

SCRUTINY COMMITTEE - RESOURCES

4 December 2013

Present:

Councillor Baldwin (Chair)

Councillors Bowkett, Brock, Crew, Dawson, Donovan, Macdonald, Morris, Sheldon and Robson

Apologies:

Councillors Ruffle, Bull and Newby

Also present:

Deputy Chief Executive, Assistant Director Finance, Scrutiny Programme Officer and Democratic Services Officer (Committees) (SLS)

41 Minutes

The minutes of the meeting held on 18 September 2013 were taken as read and signed by the Chair as correct.

42 Declarations of Interest

No declarations of discloseable pecuniary interests were made.

ITEMS FOR SCRUTINY COMMITTEE DISCUSSION

43 Key Propositions from the LGA's Publications - "Rewiring Public Services"

The Deputy Chief Executive reported on the issues arising from the recent visit to Exeter by Sir Merrick Cockell, Chairman of the Local Government Association and his address to local Chief Executives and Members on the LGA's publication - "Re-Wiring Public Services". The document was a response to the funding constraints imposed on local authorities and the need to identify new ways of delivering services. Members were invited to consider the ten key propositions which were subsequently linked to the work of the City Council's Scrutiny Committees.

Scrutiny Committee – Resources supported the position that the views of all the Scrutiny Committees would be sought in order to determine the Council's response to the LGA's publication - "Re-Wiring Public Services".

(Report circulated)

44 Budget Monitoring (2nd Quarter)

The report of the Assistant Director Finance was submitted, advising Members of any material differences by management unit of the revised budget for the first six months of the financial year up to 30 September 2013, which included a variation of 0.32% from the revised budget. The report also contained the detail of two key review areas, and potential areas of budgetary risk, which remained the subject of close monitoring. He confirmed that sufficient action had been taken to ensure that the appropriate reimbursement of the housing benefits subsidy would be forthcoming.

A Member referred to the unapportionable overheads in respect of pension contributions and asked if the commitment by the City Council was affected by

having a reduced workforce. The Assistant Director Finance stated that the employer contribution related to the current actuarial valuation, and although there were other factors, a reduction in staff meant that the contribution made to the pension scheme was likely to need topping up. A report would be presented to Executive on the future contribution that would be needed to be set aside.

The Scrutiny Committee – Resources noted the report.

(Report circulated)

45 **Financial Reporting Task and Finish Group Membership**

The Scrutiny Programme Officer attended the meeting and provided an update on the progress of individual Task and Finish Groups, including the conclusion of the Financial Task and Finish Group which had proved to be very successful. There was also a need to replace Councillors Owen and Pearson, following their appointment as Portfolio Holders, and nominations were sought from Scrutiny Committee – Resources.

The Scrutiny Programme Officer provided an update on the proposed programme of Task and Finish Groups -

- The Energy Neutral Council was expected to be up and running in the New Year.
- The Cost of Living Forum had already met twice and formed two sub groups on housing and wages.
- The Council Lettings Task and Finish Group was due to meet on 13 December.

She was hopeful that the second tranche of groups would commence in February, acknowledging the many commitments of Members. Other groups which had yet to meet were the WhistleBlowing and Procurement Task and Finish Group and the Cross Party Access to Credit Group which would tie in with the deliberations of the Cost of Living Forum.

In addition to the Task and Finish Groups, she reminded Members of the regular Scrutiny Review meetings held with the Chairs and Deputy Chairs of the Scrutiny Committees to discuss how any of the system changes might enhance scrutiny at the City Council.

RESOLVED that:-

- (1) Councillor Pearson continue to attend future meetings of the Financial Reporting Task and Finish Group, both as a Member and also in his capacity as Portfolio Holder, and
- (2) Councillor Sheldon be appointed to the Access to Credit Task and Finish Group.

46 **Overview of Revenue Budget 2013/14**

The report of the Assistant Director Finance was submitted, advising Members of the overall projected financial position of the General Fund Revenue Budget and Housing Revenue Account after six months, for the 2013/14 financial year.

The Assistant Director Finance advised that the Service Committee budgets showed a forecast overspend of £163,890 (1.3%) against a revised Service Committee Net Expenditure budget of £12,248,020. He outlined to Members, the individual budgets in respect of each of the Scrutiny Committees, including the areas of budgetary risk, the outstanding sundry debt, debt write-offs and creditor payments performance. A number of additional budgets had been approved or requested for approval and these were set out in an appendix to the report. The protocol now required a formal approval, and this included a request for a further sum to facilitate the Rugby World Cup bid. It was noted that this was part of the sum recently agreed by Executive for the Rugby World Cup staging.

A Member referred to the comparison of outstanding sundry debt with last year's figure and enquired why this had increased. The Assistant Director Finance stated that the recovery of Housing Benefit overpayments had to follow a statutory recovery path, including a staged recovery from the claimant. A review of the way the City Council runs the debt recovery operation was about to be undertaken and would look at the overall performance across the Council. The Member also suggested a review of the housing benefit claim process as more employers were now operating a zero hour or low hours contract, meaning that a claim could vary from week to week. The Assistant Director Finance stated that he would contact the Benefits Team to seek information on the impact of changes in working patterns and the adjustment process for claimants. He also responded to the likely level of debt write-offs for Business Rates in 2013/14, which on average in the past was approximately £400,000. The Business Rates team were slightly under the target for collected recovery this year.

The Scrutiny Committee – Resources noted the report and requested that Council approve the:-

- (1) General Fund forecast financial position for the 2013/14 financial year;
- (2) Housing Revenue Account forecast financial position for the 2013/14 financial year;
- (3) additional supplementary budgets listed in Appendix C of the circulated report;
- (4) outstanding Sundry Debt position as at September 2013, and
- (5) creditors' payments performance.

(Report circulated)

47 **Capital Monitoring Statement**

The Assistant Director Finance reported on the current position in respect of the Council's revised annual capital programme, the anticipated level of deferred expenditure into future years, and also sought Member approval to amend the annual capital programme in order to reflect the reported variations.

The report also contained further funding requests for additional lighting provision at the Flowerpot Skate Park, to progress an energy saving project and the introduction of an e-tendering system. The Deputy Chief Executive responded to a plea to ensure that the lighting at the Skate Park was sensitive to both light pollution and also the environment. Every effort had been made to mitigate such concerns to address the topography and minimise the impact on the wildlife. The energy savings project was an ambitious scheme across the Council's estate, but already the pilot had made some significant savings. The Assistant Director Finance added that LED lighting had

offered immediate savings in energy used, but further work was required to determine the solar panel payments. He also provided the detail of the new procurement section which is being set up to facilitate a corporate procurement process. Although tenders could be invited by email, the return tender had to be sent back in paper at some cost to the tenderer. E-tendering would enable tender documentation to be sent back securely and stored until the tender due date. It was hoped that the current, fragmented process would be more streamlined. The process would also support the Procurement Officer on spend across the Council and provide a more effective service.

A Member enquired about the kitchen replacement programme and sought clarification on the sum yet to be spent. The Assistant Director Finance stated that they were on track to spend £2.2 million, with an approximate figure of £5,000 set aside for each kitchen and the expected lifespan of the kitchen was at least ten years.

The Scrutiny Committee – Resources noted the current position in respect of the revised annual Capital Programme and the further funding requests set out in Section Nine of the circulated report and recommended its approval by Council.

(Report circulated)

48 Treasury Management - Half Yearly Report 2013/14

The Assistant Director Finance submitted the report, informing Members of the current performance for the 2013/14 financial year and the position regarding investments and borrowings at 30 September 2013. As part of the update, he advised that the City Council had chosen to take advantage of a break clause in the agreement with the Cooperative Bank to service the Council's financial affairs. This decision had proved to be timely as the Cooperative Bank had recently advised that they wished to give notice for a managed withdrawal from the local authority market. A tendering exercise had commenced and had been extended to four of the High Street banks. It was anticipated that a decision would be made before Christmas to enable a swift transition to the chosen Bank.

The Scrutiny Committee – Resources noted the Treasury Management report for the first six months of 2013/14.

(Report circulated)

49 Living Wage

The Deputy Chief Executive presented the report which considered how the Living Wage might be implemented within the Council. The report also considered the impact, both financially and organisationally, and sought to devise an appropriate plan to potentially enable implementation from 1 January 2014. The current living wage rate of £7.65 was based on a minimum income standard, including an analysis of the actual costs of living essentials such as rent, council tax, childcare and transport. The sum identified was intended to meet the basic needs to maintain a decent and safe standard of living, for a 40 hour week with no additional income. A list of the local authorities in England and Wales who had implemented, or were committed to the Living Wage, was attached to the report.

The implementation of the living wage would benefit 64 Exeter City Council employees whose current hourly rate was below this figure. The implementation of any future increases needed to fall into line with the national wage negotiation

timetable. Details of the City Council's lower pay scales were also attached to the report.

The Chair was concerned over the concept of the living wage and potential increase in council tax and felt that this was the wrong time to implement the Living Wage. The additional cost could have an adverse effect on smaller private businesses who were already feeling the effect of the compulsory pension contribution for all employees. There may also be consequences for individuals who had worked through the local government pay scale to gain the status and qualifications to merit a rise through the grades, with any recognition or incentive having been removed from an amalgamation of the lowest spinal column points. The Chair referred to the pressure felt by the Council in allocating £100,000 to the wage bill and that other staff may have expectations of a pay rise. She felt that she was unable to support the recommendations.

A Member referred to the increasing levels of food poverty and felt that now was the right time to realise the ambition of the scheme. A Member also agreed that the Living Wage was about enabling people to live and the additional wage bill could be put to good use to feed families. She was pleased that Exeter University as an employer had also adopted this stance.

The Deputy Chief Executive gave the following responses to Members' questions:-

- That an approach will be made to those employees who will benefit from the increase in the Living Wage who may have previously withdrawn from the local authority pension scheme, to encourage them to contribute and take up the offer of a workplace pension.
- Staff had been very supportive of the effort being made to close the gap between top and bottom pay scales. A number of presentations had been made and these had been positively received.
- A Cost of Living Forum had already set up a sub group to consider the issue of wages.
- Negotiations with the local authority trade unions had been supportive of the living wage increase.
- The cost of the increased salary costs had been funded by the reduction in the number of the Council's Senior Management Team.

The Scrutiny Committee – Resources noted the report and requested that Council:-

- (1) adopt the Living Wage for employees with Council Contracts of Employment and associated casual staff (excluding apprentices), commencing 1 January 2014;
- (2) delay the implementation of any future increases in the Living Wage until the subsequent April, to bring any increases in line with the national wage negotiation timetable;
- (3) amend the current and future pay scales to reflect the changes invoked by the adoption of the Living Wage;
- (4) increase the budgeted allocation by £25,000 in order to meet additional salary costs;

- (5) amend the Council's Pay Policy to reflect the changes highlighted above; and
- (6) to conclude any outstanding negotiations with the recognised Trade Unions.

(Report circulated)

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

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

51 Provision of ICT Services

The report of the Deputy Chief Executive was submitted, which outlined a business case for creating a shared ICT service between Teignbridge District Council, East Devon District Council and Exeter City Council. It was considered that the shared synergy and service approach between all three authorities was similar.

The Deputy Chief Executive confirmed that the development would also provide the opportunity to look at the service offered particularly in relation to out of office hour's facility. There were a number of fundamental decisions still to be made, but the final legal partnership agreement would also include a clear process for disengagement and an exit strategy.

It was recognised that without the initial impetus provided by the DELT Project, of which Plymouth City Council was a major contributor, the Plan C case would not have progressed. Exeter City Council along with the remaining two district councils also wished to acknowledge the support and hard work provided by Plymouth City Council officers to get the project to its current stage.

The Scrutiny Committee – Resources supported the recommendations and requested that Executive and Council approve:-

- (1) the principle of creating a shared Exeter, Teignbridge and East Devon District Council's ICT service on the basis of the Plan C business case;
- (2) suitable staff availability for a Plan C Programme Team to enable a detailed Implementation Plan to be created;
- (3) the presentation to Executive and Council in early 2014 of an Implementation Plan with a view to execution of the Plan later in the year;
- (4) the provision of a budget of one third share of the estimated costs for external experts in legal and financial matters to the Programme team, that is £15,000;
- (5) the leadership of the Plan C Programme by Chris Powell (Corporate ICT Manager , East Devon) with appointees by each partner to enable governance arrangements to be developed. The proposed appointees are:

- Exeter - Mark Parkinson, Deputy Chief Executive

- Teignbridge - Steve Hodder, Business Lead, Corporate Service and Transformation
- East Devon - Simon Davey, Head of Finance

(6) that no additional resource be allocated to progress the DELT shared service model, but that the Council continue to keep a watching brief.

(Report circulated to Members)

The meeting commenced at 5.30 pm and closed at 6.50 pm

Chair