

PEOPLE SCRUTINY COMMITTEE

Thursday 1 June 2017

Present:

Councillor Wardle (Chair)
Councillors Foale, Foggin, Hannan, Holland, Morris and Vizard

Apologies:

Councillor Thompson

Also present:

Director, Programme Manager - Communities, Systems Lead Housing, Principal Accountant Corporate, Technical Accounting Manager, Service Lead Housing (Assets), Community Officer and Democratic Services Officer (Committees) (HB)

In attendance

Councillor Emma Morse	-	Portfolio Holder for People
Councillor Hannah Packham	-	Portfolio Holder for the Housing Revenue Account
Councillor Phil Bialyk	-	Portfolio Holder for Health and Wellbeing, Communities and Sport

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MINUTES

The minutes of the meeting of People - Scrutiny Committee held on 2 March 2017 were taken as read and signed by the Chair as correct.

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DECLARATION OF INTERESTS

No declarations of disclosable pecuniary interest were made.

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QUESTION FROM THE PUBLIC UNDER STANDING ORDER 19

Mr Peter Cleasby had submitted a question under Standing Order 19, in relation to the St Sidwells' Point Leisure Complex. A copy of the question had been previously circulated to Members, and this, together with the reply from Councillor Bialyk, Portfolio Holder for Health and Wellbeing, Communities and Sport is appended to the minutes.

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QUESTION FROM MEMBERS OF THE COUNCIL UNDER STANDING ORDER 20

In accordance with Standing Order No 20, a question was put by Councillor Musgrave in relation to the St Sidwells Point Leisure Complex. A copy of the question had been previously circulated to Members, and this, together with the reply from Councillor Bialyk, Portfolio Holder for Health and Wellbeing, Communities and Sport is appended to the minutes.

EXETER : A YOUNG PEOPLE-FRIENDLY CITY

The Programme Manager - Communities presented the report updating Members on the Exeter Youth Strategy, initiated by the Exeter Board, setting out the next stage to help progress this work.

Exeter had the highest population growth rate in Devon with 7% of its population aged between 10 and 17 years. Following the closure of three out of four youth centres in Exeter, the 100 Club Countess Wear was now the base for the head office of the new staff mutual run youth service known as Space. A 'Towards a Youth Strategy for Exeter' document had been developed in partnership with Devon County Council, Exeter Community Forum and the City Council using the feedback from a consultation exercise with the young people.

The Exeter Board had contributed £5,000 and Devon County Council Youth Service made £2,500 available to support the development of the strategy, funding a consultant to help co-ordinate a consultation exercise with young people and write the strategy, printing costs and a launch event. The optimisation and use of resources, alongside commitment from partners was key to the success of this initiative and the work of the Exeter Community Forum and the encouragement of neighbourhoods to help young people would be important.

The main priorities identified by young people through the consultation process were:-

- protection from bullying and violence;
- a voice for young people in the City;
- things to do, places to go;
- support young people's mental health;
- an environment with young people in mind; and
- a young people-friendly economy.

The next stage would be workshops with young people and partner agencies to develop action plans to address some of the issues and programmes identified. It would be helpful for different agencies to identify where a more collaborative approach may be useful to better address young people's aspirations. City Council officers with Space and Voluntary Organisations for Young People and Children Devon would continue work in an advisory group liaising with partner agencies and young people and it was hoped to hold a follow up event in March 2018.

People - Scrutiny Committee noted the report and requested Executive to:-

- (1) commit to working together with young people and key agencies to make Exeter a young people-friendly city, where the views and aspirations of young people are heard and responded to, and where young people can access the best possible services wherever they live and whatever the wider economic, social and political context;
- (2) support the ongoing development of the youth strategy and action planning process to help plan for and address some of the key concerns identified by young people; and
- (3) consider recommendations that emerge from the action planning process to ensure that council services recognise and value young people's views and aspirations and, where feasible, embed these in future service planning and delivery.

PORTFOLIO HOLDER PRIORITIES 2016/17 - YEAR END REPORT

The Portfolio Holders presented updates on priorities for 2016/17.

The Portfolio Holder for People (Councillor Morse) highlighted the following areas:-

- work had commenced on preparing for the introduction of the Homelessness Reduction Act 2018 including updating the Homelessness Strategy; and
- the relocation of the Plough and Share Credit Union from Okehampton to the City Centre had not yet occurred and negotiations were continuing with the City of Plymouth Credit Union to facilitate a possible merger.

Members discussed the impact of the NHS Sustainability and Transformation Plans and whether the Exeter Health and Wellbeing Board would be able to influence the changes proposed. The new Director, Jo Yelland, would be reviewing the work of the Board but it was noted that it was not a statutory body and that Districts were not individually represented on the Devon Health and Wellbeing Board - the Devon Districts were represented by a West Devon Borough Councillor.

The Portfolio Holder for the Housing Revenue Account (Councillor Packham) highlighted the following areas:-

- the setting up a HRA Management Board was progressing with a report to be submitted to this Committee later in the year. Effective democratic accountability would be a key element;
- benchmarking was being used to review the effectiveness of the housing function; and
- an interim report on the housing stock was complete, the final report to be presented to Members later in the year.

The Portfolio Holder for Health and Wellbeing, Communities and Sport (Councillor Bialyk) highlighted the following areas:-

- work on the review of the Exeter Health and Wellbeing Board would take place when Jo Yelland, the new Director was in post;
- the Playing Pitch Strategy including a facilities strategy was included within the Sports Strategy which detailed priorities for the City Council and Active Exeter;
- the potential of Higher Cemetery, Heavitree being included in the cycle network would be examined;
- an expression of interest had been submitted to Sports England in order for Exeter to be selected to bid for Local Delivery Pilot status.

People - Scrutiny Committee noted the reports of the Portfolio Holders.

The Technical Accounting Manager advised Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2017 in respect of the Housing Revenue Account (HRA) and the Council's new build schemes. An outturn update in respect of the HRA Capital Programme was also incorporated in the report in order to help provide a comprehensive financial update in respect of the Housing Revenue Account.

The 2016/17 financial year had ended with an overall net surplus of £1,498,784. This represented a decrease of £1,640,919 compared to the budgeted deficit of £142,125. A projected under-spend of £958,178 had previously been reported as part of the quarterly budget monitoring updates, therefore the variances in the final quarter of the financial year had resulted in further savings of £682,731.

The total amount of HRA capital expenditure for 2016/17 was £5,620,062, which equated to 89.5% of the revised approved capital programme.

People - Scrutiny Committee noted the report.

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PEOPLE - FINAL ACCOUNTS - 2016/17

The Principal Accountant advised Members of any major differences, by management unit, between the approved budget and the outturn for the financial year up to 31 March 2017 in respect of People - Scrutiny Committee. An outturn update in respect of the People Capital Programme was also incorporated in the report in order to help provide a comprehensive financial update in respect of the People - Scrutiny Committee budgets.

The final outturn has been calculated and the report highlighted the major differences by management unit from the approved annual budget after adjusting for supplementary budgets. The total variance for the year showed a surplus of £996,047 after transfers from reserves, however, £856,130 of this variance was due to changes in the way support services were accounted for, the actual surplus attributable to People - Scrutiny Committee being £139,9217, as set out in the report.

The People Capital Programme showed a total spend of £590,105 in 2016/17 with £445,095 of the programme deferred until 2017/18.

The People - Scrutiny Committee noted the report.

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EXETER HEALTH AND WELL BEING BOARD - MINUTES OF THE MEETING HELD ON 31 JANUARY 2017

People - Scrutiny Committee noted the minutes of the Exeter Health and Wellbeing Board of 31 January 2017.

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TASK AND FINISH SCRUTINY MEMBERSHIP

The Chair presented the report setting out Task and Finish Group membership for 2016/17. He reported that the Director remained a member of the Homelessness Group and detailed the key objectives, findings and actions to date of the Landlord Accreditation Group.

People - Scrutiny Committee noted the report.

24 **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 during consideration of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1, Schedule 12A of the Act.

25 **PURCHASE AND CONVERSION OF A PROPERTY FOR USE AS TEMPORARY
ACCOMMODATION**

The System Lead Housing presented the report proposing the purchase of a property to convert into a hostel to house the homeless. Use of the property would assist the Council in meeting its statutory obligations under the Housing Act 1996 (as amended by the Homelessness Act 2002) and the Homelessness Reduction Act to be introduced in 2018.

People - Scrutiny Committee noted the report and requested Executive to:-

- (1) purchase a property in Exeter in order to convert the property from self-contained units into a hostel to house homeless families and single people, subject to any planning permission and building control consent that may be required; and
- (2) to allocate funding from the Affordable Housing Capital Programme and from the capital receipt from the sale of 22 St David's Hill for the purchase and conversion of the property.

(The meeting commenced at 5.30 pm and closed at 7.00 pm)

Chair

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PUBLIC QUESTION RECEIVED for People Scrutiny Committee – 1 June 2017

Question for People Scrutiny Committee From Peter Cleasby

As none of the tenders for the construction of the leisure complex was within the budget for the scheme, will the Council explain why they did not estimate realistic costs for its construction before inviting tenders?

Response by Councillor Phil Bialyk, Portfolio Holder Health and Wellbeing, Communities and Sport

This topic has been addressed several times over the past few months and I can recap the pertinent matters being:

- Professional Cost Advisors were appointed*
- The design was developed in collaboration between the designers & cost consultants*
- Benchmark cost data was used during the design process to inform the developing design*
- Tender Price Inflation was included in the Cost Estimates, as were Contingency and Risk allowances*
- All the above is good practice and the right approach to cost management in a construction project.*

However, the construction industry has been significantly affected following the Brexit referendum. Causing great uncertainty within the industry - to such an extent that the Royal Institute of Chartered Surveyors (RICS) All-in Tender Price Index was initially suspended and has subsequently changed its forecasts several times (predicting inflation / deflation at various times....) – which is unprecedented.

The impact of Brexit was a question at Council on 21st March, the response to which confirmed that

“Brexit is affecting the whole economy. It’s impact on this project has been to add to the complexity of the tender returns, which is causing the current slowdown in our progress on the project.

The pound has decreased in value – this change in exchange rates has increased the cost of raw materials used to build buildings. Also, the uncertainty of the future economy is affecting the way companies consider risk and pricing for future work, especially when fixing prices for the next two years.

Finally, the uncertainty of labour supply into the construction industry is negatively impacting on the willingness of trades to commit to workload for the next two years. There is a skills shortage in the construction industry and this is forecast to increase due to Brexit”

This is not just an isolated matter for Exeter, other projects have been affected by the current market conditions, and a quick search of the internet and trade press has highlighted cost escalations on projects, with headlines such as :

- Bouygues quits Bristol Arena project in January 2017 - £79.6m to £95m*

- *Construction costs on Tottenham Hotspur FC's new stadium have spiralled and Brexit is being at least partly blamed. £400m to £800m.*
- *£100m Port of Felixstowe distribution centre delayed.*
- *Garden Bridge could cost 'substantially' more than £185m admits trust*

Now I would understand if you were to ask, "how we will avoid a cost increase once the Contractor is appointed?"

I can say that!

The contract will only be let on the right terms for ECC, which will include a fixed price contract.

Fluctuations in exchange rates will be borne by the contractor

Changes in inflation will be borne by the contractor

Changes in the cost of materials will be a risk for the contractor (raw material costs, steel, etc.)

A clear risk allocation schedule within the Contract and proactive project management strategies to manage any risks which are held by the Council (such as change control & ECC governance)

MEMBER QUESTION TO PORTFOLIO HOLDER FOR HEALTH AND WELLBEING, COMMUNITIES AND SPORT at People Scrutiny Committee - 1 June 2017

Question from Councillor Musgrave and response.

Given the apparently rising costs of the St Sidwell's project, is the administration still proceeding with the proposal to outsource the operation of the leisure facility?

Response by Councillor Phil Bialyk, Portfolio Holder Health and Wellbeing, Communities and Sport

The Leisure Centre Programme Board has made the decision to proceed with the procurement of a leisure operator to manage the new facility, this decision was taken during 2014 and reported to full Council. This is in line with the procedure adopted to deal with the Councils existing leisure facilities.

A similar question to this was raised at the recent Extraordinary Council meeting held in March, and I must apologise to everyone that if, in responding members did not follow my reply.

The Leisure Centre Programme Board has not changed or is not proposing to change this decision.

Members were invited to attend a presentation by Council officers, on just "How" we were intending to procure the contract. The contract we believe will deliver benefits to the Council, the workers within the new contract and the citizens of Exeter.

The contract will include the provision of workers' rights and for a Trade Union to be recognised. Users will benefit from a sensible pricing structure and groups using the facilities will form part of the consultation process. Governance and control of the contract together with accountability will form part of the arrangements.

A soft market exercise has taken place and results show great interest from the major players in the market. This will bring benefits to the operation and will offer the chance to re-visit the existing contract, which comes to an end in 2020.

We must be, as a City aspirational, and we intend to bring forward plans to improve our existing leisure facilities, a report is in the process of being produced and will be brought to Scrutiny at the appropriate time.

Members will be invited to a "members briefing" at which key elements of the Operational contract will be discussed and opinions sought prior to the tender going out. This will be an opportunity for all members to be involved.

I have always stated that we intend to consult and invite opinions on these matters, and this I believe we are doing.

I welcome this opportunity and hopefully others to explain the case for improving our facilities and achieving our aim of making the City the most active in the South West.

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