

SCRUTINY COMMITTEE - RESOURCES

2 July 2014

Present:

Councillor Baldwin (Chair)

Councillors Bialyk, Brock, Bull, George, Lyons, Morris, Sheldon, Spackman, Winterbottom, Edwards, Pearson and Hannaford

Apologies:

Councillors Mottram, Robson and Tippins

Also present:

Chief Executive & Growth Director, Assistant Director Finance, Corporate Manager Democratic and Civic Support, Scrutiny Programme Officer, HR Business Manager, Principal Project Manager (Infrastructure Management & Delivery) and Democratic Services Officer (Committees) (SLS)

In attendance:

Councillor Edwards - Leader

Councillor Pearson - Portfolio Holder Enabling Services

Councillor Hannaford - Portfolio Holder Customer Access

18 **Minutes**

The minutes of the meeting held on 19 March 2014 were taken as read and signed by the Chair as correct.

19 **Declarations of Interest**

No declarations of discloseable pecuniary interests were made.

20 **Portfolio Holders' Statement**

The priorities for 2013/14 which had been reported previously and a list of priorities and initiatives which had been completed were presented. The work programme and broad priorities relevant to the portfolios for Scrutiny Committee Resources for 2014/15 were presented. The priorities and detail would be refined and developed over the coming months, to include outcomes and targets, and would be published in September 2014 in the Council's Corporate Plan.

Councillor Edwards presented the Leader's priorities for the forthcoming year. He referred to the medium term financial plan as the City Council continued to face ongoing monetary challenges. It was appropriate to have a meaningful consultation with the public over funding and budget changes in the next four years, and he would seek the support of the Scrutiny Committees to look at the individual areas of the Council. The City Council would have to become more self-sufficient in terms of funding and continue to develop the city's economic growth, looking at income generation through attracting new business and income from business rates.

Councillor Pearson presented the priorities within the remit for Enabling Services and commented on the new priority to progress the renewable and energy efficiency

programme to reduce the day to day energy running costs of the Council's estate. The ICT proposals were progressing, and there was an impact on every aspect of the Council's business, but the changes would make the IT Service well placed for the future.

Councillor Hannaford presented the priorities within the remit for the Portfolio Holder for Customer Access. He reported on work currently being done to incorporate Credit Union in the work of the Help Me System and he anticipated bringing forward a report to Committee once these plans had developed. Every effort had been made to continue to take a personal approach to managing the challenges of the welfare reform and that was reflected in the approach being taken by Customer Access Staff. A review of the Customer Services centre opening hours had been done and revised hours implemented. There had been some initial discussion as to how the Customer Service Centre could develop into more of a community hub, with a wider range of financial and social advice available with other partners.

Councillor Edwards gave the following response to a Member's question, as he was aware of the need for the city to look attractive at all times and particularly next year during the Rugby World Cup celebrations, He referred to recent discussions with the County Council over the level of weeds in the city, but there was an issue over funding of the work to remove them.

Councillor Pearson gave the following responses to Members' questions:-

- he welcomed an opportunity to find a way for the public to be able to rate services and contact made through the web site.
- the Strategic Management Team would consider a proposal for an employee survey and an action plan to support employees in managing the changes that would take place over the next four years. He would ensure that Members were updated.
- he had also met with the Council's Equalities Officer to discuss a Black and Ethnic Minorities Forum (BME) and how this would impact on the work of the City Council and anticipated some progress before the middle of September and was due to meet with the Chief Executive & Growth Director to discuss progressing this. He acknowledged that resources were scarce but there may be an opportunity to work with the Devon Group to get more out of the process. He would ensure that Members were kept informed.

Members noted the statements.

21 **Annual Scrutiny Report 2013/14**

The Scrutiny Programme Officer presented the report updating the progress and work of scrutiny within the City Council's political framework for the period 2013/14 following the appointment of the Scrutiny Programme Officer in July 2013, including a synopsis of the Task and Finish Group investigations, a review of the proposals for the Scrutiny system and timetabling/plans for 2014/15. The work had helped to encourage the profile of accountability to be raised. The Annual Scrutiny Work Programme meeting was due to take place on 14 July, which would allow Members the opportunity to examine the existing work schedule, review the task and finish groups and prioritise any new task and finish groups as well as receiving nominations for agreed groups for the following year.

A Member commented on the inclusion of the Audit and Governance Committee. A Member also welcomed the report and sought clarification on the proposals for change for the coming year and further review of Scrutiny. The Corporate Manager

Democratic and Civic Support stated that a forthcoming meeting of the Scrutiny Review Working Group would ensure cross party discussions with the group leaders and other representatives of the political groups and their deliberations would be reported to Executive and Council.

A Member thanked the Scrutiny Programme Officer for the hard work and achievement in drawing together the report and felt that the role of a dedicated scrutiny officer had been a great benefit to the Council.

Scrutiny Committee - Resources:-

- (1) supported the report and were content with the progress and direction of Scrutiny over the past year, together with the proposals on direction for the forthcoming year; and
- (2) approved the Annual Scrutiny report for public circulation on the Council's web site.

22 **Capital Monitoring 2014/15 and Revised Capital Programme for 2015/16 and Future Years**

The Assistant Director Finance presented the report updating Members of the overall financial performance of the Council's capital programme for the 2013/14 financial year. The capital expenditure in the year amounted to £11,829,575, a reduction of £2,988,845 on the planned figure of £14,828,420. The actual expenditure represented 79.8% of the total approved for the revised capital programme, which meant that £2.5 million would need to be carried forward to be spent in future years. The report sought approval of the 2014/15 revised capital programme, including the commitments carried forward from 2013/14.

The following responses were given to Members' queries:-

- the wildlife haven swift tower on Paris Street roundabout had been funded entirely from Section 106 monies including the Jury Inn's development.
- the J Based legacy system was based on the previous green screen computer system and had been replaced with a more modern IT platform, but access to archive data was still required.
- a written response on Beacon Avenue (Chaucer Grove) play area would be obtained from the Play Area Officer.
- the replacement of the Car Park Pay & Display machines had now been completed. Any increased trend of car park users using the pay by card facility would be reported to the Strategic Management Team. This detail would also be included in future budget monitoring reports presented at this Committee.
- the Principal Project Manager also provided an update on the use of Section 106 monies as part of the Heavitree improvement scheme, where, to date, it had not been possible to agree a tree planting scheme. It was desirable to use this money and one option may be to use the funding to create some added value to a Devon County Council project which was currently out to consultation, with a report due in August.

Scrutiny Committee - Resources noted the report and recommended Executive and Council approve the following:-

- (1) overall financial position for the 2013/14 annual capital programme, and
- (2) amendments and further funding request to the Council's annual capital programme for 2014/15.

23 Overview of Revenue Budget 2014/15

The Assistant Director Finance presented the report which advised Members of the overall financial position of the Housing Revenue Account and General Fund Revenue Budgets for the 2013/14 financial year and sought approval for the General Fund working balance, HRA working balance, a number of supplementary budgets totalling £267,310 and the creation of new earmarked reserves.

The following responses were given to Members' queries:-

- the Principal Project Manager referred to the Natura 2000 work to provide mitigation work along the estuary, with Section 106 monies to help reduce the pressure on this area as more people come to live and work in Exeter.
- the Assistant Director Finance stated that the sum reserved for insurance was in respect of future claims against the Council that were not covered by the current policy.
- the Assistant Director Finance stated that many local authorities adopted an approach of using short term loans to underpin their cash flow fluctuations at varying times of the month.
- the Assistant Director Finance responded to a comment on the Council's outstanding and increased debt, stating that housing debt had increased over the year from March 2012 to 2013 and mostly related to an overpayment in housing benefit, which could be recovered but only on a basis of affordability of the debtor. Every effort was being made to address this.

Scrutiny Committee - Resources noted the report and requested that Council note the overview of the Resources Budget for 2013/14 and approve:-

- (1) the net transfer of £3,419,871 to Earmarked Reserves as detailed in paragraph 8.3.6;
- (2) the supplementary budgets of £267,310 as detailed in paragraph 8.3.8;
- (3) Earmarked Reserves at 31 March 2014;
- (4) the Council Tax account and collection rate;
- (5) the outstanding sundry debt, aged debt analysis and debt write off figures be noted;
- (6) the creditor payments performance;
- (7) having regard to the General Fund working balance of £3,364,640 as at 31 March 2014, and overall financial position of the Council as set out, in paragraph 8.3.7; and
- (8) the Housing Revenue Account working balance as at 31 March 2014 of £5,963,219 and the Council Own Build working balance of £103,512.

24 Treasury Management 2013/14

The Assistant Director Finance presented a report on the overall performance for the 2013/14 financial year and the position regarding investments and borrowings at 31 March 2014. He responded to a number of Members' comments and confirmed that the Council had successfully completed the sale, at auction, of its outstanding monies held in Landsbanki. Glitnir had also repaid in full the funds invested during 2011/12, although the proportion repaid in Icelandic Krona remained invested in Iceland due to restrictive currency movements, but he anticipated that the restrictions would be lifted in the future and the funds returned. He also explained the

investment strategy was made on the basis of the usual financial risks assessments in accordance with the strict investment portfolio approved by Council.

Scrutiny Committee - Resources noted the Treasury Management report for the 2013/14 report and recommended approval by Council.

25 **Local Government Pension Scheme Discretions**

The Human Resources Business Manager presented the report and set out the Local Government Pension Scheme employer discretions which the Council was required to publish. It dealt with the inclusion of new discretions in respect of changes to the LGPS which came into effect on 1 April 2014, as well as providing for a review of existing discretions, which were set out in the report.

A Member referred to Regulations B 30 (2) in Appendix B of the report and expressed the view that the reference to exclude the deferred member who had been dismissed from employment should be removed from the discretion. A Member suggested that in certain cases it was better to discharge the pension benefits rather than take a moral stand. A Member also referred to consideration of the Human Rights Act.

Scrutiny Committee - Resources noted and recommended approval by Council the publication of the Employer Discretions Policies contained in Appendices A and B (with the exception of Regulation B30 (2)) circulated with the report in accordance with the requirements of the Local Government Pension Scheme Regulations.

26 **Annual Workforce and Learning and Development Profile**

The Human Resources Business Manager presented the report which provided the following information which were attached as appendices to the report:-

- comprehensive profile of the Council's workforce (as at 31 March 2014), benchmarked where appropriate against the Labour Market Statistics for Exeter as captured by the 2011 Census and the workforce profile as at 31 March 2013.
- HR performance data in respect of people resources and sickness absence during 2013-14
- information in respect of approach to Learning and Development activity for 2013-15

A Member referred to the level of sickness which had decreased from previous years, and enquired whether a comparator figure was available for local authorities. The Human Resources Business Manager stated that since the demise of the Best Value Performance Indicator (BVPI) this information was no longer gathered nationally and was at the discretion of the individual local authority to continue to make the calculation.

Scrutiny Committee - Resources noted the report.

27 **Budget Monitoring - Scrutiny Resources - Final Accounts 2013/14**

The Assistant Director Finance presented the report which advised Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2014 in respect of the Scrutiny Committee Resources. The total underspend variance of £44,304, after transfers from reserves and revenue contribution to capital, represented a variation of 0.78%

from the revised budget and was detailed in Appendix 1. The report also identified two areas of budgetary risk in relation to a partial reimbursement of Housing Benefits subsidy and an increase in employer contributions due to a combination of reduced staffing, investment performance and increased life expectancy. He responded to a Member's comment on the joint funding contribution in respect of the Local Government Pension Scheme.

Scrutiny Committee - Resources noted the content of this report.

28 **New Homes Bonus Update**

The Assistant Director Finance and Principal Projects Manager presented the report which updated Members in relation to New Homes Bonus received from the Government, and how it had been spent, particularly the element available to communities through the Local Infrastructure Fund. He referred to the New Homes Bonus for 2014/15 which totalled £2,774,994 of which £250,000 was allocated to the Local Infrastructure Fund, £120,000 was set aside for capacity building and neighbourhood plans in the General Fund, and £36,000 had also been set aside for ward projects. The balance would be held to fund the new Swimming Pool and Leisure Complex as well as reduce the debt held by the City Council.

The Principal Project Manager presented a table showing the distribution of Local Infrastructure Fund grants around the city. Groups were able to bid to fund projects, and, if any group was interested, they should contact him to make sure they met the eligibility criteria before they submitted their bid.

A Member enquired if the Natura 2000 mitigation initiative funding could be used to fund other improvements such as in St James, not only for green infrastructure projects but also social aspects and combating anti-social behaviour. The Chief Executive said that, unfortunately, this was not a permitted use of the fund.

Scrutiny Committee - Resources offered their continued support for use of the New Homes Bonus in the ways described in the circulated report, particularly in the use of the Local Infrastructure Fund to fund projects which filled gaps in the provision of community facilities across the city.

29 **Members Allowances Paid 2013/14**

The Corporate Manager Democratic and Civic Support presented the report on allowances paid to Elected Members in 2013/14.

A Member welcomed the openness and transparency and felt that the schedule should have shown a pension contribution for those Councillors who were members of the Local Government Pension Scheme. In response, the Corporate Manager Democratic and Civic Support advised that the pension eligibility for Members had changed and was now closed to new entrants and only continuing for existing members until the expiry of their term of elected office. A Member considered the employer contribution should be shown, but not the individual councillor contribution.

Scrutiny Committee - Resources noted the allowances paid and expenses claimed by Members in 2013/14.

30 **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 items on the grounds that they involved the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part I, Schedule 12A of the Act.

31 **Information and Communications Technology (ICT) Shared Service Option**

The Assistant Director Finance presented the report and sought approval to enable the Council to progress with an Information and Communications Technology (ICT) shared service with two other local authorities (East Devon and Teignbridge District Councils). He responded to a Member's enquiry regarding the transfer of terms and conditions to new and existing staff, and also provided clarification on the management structure. A Member welcomed the report and suggested this would ensure a robust and resilient back up service. It was considered that an opportunity for Members to receive a Briefing on the new shared service would also be arranged in due course.

Scrutiny Committee Resources noted the report and recommended that Executive and Council approve the following:-

- (1) implementation of a shared Information and Communications Technology (ICT) service between Exeter, Teignbridge and East Devon Councils, according to the detail set out in the Updated Business Case and Implementation Plan circulated with the report;
- (2) creation of a stand-alone limited company ("the Company") to be called Strata Service Solutions Ltd which is wholly owned and controlled equally by the three councils to deliver the ICT shared service;
- (3) delegated authority be given to the Chief Executive & Growth Director, in consultation with the Leader of Exeter City Council, to finalise and sign legal agreements in line with the Updated Business Case and Implementation Plan;
- (4) delegated authority be given to the Section 151 Officer, in consultation with the Deputy Chief Executive, to transfer the remaining ICT budgets for FY 2014/15 as at go-live date (expected to be 1 November 2014) to the shared service (Strata) and to transfer future budgets as per the payment plan in the Updated Business Case;
- (5) the budget for this Council's share of the implementation costs as set out in the circulated report;
- (6) transfer of the ICT staff to the new company (under TUPE) at the go-live date;
- (7) transfer of all ICT assets to the company at the go-live date;
- (8) the appointment of Chris Powell as the Interim Chief Operating Officer of the company from 1 August 2014, with the expectation that recruitment for the final post will be competitive and conducted through an internal and external campaign starting in September;

- (9) transfer of the line responsibility for all ICT staff from 1 August 2014 to the Interim Chief Operating Officer. However staff will remain employees of the council until formal transfer; and
- (10) the creation of a Joint Executive Committee and Joint Scrutiny Committee, the terms of reference for which will be set up, following a formal report to Council agreeing this constitutional change.

32 **Corporate Property Interim Structure and Issues**

The Corporate Manager Property presented a report examining issues arising from the establishment of the new Corporate Property Unit with interim proposals for its efficient management. This would ensure a more coordinated approach to ensure the service was also fit for purpose with a focus on more efficiency and effective delivery of the maintenance spend, as well as a more coordinated health and safety overview.

Members requested an update of progress of the service at an appropriate time.

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

- (1) the creation of a new post of Corporate Property Assets Manager;
- (2) the creation of a new post of Helpdesk Co-ordinator;
- (3) the Corporate Energy Manager to be designated full time;
- (4) the new management structure encompassing the Estates Team and parts of the former Engineering Team to be formally approved, and
- (5) the Corporate Manager Property proceed to acquire an Asset Valuation programme in partnership with neighbouring authorities if possible.

The meeting commenced at 5.30 pm and closed at 8.15 pm

Chair