

SCRUTINY COMMITTEE - RESOURCES

27 January 2016

Present:

Councillor Bull (Chair)

Councillors Buswell, Baldwin, Bialyk, Brock, George, Harvey, Lyons, Packham, Sheldon, Thompson and Wardle

Apologies:

Councillor Mottram

Also present:

Assistant Director Finance, Assistant Director City Development, Human Resources Transactional Services Manager, Principal Project Manager (Development) and Principal Project Manager (Strategic Infrastructure) and Democratic Services Officer (Committees) (SLS)

In attendance:

Councillor Peter Edwards	- Leader
Councillor Ollie Pearson	- Portfolio Holder Enabling Services
Councillor Emma Morse	- Portfolio Holder Customer Access
Jamie Hulland	- Transportation Manager, Devon County Council

6 Minutes

The minutes of the meetings held on 18 November 2015 and 7 January 2016 were taken as read and signed by the Chair as correct.

7 Declarations of Interest

Councillor Thompson wished to declare an interest relating to the principle of District Heating Schemes, and following reassurance from the Principal Project Manager (Development) she confirmed she had no disclosable pecuniary interest in the proposed scheme.

Members made no declarations of disclosable pecuniary interest.

8 Portfolio Holder Update

Councillors Pearson and Morse presented their individual progress reports on the respective Enabling Services and Customer Access Portfolios.

Responses to Members' comments and queries were set out below:-

Enabling Services

- the City Council's new web site, which was relaunched on 22 January 2016, and offered a more concise and rewritten content which could now be viewed on mobile devices. He thanked the Council's Digital Media Officer and his colleagues for their endeavours. He suggested the formation of a working

group to receive any comment or feedback as officers continued to review the design and content. A Member commented on the new layout, which made it much easier to navigate the site.

- a procurement officer had not been appointed. The Assistant Director Finance would update Members on the position as soon as possible.
- the sentiments of the Christian Aid report, which encouraged responsible financial and tax practices was acknowledged. He reiterated his commitment to ensure that there was close risk monitoring of all projects.
- officers would be asked to provide information on the number of external tenants, allocated space and scope for future tenants in the Civic Centre. An Asset Management Review would consider further opportunities to yield more space.

Customer Access

Councillor Morse provided an update for the Portfolio previously held by Councillor Morris and thanked the Member for overseeing the priorities as detailed in the comprehensive update:-

- an email response from the Deputy Chief Executive would be forwarded to Members, relating to greater support for the Credit Union in Exeter and to explore ways to raise awareness.
- she would take up a Member's comment regarding consideration for the wellbeing of clients to ensure an integrated approach in communications with more vulnerable tenants.
- following an update at the Scrutiny Committee - Community meeting, it was noted that the consultation period for the Public Spaces Protection Order would end on the 29 February 2016, and a report would be made to the June meeting of Scrutiny Committee – Community.

Councillor Morse also undertook to seek a response from Councillor Denham the Portfolio Holder for Economy and Culture regarding an update of the governance arrangements of the RAMM, with a suggestion that this be considered at a future meeting of the appropriate Scrutiny Committee or Task and Finish Group.

Scrutiny Committee – Resources noted the achievements and priorities presented for Enabling Services and Customer Access Portfolios, respectively.

9 Estimates/ New Capital Bids/Fees and Charges

The Assistant Director Finance presented the report on the Estimates and Fees and Charges, 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 major changes in the Management Unit estimates. The budget framework, Capital Programme and proposed new schemes for the areas covered by the Scrutiny Committee – Resources and proposed 2016/17 Fees and Charges were included as an appendix to the report. The Government had announced the provisional Local Government Settlement on 17 December 2015, and the Council was set to receive £2.022 million Revenue Support Grant in 2016/17. This set a

Business Rates Baseline of £3.780 million. The final settlement detail was anticipated in late January.

The Assistant Director Finance responded to Members' questions and confirmed that Central Government would pay for any future referendum on the European Union; the challenges to meet the costs associated with the upkeep of cemeteries was ongoing. He also undertook to seek a response from the Democratic and Civic Support Manager relating to the cost of the hire of the Council's Committee rooms to ensure they remained at a competitive level. The Member acknowledged that the Guildhall, which could be hired for weddings, represented very good value in comparison with the local market.

Scrutiny Committee – Resources noted the draft Revenue Estimates for 2016/17, the proposed Capital Programme and Fees and Charges for further consideration by Executive.

10 Community Infrastructure Levy Funding for Sandy Park A379 Junction

The Principal Project Manager (Strategic Infrastructure) presented a report which sought Members' approval to enter into a legal agreement with Devon County Council to provide £1.025 million in Community Infrastructure Levy funding to match fund the delivery of a newly configured junction on the A379 at Sandy Park to facilitate right turns for vehicles entering Sandy Park from the west and exiting Sandy Park to the east. He provided an updated cost for the reconfigured junction of £2.68 million. It was noted that £1.0 million had been secured through Heart of the South West Local Enterprise Partnership Growth Deal funding, with the remaining £0.655million being contributed by Devon County Council through Local Transport Plan finances.

The Principal Project Manager (Strategic Infrastructure) offered background information on the Newcourt Link Road. Distinct from the Sandy Park A379 Junction, the Newcourt Link Road was intended to link Old Rydon Lane to the existing roundabout on the existing spur road off the A379 that provides access to Sandy Park. He provided an update on the Newcourt link road and confirmed that he had met with the landowner to discuss the expression of intent and discuss Section 106 funding. He responded to a Member's comment and confirmed that it was still possible to negotiate Section 106 agreements outside of the CIL regime on a case by case viability basis.

Jamie Hulland, Transportation Manager at Devon County Council, attended the meeting and outlined the benefits of this scheme, which he considered to be critical in facilitating the housing and retail development as that moved forward, as well as alleviating the congestion pressure off Junction 30 of the M5. He also responded to a Member's enquiry on the changing priorities following the reduction in the Local Transport Plan (LTP) funding from £9.5 million to £3.6 million, to focus the limited funding to forward design schemes. He reminded Members that not all of LTP funding was for Exeter, but nevertheless, this scheme was crucial for Exeter.

Scrutiny Committee – Resources noted and requested that Executive recommend that Council approve making available £1.025 million in Community Infrastructure Levy (CIL) funding available for investment in a newly configured junction on the A379 at Sandy Park on the following basis:-

- (1) no funds to be made available until adequate CIL had been collected or the end/long-stop repayment date in the legal agreement with Devon County Council has been reached, and funding for city centre major infrastructure

investments has been secured in line with the resolution of Executive on 10th February 2015;

- (2) interest that becomes payable in the event that the City Council does not pay the £1.025 million before the end of the long-stop repayment date in the legal agreement with Devon County Council has been reached to be payable from the City Council's General Fund;
- (3) Exeter City Council CIL funding for the newly configured junction to be conditional upon 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any project cost savings;
- (4) Exeter City Council CIL funding for the newly configured junction to be conditional upon the outcome of an as yet undetermined bid for funds from Highways England's new 'Housing and Growth Fund', with 'claw-back' provisions whereby the City Council would be an equal-proportion recipient of any potential reduction in the overall project costs in the event that the bid is successful; and,
- (5) authority to be delegated to the Assistant Director City Development to finalise a legal agreement with Devon County Council that accords with these recommendations, (based upon the model provided by the agreement developed in relation to funding Marsh Barton Railway Station subsequent to approval by Executive on 11 August 2015).

11 **Exeter City Futures Community Interest Company**

The Assistant Director Finance presented a report which sought support for Executive's endorsement of Exeter City Futures, as a vehicle for better understanding and addressing the transportation, energy and health challenges as opportunities facing the city. The report provided the rationale for Exeter City Council to become a member of a Community Interest Company (CIC), which was a business with primarily social objectives to facilitate the delivery of the Exeter City futures vision. In order to work towards delivery of these ambitious aims, the Council would need to be part of Exeter City Futures Community Interest Company.

The focus of Exeter City Futures could be defined in the following statements:-

- Make Exeter smarter
Focusing on a combination of pioneering technology and intelligent analytics, Exeter will have a better view of where it currently stands and what problems it is facing.
- Make Exeter more sustainable
Using the insights generated from a smarter Exeter, a number of solutions and initiatives can be introduced that will ensure both the economic and environmental sustainability of the city.
- Make Exeter more successful
Ultimately, these solutions would make a significant contribution to Exeter being even more successful with a thriving knowledge economy, a protected natural environment and a better quality of life for its residents.

Members were asked to agree the allocation of £50,000 as a one off payment as a working budget to facilitate the start-up and promotion of the Exeter City Futures (ECF) programme.

A Member welcomed the report and considered this to be an exciting project. The Assistant Director clarified the request for a contribution for funding which would be used to help pump prime a number of projects. Work had commenced to set in place clear governance arrangements, but he would ensure that a further report was made to Members on how the performance of the company was monitored.

Scrutiny Committee – Resources supported and requested that Executive recommend that:-

- (1) Exeter City Council becomes a member of the Community Interest Company (CIC);
- (2) a sum of £50,000 is allocated as a working budget to facilitate the start-up and promotion of the Exeter City Futures Programme; and
- (3) the Council takes up membership of the Community Interest Company with delegated authority given to the Chief Executive & Growth Director to identify two directors on the Board.

12 **Revenue Budget Proposals 2016/17**

The Assistant Director Finance presented the outline strategic framework within which the estimates had been prepared and highlighted the issues that would affect the actual setting of the overall level of council tax. The report also summarised the overall budget position arising from the current cycle of Scrutiny Committee meetings. The Government had announced the provisional Local Government Settlement in December 2015, and confirmed that the Council would receive £5.802 million in 2016/17, which was £110,000 lower than predicted as a part of the Medium Term Financial Plan. A copy of the formula grant decrease for Devon was attached as an appendix to the report. Over a four year period, the Revenue Support grant for the Council would reduce from £2.022 million in 2016/17 to £0.365 million in 2019/20. The report also outlined the Council Tax requirement which set the referendum for District Councils in the lowest quartile of council tax rates, at not more than £5 rate, rather than 1.99%. Exeter falls into this category and therefore the opportunity to increase its council tax by £5 or (3.7%). A report would be made to the forthcoming Extraordinary Meeting of Council on 23 February.

A Member referred to a study by the Empty Commercial Properties Task and Finish Group to establish how many business premises were empty, and to investigate the opportunities to obtain further revenue from rents or business rates. She asked if Members were aware of any empty business premises in their wards to contact her. The Member also commented on the key assumption relating to energy and the anticipated rate of 1.5%. The Assistant Director Finance stated that the introduction of solar panels and LED lighting were identified savings and although the Feed-In Tariff had been outperforming, the 1.5% rate was part of a fixed term contract. It was anticipated that this figure would change when the contract ended. He also responded to a Member's comment on the future proofing of business rates and confirmed that local government as a whole had lobbied hard to retain the business rates. He did not wish to pre-empt the outcome of the current consultation on the reform of business rates, but would report back to Members once the consultation had ended.

Scrutiny Committee – Resources noted the report and recommended that Executive approve the draft Revenue Budget proposals for 2016/17 and also recommended that the minimum level for the General Fund Working Balance remains at £2 million.

13 Capital Programme 2016/17 - 2018/19

The Assistant Director Finance presented a report and requested Members' approval of the General Fund and Housing Revenue Account Capital Programmes for 2016/17, along with a number of schemes identified for the following two years. He responded to a Member's question and confirmed that the funding for Alphington Village Hall had been rolled forward and was included in the capital programme for 2016/17. He also confirmed that the City Council was responsible, under Government legislation, for the retaining wall of the cemetery at Heavitree Church. He would forward details of the Laing's refurbishment programme for 2016/17 to Members and had noted the enquiry on the governance arrangements for the St Loyes Extra Care Scheme.

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

- (1) the General Fund Capital Programme for 2016/17 as set out in Appendix 3 of the report; and
- (2) the HRA Capital Programme for 2016/17 as set out in Appendix 4 of the report.

14 Treasury Management Strategy 2016/17

The Assistant Director Finance presented a report which sought Members' approval for the adoption of the Treasury Management Strategy Report, which also incorporated the Annual Investment Strategy 2016/17, as required under Section 15(1) (a) of the Local Government Act 2003. The key sections were set out in paragraph 8.2, and the strategy for 2016/17, would include approval to allow investments to be made in property funds as a long term commitment with the Local Properties Fund (Managed by the CCLA investment which specialised in investment management for local authorities).

Scrutiny Committee - Resources noted the report, requesting that Executive recommend the adoption by Council of the new Treasury Management Strategy and delegations contained therein.

15 Prudential Code for Capital Finance in Local Authorities/Incorporating the Annual Statement of Minimum Revenue Provision

The Assistant Director Finance presented the report, which set out the proposed 2016/17 prudential indicators for capital finance for adoption by the Council and set the annual statement of Minimum Revenue Provision (MRP). The prudential indicators covering a period of the next three years were set out in Appendices A to C. The report confirmed that the requirement to produce an annual strategy of minimum revenue provision for repayment of debt had been met.

Scrutiny Committee – Resources noted the report and recommended that Executive approve the adoption by Council, of the following:-

- (1) Prudential Indicators set out in Appendix A-C of the report, and,
- (2) Annual Statement of Minimum Revenue Provision for the City Council.

16 **Annual Pay Policy Statement**

The Human Resources Transactional Services Manager presented a report which set out the Council's Annual Pay Policy Statement 2016/17, and the legal requirement for approval by Council each financial year. Section 38 (1) of the Localism Act 2011 required English and Welsh Authorities to produce a statutory Pay Policy Statement each financial year. There had been no significant changes, but he confirmed that the revised policy and appendix circulated with the report had taken account of the increase in the nationally determined living wage (Grades 1 and 2) in November 2015, which comes into effect at Exeter City Council on 1 April 2016. The implementation of the nationally negotiated pay award for employees on Spinal Column Points 12 – 52 inclusive and Chief Officers and Chief Executives for 2016/17 was still subject to national agreement.

Scrutiny Committee - Resources recommended that:-

- (1) the Council's annual Pay Policy Statement for 2016/17, be adopted and published following approval by Council in accordance with the legislation; and
- (2) delegated authority be given to the Head of Human Resources - currently the HR Transactional Services Manager to make necessary amendments to the pay policy statement following any changes in legislation or subsequent increases in pay.

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

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

18 **ECC Energy Services Company and District Heating Procurement**

Councillor Thompson wished to declare an interest relating to the principle of District Heating Schemes, and following reassurance from the Principal Project Manager (Development) she confirmed she had no disclosable pecuniary interest in the proposed scheme.

The Principal Project Manager (Development) presented a report which proposed the formation of an Energy Service Company (ESCo) in partnership with the Royal Devon & Exeter NHS Trust, University of Exeter, Devon County Council, Teignbridge District Council and East Devon District Council for the purpose of procuring private sector partner(s) and funding to deliver District Heating Networks in Exeter (city centre to Wonford) and to the south west part of Exeter (connecting Energy from Waste facility at Marsh Barton to the south west area of Exeter) (SW Exeter). A copy of the draft Heads of Terms for Public Sector ESCo was attached as an appendix to the report.

A Member sought further clarification on the legal advice received, and the Principal Project Manager stated that the six public sector partners had collective legal, financial and technical advice and that ECC legal team would review the agreements once finally drafted and before they are entered into. He also clarified that the ESCo shares would be held by the individual partners and would clarify the position in terms of registration at Companies House.

Scrutiny Committee - Resources noted the report and requested that Executive recommend Council to approve delegated power to the Chief Executive & Growth Director of Exeter City Council for the following:-

- (1) for Exeter City Council to become a shareholder of the public sector Energy Service Company (ESCo) when it is formed in spring 2016;
- (2) the appointment of Directors to the Public Sector ESCo Board;
- (3) subject to successful procurement, that the long term purchase of competitively priced low carbon heat from the network for the Civic Centre and Exeter Active be made; and
- (4) subject to successful procurement, that an investment of £147,000 be made in the city centre and South West Exeter Joint Venture companies.

Councillor Thompson wished to be recorded as abstaining from the vote.

The meeting commenced at 5.30 pm and closed at 7.15 pm

Chair