
Procedural Note	Late Quotation / Tender Submissions
Procedural Note	Missing and Omitted Materials from a Tender
Procedural Note	Concessions

Key defined terms

Authorisation Process	<i>For the purpose of this document shall mean the formal process as set out in the Procedural Note: Commercial Assurance and Authorisation, and further referred to within these Procedures</i>
City Solicitor	<i>Shall mean the Council's postholder within the role as detailed</i>
Commercial Assurance Form	<i>Shall mean the form referenced within the actual Procedural Note: Commercial Assurance and Authorisation.</i>
Concession Arrangement	<i>Meaning where the provision and the management of services or the execution of works is entrusted to one or more economic operators, the consideration of which consists either solely in the right to exploit the services or works that are the subject of the contract or in that right together with payment. Note: In the event of applying a Concession the Council's Procedural Note: Concessions shall be applied.</i>
Constitution	<i>The Council's formal constituted governance arrangements which can be found here: Browse - Constitution - Exeter City Council</i>
Contract Award Notice	<i>means a contract award notice referred to the Regulation (50 or 75(3)) detailing information around outcomes of successful Tenderer and the specific details of the Tender itself.</i>
Contracts Finder	<i>means the web-based portal provided for the purposes of Part 4 of the Public Contracts Regulations 2015 by or on behalf of the Cabinet Office</i>
Council	<i>means Exeter City Council and any subsidiary parts</i>
Dynamic Purchasing System (DPS) / Agreement	<i>As defined under the Public Contract Regulations 2015 (Regulation 34), and shall mean a system shall be operated as a completely electronic process, which remains open to any economic operator throughout the period of validity of the purchasing system that satisfies the selection criteria.</i>
Electronic Tendering System	<i>Formal recognised dedicated electronic Tendering system for all communication and information exchanges in relation to public sector Tendering with third party suppliers and organisations, including electronic submission and means of communication in accordance with the requirements of the Regulations</i>
European Threshold	<i>The public procurement thresholds which define certain requirements on public sector organisations in how public sector procurement is to be conducted. Details of the thresholds can be found via the Official EU site https://www.ojou.eu/thresholds.aspx</i>
Framework Agreement	<i>As defined under the Public Contract Regulations 2015 (Regulation 33) and shall mean an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period.</i>
Grants	<i>For the purpose of this document external Grants shall mean a payment to help the recipient (e.g. charity). In return, the grant funder (e.g. the Council) gets no services delivered directly. A grant is usually provided subject to conditions that state how the grant shall be used (for example to support the wider objectives of the public body in promoting the social, economic or environmental well-being of their area). Grant funding is usually preceded by a call for proposals. The grant offer letter will normally set out general instructions as to how this is to be achieved, for example, that children need to be kept entertained by taking them on excursions and have sporting activities.</i>
GPA Threshold	<i>The public procurement thresholds which define certain requirements on public sector organisations in how public sector procurement is to be conducted. Details of the thresholds can be found via Thresholds (wto.org)</i>
Invitation to Tender (ITT)	<i>Means the documentation providing details about the Tender that is issued to organisations (contractors & Suppliers) invited to Tender for a contract, for the provision of goods, services or works</i>
Lots	<i>Term used to describe splitting of main contract into smaller defined elements, for example to enable smaller suppliers to bid for defined elements of the contract.</i>
Most Economically Advantageous Tender	<i>As defined under the Public Contract Regulations, contracts to be awarded on the basis of a revised definition of Most Economically Advantageous Tender (MEAT),</i>

(MEAT)	<i>considering price and quality but permits, amongst other things, the awarding of contracts on the basis of lowest price.</i>
Monitoring Officer	<i>Legally appointed officer (City Solicitor) in line with the Local Government Act 2000, as defined in the Council's constitution. The monitoring officer has the specific duty to ensure that the Council (Officers and its elected Members) maintain the highest standard of conduct, the main roles being: to report on matters believed to be, or are likely to be, illegal or amount to maladministration; to be responsible for matters relating to the conduct of Officers and elected Members; and to be responsible for the operation of the council's constitution.</i>
Official Journal of the European Union (OJEU)	<i>Is the publication in which all Tenders from the public sector which are valued above a certain financial threshold according to EU legislation, must be published – see: https://www.ojeu.eu/</i>
Officers	<i>Those employed members of staff (permanent or interim) representing the Council in official capacity.</i>
Procedures	<i>Shall mean the Procurement and Contract Procedure themselves (encompassing the supporting Procedural Notes)</i>
Public Contract Regulations 2015 (The “Regulations”)	<i>The UK Public Contracts Regulations 2015 as amended. Where this reference is made within these Procedures, then the Regulations need to be referred to and complied with.</i> http://www.legislation.gov.uk/uksi/2015/102/contents/made
Quotation	<i>For the purposes of Quotation is deemed an estimate as opposed to Tender when it is deemed as a formal offer requiring acceptance.</i>
Responsible Officer:	<i>Means the Officer within the Council who is the budget holder and who has direct responsibilities from an operational / client perspective for the goods, works and services.</i>
Scheme of Delegation (Delegation to Officers & Deputies)	<i>Delegated authorities as defined under the Council's Constitution, and in particular part 3(d) the Delegation to Officers and Deputies; (No.3d)</i>
Senior Management Board (SMB)	<i>The overall Senior Management Team for the Council, including the Chief Executive and Directors.</i>
Services	<i>Contracts, or Tenders for contracts, which have as their object the provision of services.</i>
Service Level Agreement	<i>An agreement setting out expectations on service levels and responsibilities between the Council and one of its “own” stand alone service providers such as Teckal company</i>
Sourcing Strategy	<i>The Sourcing Strategy relates to the approach to be applied in relation to whether a procurement is to be carried out or not, as detailed in Section 5 of these Procedures.</i>
Standstill / Mandatory Standstill	<i>As defined under the Public Contract Regulations 2015 (Regulation 87) and shall mean the time period where for OJEU Threshold Tenders an intention to award notification has to be made outlining the preferred bidder, ahead of formally concluding a contract.</i>
Supplies	<i>Contracts, or Tenders for contracts, which have as their object the provision of supply of goods.</i>
Supplier	<i>Independent third party organisations to the Council who are either providing supplies, works or services to the Council via contracts, or who would have interest in doing so.</i>
Tender	<i>Formal process in which the Council seeks the supply of supplies, works or services from third party suppliers (inc. voluntary organisations)</i>
Teckal	<i>Teckal” being a company which within certain parameters benefits from contracts for works, services or supply from its controlling Contracting Authority, e.g. the Council, without having to go through a competitive Tender process).</i>
Tenderer	<i>A third party supplier who is engaged in providing a response to the Council's requirements via a Quotation / Tender process.</i>
Value for Money	<i>National Audit Office (NAO) uses three criteria to assess the value for money i.e. the optimal use of resources to achieve the intended outcomes:</i>

	<ul style="list-style-type: none"> • <i>Economy: minimising the cost of resources used or required (inputs) – spending less;</i> • <i>Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and</i> • <i>Effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely.</i>
Works	<i>Contracts, or Tenders for contracts, which have as their object the provision of Works (e.g. construction / demolition).</i>

Procedural Note – Exemptions

NOTE: This Procedural Note forms part of the Procedures and shall be read in conjunction with the Procedures and any associated Procedural Notes

Background

1. This Procedural Note outlines the steps to be undertaken where the **Procedures** are not able to be followed for a specific reason.
2. Where this is the case, this Exemption Procedural Note is intended as a means of providing formal authorisation for “exemption” from specific elements of the Procedures.
3. The approval of an Exemption does not remove the requirement for procurements to follow the Council’s formal decision making processes.
4. Any Exemption granted over the **OEJEU GPA Threshold** approves only the anticipated non-compliance with the Council’s Procedures. It does not mitigate the risks associated with non-compliance with the UK Public Contract Regulations **or the EU Procurement Directive as applicable-2015**.

Overview of the process

General

5. This Procedural Note shall:
 - i. Help to mitigate risks of challenge from third parties in how the Council procures Supplies, Works and Services.
 - ii. Improve transparency and probity in how decisions are made.
 - iii. Help to manage, control and mitigate other risks.
6. Having relevant contract management arrangements and/or forward plans in place identifying future needs will help to minimise the need for Exemptions.
7. In the majority of cases, Exemptions shall only be considered for periods of 12 months or less. If arrangements are required beyond 12 months this shall be justified in the Exemption Form for consideration and will be subject to an annual review should the Exemption be approved.
8. In all cases Exemptions shall be completed in advance of committing spend. Where this is not the case then the Service Lead - Commercial and Procurement shall be informed.
9. Where the Exemption relates to a significant and serious failure to comply with the Procedures then a breach of the Procedures shall be considered.
10. Every effort shall be taken to ensure that the details included and signed off within the Exemption are accurate and sufficient for the intended purposes. If during the Exemption period there is any change, this should be updated as part of the recording process.

11. Exemptions shall be completed using the most recent template which is available on the Intranet page.
12. Exemptions should not be used to overcome poor planning of activities leading to the procurement.
13. Exemptions shall only be granted on the following grounds:
 - i. **Increased cost / loss of income:** The Council will incur unforeseen, significant and avoidable costs or lose significant income that cannot be mitigated in compliance with the Procedures.
 - ii. **Limited markets:** The market is a monopoly or no competition is likely to be stimulated through a formal procurement process. There is a requirement to demonstrate that the market is limited and not able to be suitably stimulated to create competition within the Regulations. Justification may include market intelligence including soft market consultation although risk related to over OJEU contract values is significantly reduced where open competition has been sought and a Voluntary Transparency Notice (VTN) has been published. Further guidance is available in the Pre-Procurement Market Consultation Guidance.
 - iii. **Reputational damage:** Failure to act promptly would have a serious, damaging and long term impact on the reputation of the Council, that from a time perspective the Council cannot afford to be mitigated through a formal tendering process
 - iv. **Compliant Direct Award via a framework:** Where an appropriate framework is available with the mechanism for a direct award the exemption procedure should be used to record the rationale for the direct award and to ensure that the Council maintains a record of where direct awards have been made

Procedure and Approval

14. The Responsible Officer within the Service shall be required to explore the suitability of the use of an Exemption, giving due consideration to:
 - i. Options and alternatives
 - ii. Risks, and associated mitigating actions
 - iii. The rationale for the Exemption and what will happen to avoid the need to seek further Exemptions on expiry
15. The Responsible Officer shall complete the relevant up to date Exemption Form **template** and will send it to the Procurement Team for review and comment.
16. In completing the Exemption Form, the Responsible Officer shall be responsible for providing the relevant factual and supporting information.
17. On completion of the Exemption Form, the Responsible Officer seeks the appropriate authorisation sign off dependent on the value of the Exemption as explained below.

Exemption value	Required Service approval signed in this order;
£10k and under	No formal Exemption Form required (although Responsible Officer will be required to have suitable evidence to justify decision for audit / transparency purposes).
Over £10k up to £50k	Responsible Officer Service Lead and Corporate Manager / SMB representative for the Service area.
Over £50k up to OJEU GPA threshold value for Services*	Corporate Manager / SMB member for the Service area, and Service Lead – Commercial and Procurement.
Over OJEU GPA threshold value for Services*	Director / SMB member for the Service area, Portfolio Holder and Service Lead – Commercial and Procurement.

*For the purpose of Exemptions this ~~OJEU~~ **GPA** threshold also applies to Supplies and Works

18. If the Service Lead – Commercial and Procurement considers the grounds for the Exemption not suitable then they shall seek to resolve this directly with the Responsible Officer, clearly stating what steps they consider necessary to either make the sign off appropriate or what alternative actions would need to be undertaken.
19. Where this cannot be resolved then the matter shall refer the matter to the Section 151 Officer to determine an agreed position.
20. Once signed off and approved all Exemption forms shall be forwarded to Procurement Team for retention and registration of relevant details on the Exemption Register.
21. Following approval of the Exemption by all required parties the Responsible Officer shall ensure that the resulting Contractual arrangements are put in place, this may include but not limited to:
 - i. Signed / sealed contract
 - ii. Contract management arrangements
 - iii. Specification
 - iv. Intention to award communications
 - v. Contract Variation
 - vi. Key performance indicators

Reporting

22. Exemptions (including those that are retrospective), are reported to Senior Management Board, the Portfolio Holders, Section 151 and Monitoring Officer on a quarterly basis.

Appendix 1 Roles and responsibilities

Table 1 below highlights the respective roles and responsibilities of the signatories to the Exemption Approval Form.

SIGNATORIES	ROLES AND RESPONSIBILITIES
Corporate Manager/ Director	<ul style="list-style-type: none"> • Acknowledgement and acceptance of the existence and details as set out in the Exemption form. • Understanding the position as set out within the Exemption form and being satisfied that the recommendation is appropriate and that suitable due diligence has taken place in the development of the Exemption (and any supporting information). Where relevant this may also include challenging the position as outlined. • Taking ultimate accountability and ownership of the recommended course of action outlined in the Exemption.
Service Lead – Commercial and Procurement	<ul style="list-style-type: none"> • Providing relevant and proportional scrutiny and due diligence around the procedural matters. • Providing relevant, proportional and constructive challenge with respect to commercial matters related to the Exemption. • Providing relevant support and advice to the Responsible Officer to ensure the process and recommendation is appropriate and that risks are highlighted as part of the overall considerations. • Signing off the Exemption form alongside the other identified parties and in doing so enabling the recommended course of action to be implemented. • Considering whether the Exemption is appropriate and whether suitable due diligence has taken place in the development of the Exemption (and any supporting information). Where relevant this may also include challenging the position as outlined. • Ensuring that the Exemption is in line with this Procedural Note and if not, highlighting this to the Section 151 Officer and Monitoring Officer including the reasons, value, and why this is the case.
Portfolio Holder	<ul style="list-style-type: none"> • Maintaining a strategic overview of Exemptions which have been signed off within their Portfolio. • Reviewing approved Exemptions on a quarterly basis to ensure they are satisfied that suitable due diligence has taken place in the development of the Exemptions. Where relevant this may also include challenging the position, and setting out recommendations to improve the overall process in the future. • Signatory on the Exemption Approval Form for contracts over the applicable OJEU Threshold

SIGNATORIES	ROLES AND RESPONSIBILITIES
<p>Procurement Team</p>	<ul style="list-style-type: none"> • Scanning and storing the signed Exemption Forms electronically in a central file and sending a link to that file for the relevant Commercial Manager to attach any supporting information. • Recording the Exemption and relevant details on the central register. • Issuing 6 month reminders prior to expiry of signed off Exemptions to the Responsible officer(s) around ensuring any necessary plans are in place (or being progressed) in time for the expiry (so as not to risk service failure or continuity of service). • Compiling and distributing of the Quarterly reports under the direction of the Service Lead – Commercial and Procurement.
<p>Responsible Officer</p>	<ul style="list-style-type: none"> • Ensuring the Exemption process is complied with and adhered to. • Obtaining and completing the latest version of the Exemption form and providing any necessary supporting evidence and information. • Clearly and concisely outlining the “what, why, when, who” in completing the Exemption form. • Taking ownership that the details put forward are relevant, accurate and factual. • Ensuring risks are identified, considered and any necessary mitigation measures put in place. • Openly considering and documenting the advantages / disadvantages of all relevant options and confirming that the recommendation put forward is the most appropriate way forward (considering all relevant information and advice sought). • Ensuring timely due diligence discussions have taken place and relevant advice has been sought with key stakeholders (e.g. the Procurement Team, Finance, Legal, Health and Safety, etc.) prior to seeking signatures of other key parties. • For over £50k exemptions ensuring that the Procurement Team is involved prior to obtaining signatories. • Ensuring plans are in place both to implement and adhere to the intended outcomes of the recommendation (this will include ensuring suitable plans are in place to formalise contractual matters arising from the Exemption sign off, plus plans outlined for the period following the Exemption expiry) at the point when any Exemption forms are ‘Signed Off’ • Ensuring that all signed off Exemptions are provided to Procurement Team for formal registration.

SIGNATORIES	ROLES AND RESPONSIBILITIES
<p>Section 151</p>	<ul style="list-style-type: none"> • Reviewing any matters referred to them by the Service Lead – Commercial and Procurement with regards to Exemptions considered outside of the recognised procedures and taking what actions they consider necessary within their role as Section 151 Officer. • On occasions acting as arbiter when exemptions are referred to them by Service Lead – Commercial and Procurement.

Equality Impact Assessment: Updates to procurement and contract procedures

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
Executive 30/11/2021	Updates to procurement and contract procedures	Approval of: (1) the revised Procurement and Contract Procedures in Appendix A;	N/A

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>(2) the revised Procedural Note – Exemptions in Appendix B; and</p> <p>(3) that the Director Finance in conjunction with the relevant Portfolio Holder is authorised to make minor changes to the Contract Procedure Rules as defined below and that any changes be reported to Members as part of the wider update on progress:</p> <ul style="list-style-type: none"> • Changes in statutory framework, such as references to new or updated legislation; • Changes in titles, names or terminology; and • Changes consequential to other constitutional changes already made. 	

Factors to consider in the assessment: For each of the groups below, an assessment has been made on whether the proposed

decision will have a **positive, negative or neutral impact**. This is must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

High impact – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

Medium impact –some potential impact exists, some mitigating measures are in place, poor evidence

Low impact – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Race and ethnicity (including Gypsies and Travellers; migrant workers; asylum seekers).	N/A	N/A	N/A
Disability: as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.	N/A	N/A	N/A
Sex/Gender	N/A	N/A	N/A
Gender reassignment	N/A	N/A	N/A
Religion and belief (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	N/A	N/A	N/A
Sexual orientation (including heterosexual, lesbian, gay, bisexual).	N/A	N/A	N/A
Age (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people	N/A	N/A	N/A

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).			
Pregnancy and maternity including new and breast feeding mothers	N/A	N/A	N/A
Marriage and civil partnership status	N/A	N/A	N/A

Actions identified that will mitigate any negative impacts and/or promote inclusion

N/A

Officer: Chanelle Busby

Date: 18/11/2021

REPORT TO EXECUTIVE

Date of Meeting: 30 November 2021

REPORT TO COUNCIL

Date of Meeting: 14 December 2021

Report of: Independent Remuneration Panel on Members' Allowances

Title: Members Allowances 2022/23

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

To consider the findings of the Council's Independent Remuneration Panel which had met to discuss the level of Members' Allowances for the period 2022/23.

2. Recommendations:

That the following recommendations be made to Council in respect of the Exeter City Council Members' Allowances for the period 2022/23:-

- (1) the basic structure and principles of the current Members' Allowances scheme be retained for 2022/23;
- (2) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained;
- (3) the Councillors' Basic and Special Responsibility Allowances, including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances, should be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year (a 2.5% increase in the annual Local Staff Pay Award was awarded by the Employers side for staff which was effective for staff from April 2021), and be uplifted by this amount with effect from 1 April 2022;
- (4) the principle that Special Responsibility Allowances be paid to no more than 50% of the overall number of Councillors would continue to be kept under review and adhered to where possible;
- (5) the current Dependants' Carers' Allowance scheme be maintained, with the continuation of the level of allowance matching the hourly Living Wage as applicable from April of each year (together with the retention of the uplift of the standard rate of income tax). In the case of members who need specialist care for a child or adult dependant, a higher rate, of up to £25 per hour or part thereof, can be agreed by negotiation in advance with the Corporate Manager, Democratic and Civic Support;
- (6) the sum of £50 be paid to the Independent Persons affiliated to the Audit and Governance Committee for up to four hours work, and £100 for four hours and over,

- payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year) be retained; and
- (7) Travel and Subsistence allowances available for staff continue to apply to Exeter City Councillors, where appropriate.

3. Reasons for the recommendation:

The Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to review and provide advice to the local authority on its scheme of Members' Allowances and in particular to recommend the allowance to be paid to Members..

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

A budget increase of 2.5% for the scheme of allowances in 2022/23 period totals £10,000 (bringing the total budget to £411,800). It is now for the Council to decide whether to include this amount in the budget estimates for 2022/23. The Scheme recommended by the Independent Remuneration Panel is attached to this report as an appendix with the detail of the current and proposed allowances. If the suggested increase above is approved, this equates to a £157 increase in the level of Basic Allowance for each Member for 2022/23.

5. Section 151 Officer comments:

The inflationary increases assumed for the Council's budget next year has allowed for an approximate £10,000 increase in members allowances. Therefore there would not be a significant impact to the financial position of the Council (either positive or negative) from agreeing this proposal.

6. What are the legal aspects?

Local Authorities (Members' Allowances) (England) Regulations 2001 and 2003 require Councils to establish and maintain an Independent Remuneration Panel to provide the local authority with advice on its scheme of Members' Allowances and recommend the amounts to be paid

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer.

8. Report details:

8.1 The City Council has an established Independent Remuneration Panel remuneration scheme which provides for a reasonable recompense for the time, commitment and duties involved in being a Councillor. It allows for an element of public service (recognised as being 33% of time spent on Council business) and also reflects the level of time which the average Councillor spends on casework, local community work and other Council work. The Panel is comprised of three representatives drawn from the public sector, business community and voluntary sectors.

8.2 The Panel met on one occasion in November 2021 to discuss the Members' Allowances Scheme for 2022/23.

8.3 The Panel discussed the Basic Allowance and proposed that it continue to be updated in line with the Local Government Employers (LGE) staff pay award for the previous year (a 2.5% increase in the annual Local Staff Pay Award was awarded by the Employers side for staff which was effective for staff from April 2021), and any uplift by this amount would take effect from 1 April 2022.

8.4 The Panel acknowledged that Exeter City Council, in common with many other Councils, was facing an extremely challenging financial situation going forward as part of its Medium Term Financial Plan over the next three years. Any increase in allowances would have to be carefully considered, when taking into account the consequences of the level of budget savings required to be made.

8.5 The Dependent Carers Allowance is aligned to the Living Wage and will be updated with any increase in the Living Wage from 1 April 2022, the Subsistence or Travel Allowances would remain unchanged.

8.6 The review process included:-

- the continuation of the index of pay for the Council's Allowance Scheme;
- the results of a comparator survey of Allowances paid in other authorities, particularly those of a similar type to us, as well as neighbouring Devon authorities;
- acknowledgement of the current roles of representatives of those Elected Members already in receipt of the SRA;
- the roles of the Chairs of the Council Housing and Development Advisory Board (CHAD) and Exeter Harbour Board, and
- the take up level of Dependants' Carers Allowance.

8.7 The Panel discussed the principle of an annual adjustment by reference to an index and convention of indexing the Members' Basic Allowance to the annual pay award for staff for future years. The indexing of the Members' Basic Allowance to mirror that of the Local Government Employers (LGE) staff previous year's pay award, remained acceptable. It was appropriate to keep this convention under review to ensure that the Members' Allowance retained parity with similar or neighbouring authorities and did not provide any barriers to becoming a Councillor.

8.8 The Panel considered the range of current SRA roles and noted the current agreement by the Leader of the Council of reducing the size of the Executive to nine members (thereby decreasing the number of SRAs paid by one). The Panel did however note, that the Executive could be up to 10 in number, and therefore felt that provision should continue to be made to allow for this eventuality in the future.

8.9 The Panel acknowledged the high level of level of commitment from Councillors over the last 18 months, to meet the additional challenges all stages of the pandemic had brought to their way of working.

8.10 Last year, upon recommending SRAs for the newly formed Council Housing and Development Advisory Board (CHAD) and Exeter Harbour Board, the Panel requested a review of these SRAs to ensure they remained at an appropriate level. The Panel noted the level of SRA for the Chairs of those meetings. The CHAD Board had met regularly. The Harbour Board had only recently begun to meet and were considering their anticipated workload and purpose at a forthcoming workshop. The Panel would therefore continue to review the allowance for these positions.

8.11 It was also noted that the allowance payable to the Chair of CHAD was drawn from a separate sum allocated from the Housing Revenue Account.

8.12 It was further noted that Council had agreed that the Chair of the Exeter Harbour Board would be the relevant portfolio holder (currently the Portfolio Holder for City Management). In line with the Council's agreed convention that no Councillor could receive more than one SRA., there would be no need to budget for did an additional SRA payment for the Chair of the Harbour Board.

8.13 The Panel considered the appropriateness of the Dependants' Carers Allowances which was paid to Councillors whilst on 'approved duties'. The hourly rate was linked to the Exeter Living Wage, as applicable from April of each year. The Living Wage from 1 April had just been announced and would be £9.90 per hour, and the Panel felt that it, together with an uplift in the amount to take account of any tax payable by claimants was clear and the sum offered was adequate. It noted, that there had been no recent claims for such an allowance.

8.14 It was noted that a higher rate of up to £25 per hour or part thereof was agreed by the Executive as part of last year's Members' Allowance report, for any Members who might need specialist care for a child or adult dependant. This would be agreed by negotiation, and in advance, with the Corporate Manager, Democratic and Civic Support. The Panel agreed that this higher rate should continue to be offered as appropriate.

8.15 The Panel was mindful that 23 of the 39 councillors (or 59%) were receiving some form of SRA. The Panel agreed to continue the view that in principle that no more than 50% of the councillors should receive an SRA. However, they acknowledged that Councillors who hold more than one post which would attract one SRA, would only be able to claim the higher SRA amount, which in practice therefore reduced the actual number of SRA's paid (in the current year to 21 of the 39 councillors or 53%). It was accepted though, that budgetary provision would have still to be made for all SRA's to be taken by those holding only one position.

8.16 It was noted that the Lord Mayor and Deputy Lord Mayor's allowances were governed by different legislation to those for all other allowances.

8.17 The Panel considered that currently it was more appropriate to continue to meet annually due to the ever changing and more challenging financial times, and also from the additional effects on society from Covid 19. The Panel would keep a watching brief on such matters and would consider an in-depth review, to include interviews with Members as appropriate by the time the Members' Allowances for 2023/24 was being prepared.

8.18 The Panel noted that the Executive had recently agreed to a review of the Councillor's induction and ongoing training programme. It was important to ensure that there was adequate training and support for the level of detailed knowledge and time commitment needed and in particular for Members of the statutory Committees such as Planning, Licensing and the Audit and Governance Committees.

8.19 The Panel wished to thank their colleague, Steve Barriball who was stepping down as the Chief Executive of Exeter's Citizen's Advice and so from the Panel. The incoming Chief Executive Thomas Godwin would soon be taking up the role as Chief Executive of Citizens Advice Exeter and Citizens Advice Torbay, and had agreed to take on his place on the Panel.

8.20 The Panel wished to thank the support of John Street, Corporate Manager, Democratic & Civic Support and Sharon Sissons, Democratic Services Officer for their assistance in compiling the report.

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

The need for an up to date Scheme of Members' Allowances ensures that the Council supports the democratic process.

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

There are no risks with what is being proposed

11. Equality Act 2010 (The Act)

11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.

11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because there are no significant equality and diversity impacts with this decision.

12. Carbon Footprint (Environmental) Implications:

There are no direct carbon/environmental impacts arising from the recommendations.

13. Are there any other options?

The Council has the ability to not accept any recommendations put forward by the Panel and propose some of its own.

Corporate Manager, Democratic & Civic Support, John Street

For the Chair of Exeter's Independent Remuneration Panel, Derek Phillips

Author: Sharon Sissons

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

Background papers used in compiling this report:-

None

Contact for enquires:
Democratic Services (Committees)
Room 4.36
01392 265275

MEMBERS' ALLOWANCES SCHEME 2022/23

	2021/22	2022/23
Basic Allowance		
	£	£
All Members	6,268	6,425
 *Special Responsibility Allowances:-		
Leader (basic x 325%)	20,371	20,880
Other Executive Members with Portfolios (basic x 175%) (up to x 9)	10,969	11,243
Other Executive Member without Portfolio (if appointed) (basic x 25%)	1,567	1,606
Chairs of Scrutiny Committees (basic x 100%) (x 2)	6,268	6,425
Deputy Chair of Scrutiny Committee(basic x 50%)(x 2)	3,134	3,212
Chair of Planning Committee (basic x 100%) (x 1)	6,268	6,425
Deputy Chair of Planning Committee (basic x 50%) (x1)	3,134	3,212
Chair of Licensing Committee (basic x 75%) (x 1)	4,701	4,818
Chair of Audit and Governance Committee (basic x 50%) (x 1)	3,134	3,212
Chair of Council Housing and Development Advisory Board (basic x 50%) (x1) from the HRA	3,134	3,212
Member Champions (basic x 25% (x1)	1,567	1,606
* <i>Any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only</i>		
** <i>The Leader of an Opposition group will receive an allowance based on the size of the political group, ranging from 20 to 60% of the size of the Group (See scheme on web site)</i>		
Lord Mayor's Expenses Allowances	6,268	6,425
Deputy Lord Mayor Mayor's Allowances	1,567	1,606

Dependants' Carers' Allowance

An allowance matching Exeter City Council's hourly Living Wage as applicable from April of each year (together with the retention of the uplift of the standard rate of income tax). In the case of members who need specialist care for a child or adult dependant, a higher rate, of up to £25 per hour or part thereof, can be agreed by negotiation in advance with the Corporate Manager, Democratic and Civic Support.

Travel and expenses

To match those payable to officers of the Council for any approved duties undertaken, with travel expenses being paid for any journeys undertaken outside of the city boundaries.

Dependants' Carers' Allowance Scheme

;

An allowance matching Exeter City Council's hourly Living Wage as applicable from April of each year (together with the retention of the uplift of the standard rate of income tax). In the case of members who need specialist care for a child or adult dependant, a higher rate, of up to £25 per hour or part thereof, can be agreed by negotiation in advance with the Corporate Manager, Democratic and Civic Support;

A carer will be any responsible person who does not normally live with the councillor as part of that councillor's family.

An allowance will be payable if the dependant being cared for:

- is a child under the age of 14
- is an elderly person; or
- has a recognised physical or mental disability

who normally lives with the councillor as part of that councillor's family and should not be left unsupervised.

Qualifying duties are defined as meetings of the Council, its Committees and Sub-Committees, training events, briefings and such other duties as are specified by the relevant regulations*.

For meetings or duties within the Council's boundaries, the allowance will be paid for the duration of the meeting or otherwise approved duty plus an allowance for up to one hour's total travelling time before and after the meeting.

The actual cost of care will be reimbursed, up to a maximum of xxx per hour.

This allowance will be updated annually in line with the minimum wage.

**Payment of allowance will be made under the powers of Section 100 of the Local Government Act 2000 and Section 7 of Part 2 of the Local Authorities (Members Allowances) (England) Regulations 2003.*

December 2021

Equality Impact Assessment: Members Allowances 2022/23

The Equality Act 2010 includes a general duty which requires public authorities, in the exercise of their functions, to have due regard to the need to:

- **Eliminate discrimination**, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- **Advance equality of opportunity** between people who share a relevant protected characteristic and people who do not share it.
- **Foster good relations** between people who share a relevant protected characteristic and those who do not

In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.

Authorities which fail to carry out equality impact assessments risk making poor and unfair decisions which may discriminate against particular groups and worsen inequality.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
Executive 30 November 2021	Members Allowances 2022/23	That the following recommendations be made to Council in respect of the Exeter City Council Members' Allowances for the period 2022/23:-	The impact of the recommendation 1 could have an impact by the offer of an allowance to enable an individual to become a Councillor, and recommendation 5 in offering some additional financial

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>(1) the basic structure and principles of the current Members' Allowances scheme be retained for 2022/23;</p> <p>(2) the principle that any Member qualifying for more than one Special Responsibility Allowance is paid the higher allowance only, should be retained;</p> <p>(3) the Councillors' Basic and Special Responsibility Allowances, including the Lord Mayor and Deputy Lord Mayor's Expenses Allowances, should be linked and updated in line with the Local Government Employers (LGE) staff pay award for the previous year (a 2.5% increase in the annual Local Staff Pay Award was awarded by</p>	recompense for childcare when carrying out approved duty.

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>the Employers side for staff which was effective for staff from April 2021), and be uplifted by this amount with effect from 1 April 2022;</p> <p>(4) the principle that Special Responsibility Allowances be paid to no more than 50% of the overall number of Councillors would continue to be kept under review and adhered to where possible;</p> <p>(5) the current Dependants' Carers' Allowance scheme be maintained, with the continuation of the level of allowance matching the hourly Living Wage as applicable from April of each year (together with the retention of the uplift of the standard rate of income tax). In the case of</p>	

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		<p>members who need specialist care for a child or adult dependant, a higher rate, of up to £25 per hour or part thereof, can be agreed by negotiation in advance with the Corporate Manager, Democratic and Civic Support;</p> <p>(6) the sum of £50 be paid to the Independent Persons affiliated to the Audit and Governance Committee for up to four hours work, and £100 for four hours and over, payable to each of the two Independent Persons (up to a maximum of £500 per person in any one year) be retained; and</p> <p>(7) Travel and Subsistence allowances available for staff continue to apply to</p>	

Committee name and date:	Report Title	Decisions being recommended:	People with protected characteristics potentially impacted by the decisions to be made:
		Exeter City Councillors, where appropriate.	

Factors to consider in the assessment: For each of the groups below, an assessment has been made on whether the proposed decision will have a **positive, negative or neutral impact**. This must be noted in the table below alongside brief details of why this conclusion has been reached and notes of any mitigation proposed. Where the impact is negative, a **high, medium or low assessment** is given. The assessment rates the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

High impact – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

Medium impact – some potential impact exists, some mitigating measures are in place, poor evidence

Low impact – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Race and ethnicity (including Gypsies and Travellers; migrant workers; asylum seekers).	Positive	Low	The key recommendations comply with the Local Authorities (Members' Allowances) England Regulations 2001 and 2003.
Disability: as defined by the Equality Act – a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse impact on their ability to carry out normal day-to-day activities.	Positive	Low	The key recommendations comply with the Local Authorities (Members' Allowances) England Regulations 2001 and 2003.
Sex/Gender	Positive	Low	The key recommendations comply with the Local Authorities (Members' Allowances) England Regulations 2001 and 2003
Gender reassignment	Positive	Low	The key recommendations comply with the Local Authorities (Members' Allowances) England Regulations 2001 and 2003.

Protected characteristic/ area of interest	Positive or Negative Impact	High, Medium or Low Impact	Reason
Religion and belief (includes no belief, some philosophical beliefs such as Buddhism and sects within religions).	Positive	Low	The key recommendations comply with the Local Authorities (Members 'Allowances) England Regulations 2001 and 2003.
Sexual orientation (including heterosexual, lesbian, gay, bisexual).	Positive	Low	The key recommendations comply with the Local Authorities (Members 'Allowances) England Regulations 2001 and 2003.
Age (children and young people aged 0-24; adults aged 25-50; younger older people aged 51-75/80; older people 81+; frail older people; people living with age related conditions. The age categories are for illustration only as overriding consideration should be given to needs).	Positive	Low	The key recommendations comply with the Local Authorities (Members 'Allowances) England Regulations 2001 and 2003. A Dependent Carers Allowance enables an individual Council Member to carry out their duties with some additional financial recompense for childcare when carrying out approved duty.
Pregnancy and maternity including new and breast feeding mothers	Positive	Low	The key recommendations comply with the Local Authorities (Members 'Allowances) England Regulations 2001 and 2003. The Council has a maternity leave policy.
Marriage and civil partnership status	Positive	Low	The key recommendations comply with the Local Authorities (Members 'Allowances) England Regulations 2001 and 2003

Actions identified that will mitigate any negative impacts and/or promote inclusion

Officer: Sharon Sissons

Date: 18 November 2021