

EXECUTIVE

Tuesday 14 January 2025

Present:

Councillor Bialyk (Chair)

Councillors Wright, Asvachin, Foale, Vizard, Williams, R and Wood

Also present:

Councillor Jobson (as an opposition group Leader);

Councillor Moore (as an opposition group Leader); and

Councillor M. Mitchell (as an opposition group Leader).

Apologies:

Councillor Allcock

Also present:

Chief Executive, Strategic Director for Corporate Resources, Strategic Director of Operations, Head of Legal and Democratic Services & Monitoring Officer, Head of Service Operations and Democratic Services Manager

1

MINUTES

The minutes of the meeting held on 3 December 2024, were taken as read, approved, and signed by the Chair as a correct record.

2

DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interests were made.

3

QUESTIONS FROM THE PUBLIC UNDER STANDING ORDER NO. 19

A member of the public, Ms W submitted the following question, related to Minute No. 5:-

- In view of the planned new devolution framework the threatened loss of CAE may well prove untimely, unfortunate, and unnecessary. Will the Executive now pursue the suggestion contained in the January 2024 Community Grants report (para 10.5 page 44) and consider an annual grant to support core funding of CAE?

The Portfolio Holder for Climate, Ecological Change and Communities advised that in January 2024 the Executive agreed to a one-off transition grant to Citizens Advice Exeter (CAE) for 2024/25 and that the grant had been awarded.

Ms W asked in asking a supplementary question referred to a 2025-26 grant, and if there was no grant, would the Council consider working with Citizens Advice to think of alternative ways to help?

The Leader advised that there were recommendations from Customer Focus Scrutiny Committee on the agenda which may be beneficial as part of the response.

A member of the public, Dr S submitted the following question, related to Minute No. 5:-

- The minutes (Nov 28 Customer Scrutiny Committee) state 'The ECC Chief Executive remarked that every offer of accommodation made to Citizens Advice Exeter so far had been turned down'. Could the Council please provide details of these offers, including rent, service charge, space offered and when and how made.

The Portfolio Holder for Climate, Ecological Change and Communities advised that any formal offers made to any prospective tenants were commercially sensitive and the Council would not place these in the public domain. The CEO of CAE was also currently in discussion with senior officers about future office requirements, but no formal requests/offers had, as yet been made.

Dr S in asking a supplementary question, enquired on there being a misunderstanding on free accommodation being declined. Citizens Advice Exeter (CAE) did not have a record of any offers from the Council.

The Leader advised that the matter had been considered by Scrutiny Committee and the Executive was considering recommendations which may help with some of the understanding going forward.

4

MATTERS REFERRED BY SCRUTINY COMMITTEES

Minute No. 24 - Commercial Property Review

The Executive considered the recommendations of the Strategic Scrutiny Committee meeting held on 6 June 2024.

The Leader advised that officers had been asked to review of the current asset management policy in relation to the commercial property, which would be presented to Executive Committee in due course.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RESOLVED that the Executive Committee agreed to a review of the current Asset Management Policy in relation to commercial property.

Minute No. 38 - Citizens Advice Exeter and Exeter City Council

Members considered the recommendations of the Customer Focus Scrutiny Committee meeting held on 28 November 2024.

The Leader advised that the Executive would be asking the Chief Executive and officers to engage with Citizens Advice Exeter and bring a report back to Executive as soon as possible.

The Chief Executive advised that the Strategic Director for People and Communities had already commenced discussions with Citizens Advice Exeter to attain a better understanding of their needs and that a report would be presented to the Executive once the work had concluded.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RESOLVED that the Executive Committee agreed to revisit options for Citizens Advice Exeter to reduce their premises expenses with Exeter City Council.

5

FLEET PROCUREMENT OF WATERWAYS OPERATIONS BARGE

The Executive received the report which provided consideration and appraisal to the purchase arrangement for a workboat, to support the Harbour Master in carrying out operations and compliance activities and ensuring that the port was compliant with the Department for Transport's Port Marine Safety Code (PMSC).

Particular reference was made to:-

- the port of Exeter needed to be fully equipped to fulfil its statutory duties;
- the budget for the purchase had been approved by full Council and approval was now being sought to proceed;
- Port Operations had a duty to manage dangerous vessels and dangerous substances. The ferry fire on the 27th of November 2024 was a good example of this duty in action.
- a suitable vessel needed to be coded for open ocean passage, equipped with specialist lifting equipment and suitable for carrying out channel surveys;
- through a review of boat licencing and registry database, the harbour master had determined that unskipped leases in the local market were unavailable and that skipped leases had cost implications. The only viable current alternative was to purchase a new boat; and
- the standard procurement policy process had been followed and the £165,000 purchase was funded and signed off.

During the discussion, the following points were made:-

- would the storage and crew facilities be managed in Exeter or Exmouth?
- how far off the Exeter coast, would the Councils responsibilities reach?
- clarification was sought that having approved the £165,000, that the Executive as the Duty Holder were being asked to approve the purchase without going through procurement again?
- thanks were made to the officer for a thorough report;
- had the surveyor valuation referenced in the report been carried out? and
- having an owned and dedicated vessel was important in carrying out statutory functions and responding to incidents.

In response to questions raised, the Head of Service Operations and Portfolio Holder for City Management advised that:-

- the boundary extended 1.2 miles beyond Exmouth;
- a market valuation had been completed but hadn't been sent back as yet;
- the storage of the boat would be in Exmouth and the crew would operate between the Exmouth and Exeter depot; and
- the report was presented to the Executive who were the statutory Duty Holders responsible for resourcing and for transparency in the procurement process;

The Chief Executive advised that the Council would continue to follow the standard procurement policy, and further sign off was not required.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RESOLVED that the procurement of a vessel for the purposes set out in the report be approved subject to securing a suitable market valuation and competitive market value.

2025/26 BUDGET STRATEGY AND MEDIUM TERM FINANCIAL PLAN

The Executive received the report on the strategic overview of the budgetary position for the 2025/26 financial year and beyond, which included the likely level of available resources, the known demand for resources and proposals to ensure that a balanced budget could be achieved. It was noted that the Council was required to set a balanced budget and Council Tax prior to the start of the financial year.

Particular reference was made to:-

- a local government finance policy was published in November 2024 which guaranteed all Councils would receive, as a minimum, the same financial settlement as the previous year. There was a challenge for Exeter, having received the same financial settlement in terms of core spending power as the previous year;
- core spending measured by central government had assumed that Councils would increase their Council Tax to the maximum available level;
- the New Homes Bonus had been made available for another year, of which the Council received £872,000 but would be offset by the reduction of other grants;
- National Insurance increases announced in the Government budget advised that all public sector bodies would be adequately compensated;
- there would be National Insurance increases to the General Fund of £669,000 and £91,000 for the HRA;
- grant figures would not be announced until the final settlement was released at the end of January, however indications from the Government calculation formula suggested Exeter would receive only £138,000 to compensate for these increases;
- the opportunity to form a business rates pool with other Devon authorities had been extended for a further year, enabling around £10 million to be retained, rather than returned to central government;
- the Council Tax Referendum threshold principles had been set at less than 3% or £5, (whichever was greater). Exeter could increase council tax by 2.99% without having to hold a referendum;
- at the start of the financial year, the overall financial position required a £3.5 million saving to balance the budget, and a range of proposals had been provided to help Members in delivering a balanced budget in February;
- the Government had introduced a new Extended Producer Responsibility Tax on manufacturer packaging and recycling costs, which would guarantee £1.410 million for one year only; and
- the government were committed to a business rate reset next year, which could result in potential £3-4 million loss of income to the Council which had been built into the Medium-Term Financial Plan.

The Leader advised Members that a briefing on the budget was being held for all Members on 15 January 2025, which would provide detailed information on the forthcoming budget.

During the discussion, the following points and questions were made:

- how would the Extended Producer Responsibility tax be collected?
- could more information on the rates pool be provided?

- the provisional settlement had benefits, but it underlined the current issues faced by local authorities;
- council tax in Exeter remained one of the lowest in the country, which was beneficial to households but reduced the Councils spending power;
- what was the impact of future business rate changes?
- could further detail on the one-year settlement and the received £0.271 million recovery grant be provided?
- would the guaranteed £1.410 million for the Extended Producer Responsibility tax offset the shortfall in the national insurance?

Opposition group leaders raised the following points and questions:-

- enquired into the new Comms officer post outlined in Appendix 1 of the report;
- what other principles would the Executive be looking to adopt in using the Extended Producer Responsibility tax and what community consultation will be undertaken?

The Leader advised that the Council would work with the information it has been provided with and would focus on ensuring a balanced budget.

In response to questions raised, the Strategic Director for Corporate Resources advised that:-

- a central organisation would manage the Extended Producer Responsibility tax and it would be paid to the Council;
- £1.410 million was guaranteed from the Extended Producer Responsibility tax, as a minimum that would be received, but had a potential to generate more;
- the business rate retention scheme had a baseline figure based on the 2010 business rate valuation, which meant 40% stayed with District Councils, 9% to County Councils, 1% for fire services and 50% went back to central government;
- the business rates pool allowed 50% of growth to stay within the Devon area rather than paid back to central government, equating to around £10 million across all the authorities. If the business rate reset came into effect, there would be no growth to share and the Pool would be redundant; and
- the pool also had a risk factor in that if one Council went below its baseline, all the others in the pool would be required to bail them out.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RECOMMENDED that Council note the contents of the report and approve the report proposals to establish a balanced Revenue Budget and Capital Programme.

COUNCIL TAXBASE AND NNDR 1 2025/26

The Executive received the report which set out the 2025/26 Council Tax base in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The report also sought approval to delegate the estimate of Business Rate Income (NNDR1) for the next financial year to the Strategic Director for Corporate Resources and Section 151 Officer.

Particular reference was made to:-

- the increase of 2.07% in Band D equivalent properties compared to the 2024/25, which was higher than expected, but reflected the increase in premium charged on second homes;
- the NNDR1 would be available from the 21st of January 2025 and delegated authority was being sought to approve the Council's NNDR1 return by 31 January 2025

During the debate, Members expressed the following views:-

- it was noted that £1.3 million was the surplus but it only retained £103,000, with the rest being passed to other authorities; and
- the 2.07% premium increase for second homes, may not retain itself at that level, how was that being accounted for?

Opposition group leaders raised the following points and questions:-

- could clarification be provided on central government's refunding of discounts and exemptions to Exeter or any other authority?

In response to questions raised, the Strategic Director for Corporate Resources advised that:-

- the Council had accounted for the potential reduction in second homes and there was a government list of exceptions to second homes, which included homes for sale, marketed to let, or were places provided by an employer;
- council tax support had its own line in the report appendix, and the discounts related to an amalgamation of relevant single person empty or disregarded properties; and
- the data used in the government formula, was aware of the Council's tax estimate, but there was no direct compensation.

The Leader enquired about potential loopholes in the second homes tax policy, such as indefinite marketing without accepting offers.

The Strategic Director for Corporate Resources advised that there was a 12-month limit on marketing for sale, with short term let and holiday homes being grey areas in tax regulations.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RESOLVED that:-

- (1) in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Exeter City Council as its tax base for the year 2025/26 shall be £39,852;
- (2) the Collection Fund Surplus of £1,305,121 be approved; and
- (3) the responsibility to approve the Council's NNDR1 return by 31 January 2025 be delegated to the Section 151 Officer.

The Executive received the report which set out the proposed changes to Council dwelling rents, garage rents and service charges with effect from 1 April 2025.

Particular reference was made to:-

- the increase in Council rents by 2.7% from April 2025, following government guidelines for CPI plus 1%, was lower than anticipated, and would have an impact on the Housing Revenue Account (HRA) and future expenditure; and
- it was proposed that garage rents and service charges also be increased by 2.7% 1st April 2025.

The Portfolio Holder for Housing, Homelessness Prevention and Customer Services commented that a 2.7% increase would be good for residents, however, would mean less income for the Council to maintain homes.

Opposition group leaders raised the following points and questions:-

- the Equality Impact Assessment (EQIA) didn't provide consideration for those not on housing benefits and needed to be included as requested previously;
- had rent arrears increased due to previous rent freezes?
- could social rent increases include affordable housing for future reporting? and
- did the Council look at comparable figures with neighbouring authorities, notably with social housing?

In response to questions raised, the Strategic Director for Corporate Resources and Strategic Director of Operations advised that:-

- the rent arrears information in the monitoring reports would be provided back to Members;
- the Council did undertake benchmarking exercises and looked at Key Performance Indicator (KPI's) and financial social rent data. The average affordable rent data could made available to Members; and
- the EQIA and rent arrears data would be reviewed and a response would be provided to Members.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

RESOLVED that the Executive approves:

- (1) the increase of Council dwellings rent by 2.7% from 1 April 2025;
- (2) the increase of Garage rents by 2.7% from 1 April 2025; and
- (3) the increase of Service Charges by 2.7% from 1 April 2025.

9

REVIEW AND UPDATE OF EXETER CITY COUNCIL'S COMPANIES, ALTERNATIVE DELIVERY MODELS AND CHARITIES

Councillor Foale left the meeting at the commencement of the item.

The Executive received the report which updated Members on companies, alternative delivery models and charities connected with or controlled by Exeter City Council so that Members were advised of their activities and financial performance. The report also presented recommendations on the changes to the structure of the Exeter City Group of companies, Exeter Business Centre Limited, and to adopt a robust governance model for entities connected with or controlled by Exeter City Council.

Particular reference was made to:-

- ECQT (Exeter Canal and Quay Trust) being both a charity and company was included but wasn't seeking recommendations for approval;
- there was a focus is on improving Exeter City Living's (ECL) structure to reflect it being a smaller company and addressing some wider issues of the group;
- authorisation was being sought to close two of Exeter City Groups subsidiaries and delegated authority to close the group and remove Exeter City Living from direct Council control;
- delegated authority was sought for the Chief Executive to appoint Directors and client leads for all companies and shareholder representatives being relevant Councillors;
- there would be future reports being presented on a six-monthly basis to monitor the performance of the companies;
- a review of Exeter Business Centre was being proposed; and
- neither the City Council or Exeter Business Centre owned the building which the Business Centre operated from, and its lease was due for renewal next year.

The Head of Legal and Democratic Services & Monitoring Officer advised that the Council would be approaching this work in a careful and gradual process with various stages and mechanisms for recruiting to the ECQT being looked at in time.

During the debate, Members raised the following points and questions:-

- clarification was sought on the shared representative role being elected Members, except for ECL where it would be the Chief Executive?
- Clarification was sought on the reduction in the number of Directors for the Exeter City Group and whether it was necessary?
- would information on officer remuneration as Directors be made available?
- the report was complex and further update reports would be welcomed; and
- the Exeter City Living property company and changes were subject to change as part of the overall deal.

Opposition group leaders raised the following points and questions:-

- as part of the Exeter Science Park Agreement, other shareholders were required to advise if they had converted outstanding loan to equity. Had this has been done?
- could an update on placements to outside bodies be provided?
- consistency with Shareholder Representative and Director appointments for all companies was important, as was Councillor involvement;
- further details on the Business Centre Board review and its outcomes was required;
- the amendments to the Articles of Association needed to address placements and vacancies for Directors;
- ECQT being a charity should not be a part of the corporate performance and reporting framework;
- concern was raised about structures involving a single Director instead of two Directors, to ensure reliance and accountability; and
- clarification was needed on the ability of both Directors and Shareholder Representatives in formally reporting back to Council.

In response to questions raised, the Strategic Director for Corporate Resources and Head of Legal and Democratic Services & Monitoring Officer advised that:-

- the position of the Shareholders would be delegated to the Chief Executive in consultation with the Leader. The general principle would be the shareholder representative being a Councillor, except for ECL, where it may not be appropriate;
- initial steps for the reduction in Directors for Exeter City Group would be dealt with through the process;
- a report would be brought back to Council, to make any final decision on the Exeter Business Centre;
- Exeter City Council was listed as a person of security and control on the Company's House website for ECQT and therefore, it was considered important to include ECQT as part of the reporting on performance; and
- Members may wish to exclude ECQT from future reports.

The Chief Executive advised that any recommendations to change shareholder representatives would be brought back to Members. The Chief Executive being the current shareholder representative for Exeter City Living was looking to move the process forward.

Leader also advised that the Council was looking to ensure there was supervision of the Science Park and that the Council would not interfere with the running of ECQT. There would also be ongoing discussions and reviews of the company's moving forward.

The Leader moved the recommendations, which were seconded by Councillor Wright, voted upon, and CARRIED unanimously.

Exeter City Group Limited

RECOMMENDED that Council approve:-

- (1) to grant delegated authority to the Chief Executive as shareholder representative to issue and sign the written special resolutions in Appendix 1 of the report to amend the Articles of Association of Exeter City Group (ECG) and Exeter City Living (ECL) to:-
 - a) reduce the objectives of both companies to holding and managing property;
 - b) operate with a minimum of one Director;
 - c) to delegate authority to the Chief Executive as shareholder representative to make any further amendments to the constitutional documents of ECG and ECL and where appropriate any subsidiaries of ECG to reduce the company structure to a single company;
 - d) to delegate authority to the Chief Executive as shareholder representative to wind-up and dissolve the dormant subsidiaries of ECG namely Exeter City Homes Limited and Exeter City Living Property Limited and, at a later date ECG, itself;
 - e) to approve the Business Plan for 2025-26; and
 - f) to delegate authority to the Strategic Director for Corporate Resources to annually agree the management fee percentage with the Director of ECL to ensure that the Company remains solvent but does not generate profits.

Exeter Business Centre Limited

RECOMMENDED that Council approve:-

- (2) the initiation of a review of Exeter Business Centre to consider whether it is still meeting the objectives set for it when originally established; and

- (3) a budget of up to £10,000 to conduct the review funded from the General Fund Balance.

All Companies

RESOLVED that the Executive approves:

- (4) to grant delegated authority to the Chief Executive to appoint Directors and Client Leads (where appropriate);
- (5) to grant delegated authority to the Chief Executive in consultation with the Leader of the Council, to appoint Shareholder Representatives; and
- (6) that an update report be provided to the Executive and Council in six months' time to update Councillors on the performance of each Company.

10

ANNOUNCEMENT FROM THE LEADER

The Leader welcomed Adrian Pengelly who had been appointed as the Strategic Director of Operations.

The Leader also advised that Councillor Allcock, having recently been promoted would be unable to continue her role as Portfolio Holder for City Development. The Leader expressed his gratitude to Councillor Allcock for the work she had done in the role, notably the final stages of the Exeter Plan. He advised he would be reviewing the Portfolios but, in the meantime, he would cover the Portfolio Holder responsibilities.

(The meeting commenced at 5.30 pm and closed at 7.07 pm)

Chair

The decisions indicated will normally come into force 5 working days after publication of the Statement of Decisions unless called in by a Scrutiny Committee. Where the matter in question is urgent, the decision will come into force immediately. Decisions regarding the policy framework or corporate objectives or otherwise outside the remit of the Executive will be considered by Council on 18th and 25th February.