

Corporate Management Committee

Thursday 3 September 2009 7.30pm

**Council Chamber
Runnymede Civic Centre, Addlestone**

Members of the Committee

Councillors J R Furey (Chairman), D R Hamilton (Vice-Chairman), A Alderson, M J Brown, Mrs L M Gillham, H W V Meares, P I Roberts, P Taylor, P J Waddell and G B Woodger

AGENDA

Notes:

- 1) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- 2) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr J Gurmin, Administration and Leisure Department, Committee Section, Runnymede Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425624). (Email: john.gurmin@runnymede.gov.uk).**
- 3) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on www.runnymede.gov.uk.
- 4) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

LIST OF MATTERS FOR CONSIDERATION

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1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign the Minutes of the meeting of the Committee held on 25 June 2009 (attached at Appendix 'A').

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. AUDIT COMMISSION ISA 260 REPORT (DF)

1. Purpose of Report

1.1 **A report will be presented by the Council's external Auditor, on any matters arising from the audit of the 2008/09 Statement of Accounts.**

2. Background Information

2.1 The Statement of Accounts was approved by this Committee on 25 June 2009.

2.2 The Council's appointed external Auditor is Mr Neil Thomas, a Director of KPMG.

2.3 The external Auditor has concluded his examination of the Council's accounts for the 2008/09 financial year and has issued an International Standard on Auditing (ISA) 260 report. International Standards on Auditing are issued by the International Auditing and Assuring Standards Board (IAASB) and contain principles and procedures with which external auditors are required to comply when carrying out an audit of financial statements. ISA 260 deals with the communication of audit matters by the external auditor to those charged with governance in an audited body. The report allows the Council to consider the main issues arising from the audit of accounts before the external Auditor finalises his opinion and certificates on the 2008/09 financial statements.

3. Report

3.1 The external Auditor's report is reproduced at Appendix 'B' (to follow).

(FOR INFORMATION)

Background Papers

None stated.

7. PLACE SURVEY 2008 RESULTS (ICEO)

1. Purpose of Report

- 1.1 **This report sets out the key findings of the statutory Place Survey undertaken in the autumn of 2008. The Place Survey captures resident satisfaction with their local 'place' and the work of local public services. The findings also show resident perception of the local authority and its services.**

2. Background Information

- 2.1 Members will be aware from previous reports to this Committee that a new single set of 198 National Indicators was introduced on 1 April 2008, replacing the Best Value regime and BVPIs. Of these, 18 National Indicators (NIs) are collected through the two-yearly Place Survey, which replaced the BV General Satisfaction Survey.
- 2.2 The first Place Survey was undertaken in the autumn of 2008 by QCL Market Research on behalf of all Surrey local authorities. In order to achieve the Audit Commission requirement of 1,100 responses, the survey was sent out to a random selection of 3,000 residents in the borough. The survey methodology and questionnaire content and format were prescribed by Government; significantly the questionnaire and accompanying letter were branded as being from both Runnymede Borough Council and Surrey County Council, and questions referred to services provided by both local authorities.
- 2.3 There was an opportunity to insert additional questions at the end of the questionnaire, either devised locally or taken from the Audit Commission's 'question bank' of previously-used questions. Surrey local authorities agreed to insert an additional question on measures residents were willing to take to reduce their carbon footprint.
- 2.4 The national Place Survey NI results were due to be published in March 2009, but following UK Statistics Authority guidance the Government delayed publication until 23 June. A publication date for the majority of non-NI results is yet to be announced, and therefore some of the findings below are based on QCL's analysis of the provisional results.

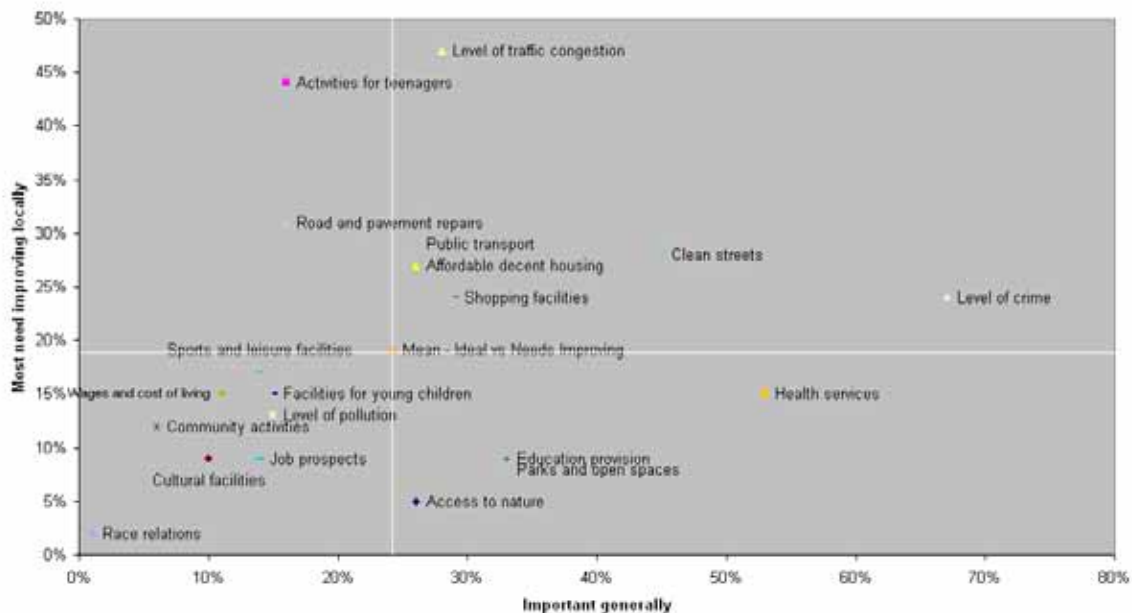
3. Report

- 3.1 Where possible, findings have been compared with the results of the BV General Satisfaction Survey carried out during 2006. The data compared only shows satisfaction scores, and this paints only part of the picture. Often changes in satisfaction levels are a function of movement in and out of the neutral 'neither satisfied nor dissatisfied' position, with dissatisfaction levels largely unchanged.
- 3.2 Members should bear in mind that all survey data is subject to a statistical margin of error, so care must be taken when interpreting differences between surveys. Where an observed difference between the surveys is within the margin of error then it can be said that the results are effectively the same – i.e. the difference is not statistically significant. As a guideline, a difference of less than 4% will generally not be significant.
- 3.3 The Audit Commission requirement of 1,100 responses was achieved, with a response rate of 47% (1391 responses).

4. Quality of Life Indicators

- 4.1 Respondents were asked to indicate the most important factors in making somewhere a good place, and the issues most in need of improvement locally. The following chart shows the combined analysis of these two questions to indicate the most important quality of life issues for respondents in their local areas.

Quality of life - Ideal vs Needs Improving



4.2 The factors in the top-right quadrant are those that have been identified as both important to residents in making somewhere a good place to live and in most need of improvement locally. Those in the top left quadrant are identified as needing improvements, but are of lower importance to residents. The factors in the bottom right corner are those that residents feel are important, but few say they need improving.

4.3 These findings suggest that clean streets, the level of traffic congestion and the level of crime are the key quality of life priorities in Runnymede. Other quality of life priorities are public transport, affordable decent housing and shopping facilities. It should be noted that activities for teenagers were identified as being second most in need of improvement locally, while health services were second most important generally in making somewhere a good place to live.

5. Satisfaction with local authority and services

5.1 Satisfaction among respondents with the way in which the local authority runs things was 55%. This was significantly lower than the 65% seen in the 2006 General Satisfaction Survey, but this is likely to be in part a function of the different emphasis of the Place Survey, and follows national downward satisfaction trends. The Council's satisfaction rating was ranked 29th out of the 353 local authority areas surveyed in England, well into the top 10% in the country in terms of resident satisfaction. The council was the 22nd highest placed District authority.

5.2 When asked if the Council provides value for money, 44% of respondents agreed. However, a large group –around a third– indicated they neither agreed nor disagreed, suggesting that they have no view on the matter. Around a quarter of respondents disagreed. The authority's value for money rating was the 18th highest out of the 353 areas surveyed, and the 12th highest District authority rating.

5.3 It should be noted that questions on resident satisfaction with specific local authority services did not allow respondents to distinguish between services provided by this authority and Surrey County Council. The 2006 General Satisfaction Survey related only to services provided by this authority.

5.4 Overall, 58% of residents are satisfied with how clear public land is kept of litter and refuse; around a quarter are dissatisfied, with the remainder opting for the neutral position. This was well below the level seen on the 2006 survey which showed 73% satisfied. Members should note however that on previous surveys the question related to this authority's duty to keep open public land clear of litter and refuse, and this may affect the way people responded.

- 5.5 The Place Survey shows 81% of residents satisfied with refuse collection, with around one in ten dissatisfied, and 59% satisfied with doorstep recycling, with around a third dissatisfied. Again these results see significant falls from 2006 when 87% and 70% respectively expressed satisfaction. Note, however, that differences in the order and phrasing of questions means the data may not be directly comparable. Clearly much can depend on personal values – some may be dissatisfied as think more recycling should be done, and some may be dissatisfied as they do not want to sort recyclables.
- 5.6 Overall, 44% of all residents indicated that they are satisfied with the sports and leisure facilities provided; around 1 in 5 was dissatisfied, with the remainder not indicating either way. This compares with 61% of all residents satisfied in 2006.
- 5.7 Only around half of all residents gave a view one way or the other on museums and galleries, with opinion mixed – around a third satisfied and around a quarter dissatisfied. Again the level of satisfaction was significantly below that seen in 2006 (44%). However, around half of those who had visited museums and galleries in the previous twelve months were satisfied with their experience, with around 1 in 10 being dissatisfied (the remainder selecting the neutral position).
- 5.8 While the great majority of residents are satisfied with the parks and open spaces provided (74%), this is significantly below the level seen in 2006 (82%). Around 1 in 10 expressed dissatisfaction with these facilities. Satisfaction among those who had not used these facilities in the last 12 months was much lower, with around half of respondents expressing satisfaction, and as many as 1 in 5 expressing dissatisfaction. Responses to the survey indicate that parks and open spaces are used by around three-quarters of residents – almost half at least weekly and a fifth monthly.

6. National Indicator Performance

- 6.1 The majority of the 18 National Indicators collected as part of the Place Survey are measures of resident perception of issues in their local area. For instance, NI 1 asked residents whether their area was a place where people from different backgrounds got on well together; NI 139 asked residents if older people in the area are able to get the services and support they need. The chart at Appendix 'C', provided by the Audit Commission, indicates whether NI scores in a local authority area are significantly better (light grey) or worse (dark grey) than their CIPFA Nearest Neighbours group. A summary of the content of the Place Survey NI's is also at Appendix 'C'.
- 6.2 Three Place Survey NIs are part of the Surrey Local Area Agreement: NI 4 (*ability to influence decisions in local area*), NI 5 (*satisfaction with local area*), and NI 21 (*satisfaction with police and other local public services in successfully dealing with anti-social behaviour and crime in local area*). The following table shows Runnymede's performance against these NIs, compared to the Surrey-wide performance and year-three LAA target.

Runnymede LAA Place Survey NI Performance			
National Indicator	Runnymede performance	Surrey-wide performance	Surrey-wide LAA target (March 2011)
NI 4	27%	28%	30%
NI 5	81%	84%	85%
NI 21	25%	29%	33% + SSI*

*LAA Baseline 29.1%, plus 3.4% improvement, plus minimum change required to demonstrate a statistically significant improvement

- 6.3 Overall, 81% of residents say they are satisfied with their local area as a place to live (NI 5). Comparing this with the published results for 2006 shows satisfaction to have remained at the same level – 81%. NI 4 and NI 21 are informed by questions that were not included in previous surveys, so trend comparison is not possible.
- 6.4 NI 139 measures the percentage of residents who say that older people in the area are able to get the services and support they need. Understandably, around two-thirds of residents had no view on the issue; 25% believed this to be the case. It is worth noting that satisfaction, as measured by this indicator, tends to increase the older the respondent is. While around a third of those aged between 65 and 74 believed sufficient support and

services were provided, this increases significantly with the age of the resident, with around two-fifths of those aged between 75 and 84, and just under half of over-85s, believing older people are well supported.

7. The Local Area

- 7.1 The Place Survey questions on quality of life (see paragraph 4.1) allow comparison with perceptions in 2006. Four areas show significant improvement since 2006 – the proportion of residents feeling improvement is needed in level of crime fell from a third in 2006 to a quarter in 2008, while there was a fall in those feeling improvement was needed in health services from one-fifth to around one-sixth. The proportion of respondents identifying the level of pollution as in need of improvement fell from one-fifth to around one-seventh, and those citing cultural facilities as being in need of improvement fell from one-sixth to around one in ten.
- 7.2 Respondents were asked a series of questions relating to anti-social behaviour and community safety. The vast majority of residents (around nine in ten) say they feel very or fairly safe outside during the day in their local area – with around half indicating they feel very safe. However, after dark, around two-thirds indicated they feel fairly or very safe outside, with only one in ten feeling very safe. A quarter admit to feeling unsafe outside after dark.
- 7.3 From a list of seven types of anti-social behaviour, teenagers hanging around the streets emerges as the biggest perceived problem in the area, with two-fifths of residents citing this as a problem. This is closely followed by rubbish and litter lying around, which a third see as a problem in their area. Around a quarter identified vandalism, graffiti, and other deliberate damage to property and vehicles. 25% of residents cite people being drunk or rowdy in public places (which informs NI 41), and 20% say that people using or dealing drugs is a problem in their area (which informs NI 42). Note that a further National Indicator is informed by a combination of responses to these questions. NI 17 is calculated over all seven aspects of anti-social behaviour. The score for Runnymede for NI 17 is given by the Audit Commission as 15%, indicating a relatively low level of perceived anti-social behaviour.
- 7.4 Significantly, for all these aspects of anti-social behaviour the proportion of residents believing it to be a problem in their area fell between 2006 and 2008. The biggest improvements are seen for teenagers hanging around the streets (down from over half to two-fifths), and people using or dealing drugs (down from over a third to two-fifths).

8. Conclusion

- 8.1 There is a great deal of important information that has been gathered with regard to the views of residents, which demonstrates that perception of the local area has largely improved, while satisfaction with the local authority and its services has largely fallen. This mixed picture is reflected in the national trends. However, the authority is well-placed nationally in terms of perceived value-for-money and overall resident satisfaction. The perception-based National Indicator scores largely show poor performance in comparison to similar and Surrey-based authorities. However, resident perception on key quality of life issues, such as traffic congestion and various measures of anti-social behaviour, has improved since 2006, sometimes significantly.

(FOR INFORMATION)

Background Papers

None stated.

8. THE BROADWAY, NEW HAW – PROPOSED ENVIRONMENTAL IMPROVEMENTS (DTS)

1. Purpose of Report

- 1.1 **To determine whether to proceed with the enhancement proposals for The Broadway, New Haw.**

2. Background Information

- 2.1 The Broadway in New Haw is an important local shopping centre for the residents of New Haw, Woodham, and the local area.
- 2.2 During the mid 1990's, when Runnymede Borough Council had the highways agency agreement with Surrey County Council (SCC), the Borough Council carried some improvements to the road and pavement layouts in The Broadway to formalise the car parking layout and to make it easier for pedestrians to move around between the shops and to cross the roads. The planted areas were also enhanced to make them more attractive and to make The Broadway a more pleasant place to visit.
- 2.3 In 2001, whilst the agency agreement was still in place the Borough Council added traffic calming in the form of road tables and this further improved the facilities for pedestrians.
- 2.4 The Borough Council has funded environmental improvement schemes in the town and village centres in the Borough in the past, sometimes jointly with SCC. In the late 1990's Egham High Street was pedestrianised, Chertsey benefited from the Revitalisation scheme over a number of years starting in the early 1990s as well as separate schemes in the two sections of Guildford Street from Eastworth Road to Bell Corner and from Riversdell Close to Windsor Street. Central Addlestone was improved by the Action Addlestone Initiative from 2000 to 2004 and the Borough Council and SCC carried out smaller scale improvements in Ottershaw in 2006.
- 2.5 Recently, the Borough Council and SCC have received comments about the deterioration of The Broadway. At one time the 'roundabouts' were sponsored by a private company and they maintained them, but the sponsor withdrew so they have been grass seeded to minimise the maintenance cost. The planted areas along the centre have suffered from insufficient maintenance in the past. The Borough's Leisure Services Section installed some new plants last spring but these are not growing as well as expected. This is thought to be due to the dry, shady conditions, but needs further investigation. Some basic maintenance to the brickwork surround is also needed.
- 2.6 As a result of the comments about the appearance of The Broadway, Borough and County Officers were asked to suggest some improvements that would enhance the general appearance and to identify budgets that could be 'pooled' to finance the improvements.
- 2.7 It was reported to the Economic Development Committee at its meeting on 11 June 2009 that the Borough Council's Engineering Services team had prepared a package of improvements to repair and revitalise The Broadway. Included in the proposals were some features to make The Broadway lighter and brighter during the day and at night in order to deter crime and rowdy behaviour. The proposals dealt with trees and planted areas, seating areas, street lighting and the general street furniture including litter bins and bollards.
- 2.8 The Committee resolved to refer the matter to the Corporate Management Committee following formal consultation by Runnymede Borough Council with Woodham and New Haw residents, in order to identify and prioritise which of the proposed environmental improvements should be pursued.

3. Report

Public Consultation

- 3.1 Officers prepared a summary explaining the different elements of the proposals and a questionnaire. The questionnaire explained some of the advantages and some disadvantages and the estimated cost of the options and asked respondents to prioritise the options in their order of importance.
- 3.2 Display boards were prepared showing the summary of the proposals and a location plan. These boards were displayed in exhibitions at the New Haw Library in The Broadway, the New Haw Day Centre in Amis Avenue and at the New Haw Community Centre in Woodham Lane during the two weeks from Monday 6 to Friday 17 July. Posters advertising the exhibition were displayed in many of the shops and businesses in The Broadway, and on the Homepage of the Runnymede Borough Council website.

- 3.3 Visitors to the exhibition were able to respond by posting their completed questionnaires in boxes provided at the exhibition venue or by sending them in 'reply paid' envelopes provided. Respondents could also complete questionnaires on the Council's website and email them. In total sixteen were posted in the boxes at the exhibitions, fifteen were sent in the 'reply paid' envelopes and three were emailed. A total of thirty-four completed questionnaires were returned.
- 3.4 Surrey Police and the Runnymede Access Liaison Group were specifically asked for their comments on the proposals.
- 3.5 Trees and Planted Areas – It was explained that the trees have become dense and mature and tend to make The Broadway dark and shaded, particularly at night. It is proposed that the foliage towards the bottom of the trees is thinned out to make the area lighter and also to improve the view from the CCTV cameras in order to deter crime. The concrete grills around the base of the trees have been lifted and have cracked as the tree roots developed. They are unsightly and would be replaced with a more attractive and sustainable surface.
- 3.6 The planters along the centre of The Broadway were re-planted in spring 2008 but the brickwork surrounds are in need of repair. The small planted areas on either side of the road at the library end, by Kingston Rise, have become neglected and are a liability to maintain so they could be replaced with decorative block paving that is attractive and requires no regular maintenance.
- 3.7 The large planted area at the Woodham Lane end of The Broadway by the garage is difficult to maintain and has become neglected. The planting would be replaced with decorative and low maintenance hard surface.
- 3.8 **Responses** - There was general support for the repair of the existing brickwork planters, the replacement of broken tree grills and the 'crown raising' of the trees, but there were mixed feelings about the replacement of existing planting with decorative block paving. Some felt that paving was easier to maintain and more difficult to vandalise but others prefer planting.
- 3.9 **Conclusions** – The repair of damaged brickwork and broken tree grills is fundamental to the appearance and ongoing durability of the area and the tree crown raising will brighten the area and improve visibility for the CCTV cameras, and constitutes good tree maintenance. Therefore, it is proposed that these works go ahead.
- 3.10 The planting that was replaced in the centre of The Broadway has not progressed as well as expected so Officers will sample the soil and install some more suitable plants. The raised planter at the Woodham Lane end by the garage is in need of improvement. It is proposed to reach a compromise with this area, partly paving it but providing a smaller, more manageable, planted area. Whilst retaining most of the planting in The Broadway, it is proposed that the small planted areas at the Kingston Rise end are replaced with decorative paving. Sponsors to manage the planting have not come forward to adequately maintain the planting in a reasonable condition and maintaining it and keeping it free from litter would be a liability.
- 3.11 Seating Areas - There has been a request from some local residents for benches to be installed to allow visitors to The Broadway to sit and relax. Two seating areas are proposed; both would be next to the planted areas in the centre of The Broadway and away from residential properties above the shops.
- 3.12 There used to be a seat outside the fish and chip shop on the corner of Amis Avenue. Safer Runnymede's Community Safety and Social Behaviour Officer has commented that this seat was little used by the general public during the day, but young people congregated at night and were noisy and left litter. It was, however, noted that no crimes were committed. Since then a youth shelter has been provided at Heathervale Recreation Ground and this has proved popular with young people in the evenings.
- 3.13 **Responses** – Several respondents commented in support of the seats and said that they would benefit the elderly. However, several respondents were concerned that the seats would result in antisocial behaviour in The Broadway at night.

- 3.14 The local Neighbourhood Inspector, on behalf of Surrey Police, is concerned that the proposed seats could attract antisocial behaviour, particularly during the evenings. The Inspector commented that the Heathervale youth shelter has been a big improvement and that youth anti-social behaviour in The Broadway has reduced, but it remains a point of debate whether the provision of new benches will draw youths back to this location. Despite these concerns the proposed location for the new seats are in the centre of The Broadway and not immediately below residential properties as the previous seat was. The Inspector agrees that a perceived threat from an unsociable section of the community should not spoil the opportunity to provide amenities such as seating that can benefit vulnerable sections of the community. He agreed that the tree maintenance will bring improvements in terms of making the area lighter and more visible to the CCTV cameras and he commented that the Neighbourhood Police Officers have been successful in dealing with antisocial behaviour amongst the young and they regularly visit the Broadway area.
- 3.15 Conclusions - The Neighbourhood Police Inspector agreed that if the Committee resolves that the seats should be installed, Police and Council Officers will monitor the usage of the seats and try to ensure that they do not result in antisocial behaviour in The Broadway.
- 3.16 The Runnymede Access Liaison Group supported the provision of the seats and they asked that the seats had no sharp edges that could affect visually impaired people.
- 3.17 It is recommended that the proposed seats should be installed in The Broadway and the position monitored and reviewed if necessary.
- 3.18 Street Lighting - The existing street lights and columns are functional but not particularly attractive. The street lights would be replaced with new decorative lamps that are more attractive and also produce a brighter and more energy efficient light. Modern street lights are effective in directing the light to where it is needed and minimising the 'light pollution' to neighbouring windows. The brighter, 'directed' light could be a deterrent to criminal and rowdy behaviour at night. Additional street lighting would also be installed near the Library to brighten the area at night. The proposals also include uplighters that would be installed at the base of the trees at the entrances to The Broadway and by the seating areas. Lighting up the trees in this way would produce a more attractive entry to The Broadway at night and, together with the uplighters by the seating areas and the new street lights, would give a better impression of safety at night. The Surrey Police Neighbourhood Inspector for Runnymede commented that the improved lighting would improve the visibility for road users and CCTV and make the area feel safer at night.
- 3.19 **Responses** – Several respondents supported safer, more directed street lighting and the principle of tidying the area, but equal numbers considered new lighting columns to be a waste of money and an extravagance.
- 3.20 Similarly, several respondents classified the uplighters amongst their preferred options, appreciating the attractive effect that they would have at night. However, similar numbers rated the uplighters low in their order of preference, all commenting that they would be a waste of money and that the money could be better spent on other features to improve the street scene in the current financial climate.
- 3.21 Conclusions – Funding has been identified to pay for the new lighting. It would be more efficient than the existing street lighting and the columns and lamps would enhance the appearance of the area. The uplighters would also improve the appearance of the area at night and enhance the feeling of safety.
- 3.22 Although there were equal numbers of respondents for and against the street lighting and uplighters, it is recommended that the street lighting and uplighter proposals should be installed.
- 3.23 Street Furniture - The existing street furniture mainly consists of bollards to prevent cars mounting the pavements. These would be re-painted and new litter bins would be installed to reduce 'littering'. The bins would have 'stubber plates' on the top for putting out cigarette butts and allowing them to be put in the bins.
- 3.24 **Responses** – The re-painting of bollards is normal cyclical maintenance and is needed to preserve them and litter bins, strategically placed, are needed for the convenience of the public to encourage them to use bins rather than discarding the litter.

- 3.25 The Runnymede Access Liaison Group asked for reflective strips to be attached around the bollards to make them more obvious for visually impaired people. There was also a comment that the provision of cycle racks would make it easier to cycle to the shops and could encourage more cycling.
- 3.26 Conclusions – The re-painting is needed for the normal maintenance of the street furniture and the litter bins are needed to reduce the amount of litter discarded in the streets. Officers will also identify locations where cycle racks could be installed.
- 3.27 General Comments – Some respondents said that their main priority would be to improve the car parking facilities in The Broadway and prevent the surface water flooding that occurs in places.
- 3.28 The Surrey Police Neighbourhood Inspector for Runnymede commented that he generally supports the improvements to the amenity around The Broadway as they will make the area look and feel safer.
- 3.29 **Response** – The scope of this scheme and the funding available is not sufficient to provide for better parking. This would be a much more ambitious project. It might be possible to remove localised flooding but there are more serious problems with Thames Water surface water drainage in the area that affect The Broadway which would need considerable funding and a commitment from that company to resolve.
- 3.30 Some responses indicated that there was a general feeling that, in the current financial climate, public money should not be sent on this type of scheme.
- 3.31 Conclusions – The parking and drainage problems cannot be resolved as part of this project.
- 3.32 Woodham Lane Shop Frontage – Parts of the shop frontage in Woodham Lane adjacent to The Broadway are privately owned but, historically, SCC has maintained this area. SCC has provided funding to resurface the forecourt and frontage to the shops and they also intend to re-position the bollards and replace the old and worn concrete planters with new ones to improve the area and to prevent vehicles parking in areas where they are not permitted. This work would be carried out at the same time as the improvements in The Broadway.

4. Resource Implications

4.1 Budget Estimates for the Options

Description	Budget Estimate (£)
Removing and relaying existing paving and brickwork around planters in the centre of The Broadway	8,000
Installing two benches	2,000
Installing two litter bins	1,000
Replacing existing street lighting with 'decorative' lighting	22,000
Installing uplighters under some of the trees	35,000
Redesign of planter near Woodham Lane	5,000
Paint/Refurbish existing street furniture	2,000
Maintenance of highway trees to raise crown and make the area lighter	5,000
Total	80,000

- 4.2 The figures in the table above are budget estimates. Officers will invite tenders for the work in order to obtain value for money but it is anticipated that the tender sums will come within the budget estimates.
- 4.3 Officers have carried forward £20,000 from various 2008/09 budgets and Surrey County Council has provided matched funding. There is therefore a shortfall of £40,000 for the main scheme.

- 4.4 SCC has provided £12,000 for pavement upgrading outside New Haw Library and £25,000 for work in Woodham Lane. These sums are for improvements which do not form part of the scheme proposed in this report.
- 4.5 In October 2003, the Economic Development Committee allocated a capital sum of £80,000 to carry out remediation work (£60,000) and site clearance (£20,000) at the former Beomonds allotment site in Chertsey. At its meeting on 25 June 2009, this Committee noted that £9,100 of this sum had already been spent and agreed to also approve a revised capital estimate of £12,000 for the works associated with clearing the former Beomonds allotment site, leaving £58,900 unspent. The shortfall of £40,000 for the proposed environmental improvements for The Broadway, New Haw could therefore be met without increasing the size of the capital programme from that approved last year.
- 4.6 The footway along the east side of The Broadway has a reinstated trench along its length and if funding allows, this area could be re-surfaced to further improve the appearance of the area.
- 4.7 Officers are investigating the possibility of funding for the street lighting from the Carbon Trust Salix Energy Efficiency Scheme. SCC has also been asked if funding for the proposed street lighting could be brought forward from the new SCC Street Lighting Public Finance Initiative (PFI) contract.

5. Council Policy

- 5.1 The Sustainable Community Strategy and Corporate Plan 2009 has specific aims to revitalise town and village centres, encourage pleasant neighbourhoods and reduce fear of crime. These proposals would fully accord with these aims.
- 5.2 Section 17 of the Crime & Disorder Act 1998 requires Councils to do all that they can to reduce crime & disorder in their areas.

6. Environmental Implications

- 6.1 The increased lighting levels at night together with the raised tree canopies would make The Broadway brighter at night, which would improve sight lines for Safer Runnymede cameras and should reduce the fear of crime.
- 6.2 New street lamps would be more energy efficient than the old ones but the uplighters could be construed as 'for decorative purposes' and therefore wasting energy and increasing light pollution.
- 6.3 Officers are also investigating the possibility of using LED lighting for further efficiencies.

7. Equality Implications

- 7.1 The only potential equality issues relate to disabled users. The Runnymede Access Liaison Group has provided some suggestions to enhance the proposals. The Broadway already has several facilities that can assist wheelchair users and visually impaired people. These include raised road tables at the crossing points that would assist wheelchair users and avoid the need for pedestrians to step up and down kerbs. The improved street lighting could also assist pedestrians with sight difficulties during the hours of darkness.

OFFICERS' RECOMMENDATION that –

- i) the full environmental enhancement scheme as described in section 3 of the report be implemented at an estimated cost of £80,000; and**
- ii) the scheme be funded by**
- a) new capital programme provision and a capital estimate in the sum of £40,000;**

- b) **revenue virements of up to £20,000 by the Director of Finance in agreement with the Director of Technical Services from the sums carried forward as mentioned in the report; and**
- c) **the contribution of £20,000 from Surrey County Council.**

(TO RESOLVE)

Background Papers

Economic Development Committee 11 June 2009

9. REVENUE REDUCTIONS (DF)

1. Purpose of Report

1.1 **To consider options to reduce the General Fund net budget by a further £1,500,000.**

2. Background Information

2.1 The Committee considered the Council's deteriorating financial prospects at its last meeting on 25 June 2009 and Officers were requested to report back to this meeting with options for reducing the General Fund net budget by a further £1,500,000.

2.2 The Council approved a schedule of annual revenue reductions totalling £712,000 on 18 December 2008. The need to reduce the budget by a further £1,500,000 is in addition to these savings.

2.3 At the January 2005 meeting of this Committee, consideration was given to policy guidance on revenue reductions. This was approved by Council on 8 March 2005. This is reproduced at Appendix 'D'.

2.4 The Review Board considered the Council's financial prospects and the progress in achieving revenue reductions at its meeting on 9 July 2009. The Review Board requested that its views should be noted by this Committee and, accordingly, a reference from the Review Board is at Appendix 'E'. The Board asked that this Committee, when considering options for reductions, notes the Board's concern at the Council's financial position, and the Board's view that radical action may need to be taken, and preferably taken sooner rather than later, to mitigate any adverse effects of reductions.

3. Report

3.1 Officers have identified a range of measures that are grouped under the following headings:

	£
● Rebasing budgets.	37,500
● New income opportunities.	43,000
● Efficiency savings.	323,500
● Asset rationalisation.	61,000
● Restructuring or reducing service provision.	598,000
	£1,063,000

The amounts shown represent the annual savings in a full year. The following paragraphs provide a breakdown of each category.

3.2 *Rebasing budgets*

The budget has been reviewed in the light of the 2008/09 outturn and a number of cost centres have been identified in which there is scope to reduce budgetary provisions.

	£
i) Benefits Administration - the budgetary provision for the external audit of the subsidy claim has been based on the 2006/07 audit; audit days on the subsidy claim have reduced in 2007/08 and 2008/9 and it is hoped that this will continue in future years.	10,000
ii) Community Alarms - delete provision for alarm maintenance	2,000
iii) Licensing - general office expenses	1,500
iv) Car Parks - equipment	5,000
v) Democratic Representation - reduce refreshments / vending costs to previous years' level	4,000
vi) Training - reducing the budget to the level of spending in previous years	15,000
	<u>£37,500</u>

3.3 *Increased income*

These proposals are initiatives that are in addition to the Council's existing policy of increasing charges by inflation plus 3 per cent.

	£
i) Council Tax and Business Rates Collection - increased summons and liability order costs approved by the Magistrates in May 2009	13,000
ii) Community alarms - introducing a flat fee charging structure for alarm recipients	10,000
iii) Cemeteries - further substantial increases in fees in excess of inflation	20,000
	<u>£43,000</u>

3.4 *Efficiency savings*

These initiatives are intended to deliver savings while maintaining the existing level of service.

	£
i) Community Services staffing - impact of the recent restructuring of hours and overtime following staff changes	13,500
ii) Council Tax - the budget for postage costs includes the cost associated with reviewing single occupancy discounts and 9 recovery cycles during the year; if the single occupancy discount review can be successfully discharged as part of the national fraud initiative, it will avoid the need to incur significant postage costs.	10,000
iii) Consultants' proposals - Officers are working with consultants to identify other potential opportunities for savings and have set a provisional target of £300,000 based on similar exercises at other local authorities.	300,000
	<u>£323,500</u>

3.5 *Asset rationalisation*

The Borough Valuer is systematically reviewing the Council's land holdings as part of the asset management plan. Asset rationalisation and opportunities for the disposal of surplus assets is hampered by the current depressed state of the property market. In spite of these difficulties, the Borough Valuer is planning to bring forward proposals for land sales that have not hitherto been included in the Council's financial projections. The annual saving has been calculated on the basis of 3 per cent interest received on the net capital receipt for two such transactions.

	£
i) Disposal of housing land	
- interest on £725,000 (net of the contribution to the national pool)	22,000
ii) Disposal of other land	
- interest on £1.3 million	39,000
	<u>£61,000</u>

3.6 *Reduced service provision*

This includes reductions in the general provisions made for pay awards and inflation as well as proposals for savings in specific service areas.

	£
i) July 2009 pay award	
- the budgetary saving resulting from a 1% pay increase in July instead of the 2% provided in the budget	160,000
ii) July 2010 pay award	
- last year's Financial Forecast assumed that the pay award in July 2010 would be 2%; if this provision were reduced to 0.5% it would reduce the cost to the General Fund in a full year by £204,000	204,000
iii) Provision for inflation in 2010/11	
- last year's Financial Forecast assumed that the 2010/11 budget would include a 2% uplift for price inflation; if the budget is prepared on the basis of price inflation of 0%, this will reduce the General Fund budget by £200,000; the risk is that inflation will rise from its current level and without providing any allowance in the budget for price increase the Council will effectively be imposing a real-terms reduction on all budgets	200,000
iv) Benefits Administration	
- reduce the staffing resources available to visit housebound claimants by not filling a part-time vacant post	17,000
v) Day Centres	
- Christmas closure of two day centres with meals being provided at the other two day centres.	4,000
vi) Community alarms	
- reduce out of hours call-out cover	2,000
vii) Publications	
- reduce subscriptions to journals	1,000
viii) Public Relations	
- reduce Runnymede Voice to 2 issues each year	10,000
	<u>£598,000</u>

3.7 The potential reduction yielded by these proposals is £1,063,000, which is £437,000 less than the £1.5 million target required by the Committee. In order to achieve the target it will be necessary for the Council to identify further service reductions. These will be contentious and challenging. Officers propose to bring a further report to the Committee identifying options for the Committee to consider.

4. Council Policy

- 4.1 In approving the last Financial Forecast, the Council decided to restrict Council Tax increases to 5% and to approve a package of revenue reductions designed to reduce revenue expenditure by £712,000 by 2013/14.

5. Legal Implications

- 5.1 The Council is not allowed to borrow to fund revenue deficits. The Council is supporting the General Fund deficit in 2009/10 by withdrawing £2,069,000 from working balances (see page 1 of the Budget Book). The Council must reduce its deficit in order to sustain its budget in the medium term.

6. Resource Implications

- 6.1 The impact of the proposals described in paragraphs 3.2 to 3.6 on each budget is shown in Appendix 'F'. This presents the proposals in the context of each budget projected forward to 2014/15, thereby taking account of future developments (including planned savings that have already been approved). Each proposal has been identified with a risk rating.

7. Equalities

- 7.1 The proposals affecting the Community Services and Benefits budgets will have a disproportionate impact on older members of the community.
- 7.2 Pay restraint tends to have a greater impact on the personal finances of lower paid staff.

8. Risks

- 8.1 The risks affecting the Council's overall financial position were considered in detail in the report to the last meeting of the Committee:

- the impact of interest rates on the Council's investment income;
- the impact of inflation on pay and prices;
- the impact of the recession on capital receipts and income generation;
- the uncertainties over future Government grant; and
- the impact of the global financial crisis on the Surrey Pension Fund.

The proposals in this report are being brought forward for consideration by the Committee so that the Council can meet its budgetary commitments in the face of these developments.

- 8.2 If the rate of inflation returns to the levels experienced in recent years, this will create pressure on the initiatives in this report, particularly the proposals to restrict future provisions for pay and price increases.
- 8.3 The Council has already implemented revenue reductions, most recently in 2005 and 2008, that have progressively reduced the Council's flexibility to respond to new developments or Member aspirations. The latest round of revenue reductions will be harder to achieve since they are being applied to budgets that have subject to constraints for many years.

OFFICERS' RECOMMENDATION that –

- i) **the proposed revenue reductions in paragraphs 3.2 to 3.6 totalling £1,063,000 be adopted and incorporated in the next Financial Forecast; and**
- ii) **further options to achieve the Council's target of £1,500,000 reductions be considered at a future meeting of the Committee.**

(TO RECOMMEND)

Background Papers

None

10. REVIEW OF THE RUNNYMEDE CARE ASSISTANT SCHEME AND RUNNYMEDE CAB FUNDING (DHCS)

1. Purpose of Report

- 1.1 **To update the Committee on the demand for services for the Runnymede CAB and the Runnymede Care Assistant Scheme, and to request the Committee to consider approving funding for a temporary Runnymede CAB Part Time Debt Worker.**

2. Background Information

- 2.1 The Corporate Management Committee meeting of 4 September 2008 approved the Community Services Core Grant Aid Programme for 2009/10 – 2013/14. This included the core funding for the Runnymede CAB and the Runnymede Care Assistant Scheme. The relevant extract from the Minutes is attached at Appendix 'G'.
- 2.2 The Committee asked for the level of support for these two organisations to be reviewed in 12 months time, in view of the extra pressures being placed upon them.

3. Runnymede Care Assistant Scheme

- 3.1 A review meeting has been held with Runnymede Care Assistant Scheme. Although the demand for the service has increased and the scheme is providing a night sitting scheme for 4 nights a week, Runnymede Care Assistant Scheme do not wish to approach the Council for any extra funding. The scheme will be able to operate with the annual £12,600 grant for the period of the existing service level agreement.

4. Runnymede CAB

- 4.1 There has been a significant increase in the number of people approaching the Runnymede CAB for help with mortgage and rent arrears, as well as other debts. In the last quarter of 2007/8, Runnymede CAB saw 495 clients visiting for non debt and debt related reasons. In the last quarter of 2008/9, this had risen to 811 clients.
- 4.2 In the last few months, the Government has released a variety of new schemes to help home owners with their arrears, all of which include the Citizens Advice Bureau as the main point of contact. Runnymede CAB have already agreed with the Council's Housing Section that the CAB will carry out all the financial advice before referring to the Housing Section, so there is no duplication. Runnymede CAB have outlined the work involved in just one of the schemes at Appendix 'H'.
- 4.3 The Government has given Citizens Advice (CitA), (which is the name under which the national association of Citizens Advice Bureaux operates), funding for additional hours of advice to help with the extra demand for advice because of the recession. The conditions placed upon the funding were that it was not to be used for a paid post, but for the use of volunteers only and for extending opening hours. Consequently, Runnymede CAB was awarded £9,000 for an 18 month period and they are now open additionally on a Monday afternoon and on a Wednesday by appointment from 3.30 p.m.- 5 p.m.
- 4.4 Runnymede CAB have seen 115 new clients (up to the beginning of July 2009) under these schemes. Although none have fitted the Government criteria, this still results in debt work with these individuals. Another scheme involves similar work, where referrals are made by creditors.
- 4.5 The CAB is also having to deal with the new Debt Relief Orders, which require advisers to have specialist training. At present Runnymede CAB do not have the advice resources to train and dedicate an adviser to this role, as the demand for existing services is so high. The increase in demand is shown in the table below:-

Number of Enquiries	2007/8	2008/9
Mortgage and Loan Arrears	72	173
Rent Arrears	71	108
Bankruptcy	76	92
Redundancy	75	156
TOTAL	294	529

4.6 Runnymede CAB would like to employ a part time Debt Adviser at a cost of £7,500 who will work on mortgage rescue schemes and who will undertake Debt Relief Orders where appropriate. The post will be for 18 months. Runnymede CAB has provided further detail on Debt Relief Orders at Appendix 'H'. Runnymede CAB consider a paid Debt Adviser to be an essential part of the advice which they provide on debts.

4.7 Runnymede CAB have recently rescued Rentstart, which has placed extra management demands on the CAB. Runnymede CAB receives £78,700 from the Council in grant funding each year. In addition to this, Runnymede CAB have been awarded by this Committee on 5 February 2009 an extra £21,500 for the next two years to provide the Rentstart service.

5. Possible Funding Options

5.1 Runnymede CAB would like to employ a part time Debt Adviser for a period of 18 months. The Adviser would work for 6 hours a week. The salary cost would be £4,100 plus £900 in overheads and management costs, totalling £5,000 per annum. The total cost of this proposal for an 18 month period would therefore be £7,500. The Council is being asked to cover this cost.

5.2 Officers have already granted to Runnymede CAB this year an extra sum of £5,000 for debt advice, from a Government grant awarded to local authorities in Surrey for the purpose of alleviating the impact of the recession. This extra sum was in addition to the funding which the Council provides for the Rentstart service and the court desk funding and was made available to the CAB in recognition of the large increase in debt work which the CAB are experiencing. However, this funding is being retained to be potentially used for Runnymede CAB Rentstart.

5.3 Officers are mindful of the Council's financial position. However, the Council has received a one off Government grant of £28,500 for mortgage rescue funding and these funds are currently uncommitted. The use of a proportion of these funds to employ a debt worker would help to prevent homelessness and therefore meet the Government's intentions for the grant.

6. Equalities Impact Assessment

6.1 The provision of a Debt Adviser will increase access to CAB services and not discriminate on the grounds of age, sex or race.

OFFICERS' RECOMMENDATION that -

- i) funding be made available to Runnymede CAB to enable them to employ a part-time Debt Adviser for an 18 month period, at a cost of £7,500; and**
- ii) the cost of the proposal at i) above be met from the mortgage rescue funding grant received by the Council from the Government.**

(TO RESOLVE)

Background Papers

Community Services Core Grant Aid Programme 2009/10-2013/14 4 September 2008
Grant Aid Report 10 September 2003
Grant Aid Organisations Supported 12 November 2003
Runnymede CAB Grant Aid Report 21 July 2004
Grant Aid for the Voluntary Sector 3 November 2004

11. RUNNYMEDE COMMUNITY FUND (DHCS)

1. Purpose of Report

1.1 **To inform the Committee of the implementation of the Runnymede Community Fund from the Runnymede Association of Voluntary Services (RAVS) Local Public Sector Agreement (LPSA) volunteering reward money.**

2. Background Information

- 2.1 At its meeting on 5 February 2009, the Committee approved RAVS' proposal for the use of 80% of the LPSA volunteering reward money. At the same meeting, Members approved the use of the remaining 20% of the LPSA volunteering reward money to part finance additional grant to Runnymede CAB to take over Runnymede Rentstart, so this service for the homeless could continue over the next two financial years 2009/10 – 2010/11.
- 2.2 The Committee received a further report on 2 April 2009 as RAVS had received notification that they would receive a separate direct payment of £133,011, as well as the 80% from Runnymede Borough Council's part of the volunteering reward money. It was therefore agreed that £50,000 of the 80% of the Volunteering Reward money allocated to RAVS would be used to establish a Runnymede Community Fund. The remaining £17,052 has been retained by the Council.

3. Report

- 3.1 It has recently been agreed with RAVS that £25,000 of the £50,000 sum referred to above will go into the new Runnymede Community Fund. RAVS are also contributing £20,000 towards the Fund, creating a Runnymede Community Fund of £45,000. The remaining £25,000 will be used to fund Community Services Occasional grants to support requests in the region of £500 to £1,000, which meet the Runnymede Sustainable Community Strategy and Corporate Plan priorities.

(FOR INFORMATION)

Background Papers

Local Public Sector Agreement LPSA Volunteering Reward Money – February 2009
Runnymede Rentstart – February 2009

12. ST JUDE'S UNITED CHURCH, ENGLEFIELD GREEN – CAPITAL GRANT AID (DAL)

1. Purpose of Report

1.1 **This report presents for consideration an application for capital grant aid from St Jude's United Church, Englefield Green. The application has been submitted to Surrey Community Action (SCA) for consideration under its Surrey Community Buildings Grant Scheme.**

1.2 **The grant requested from the Council is £25,000 towards phase 2 of a major rebuild/refurbishment of the Village Centre (Old Methodist Church) in Victoria Street, Englefield Green, Phase 2 to complete the conversion of the premises internally, rewiring, new toilets, new kitchen, and coffee bar.**

2. Background Information

- 2.1 The Community Buildings Grant Scheme is a partnership scheme jointly funded by Surrey County Council and the Surrey District/Borough Councils and administered by Surrey Community Action. The scheme offers capital grants to village halls, community centres and voluntary youth buildings.
- 2.2 Under the scheme, community organisations may apply to Surrey County Council and to their local district or borough Council for up to one third each of the total project cost. The remaining one third or more must be found by the applicant.

- 2.3 Members may recall that a grant of £20,000 was made to All Saints Church, New Haw towards a new community building in 2007 under the Community Buildings Grant Scheme.
- 2.4 In 2002, the small congregation of the Englefield Green Methodist Church made the decision to cease worshipping in the Methodist Church and to unite with the local Anglican Parish Church. Through the new joint Church Council at St Jude's United Church, it was decided that the former Methodist building should be retained, brought under a sharing agreement, and that a major refurbishment of the premises should be commenced to provide a building capable of serving the needs of the community.
- 2.5 The Methodist Church owns the land/premises.
- 2.6 Planning permission and Listed Building Consent for the internal alterations and rear extension was given under RU 08/0542 and RU 08/0543. After a tender exercise for the whole project, Englefield Green Builders Ltd were selected.
- 2.7 Phase 1 of the project is fully funded. The cost of Phase 2 is £114,200, including a contingency of £20,000. The Church has made applications to other bodies for funding. The latest set of accounts shows a financially stable organisation that operates with a modest operating surplus.
3. Report
- 3.1 The Development Plan, submitted as part of this application, sets out the need for the refurbishment of the Village Centre. A fundraising target of £410,000 has been set, with £200,000 already raised. The existing building urgently needs renovation, to bring the individual rooms and general interior up to an acceptable modern standard complying with all Health and Safety and other legislative codes (including access for the disabled) and to add a café area for social interaction and create secure private meeting rooms for one-on-one counselling or small group activity. Phase 1 of the project (approximately £293,278) has the necessary funding.
- 3.2 The applicant states that generally, young people have few places to meet, single-parent families lack adequate support, and elderly people often lack advice or opportunities to socialise. The applicant states that a properly equipped Village Centre, able to offer support and advice to all these groups, will therefore help to solve some existing problems and head off others, complementing the social services, and helping to build up village life. The applicant has consulted existing and potential stakeholders, including Councillors, in order to identify needs within the community.
- 3.3 By 2010, the applicant hopes that it will be a visibly welcoming centre for the community, which would meet the needs identified and includes the following:-
- A place for older people to meet over coffee or lunch
 - A 'Sure Start' Children's Centre
 - A drop-in café for teenagers needing help with homework
 - A counselling facility concerned with debt, parenting, marriage, mediation, and general citizenship
 - A club room for teenagers, possibly with student support and leadership
 - A meeting point for adult special-interest groups
 - A place of worship
 - A centre for family evenings
 - A link between university students and the community
 - A venue for a youth pastor to mediate where necessary between teenagers and the police.
- 3.4 The applicant intends to promote the facilities of the Village Centre to both organisations and individuals within the local community via a variety of outlets.
- 3.5 The applicant aims to have the 'drop-in' facility open Monday – Saturday at least 10am to 2pm, and available to all. The remainder of the premises will be available for community use/hire. Priority will be given to those who can offer help to the community ie: Social Services, chiropodists, counsellors, debt support agencies, etc. Some of the space may be required as an overflow for the Sure Start project based at St Jude's School.

3.6 Applications for grants from the Surrey Community Buildings Grant scheme typically far exceed the funds available. Therefore, the applicant will have stiff competition from other bids. Any grant award from Runnymede will be conditioned on successfully achieving an equal award from the Surrey Scheme. If their bid does not succeed, then the applicant will be invited to make a fresh application under the Council's own grant scheme.

3.7 Officers are supportive of the project, subject to assurances that the building will be proactively marketed to, and made available to, the wider community.

4. Council Policy

4.1 The application would target older people, young people and the disadvantaged which is in accordance with the Council's grant aid criteria. As Members are aware, the Englefield Green Plan produced by EGRA mentioned activities for young people as a priority for local people so this facility would help meet this need.

4.2 The application would meet some of the Council's priorities in the Council's new Sustainable Community Strategy, namely increasing access to social support facilities, supporting vulnerable people, and supporting communities.

4.3 In the 2001 Census, Englefield Green was rated as the second most socially deprived village in Surrey and Englefield Green West features in the recent indices of income deprivation affecting older people and children.

5. Resource Implications

5.1 Provision of £50,000 has been made for capital grants to voluntary organisations in 2009/10 and no monies have been committed so far. There is, therefore, adequate provision to award a grant of up to £25,000, subject to support from Surrey County Council.

OFFICERS' RECOMMENDATION that –

subject to matched funding from Surrey County Council, and any other necessary consents, and assurances that the building will be proactively marketed to, and made available to the wider community, a capital grant of up to £25,000 be approved in respect of the Phase 2 major rebuild/refurbishment of the Old Methodist Church.

(TO RESOLVE)

Background Papers

Application for grant aid dated 22 June 2009 DAL ref 69.25.17 (198)

13. UPGRADE OF FINANCIAL INFORMATION SYSTEM (DF)

1. Purpose of Report

1.1 **To seek approval for a capital estimate for a major upgrade of the TASK Financials system.**

1.2 **To seek approval to purchase further modules to enhance performance and create savings**

1.3 **To set out the budgetary implications of the proposals**

2. Background Information

- 2.1 TASK Financials is a corporate finance system catering specifically for the requirements of the small and medium sized local authority market. The system is widely installed as the corporate financial system in district and borough councils in Northern Ireland, and has a number of local authority customers in England.
- 2.2 TASK Financials is supplied by Consilium Technologies, a company based in Northern Ireland.
- 2.3 TASK Financials was selected as the Council's new corporate finance system in 2002. A capital budget of £126,700 was approved to purchase the system and the related implementation services. The system went live on 1 April 2003.
- 2.4 TASK Financials comprises integrated modules covering the functional requirements for the corporate finance function. The main modules of TASK Financials include the general ledger where the accounting and budgetary control functions of the Council are carried out; creditors – the processing of invoices and other payments; debtors – the invoicing and collection of all the Council's invoiced supplies and services except for local taxation and housing rents; purchase ordering – ordering goods and services and recording deliveries. The system has a number of interfaces with other financial systems.
- 2.5 On 24 February 2009 a brief report was made to inform the IT Member Working Group that a proposal had been received from Consilium Technologies for a major upgrade of the existing package and for additional modules. The Working Group requested that Officers complete a cost benefit analysis of the product and report back accordingly. At its meeting on 3 August 2009, the IT Member Working Group considered this report.

3. Strategy of Consilium Technologies

- 3.1 Consilium market what they term their third generation flagship products under the Total brand. Thus Total Finance replaces TASK Financials.
- 3.2 Consilium will focus their future product investment on their suite of Total software products. No development work will be carried out on the TASK set of products, and Consilium have announced that all TASK products are now retired. In practice, no new development work has been undertaken on the TASK Financials product for the past 18 months
- 3.3 Consilium state that support is available for a retired release only by special agreement, and will be limited to support that does not require a software change.
- 3.4 Consilium also recommends that customers upgrade to their latest release at all times. This was the practice in Runnymede for the TASK Financials releases. However, the final TASK upgrade was released early in 2008. This release is currently used by Runnymede Borough Council.

4. Total Finance Products

- 4.1 The brochure from Consilium Technologies at Appendix 'I' provides information on the Total Finance product in a reasonably succinct way.
- 4.2 The proposal made by Consilium Technologies for the upgrade to Total Finance comprises the following components:
 - TotalView Portal
 - General Ledger
 - Cash Book
 - Costing Ledger
 - Debtors Ledger

- Creditors Ledger
- Purchase Order Processing

These components are already being used by the Council, with the exception of the new TotalView Portal.

4.3 Consilium have also provided a proposal for the following additional modules

- e-Purchasing
- e-Creditors (invoice scanning)
- Budget Modelling

4.4 Therefore, the proposal from Consilium comprises two elements:

- An upgrade from TASK Financials to Total Finance, and
- Additional modules that can be purchased, subject to the Council using the Total Finance package.

The following sections of this report explain these proposals in more detail.

5. Total Finance Upgrade

- 5.1 The Council has now used the TASK Financials system for 6 full financial years (2003/04 to 2008/09). It has proved a robust system. During this time the Council has also been awarded high scores by the external auditors for the financial management of the organisation.
- 5.2 TASK Financials has also proved able to adapt to the significant additional accounting burdens associated with moving to UK GAAP accounting standards. Changes in statutory requirements (e.g. the temporary change in the standard rate of VAT to 15% introduced in December 2008) have also been implemented successfully by finance staff using the system functionality.
- 5.3 It is common practice for software companies to introduce major upgrades to their systems after a period of years. It is also typical that such products are re-badged. Although it is easy to be cynical about such practices, it is necessary for software to be kept up-to-date, and this will inevitably require an occasional major upgrade to take advantage of developments in technology. Suppliers will inevitably wish to pass this cost onto customers, as far as contractual arrangements allow.
- 5.4 The option of simply retaining the existing TASK Financials system is not recommended. Consilium will not provide any routine upgrades to this package, and have introduced all new enhancement requests made in the last 18 months into the Total Finance product. Therefore, the continued use of TASK Financials could not be sustained for very long as changes and improvements to software functionality are required at regular intervals for operational efficiency and, sometimes, statutory purposes. Therefore, the only realistic alternative in not upgrading to Total Finance would be to seek tenders for a new financial system.
- 5.5 The new component that is supplied as an integral part of Total Finance is called the TotalView Portal.

TotalView Portal

- 5.6 The TotalView Portal is essentially a new way of presenting the existing functionality in Total Financials, providing a new set of benefits to users. It takes advantage of the now common use of the internet and availability of high speed broadband links to provide a new way of accessing information in the system and in carrying out standard activities.
- 5.7 A current difficulty for occasional users is the complexity of the TASK Financials product. This complexity is necessary to provide all the functionality required to carry out the various

corporate finance activities. However, it does make TASK Financials difficult for non-finance staff to use, simply because there is so much in the system. This is a barrier to the future effective use of the system in non-finance areas. Examples of where easier access will provide benefits are in the efficient use of the purchase ordering module, and in inputting basic information at source (such as raising one-off debts) rather than using paper documents and re-keying data.

- 5.8 TotalView is designed to give users a proactive method of accessing the key information they need from Total Finance to conduct their tasks on a day by day basis through a set of 'portlets'. The TotalView portlets will make the system easier to use for occasional users by displaying only those parts of functionality in the Total Financials system that they need. Therefore, TotalView can be tailored for users giving easier and quicker navigation of the product which therefore streamlines business processes and creates savings in staff time.
- 5.9 The TotalView Portal can also be accessed over the internet. This would avoid the need for users in locations such as the sports centres to be linked to the core Total Finance product, as the portlets would provide access to the features of the system that they need. TotalView would also enable remote and home-working to be supported.
- 5.10 Examples of the standard finance portlets that would be established in TotalView are:
- Purchase orders request portlet: This allows a budget manager to enter a new purchase order for authorisation. The portlet would be much simpler for occasional users of the system to use.
 - Purchase orders authorisation portlet: This shows a manager that there are orders awaiting authorisation.
 - e-Creditors scanning monitor portlet: This enables a manager to monitor the progress in processing invoices for payment.
 - Creditors authorisation portlet: This shows a manager that there are invoices awaiting authorisation. It will be developed into a feature of workflow for this activity in future developments of the product.
- 5.11 Other portlets can be designed for users. Each portlet will allow users to 'drill-down' to the underlying data.
- 5.12 In time, it is envisaged that TotalView portal would be developed to become the main way that most non-finance staff use the system to enter and access information. Therefore, the training overhead for occasional users will be much reduced as the portlets are simple to use and users will not have to learn all the features in the core Total Finance product.
- 5.13 Other portlets would enable management reports to be presented in a better way, using the Crystal reporting product. Crystal Viewer licences are included in the price which allows users to view and print Crystal reports developed on the TotalView portal. These reports would allow users to "drill-down" to transaction level so that, for instance, budget variances can be readily investigated.
- 5.14 TotalView (and therefore, Total Finance) is a necessary pre-requisite to using the e-purchasing and e-creditors modules.

6. New Modules in Total Finance

e-Purchasing

- 6.1 The e-Purchasing module is an extension in functionality of the existing purchase ordering module, which is a standard application in TASK Financials.
- 6.2 The purchase ordering module was implemented in TASK Financials in 2006. In January 2006 the Corporate Management Committee approved an implementation budget of £10,500 for the consultancy support required to set up this module and roll it out. It proved possible for Accountancy staff to carry out a substantial part of the implementation and only £4,700 of the approved budget was required for consultancy support.

- 6.3 The purchase ordering system is now well established with over 140 live users across all departments. Over 9,000 orders have been issued since the module was implemented.
- 6.4 The e-Purchasing module takes the functionality in the purchase ordering module forward by making the jobs of raising requisitions and purchase orders, supplier sourcing, authorisation and approvals more user friendly. This would address a common criticism by some users that the system is geared towards the accountants rather than the needs of other staff.

e-Creditors (invoice scanning)

- 6.5 The e-Creditors module allows all incoming supplier invoices to be scanned and indexed into Total Finance. Invoices can then be electronically approved from within the application by the purchasing departments. This will reduce the current administrative overheads of dealing with paper documents, storage requirements, and associated staff time.
- 6.6 The use of the e-Creditors module is not aimed to replace the corporate EDM system, rather to work specifically for the needs of the procure-to-pay process. By scanning the document directly into Total Finance all indexing can take place at one time. This work is very similar to the current process of registering an invoice carried out by finance staff and will therefore incur very little extra staff time. Indeed, by handling the paper invoice only once (at scanning stage), it is anticipated that there will be modest overall time savings within the Payments Section. Directly scanning the image into Total Finance will also avoid the need to construct the complex interfaces to link scanned documents into the various modules within Total Finance that would be needed if the DMS system was used to capture the scanned document. The work carried out by the DMS section in scanning invoices after they have been processed can be saved.
- 6.7 The scanned image will enable a work-flow process to be built around the procure-to-pay process and will eliminate one of the bottlenecks that has prevented the "prompt payment" performance indicator to rise above 95% of invoices being paid on time. In this respect, the work-flow functionality will be able to automatically remind staff when invoices are approaching late payment stage.
- 6.8 The scanned images of the invoices will be stored in the Total Finance system. This will allow budget managers and support staff to use the system to drill down from high-level budget information down into images of invoices and other payment vouchers. Therefore, budget managers will not need to open the separate DMS system and re-key information for each payment transaction they need to see. This would also address a long standing gap in the ability of budget managers, payments section staff and accountants to readily access copies of invoices that are needed to answer day-to-day queries from management and auditors. Once the system is established, it will be Officers' intention to request permission from HM Revenue and Customs for the system to replace the need to retain paper copies of all invoices and associated documents for the statutory period of 6 years. This would create further savings in terms of storage of documents.

Budget Modelling.

- 6.9 The Budget Modelling module will allow the accountants to construct and maintain budgets within the Total Finance application environment.
- 6.10 The Council's present process for budget preparation is that the service accountants prepare their budget models in spreadsheets. These are then manually collated to provide the analysis of budget changes used in comparing budgets to forecast, and in identifying the cost of inflation, savings, increased costs and other budget changes. This is a laborious process and is not capable of accommodating 'what if' type analysis in an easy way. Once the budget is approved, the budgets (for both the current year revised budget, and new year budget) are keyed into the live financial application. This is a time consuming job and it is not possible to use these spreadsheets to model budget scenarios.
- 6.11 Budget Modelling provides a much more structured environment introducing disciplines that allow users to monitor the budget process in a controlled environment. Users can draw information from historical years to help set a base budget. As the budget is being modelled, users can import estimated budgets for future years for comparative purposes. Once complete the budget is transferred to the live Ledger.

7. Technical Considerations

- 7.1 The existing server will be used for the implementation of Total Finance
- 7.2 The upgrade will include a review of the current method of accessing TASK Financials and subsequently Total Finance via terminal services. This will be necessary to ensure that there is a stable technical platform for the Total suite of products, and will assist in the smooth transitional to Total and the performance of the product.

8. Resource Implications

- 8.1 Consilium submitted the following software and services quotation.

Overall cost of proposal to upgrade the TASK Financials system				
	Capital costs			Revenue
	Cost of software	Implement-ation	Total	Annual maintenance
	£	£	£	£
Total Finance upgrade	30,000	8,000	38,000	(as existing)
e-Purchasing	4,500	4,000	8,500	1,200
e-Creditors	4,500	4,000	8,500	1,200
Budget Modelling	6,000	4,000	10,000	1,600
Total	45,000	20,000	65,000	4,000

Total Finance upgrade

- 8.2 The upgrade to the Total Finance upgrade will enable the Council to benefit from incremental upgrades to the core financial system. There will also be modest benefits from using the TotalView Portal functionality in making current operations more efficient and user-friendly for non-finance staff.
- 8.3 However, the upgrade to Total Finance is primarily necessary to maintain a corporate finance system that is fit for purpose. In this respect there is very little choice but to accept this element of the proposal from Consilium.
- 8.4 The software licence agreement for this system specifies an initial term of the licence to 30 September 2010, with the Council having the option to extend the Agreement for a further three years. The term of the licence effectively allowed for 7 full financial years use of the system, with a further 3 years at the Council's discretion (i.e. to September 2013). The licence also allows for 6 months use of the system at the end of the term so that year-end work could be carried out should the Council decide to use a new financial system.
- 8.5 Consilium have offered a perpetual licence for Total Finance. They have also stated that routine enhancements to Total Finance will be part of the Council's normal maintenance charges for at least another 7 years. After this time, it is likely that technological advances require a further significant upgrade to the core product. As with the upgrade to Total Finance, Consilium would expect users to contribute towards the cost of future upgrades.

New Modules in Total Finance

- 8.6 The new modules for e-creditors and e-purchasing will enable workflow to be applied to the current procurement-to-pay process. This will mean more efficient processing of transactions (principally by removing paper flows from the payment end of the system) and automatic prompting of staff on the actions they are required to take. This should significantly assist in better performance in the Council target for prompt payment. It is difficult to put a precise figure on the saving that workflow would produce. However, based on a modest reduction of 2 minutes in handling each document, the annual saving based on 12,000 invoices at a staff cost of £12.50 an hour is £5,000. There will also be a modest time saving in the DMS Section of scanning invoices, and this has been estimated as a notional £500.
- 8.7 The e-purchasing module will also help meet the objectives set out in the Procurement Strategy, updated by the Corporate Management Committee in February 2009 (one of the objectives in the Procurement Strategy is to report to the IT Members Working Group on options for development of purchase ordering and other IT solutions). The functionality will

enable easier entering of purchase order requests. Based on a modest reduction of 3 minutes on entering each order, the annual saving based on 2,500 orders at a staff cost of £12.50 an hour is £1,500.

- 8.8 The Budget Modelling module will assist in providing a more structured approach to constructing and analysing budgets. The module will save time in enabling better modelling of budget options and more ready analysis of budgetary changes. It is estimated that the time saved will be equal to 5 weeks of accountancy staff time (approximately £5,000). The report to the Corporate Management Committee in March on the introduction of International Financial Reporting Standards (IFRS) explained the increasing burden on accountants to produce the Council's statutory accounts. Meeting these additional burdens within existing staffing resources will need continued investment in accounting systems to yield time savings from the incremental adoption of more efficient working practices and systems. The time savings from the use of the Budget Modelling module will be devoted to the introduction and on-going requirements of IFRS.
- 8.9 The benefit from the incremental improvements from updates to software can also be significant. For example, the functionality in the Debtors Module for establishment and processing of direct debit instructions automatically (rather than transfer of paper documents) was introduced into TASK Financial as part of a routine upgrade. As a contrast, Northgate were asking for in excess of £10,000 for the introduction of this functionality for one module of their financial systems. Clearly, not all changes will be this significant, nor can it be assumed that Consilium Technologies will provide such enhancements free as part of their core system updates in the future. However, the cumulative impact of even modest system functionality improvements creates efficiencies that can be used to meet new demands or, as opportunity allows, cash savings.
- 8.10 An assessment of the overall revenue implications for the purchase of the new modules is as follows:

Cost/benefit analysis: New modules in Total Finance	
	£
Additional revenue costs	
Additional annual maintenance charges	4,000
Capital charges (written off over 5 years)	6,000
Sub total – additional costs	10,000
Savings	
Processing savings from scanning invoices	5,500
Processing savings from using e-purchasing	1,500
Budget modelling – staff time savings	5,000
Sub total – savings	12,000

- 8.11 There is an annual provision of £100,000 for system upgrades and developments in the Council's capital programme. For 2009/10, a sum of £24,000 has been carried over from 2008/09, making a total provision for 2009/10 of £124,000. The Corporate Management Committee approved a set of enhancements to the planning system in June 2009 that used £58,600 of this provision, leaving £65,400 available. This means that the upgrade to Total Finance and the new modules, in the sum of £65,000, can be met from this provision. However, this will leave only £400 unapplied for the remainder of 2009/10.
- 8.12 The cost/benefit analysis indicates that there is a modest net benefit from utilising the new modules. The Council's Capital Strategy classifies schemes that permit future savings or increased efficiency as "priority 2" (priority 1 being schemes that are essential for statutory, contractual, or safety purposes, or for the purposes of preventing a service breakdown). A priority 2 classification would normally be sufficient for inclusion in the capital programme.
- 8.13 Members will appreciate that an annual provision of £100,000 for system upgrades and developments is likely to be sufficient only to meet necessary system upgrades, and projects that demonstrably and prudently create net savings. This means that there are unlikely to be sufficient resources to permit schemes that, for instance, deliver discretionary service developments to proceed.
9. Risk Factors

9.1 The risk of not upgrading to Total Finance is that the core accounting product will become unfit for purpose, either by not being able to meet new accounting or other statutory requirements, or that it becomes inherently inefficient. The Council would also not be able to use enhancements that are applied to Total Finance.

9.2 Total Finance is already in use by most Consilium customers, and other customers currently on TASK Financials have agreed to move to Total Finance. Therefore, Total Finance is a proven operational product.

10. Council Policy

10.1 These proposals to purchase the e-Purchasing and e-Creditors modules will provide a further part of the infrastructure required to implement the e-procurement strategy.

10.2 The proposal to upgrade from TASK Financials to Total Finance is consistent with the IT strategy of purchasing proven products that provide tangible benefits.

10.3 The proposals are consistent with the Council's approved capital strategy.

11. Conclusion

11.1 It is important that key business systems are kept up to date. This will allow the efficiencies and flexibilities that can be delivered from new technology to be realised.

11.2 At its meeting on 3 August 2009, the IT Member Working Group agreed that it was necessary to upgrade to Total Finance in order to maintain a corporate finance system that is fit for purpose.

11.3 The new developments in the Total suite of products will provide further business efficiencies. The additional full resource costs of the new developments can be met from savings and efficiencies. The functionality in the upgrade will be developed to create further savings where possible.

IT MEMBER WORKING GROUP'S RECOMMENDATION that –

- i) the TASK Financials system be upgraded to Total Finance at a capital cost not exceeding £38,000;**
- ii) the e-Purchasing, e-Creditors and Budget Modelling modules be purchased at a capital cost not exceeding £27,000 and the additional revenue costs of these modules be met from internal efficiencies; and**
- iii) a Capital Estimate in the sum of £65,000 for these upgrades be taken from the provision for systems upgrades and development held in the capital programme.**

(TO RECOMMEND)

Background Papers

Total Financials proposals from Consilium Technologies dated 24 February 2009 (Exempt) (DF)

14. UPGRADE TO CONTENT MANAGEMENT EDITOR (ICEO)

1. Purpose of Report

1.1 To advise Members of computer software that should be upgraded in order to promote the efficient working of the Council.

2. Background Information

2.1 As part of the upgrade process earlier this year the Vignette Application Portal (VAP) was upgraded to version 7.4 of the software. This upgrade permits the full integration of the Portal with Vignette Integrated Document Management (IDM) and will allow users to view documents in IDM through a browser, a prerequisite for the planned upgrade to on-line planning applications.

3. Problem Encountered

3.1 Once the upgrade started to be tested it became clear that if the true value of the content management element of VAP were to be realised it was essential that the default editor available to users would have to be upgraded. The default editor in VAP permits the user to generate HTML code that is not accessible to the disabled, does not conform to the look and feel standards that are part of the Web design and has spelling errors as use of the spell checker cannot be enforced. Achieving compliance in each of these areas would require complex procedures to be written and their compliance enforced thus wasting valuable staff time.

3.2 It was found that upgrading the default editor to an evaluation copy of the enterprise version of the product resolved these problems. The enterprise version of the editor has the following configurable features over and above the basic version, namely giving users and/or administrators the ability to:

3.2.1 track changes -- facilitating group working and maintaining an audit of changes to Web site

3.2.2 crop, resize and rotate images with the click of a button, in addition to creating special effects like drop shadow, reflection and rounded corners -- giving the users the ability to improve the visual content of their section of the site

3.2.3 have the content checked inline for accessibility so that this does not become an issue after pages are published but is part of the text creation phase – making the generation of compatible code central to the authoring process and not an additional task that must be tackled afterwards

3.2.4 work in tables that are AA compliant -- allowing staff much greater flexibility in presenting tabular information

3.2.5 auto-correct and fix spelling errors as text is typed eliminating the risk of these reaching the published site with its impact on accessibility and the image of the site and the Council as a whole

3.2.6 identify broken hyperlinks before these are published – thus maintaining the high standard of accessibility and functionality already reached.

3.2.7 import Word Documents, largely the software of choice for creating content – giving greater flexibility for authors and increasing the pool of people who can readily provide content.

3.3 The evaluation version of the enterprise editor allows the Council to evaluate the software for a limited period. A licence upgrade to the enterprise version must be made at the end of the evaluation period, otherwise the enterprise version of the editor will cease to function and only the web team will be able to update the Council's website.

4. Action Proposed to be Taken

4.1 In order to make progress with the roll out of the content management element of VAP to users in all departments the upgrade was completed with the enterprise version of the editor on an evaluation key left in place.

4.2 Purchase of the upgrade to the enterprise version will be made from the Hardware Replacement Fund. The full allocation in this budget has not currently been utilised.

5. Financial Implications

5.1 The cost of the licence upgrade is £12,150. This covers usage on the production, the fail over server and the development server. Annual maintenance will be absorbed in the Revenues budget as part of the VAP and VIDM maintenance contracts which are coming up for their 3 year renewal.

6. Recommendation

6.1 The IT Member Working Group have considered this report and make the following recommendation.

IT MEMBER WORKING GROUP'S RECOMMENDATION that –

- i) the above software be upgraded at a sum not exceeding £12,150;**
- ii) this expenditure be met from the capital programme provision for Hardware Replacement; and**
- iii) the revenue implications of the upgrade be met from within existing budgets.**

(TO RESOLVE)

Background Papers

None stated

15. PERFORMANCE RELATED PAY – CONSULTATIONS (ICEO)

1. Purpose of Report

1.1 **The purpose of this report is to inform Members of the outcome from staff and trade union consultations concerning a proposal to suspend the Council's Performance Related Pay (PRP) Scheme for a period of up to two years and to seek a decision from Members on an appropriate way forward.**

2. Background Information

2.1 At their meeting on 16 June 2009, taking into account various options and their respective advantages and disadvantages together with the Council's current financial situation and the contractual and equal pay implications, the Personnel Services Member Working Group recommended that:

- a) the PRP scheme be suspended for a period of two years, with a review of the situation after one year;
- b) during this period of suspension, PRP progression within salary scales be replaced by automatic 3% incremental progression subject to individuals having sufficient headroom in their scale and not being subject to formal disciplinary or capability proceedings;
- c) during this period, PRP one-off lump sum payments be suspended;
- d) new appointees be made aware of the suspension of the PRP scheme; and
- e) the current Appraisal scheme be retained.

Proposal b) above to retain a form of incremental progression was intended to retain the provisions that had applied formerly in the national pay scales. It also recognised that as the rate for the job being undertaken by a fully experienced and competent individual was at scale maximum, interruption of progression to that point would not be appropriate.

- 2.2 The revenue savings from these proposals would equate to over £300,000 in the two financial years 2010/11 and 2011/12. This sum would contribute towards the revenue savings target of £1.5 million and would reduce the risk of staff redundancies.
- 2.3 These recommendations were supported by this Committee at its meeting on 25 June and Officers were instructed to undertake consultations with staff and UNISON prior to a formal decision being made on the matter.
3. Report
- 3.1 The Personnel Manager circulated the proposals to all 500 staff via the July Personnel Bulletin and followed up with a further more detailed explanatory email on 6 July. The local branch of UNISON separately canvassed the views of their members.
- 3.2 Notwithstanding the general understanding by staff of the need to identify cost savings, the majority of those staff who responded to the invitation to comment expressed opposition to some or all of the proposals. The Personnel Manager received only 34 responses although it is understood that approximately 50 staff made representations to UNISON.
- 3.3 The following represents a summary of the main responses received by the Personnel Manager and UNISON from staff by 31 July.

Response	Personnel Manager Comments
<p>1. Discriminates against long serving high performing staff in that they receive nothing whereas less experienced staff receive a 3% increment regardless of performance</p>	<p>Understandably, this comment reflects the fact that the majority of staff are currently on scale maxima and do not have headroom for further salary progression.</p> <p>The purpose of the proposed increment is not to reward performance, but to reflect growing experience until staff reach the top of the scale, which is the market rate for competent experienced staff. It would arguably be unfair to eliminate the increments, as salaries of experienced and competent staff would be frozen at a lower level than the market rate for the job.</p> <p>Freezing incremental progression would also introduce a provision that was detrimental to the national pay conditions that staff gave up to adopt the local conditions.</p>
<p>2. Will have an adverse effect on staff morale and motivation</p>	<p>Clearly it is inevitable that, whatever decision is made, staff will be disappointed in the short term. However, there is little evidence that PRP has much influence on performance – it is more a reward for high performance.</p> <p>Most local authorities have never had PRP. The appraisal process will continue to operate. This process facilitates staff training and development and links individual targets with the Council's objectives as agreed from time to time.</p>
<p>3. Unfair to withdraw a facility half way through the year when staff have already been working hard to achieve a bonus payment</p>	<p>Whilst a small number of staff might be payment motivated, this is unlikely to be a widespread situation.</p> <p>The proposals will not yield savings until 2010/11 – a further delay is not credible.</p>

Suggested Alternative Approaches By Staff		
	Comment	Financial implications
A. Retain rent scheme in its entirety	This suggestion was made by just one individual and does not suggest alternative sources of securing savings	Does not address savings requirement. Only viable if savings can be found elsewhere.
B. Freeze all payments	This suggestion was made by staff who were on scale maxima and who perceived unfairness in less experienced staff being rewarded whilst long serving high performing staff received nothing. A potentially equitable approach in that all staff are treated in the same way by making no payments. However, see comments in 2 above.	This proposal would potentially add a further £200,000 to the savings (i.e. £100,000 in each year)
C. Smaller one-off performance related payments be made to all high performing staff regardless of their position on the salary scale	<p>This suggestion retains the performance related pay concept but makes one-off non consolidated payments to all high performing staff with no incremental progression. A potentially equitable approach in that all high performing staff are treated in the same way but discriminates against 'Good' performers and below who receive nothing. The level of payments would, of necessity, be so low that it is questionable whether they would be worthwhile. Also see comments in 2 above regarding freezing of incremental progression.</p> <p>The practice of awarding merit payments for one-off meritorious pieces of work will continue</p>	If contained within budgetary provision for incremental progression this suggestion is cost neutral in retaining the original £300,000 savings over the two year period.
D. Incremental progression should continue to be performance related	<p>This suggestion addresses the issue of staff with headroom in their scales being rewarded regardless of their level of performance.</p> <p>However, this creates a two-tier system with the most experienced longer serving staff ceasing to be part of PRP. It also re-introduces all the complexity of the banding system.</p> <p>This proposal again mistakes the annual increment for a performance reward. There could be scope for introducing</p>	This suggestion is cost neutral in retaining the original £300,000 savings over the two year period.

	a simple assessment of competence and experience that triggers progression but without sufficient rigour and safeguards would introduce further equalities issues.	
E. Award staff with additional leave or flexileave and relax car parking restrictions	Additional leave could have resource implications for cover in key areas. Additional flexileave could result in cover problems. Flexileave and car parking and would not apply to all staff so would be divisive.	Provided any additional cover costs are contained within budgetary provision, the £300,000 savings could be maintained.
F. Award staff with Christmas retail vouchers	A decision would need to be made as to whether these would be performance related or salary related or just a standard amount given to all staff regardless of performance or salary. It is doubtful whether such a goodwill gesture would be valued by staff and whether the costs would be better applied towards savings.	Depending on the value of the vouchers and the number issued costs could be contained within budgetary provision, maintaining the £300,000 savings.
G. Offer spare in-house training course places to outside businesses as a source of additional income	These could be offered through the Runnymede Business Partnership	Whilst this could generate a small income, the take up of places on inexpensive training courses by the RBP has not been high
H. Review the use of consultants to ensure they represent value for money	The use of consultants is constantly kept under review.	Where cost effective, available and appropriate, in-house resources are used in preference to consultants

3.4 It appears that none of the above options are ideal and whichever is chosen will disaffect some or all staff. On balance, therefore, Officers have come to the conclusion that the original recommendations made by the Personnel Services Member Working Group and supported by the Corporate Management Committee represent the least worst option. The only caveat would be that in order to address the issue of ensuring that incremental progression is withheld if not merited, staff who on 1 April were subject to a disciplinary or capability warning would not qualify for incremental progression. Clearly if any such warning were overruled at an appeal the increment would be paid.

3.5 Equalities Issues

3.5.1 Concerns have been expressed for some time about whether the current PRP scheme contained discriminatory elements. Members will recall that earlier attempts to develop a more transparent and objective scheme were abandoned when it became clear that such an exercise would result in a very complex and labour intensive system.

3.5.2 Following a decision at the March Corporate Management Committee, the South East Employers Organisation (SEE) is currently undertaking an equal pay audit for the authority. As part of that exercise, SEE has been asked to review the PRP scheme and to make whatever recommendations are necessary in order to eliminate or substantially reduce any potential discriminatory elements. Officers will bring forward a further report in the autumn.

3.6 Legal Issues

- 3.6.1 The PRP scheme and its provisions are incorporated into individual contracts of employment. Consequently, any significant changes or suspension of the arrangements will require formal consultation and notice being served of such changes. Technically, this will require current contracts being terminated and new revised contracts being offered in their place. If individuals were minded not to accept the revised contract, their employment with the Council would come to an end. If that occurred, the Council could be open to claims for unfair constructive dismissal. Should any such claim be lodged, the Council would defend its actions on sound business grounds following consultations and due notice.
- 3.7 Resource Implications
- 3.7.1 If adopted, the recommendations would contribute £300,000 towards the savings target in the two financial years 2010/11 and 2011/12.
- 3.8 UNISON Consultations
- 3.8.1 UNISON representatives met with the Personnel Manager and Interim Chief Executive on 4 August to discuss the outcome of the consultation with staff.
- 3.8.2 UNISON received approximately 50 separate responses. A number of these were representing the views of sections of up to 5 people so we were encouraged by the strength of feeling about the proposals and the many positive suggestions that were offered in order to try and achieve equitable treatment of staff across a range of grades and experience and length of service.
- 3.8.3 UNISON concurs with what has been summarised in the table as being largely representative of responses received, although some of the responses we received were more detailed. It was apparent that the situation and people's reactions to it were complicated and rather than being motivated by pay there was a strong sense of wanting staff to be treated fairly.
- 3.8.4 The issue of paying all staff 'an amount' with a number of variations on that theme such as increasing band widths and/or paying a lower amount of PRP for each band to reduce costs was raised and UNISON notes the comments on these ideas in the report.
- 3.8.5 Many of the questions arose from the proposal to award 3% automatically to those with headroom in their salary and asked what the Council should do to fairly treat and reward staff at the top of their scale. It has been explained in this report that 3% is aligned with the NJC incremental progression, and to deviate from that amount could cause greater inequity.
- 3.8.6 Where staff are subject to disciplinary or capability procedures, UNISON agrees with the undertaking to make the award should a case be 'dropped'.
- 3.8.7 UNISON notes that the pay award is likely to be increased from 0.5% to 1%, which is still less than the 2% originally budgeted for. However, it is welcome to staff, especially those that will lose from the proposals for PRP. The Council might like to consider the benefits of an increased pay award in future years.
- 3.8.8 Most staff also appreciate that redundancies, be it voluntary or compulsory, may now have to be considered and that being employed, albeit on less favourable terms, is preferable to the alternative. This does not negate the feelings of resentment and injustice of the situation and the effect this has had on the morale of loyal staff that work hard for the authority and each other.
- 3.8.9 Staff with long service and/or who have achieved scale maximum amounts to approximately 63% of staff. It is a fact that staff with long service, whose loyalty to the Council has kept them here, are the main losers under the proposals. This group is most likely to be disaffected and it is disappointing that there appears to be very little being done to soften what is effectively a pay cut for the next two years. UNISON has made the point that by effectively freezing their position these staff will in time see their salaries falling behind those elsewhere. We suggested some kind of goodwill gesture in the future to compensate; as yet nothing has been budgeted for.

- 3.8.10 UNISON considers that the Council could look at other measures to address the major issues of motivation and morale, such as relaxing car parking restrictions, giving vouchers or other discounts. Whilst their benefit may be modest they could nevertheless be appreciated and not necessarily divisive.
- 3.8.11 UNISON notes the comment that the use of consultants is kept under review. Our view is that services should be provided in-house and that most consultants are costly and do not necessarily provide good value for money. Where resources are stretched the Council could explore in-house options more, as long as there was sufficient support (backfilling) to accommodate the work.
- 3.8.12 UNISON welcomes the retention of merit payments to recognise achievement of mainly one off projects or other work.
- 3.8.13 UNISON notes the forthcoming Equal Pay Audit and that the current PRP system will be included in that audit. Nevertheless, we are obliged to remind Members that the Council's pay and grading structure also requires attention to ensure that, whether or not PRP is retained (if it can be objectively justified), our staff are paid the correct amount for the work that they do in all sections of the authority so that they do not have to rely on PRP or other payments, to make their salary favourably comparable with those observed elsewhere, thus also assisting the Council's recruitment and retention objectives, noting that staff turnover is currently approximately 12%.
- 3.8.14 Retaining the appraisal system as it is means that refresher training is needed and appraiser and appraisee are made aware or reminded of the Council's changing objectives, new performance indicators and other measures to make the appraisal process meaningful in itself, focussing on training and development rather than a PRP rating. We have been assured of the Council's continued commitment to training for staff, delivered in a cost effective way.
- 3.8.15 The communication of the issues to all staff, wherever they are based, in a readily accessible way is important and UNISON will be working with the Council to address this.
- 3.8.16 The report touches on the contractual issues of bringing a halt to PRP half way through the appraisal year, changing the scheme for the remainder of staff and the subsequent serving on staff of a variation to employee terms and conditions.
- 3.8.17 UNISON has sought advice on these issues, and whilst the employer may have called into question the issue of maintaining 'mutual trust and confidence', the period of consultation and the notice period for serving the actual change to express terms and conditions appear at this stage to have been addressed. The Employer's defence for making the contractual change has not been tested and UNISON reserves the right to make further comment and consider appropriate steps should this become necessary, in consultation with our Regional Organiser(s).

OFFICERS' RECOMMENDATION that with effect from 1 January 2010 -

- i) the PRP scheme be suspended for a period of two years, with a review of the situation after one year;**
- ii) during this period of suspension, 1 April PRP progression within salary scales be replaced by fixed 3% incremental progression subject to individuals**
 - a) having sufficient headroom in their scale and**
 - b) not being subject to a current formal disciplinary or capability warning at that date;**
- iii) during this period, PRP one-off lump sum payments be suspended;**
- iv) current staff be served notice of these changes;**

v) **new appointees be made aware of the suspension of the PRP scheme;
and**

vi) **the current Appraisal scheme be retained.**

(TO RESOLVE)

Background Papers

Comments made by staff following consultation

16. INDEMNITY FOR MEMBERS AND OFFICERS (DAL)

1. Purpose of Report

1.1 **To seek approval for an update of the terms of the indemnity that the authority provides to Members and Officers in carrying out their functions.**

2. Background Information

2.1 In July 1998, on the recommendation of the then Policy and Resources Committee, the Council approved a form of indemnity for Members and Offices acting within the scope of their authority in good faith. The objective was to ensure that individuals working to further the authority's objectives would not be personally liable in discharging their proper functions.

2.2 The danger is not purely theoretical. Over the years there have been isolated incidents of legal action against Council Members or Officers, particularly when serving on outside bodies or companies.

2.3 When a Member or Officer is acting directly in their office for the Council, normally any liability will be the Council's, and the Council's insurance policies will cover both the authority's liability and that of any Members or staff acting properly. There are, however, some limited exclusions.

2.4 A similar position applies where a Member or Officer is appointed to an outside body purely to represent the Council and the Council's interests. However, in a number of situations the Council appoints individuals directly to the Committees or other managing bodies of local trusts or organisations, normally at the request of the body involved. In such cases, the Member or Officer will usually be acting for the outside organisation, not for the Council. In the case of charitable trusts, the appointee will be under a legal duty to act in the best interests of the organisation, even if these are contrary to the Council's interests.

2.5 Where the appointee is acting for an outside body rather than the Council, they cannot be covered by the Council's insurances. The Council advises its appointees to check the body's own insurance position when they are appointed.

2.6 The form of indemnity provided in 1998 was intended to offer additional protection to Members and Officers, so far as the Council could lawfully do so. This still did not dispense with the need to exercise reasonable prudence in checking outside bodies' insurance arrangements.

2.7 The 1998 form of indemnity was drafted on Counsel's advice and relied on the general power to do things incidental to the exercise of functions under the Local Government Act 1972. Since then, the Government has made explicit provision for indemnities under the Local Government Act 2000 and the Local Authorities (Indemnities for Members and Officers) Order 2004. The terms substantially overlap the Council's own 1998 indemnity, but it is appropriate to review the wording of that to ensure that it sits all square with the Order.

3. Report

3.1 The proposed revised indemnity is set out at Appendix 'J'.

3.2 The key points can be summarised as follows:

- a) The indemnity applies to any Member or Officer exercising their functions in good faith or as requested or approved by the authority. This includes, in the case of Officers, functions for which they are not normally employed but which they have been asked by management to assume, for example to cover an illness or other absence.
- b) The indemnity also covers Officers signing certificates for the Local Government (Contracts) Act 1997 (confirming the authority's power to enter into contracts) and Members or Officers who are appointed as Directors of a company or as Members or representatives for any outside body.
- c) The indemnity also covers Members subject to investigation for alleged breach of the Code of Conduct.
- d) In the situations listed above, the Council will indemnify the Member or Officer against any claims, including the award of costs, and will not claim against them itself for costs against which they are not insured.
- e) The indemnity will not apply to:
 - unlawful items of account;
 - criminal offences (unless the Council can lawfully agree otherwise and does so);
 - fraud, dishonesty, or deliberate wrongdoing or recklessness;
 - cases where the Member is found to be in breach of the Code of Conduct (any money already paid under the indemnity is to be reimbursed in this instance).
- f) The indemnity will not apply if the Member or Officer accepts any liability without the authority's consent.
- g) There are some more detailed provisions for which Members are referred to the Appendix.

4. Legal Implications

4.1 With the exception of the provision which might allow the authority to permit the extension of the indemnity to criminal conduct, all of the matters covered by the indemnity fall within express statutory powers.

5. Financial Implications

5.1 The chances of having to pay money under the indemnity in circumstances where the Council is not covered by insurance are very small. No claim has been made under the existing indemnity in the 11 years since it was approved. However, given the serious consequences to the individual, if they find themselves being held personally liable simply for discharging their office, it is recommended that the indemnity is continued, in its modified form.

6. Consultations

6.1 The local branch of Unison has been consulted on this report and, subject to reassurance that the indemnity covers members of staff who might be asked to carry out tasks not within their normal roles (for example during a 'flu pandemic), is content with the recommendation. The indemnity will cover staff in that position subject to the same exceptions (e.g. for

criminal or unlawful conduct) as apply to their normal duties; the Council cannot override these.

OFFICERS' RECOMMENDATION that –

the form of indemnity set out at Appendix 'J' be adopted in place of that approved in July 1998.

(TO RECOMMEND)

Background Papers

None

17. NON-DOMESTIC RATING REVALUATION 2010 – TRANSITIONAL ARRANGEMENTS (DF)

1. Purpose of Report

1.1 **To consider a response to the consultation paper on transitional arrangements for the forthcoming business rates revaluation.**

2. Background Information

2.1 The consultation paper issued by the Department of Communities and Local Government (DCLG) is reproduced at Appendix 'K'. It is also available on line at <http://www.communities.gov.uk/documents/localgovernment/pdf/1276708.pdf>. Background information on business rates revaluation and transitional arrangements is provided in paragraphs 2 to 11 of the consultation paper.

3. Report

3.1 Business rate revaluations do not raise more tax revenue. They are intended to realign rateable values to reflect changes in rental values since the last revaluation. This can alter the distribution of the rate burden by region (e.g. south-east), by sector (e.g. retail or office) or by district. The consultation paper reports that the preliminary data from the revaluation exercise indicates a 5% reduction in rateable values in the south east (Table 1) and a 1% national increase in retail values compared with a 5% increase for offices (Table 2). Each revaluation produces gainers and losers but the overall tax yield only increases by the amount by which the Government increase the multiplier (and this can be no more than inflation).

3.2 Transitional arrangements have been a feature of all previous revaluations. Their purpose is to phase in increases or reductions in rate bills when the changes exceed a given threshold. The purpose of the consultation is to seek views on the transitional arrangements proposed for 1 April 2010. Four options are being considered (listed in paragraph 9 of the consultation paper):-

- option 1: annual caps on both increases and reductions over four years with different caps for small and large properties
- option 2: the same caps on increases as option 1 but funded from a supplement on all other rate bills
- option 3: annual caps on both increases and reductions over five years with different caps for small and large properties, and
- option 4: the same caps on increases as option 3 but funded from a supplement on all other rate bills

3.3 Officers believe that the transitional relief offered to ratepayers in the past has been an important measure that has helped them to manage large increases in their costs. The cost of the relief has been met by scaling back the reductions that those ratepayers whose rateable value had reduced would otherwise receive. This approach has much to commend

it: the cost is not borne by taxpayers generally and it only falls on those ratepayers who stand to gain from the revaluation.

- 3.4 The introduction of the 2005 rating list was the first time that transitional arrangements were not extended to the fifth year of the list. This has meant that a small number of ratepayers have come out of transitional relief for the first time in 2009/10. There is a fine judgement to be made about the duration of transitional arrangements. If the transitional arrangements are still operating in the fifth year of the rating list it can result in the transitional relief being perpetuated into the next rating list period. It also means that those ratepayers who stand to gain the most from reductions in their rateable value will not receive the full value of their reduction during the life of the rating list because they will still be paying for the relief granted to the biggest losers. However, in view of the economic downturn it is likely that large losers will have a greater need for transitional relief. For this reason, Officers believe the proposal to phase the transition over five years is more pragmatic than the alternative of limiting it to four years.
- 3.5 The consultation paper asks four questions and Officers' suggested responses reflect the comments made in the preceding paragraphs.

Question 1: having regard to the cost of the transitional relief, do you think the caps on increases for small properties adopted at the 2005 revaluation should be repeated for the 2010 revaluation?

Suggested response: Yes.

Question 2: having regard to the cost of the transitional relief, do you think the caps on increases for large properties adopted at the 2005 revaluation should be repeated for the 2010 revaluation?

Suggested response: Yes.

Question 3: do you think that transitional relief should be provided over four years (options 1 and 2) or 5 years (options 3 and 4)?

Suggested response: Over five years (option 3).

Question 4: do you think the transitional relief should be funded by downward caps on reductions in bills (options 1 and 3) or by a supplement levied on other ratepayers (options 2 and 4)?

Suggested response: By downward caps on reductions in bills (option 3).

4. Resource Implications

- 4.1 The 2010 rating list will not be published until 1 October so it is not known at this stage if any properties on which the Council pays business rates will be affected by transitional relief.

5. Equalities

- 5.1 The results of the impact assessment undertaken by the Department of Communities and Local Government are summarised on page 48 of their consultation paper. There are no implications for race, disability or gender.

OFFICERS' RECOMMENDATION that –

the Council's response to the consultation paper be as set out in paragraph 3.5.

(TO RESOLVE)

Background Papers

None

18. BUDGET CONSULTATION (DF)

1. Purpose of Report

1.1 **To report on the appointment of a company to co-ordinate consultations with the public on the Council's budget.**

2. Background Information

2.1 The Council already appoints a citizens' panel that provides feedback to the Council on its services.

2.2 Officers will implement the action proposed under delegated powers.

3. Report

3.1 The Council's existing method of obtaining feedback from the public has been effective for issues requiring a satisfaction rating or a positive or negative response. However, it is difficult to achieve meaningful responses to questions that involve an evaluation of choices without commissioning expensive surveys. Officers have reviewed a web-based product that has been designed as a cost-effective way of undertaking budget consultation with the public and are keen to adopt this approach for the following reasons.

- The Council is facing challenging financial prospects which may require decisions to be made involving reduction in service provision. Feedback from the public on service preferences will help to inform Council decisions.
- The task of communicating controversial decisions will be assisted if this can be supported by reference to survey material.
- It is consistent with the Council's aim of maintaining high resident and user satisfaction ratings for Council services.
- It demonstrates the Council's commitment to listening to and responding to the views of its residents.

3.2 The product is marketed by a company called Research for Today Ltd under the name of SIMALTO and has been used by 70 other English local authorities. Details of the Councils that have already used SIMALTO modelling are shown in Appendix 'L'. Three levels of service are available. The most expensive is where the company conduct face-to-face interviews, usually in people's homes. This typically costs between £13,000 and £25,000 depending on the number of people who are interviewed. Another option is to conduct the surveys using workshop forums. This costs up to £8,850 and is again dependent on the number of people required to attend and the number of workshop sessions. The third option is to undertake SIMALTO consultation on the web, which costs £5,500. This is hosted by Research For Today Ltd on their website, to which potential respondents are directed via a link on the Council's site.

3.3 The consultation tool has been designed to answer questions about the choices faced by Councils when making budget decisions, thereby requiring respondents to evaluate the competing demands of different services and what can be provided from a limited budget. In their marketing literature, Research For Today claim that their methodology provides a user-friendly way of identifying

- Those discretionary service reductions that would cause least resident dissatisfaction (possible savings).
- Those improvements residents would most value (possible improvements).
- The optimal mix of savings and improvements within any overall total budget constraint.

- 3.4 The feedback from other local authorities that have used this company's services is favourable. Generally, Members of other authorities appear to feel that this form of consultation assists their role and can provide useful evidence when faced with difficult budgetary choices. Officers feel that this could be valuable for the Council at this particular time.
- 3.5 While there are many companies that can host surveys or questionnaires for the Council, the product developed by Research For Today Ltd appears to be unique. Officers believe that the web-based offering represents the best value for money and propose to purchase this service with a view to inviting the citizens' panel (comprising some 800 local residents) to participate in the survey.

4. Council Policy

- 4.1 The Council's Sustainable Community Strategy and Corporate Plan aims to ensure that the Council:
- i) is sensitive to the needs of all in Runnymede in ensuring access to our services,
 - ii) continues to be well managed and provides value for money,
 - iii) pursues further opportunities for joint working with partner organisations,
 - iv) secures recognised accreditation standards in appropriate service areas, and
 - v) maintains high resident and user satisfaction ratings for our services.

5. Resource Implications

- 5.1 The web-based version of SIMALTO will cost £5,500 which can be funded from the provision for compliance, review and strategy in the Corporate Management Budget.

(FOR INFORMATION)

Background Papers

None stated

19. LOCAL GOVERNMENT PENSION SCHEME – CONSULTATION (DF)

1. Purpose of Report

- 1.1 **To propose responses to a consultation letter issued by the Government on regulatory changes to the Local Government Pension Scheme.**

2. Background Information

- 2.1 The Local Government Pension scheme is a statutory scheme. In Surrey, the statutory authority that administers the Surrey Pension Fund is Surrey County Council and all local authorities in the Surrey area are required to contribute to this Fund to provide for their employees' pensions.
- 2.2 Employees contribute to the Surrey Pension Fund on a sliding scale from 5.5% up to 7.5% of their pensionable pay. In Surrey the Actuary estimates that the average rate of contribution is 6.6%. The employer's contribution to the Fund is based on an actuarial calculation of the amount required to meet future liabilities of the Fund. As the liabilities of the Fund have increased significantly in recent years, this has required large increases in the rate of employers' contributions.
- 2.3 The Actuary is required to value the Surrey Pension Fund every three years. The Fund was last valued by the Actuary in 2007 using valuation data at 31 March 2007. This information enabled the Actuary to determine the level of contributions required from each contributing authority for 2008/09, 2009/10 and 2010/11. The Actuary appointed by Surrey County Council is Hymans Robertson. Table 1 below shows the Actuary's valuation of the whole

fund in 2007 and his assessment of Runnymede's portion of the fund:-

Valuation Date	Whole Fund	Runnymede
	£m	£m
<u>Past service liabilities</u>		
Employees	983.8	30.1
Deferred pensioners	389.8	8.5
Pensioners	845.2	20.5
Total liabilities	2,218.8	59.1
Assets	1,759.3	53.3
Surplus / Deficit	(459.5)	(5.8)
Funding level	79.3%	90.2%

- 2.4 Based on these results, the Actuary determined the contributions that each employer is required to make to the Fund over the following three years. Table 2 shows the position for Runnymede compared with the average for the whole fund.

Valuation Date	Whole Fund	Runnymede
	% of pay	% of pay
<u>Future service costs</u>		
Total cost	21.0%	22.5%
Employee contributions	-6.6%	-6.6%
Expenses	0.4%	0.4%
Net employer share	14.8%	16.3%
<u>Past service adjustment</u>		
Annual amount over 20 years	£15.3m	
Annual amount over 17 years		£380,000
Expressed as % of pay	6.2%	4.3%
Overall contribution rate	21.0%	20.6%

- 2.5 The Department of Communities and Local Government (DCLG) has written to the Council inviting comments on potential changes to the Local Government Pension Scheme prior to the next actuarial review in 2010. The main purpose of any changes will be to ensure that the next actuarial review produces an affordable outcome. Responses to this consultation are required by 30 September 2009.
- 2.6 The letter from the DCLG is reproduced in full at Appendix 'M'. The letter sets out clearly the background to the consultation in paragraphs 3 to 7.
3. Report
- 3.1 The next actuarial valuation takes place in 2010 and paragraph 18 of the DCLG's letter gives expression to the concerns that have prompted this consultation exercise. The letter therefore describes "a possible new approach to solvency" in paragraphs 22 to 29 which challenges the assumption that the Pension Fund should always aim to fund 100% of its long-term liabilities. Paragraph 29 suggests that "a more flexible model might be appropriate" and proposes, firstly, the introduction of a new Financing Plan and, secondly, the establishment of funding targets. Paragraphs 30 to 36 explain how this could be made to work.
- 3.2 The DCLG letter also invites comments on the rate at which employees contribute to the pension fund. The proposals in paragraphs 39 to 43 (summarised in Table 1) envisage an increase in the contribution rate for high earners and a reduction for low earners. If these changes were implemented, overall employee contributions would increase by an average of 0.2%.

- 3.3 There is little doubt that the recent crisis in the banking sector and the deterioration in stock markets have the potential to increase the pension fund deficit significantly at the next valuation date. This was signalled by the Actuary's valuation of the Fund under the different valuation principles required for reporting in the annual statement of accounts, which showed a deficit on Runnymede's portion of the Surrey Pension Fund of £18.3 million at 31 March 2009 compared with £7.2 million at 31 March 2008. The economic downturn is widely acknowledged to be the worst since the 1930s and so it is understandable that the Government wants to avoid a situation in which Actuaries are making long-term funding judgements based on what the Government hopes are short-term distortions in the values of fund assets.
- 3.4 It is hard to avoid the conclusion that the Local Government Finance Directorate at the DCLG has been tasked with producing a financial justification for a political expedient. The comments in paragraphs 27 and 28 set the scene for funding the short-term obligations of the Pension Fund in the hope that the deficit between fund assets and liabilities will improve in the long-term. The proposal in paragraph 31 that each administering authority should approve a Financing Plan means that any blame for employer costs or fund deficits lies with the administering authority. A cautious approach, in which greater weight is attached to long-term indicators, will be criticised for increasing the burden on current taxpayers. The subordination of long-term funding to the ability of the fund to meet short-term obligations is likely to reduce current contribution rates but this strategy will be criticised if the ability to fund long-term liabilities continues to deteriorate. The latter approach clearly has its attractions because the people currently making the decisions will not be around to see the outcome.
- 3.5 While asset valuations have been an important factor in the deteriorating funding level of local government pension funds, they are not the only one. Other factors have included
- Past decisions by the Government and employers that have increased the liabilities of the Fund.
 - Underfunding in the two years following the introduction of the Community Charge.
 - Changes in the tax treatment of pension funds that removed their entitlement to reclaim advance corporation tax.
 - Increased life expectancy of employees.
 - A reluctance to increase employee contributions.
- 3.6 Officers believe that the present scheme is an important benefit for staff but recognise that it is difficult to be objective when expressing this point of view. However, the scheme has to be affordable and Officers suggest that this requires a realistic response to the challenges facing the local government pension scheme:-
- i) the scheme should not be expected to pay for benefits for which past contributions have not provided;
 - ii) if employees are deriving greater benefits (either through amendments to the scheme or through living longer) they should contribute more to the scheme;
 - iii) underfunding long-term liabilities should be recognised for what it is and not dressed up in the respectability of a Financial Plan;
 - iv) if all the evidence still points to a long-term deficit in the pension fund, then benefits need to be reduced.
- 3.7 Until 2008, the vast majority of employees were contributing to the Pension Fund at a rate of 6% of their salary. With effect from 1 April 2008, the Regulations introduced a sliding scale of contributions varying from 5.5% for people earning up to £12,000 per annum to 7.5% for people earning over £75,000 per annum. The average yield from employee contributions is estimated to be 6.4%, although the Actuary estimates that it is 6.6% in Surrey. The consultation letter seeks respondents' views on changing the employee contribution rate. The example shown in Table 1 in paragraph 43 of the letter would alter the total yield very

little and Officers believe that the average rate of employees' contribution will need to increase in order to make the scheme more affordable. Officers suggest that the minimum rate of contribution should be 6%, in line with the fixed contribution rate that applied until 1 April 2008.

3.8 Officers therefore suggest the following comments in response to the DCLG's letter.

(1) **The proposal to give discretion to determine the appropriate funding rate.**

When the Government reduced the funding requirement to 75% in 1990/91 and 1991/92 it produced a legacy that is still affecting the Pension Fund today. The only legitimate reason for reducing funding levels is if there is a strong argument for believing that the current valuation is so distorted that it understates the likelihood that the Fund will be able to meet its obligations. If the reason is that we cannot afford to pay for 100% funding, then all we are doing is deferring the cost for future taxpayers to pay.

(2) **Affordability.**

It is no good commenting on a financing plan unless we believe that contributions (and the investment income derived from past contributions) will pay for the scheme. If the statutory obligations of the scheme are so onerous that it is too expensive for either taxpayers or employees, we should say so and suggest ways in which it could be made more affordable. Ignoring the affordability issue will perpetuate the problem that has dogged the Fund for almost the last 20 years, i.e. the assumption that investment returns will improve and the deficit will be eliminated given sufficient time.

(3) **The rate of employee contributions.**

Improved scheme benefits and longer life expectancy have increased the liabilities of the Pension Fund and it is not reasonable for all these additional costs to fall on the employer's contribution. A minimum employee contribution rate of 6% and an average employee contribution rate of at least 7% would be more appropriate.

4. Resource Implications

4.1 The cost of the Council's employer's contribution to the Surrey Pension Fund in 2009/10 is expected to be £1,931,400 (page 244 of the Budget Book). The Financial Forecast provides for an annual increase of £100,000 with effect from 2011/12, which was intended to cover any additional cost arising from the Actuarial review at 31 March 2010. Officers no longer believe this additional provision will be sufficient, if the review is carried out on the current basis.

5. Legal Implications

6.1 The Council is obliged to make contributions to the Surrey Pension Fund in accordance with the rates certified by the Actuary.

OFFICERS' RECOMMENDATION that -

the comments set out in paragraph 3.8 of this report form the basis of a response to the Department of Communities and Local Government.

(TO RESOLVE)

Background Papers

None

20. LOCAL TAXATION RECOVERY – AUTHORISATION OF OFFICERS TO TAKE PROCEEDINGS (DF)

1. Purpose of Report

1.1 **To authorise Officers to appear in Court on behalf of the Council in the recovery of local taxes (Council Tax and National Non-Domestic Rates).**

2. Background Information

2.1 The Council applies to the Magistrates' Court for liability orders and committal orders as part of the process to recover local taxes that are outstanding. These functions are undertaken within the Revenues Division of the Finance Department.

2.2 In order to act in a Magistrates' Court on the Council's behalf for this purpose, Officers who are not practising solicitors need to be formally authorised by the Council.

2.3 Most of the hearings are attended by the Senior Recovery Officer, but it is important to authorise other Officers to ensure both adequate cover and the ability to involve more senior staff in more complex matters.

3. Authorisation of Named Officers

3.1 The Committee is requested to recommend approval for the following list of authorised Officers:

	<u>Name</u>	<u>Position</u>
i)	Mr W N Boyd	Assistant Director of Finance (Revenues and Benefits)
ii)	Mrs C R Sefton	Revenues Manager
iii)	Mrs C Lewis	Senior Recovery Officer
iv)	Mrs A Cooper	Council Tax Manager
v)	Mrs E Kavanagh	Business Rate Manager
vi)	Miss L Lowin	Senior Revenues Assistant

OFFICERS RECOMMENDATION that –

the six Officers identified in paragraph 3.1 be authorised under Section 223 of the Local Government Act 1972 to appear in the Magistrates' Court to recover Council Tax and National Non-Domestic Rate.

(TO RECOMMEND)

Background Papers

None

21. DEFERRED APPOINTMENTS TO OUTSIDE BODIES (DAL)

At its meeting on 25 June 2009, this Committee made a number of appointments which had been deferred by the External Appointments Sub-Committee and decided to defer two items for consideration at this meeting as follows:-

i) Runnymede Citizen's Advice Bureau Management Committee

One Member to be appointed.

(Councillor P A Francis has already been appointed by the External Appointments Sub-Committee).

ii) Surrey Museums Consultative Committee

One Member needs to be appointed as the Deputy Member.

(Councillor Mrs M Roberts has been appointed by the External Appointments Sub-Committee as the Member representative).

THE COMMITTEE IS ASKED -

to make appointments to outside bodies as detailed above.

(TO RESOLVE)

Background Papers

None

22. SAFETY COMMITTEE – MINUTES

The minutes of the meeting of the Safety Committee held on Wednesday 3 June 2009 are attached at Appendix 'N'.

(FOR INFORMATION)

Background Papers

None

23. APPOINTMENT SUB-COMMITTEE MINUTES (DAL)

The Minutes of the meeting of the Appointment Sub - Committee held on 18 February 2009 are attached for completeness of record at Appendix 'O'. These are the only Appointment Sub-Committee minutes not previously circulated to the Committee.

The draft minutes of the Sub-Committee held on 27 February 2009 were reported to this Committee on 5 March 2009 (later being approved as drafted) and this Committee's recommendations thereon were approved by the Council on 10 March 2009.

The Sub-Committee met one further time on 3 June 2009. Its minutes were reported to a Special Meeting of Council on 22 June 2009 when the final recommendations were agreed (see 16 July Summons and Minutes, pages 105 and 106).

(FOR INFORMATION)

Background Papers

None

24. URGENT ACTION - STANDING ORDER 42

The following action has been taken after consultation with the Chairman of the Committee under Standing Order 42.

<u>Officer</u>	<u>Action</u>	<u>Central Index No</u>
Interim Chief Executive Officer	Confirming Runnymede Borough Council membership of the newly formed South East England Councils, with Councillor Furey as the Council's representative and Councillor P I Roberts as the Council's deputy representative on this body.	696
Director of Administration and Leisure	Approving certain merit payments to staff.	699

(FOR INFORMATION)

Background Papers

Proforma No 696 dated 13 July 2009.
Proforma No 699 dated 17 August 2009 (exempt).

25. EXCLUSION OF PRESS AND PUBLIC

OFFICERS' RECOMMENDATION that –

the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in paragraph 3 of Part 1 of Schedule 12A of the Act.

(TO RESOLVE)

PART II

Matters involving Exempt or Confidential information in respect of which reports have not been made available for public inspection

		<u>Para</u>
a)	<u>Exempt Information</u>	
26.	REFERENCE FROM SPECIAL ECONOMIC DEVELOPMENT COMMITTEE	3
27.	PRINTING CONTRACT EXTENSION	3
b)	<u>Confidential Information</u>	

(No reports to be considered under this heading)