

## SCRUTINY COMMITTEE - RESOURCES

25 January 2012

### Present:

Councillor Baldwin (Chair)

Councillors Hobden, Branston, Bull, D J Henson, Morris, Mottram, Ruffle, Spackman, Taghdissian and Wardle

### Also Present:

Chief Executive, Director Corporate Services, Head of Treasury Services, Museums Manager, Contract Development Manager, and Member Services Officer (SLS)

### Apologies

Councillors Mitchell and Tippens

#### 1 **Minutes**

The minutes of the meeting held on 23 November 2011 were taken as read and signed by the Chair as correct.

#### 2 **Declarations of Interest**

Members made no declarations of interest.

### **MATTERS FOR CONSIDERATION BY THE EXECUTIVE**

#### 3 **Capital Programme 2012/13 - 2014/15**

The Head of Treasury Services presented the report seeking approval of the General Fund and Housing Revenue Account Capital Programmes for 2012/13 along with schemes identified for the following two years.

Members were advised that a borrowing requirement of £14.88 million had been identified over the next four financial years, which would have an ongoing impact on the council tax. The City Council would ensure that any borrowing decision remained affordable, and a report to the Executive setting out the Council's Prudential Indicators would be presented to the February meeting. The total General Fund Capital Programme of £8.5 million for 2012/13 was set out in Appendix 3, and the proposed Housing Revenue Account programme totalling £6.1 million for 2012/13 was set out in Appendix 4.

The Head of Treasury Services responded to Members' comments and questions -

- a request for more detail on which partners were contributing to the funding for the environmental improvements at Central Station. It was noted that the Director Economy and Development would respond to the Member with more detail on the contribution and ownership of the land.
- whether the budget for adaptations was provisional or were the affordable housing registered providers making a contribution? Housing colleagues would respond with a more detailed report on the responsibility for adaptations carried out in council property.

- the budget allocated to cemetery roads and paths maintenance was to safeguard against potential insurance liability by ensuring they were in a reasonable state of repair. Their maintenance was paid for from the reactive repairs budget under the Council's Asset Improvement and Maintenance Fund.(AIM)

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

- (1) the General Fund Capital Programme for 2012/13, as set out in Appendix 3 of the report; and
- (2) the Housing Revenue Account Capital Programme for 2012/13, as set out in Appendix 4 of the report.

(Report circulated)

#### 4 **Treasury Management Strategy Report 2012/13**

The Head of Treasury Services presented the report seeking adoption by the Council of the Treasury Management Strategy Report, incorporating the Annual Investment Strategy 2012/13, as required under section 15(1)(a) of the Local Government Act 2003. He also sought adoption of revised clauses in respect of Treasury Management as part of the Council's Financial Regulations. A Member suggested an alternative wording in paragraph 6.4, with the substitution of the word "repayment" for "borrowing".

The Head of Treasury Services responded, as follows, to Members' comments and queries:-

- the one-off payment of £57 million would enable the City Council to buy itself out of the Housing Revenue Account subsidy scheme. This was based on an actual asset base and the Council had no choice in this action. It will however provide a good opportunity for local authorities to invest in their housing stock.
- the Council's annual accounts are published every year, and provide a comprehensive breakdown of the Council's assets and liabilities as of the 31 March of each year. These are available to view on the Council's website.
- there was renewed optimism that the Icelandic Banks would soon begin to repay Exeter City Council. The lending criteria had been strengthened to ensure that the Council only invested in banks and institutions with the highest credit ratings.
- the Business Plan had made assumptions on the number of tenants who might exercise the option for Right To Buy of their Council property. The Head of Treasury Services would request the current figure from Housing colleagues.

The Scrutiny Committee - Resources noted the report and recommended that the Executive recommend to Council, the adoption of the new Treasury Management clauses for inclusion in Financial Regulations and the Treasury Management Strategy and delegations contained therein.

(Report circulated)

## 5 **Revenue Budget Proposals 2012/13**

The Head of Treasury Services presented the report outlining the strategic framework within which the estimates had been prepared and circulated for discussion and comment during December. He highlighted a number of key points in the report including the provisional local government finance settlement for 2012/13 which was broadly in line with previous forecasts. In overall cash terms, the 2012/13 grant was expected to be £8.258 million, representing an overall cash decrease of £0.977 million compared to the current year's 'adjusted' formula grant of £9.235 million. The New Homes Bonus initiative designed to encourage local authorities to facilitate housing growth will be a new source of revenue for the City Council. Members welcomed a cautious approach to using this additional revenue, which could potentially affect other sources of grant funding in the future. For the purposes of the revised medium term financial plan, it had been assumed that the Council would freeze council tax again for 2012/13, and receive an additional grant by way of compensation for lost revenue, equating to an assumed Council Tax levy of 2.5%.

A Member commented on the Government's consultation over a review of the universal business rate. The Head of Treasury Services confirmed that the reallocation of the business rate and part of a refinance of local government would take effect in April 2013. It was too early to say what impact this would have on Exeter, but there was an optimistic view on future growth and prospects for Exeter.

The Chief Executive also responded to a query on the net approval score and priorities set out in the Budget Consultation for 2011/12, stating that the results contained the individual views of the respondents. The methodology applied to this survey was an industry standard with respondents asked to rate each budget area using a high, medium or low spending priority.

The Scrutiny Committee – Resources noted the report and the recommendation to the Executive for the approval of the Draft Revenue budget proposals for 2012/13, and the recommended minimum level for the General Fund Working Balance to remain at £2 million.

(Report circulated)

## **MATTERS FOR CONSIDERATION BY SCRUTINY COMMITTEE - RESOURCES**

### 6 **Non-Housing AIM Budget 2012/13**

The Contract Development Manager presented the report detailing the work proposed to non-housing properties in order to maintain and service such buildings in 2012/13. The work financed from the Asset Improvement and Maintenance Fund, referred to as AIM, was contained within the Council's overall revenue budgets.

He responded to a number of Members' questions including the percentage of repairs carried out by the in-house team, and the building risk assessment for legionella which included checks on every element of the water distribution system. He also referred to the budget for the routine servicing and maintenance of the canal lock gates. He clarified the work associated with the routine maintenance of monuments and the annual inspection of memorials. The Contract Development Manager corrected a reduction in the Service Priorities which should have read £124,000 and not £164,000 as detailed in the report. He also advised that he would similarly update the figure for the overall reduction in the budget.

The Scrutiny Committee – Resources noted that the sum of £1,592,825 had been split into the categories of work in the year 2012/13, as outlined in the circulated report.

(Report circulated)

7 **Estimates 2012/13**

The Head of Treasury Services presented the report on the Estimates for 2012/13, which outlined the strategic framework within which the estimates had been prepared, changes in accounting practices which affected all budgets and gave detailed reasons for any significant changes in the Management Unit estimates. A detailed schedule of the Capital Programme and proposed new schemes for the areas covered by Scrutiny Committee - Resources and the changes in respect of the 2012/13 Fees and Charges were included as an appendix.

The Scrutiny Committee – Resources noted the draft Revenue Estimates, Capital Programme and proposed Fees and Charges for 2012/13 for further consideration by the Executive.

(Report circulated)

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

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

9 **Progress Report - RAMM Development Project**

The Museums Manager presented the report which brought the Committee up to date with the current situation with respect to the various contracts now let for the Royal Albert Memorial Museum Development Project. The report also considered how the Museum's negotiations over the final aspects of the projects would go forward. Members were advised that it was now deemed appropriate for any further reports on the Museum project to be made to Scrutiny Committee - Resources and Executive as and when required.

Over 61,000 visitors had been through the Museum in the first weeks of reopening, with approximately 96% of visitors leaving positive or general comments. A Member welcomed this first class asset for Exeter but sought further information on an outstanding matter relating to the building project. The Museums Manager advised that a number of similar issues would be resolved or concluded as part of the 'wrapping up' work undertaken as part of the project's closure. Delivering a project of this scale and complication had provided the Council with experience and knowledge that captured in a 'debriefing' might benefit their work on future capital projects. She responded to a number of Members' questions on snagging work which would be completed over the next coming months, including soft landscaping at the rear of the Museum. The matter of archive material from the Archaeological Field Unit was raised and the Museums Manager explained that officers were currently investigating storage options for the large volume of excavated material involved.

The Museums Manager was also pleased to announce that RAMM had been successful along with its partner Plymouth City Museum & Art Gallery in its application to the Arts Council to become a Major Partner Museum (one of 16 across

the country). A three year programme of funding is associated and although the final amount was yet to be confirmed it would be a significant award. The award was part of a national drive to develop and deliver excellence in museums by reaching out to more people and supporting innovation. Members welcomed this excellent news which reflected the Council's ongoing commitment to the Museum.

Members thanked the Museum staff for their hard work and dedication in bringing the project to fruition. The Museums Manager said that she would pass on the Committee's sentiments which would be most appreciated.

The Scrutiny Committee – Resources noted the report.

(Report circulated to Members)

#### 10 **Retirement of Glyn Bellerby**

The Chair and Members formally recorded the appreciation of the Scrutiny Committee – Resources for the significant contribution made by Glyn Bellerby, Director Corporate Services. He had always provided professional and valuable support and advice, and his quiet counsel and guidance would be missed. Members thanked Glyn for his hard work and dedication, and wished him well on the occasion of his retirement.

The meeting commenced at 5.30 pm and closed at 7.05 pm

Chair