

# Corporate Management Committee

Thursday 27 May 2010 7.30pm

Council Chamber  
Runnymede Civic Centre, Addlestone

## Members of the Committee

To be appointed at Annual Council on 19 May 2010

## 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](mailto:john.gurmin@runnymede.gov.uk)).**
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## **LIST OF MATTERS FOR CONSIDERATION**

### **PART I**

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### **PART II**

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##### a) Exempt Information

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##### b) Confidential Information

(No reports to be considered under this heading)

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 8 April 2010 (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. APPLICATION OF PART OF THE DEVELOPER'S CONTRIBUTION - AVIATOR PARK (DTS)

1. Purpose of Report

1.1 **To seek approval to apply part of the developer's contribution for Aviator Park to meet the revenue costs of the Yellow Bus Service.**

2. Background Information

2.1 At the last meeting of this Committee it was reported that the developer of Aviator Park in Addlestone had paid a contribution of £615,000 towards a number of initiatives. The largest part of the contribution (£550,000) was allocated to provide listed community benefits with no predefined allocation between them. The Leisure and Environment Committee approved the allocation of the monies at its meeting in June 2002.

2.2 As a result of the Council's decision on allocation, £100,000 of the developer contribution has been kept aside for a potential Scout Hut at Aviator Park.

2.3 At the last meeting, Officers reported that this contribution had been allocated towards the Yellow Bus travel initiative and sought the Committee's endorsement of this. The Committee however deferred a decision and asked Officers to enter into further discussion with the owner of the development and the Scouts and to report back to the next meeting.

3. Report

3.1 Officers have reviewed the history of this contribution and confirm that in 2002, there were several meetings with the Scouts, whereby they confirmed that they did not require a new facility in Addlestone, but wanted to spend the money in Englefield Green. A letter from the Scouts to Council Officers from June 2002 is at Appendix 'B'. It was explained that the funding had to be spent on a facility closely related to the application site, and that was not possible.

- 3.2 The Scouts re-opened the issue in 2008, but again confirmed that funding was not required in Addlestone and requested that the money be used generally in Runnymede. A letter from the Scouts to Council Officers from November 2008 is at Appendix 'C'. The owners of the site confirmed their view that the money should only be spent on proposals directly related to Aviator Park.
- 3.3 In order to move this impasse forward, Officers examined the original agreement as the owner wished for expenditure to only be related to those terms. Most of the items had already been discharged although there was an initial contribution to the Yellow Bus Scheme.
- 3.4 The owner agreed for the £100,000 to be directed to support the Yellow Bus Scheme in the absence of demand for local Scout facilities. This was confirmed to them and the Scouts in June/July 2009. The allocation was included in the 2009/10 budget.
- 3.5 Members will be aware that the financial support for the Yellow Buses comes from fares, sponsorship and contributions from developers. Over the last year, given the recession, the latter has been severely reduced. The original 2009/10 budget for the Yellow Bus Scheme provided for developers' contributions of £168,800 in order to cover all the costs of the scheme. Without the Aviator Park contribution of £100,000, there will be a net cost of £100,528 falling on the General Fund.

4. Conclusion

- 4.1 On two separate occasions there has been dialogue with the Scouts who have been adamant that there is no need for any new facility in Addlestone. Equally, the developer has confirmed that the remaining funding should only be used locally for a purpose relating to Aviator Park. The developer has however confirmed that the contribution can be put towards the Yellow Bus Scheme as this formed part of the original agreement.
- 4.2 The funding for the Yellow Bus Scheme has always been dependent on developer's contributions but the scheme has generally been in line with estimates apart from one year where the Council's support was required, to meet a shortfall.
- 4.3 It was always known that in the last financial year it would be difficult to gain development related contributions, given the recession. This £100,000 was therefore a very welcome contribution that helped bridge the gap and keep the Yellow Bus Scheme viable. If this contribution is not applied to this budget, there will be a very significant shortfall in income represented in 2009/10.
- 4.4 The Scouts have been conscious that a decision not to apply this funding in Addlestone may lead to it being lost to them, but despite this have been adamant that it is not required in this area. Given this, and the developer's agreement to apply the funding to the Yellow Bus Scheme, it is recommended that this course of action be agreed.

**OFFICERS' RECOMMENDATION that –**

**the unapplied provision of £100,000 from the developer's contribution for Aviator Park be applied towards the running costs of the Yellow Bus Service in 2009/10.**

**(TO RESOLVE)**

Background Papers

None

7. FINANCIAL RESULTS 2009/10 (DF)

1. Purpose of Report

- 1.1 **To report on actual income and expenditure for the 2009/10 financial year and compare this to the budget for General Fund services, the Housing Revenue Account, and capital accounts;**
- 1.2 **To approve the method of financing the Council's capital expenditure in 2009/10;**
- 1.3 **To report on the level of General Fund working balances and other reserves.**

2. Background Information

- 2.1 The Budget for 2009/10 was set at the Special Council Meeting held on 12 February 2009.
- 2.2 All Committees considered revised budgets for 2009/10 in January 2010 as part of the budget setting process for 2010/11. The revised budgets used in this report also incorporate supplementary estimates and budget virements approved since January 2010.
- 2.3 The Statement of Accounts for the year 2009/10 will be presented to the June meeting of this Committee.
- 2.4 Financial Regulations allow for unspent budgets in one year to be brought forward to the next. This is an established part of the Council's financial control procedures and allows more effective use of budgets. Managers can plan to carry the budget forward rather than losing it at the year end, and are not therefore encouraged to 'spend up' their budgets in order to protect their allocation. Further flexibility is available to Budget Managers to allow the virement of budgets. A virement is the transfer of a budget allocation from one service head to another. A summary of virements is also given in the service actuals booklet.
- 2.5 The movement in the Retail Prices Index (RPI) in 2009/10 was 4.4%. This was higher than the assumption made in the 2009/10 Budget for general price increases of 3.0%. The movement in the other mainstream measure of inflation – the Consumer Price Index – was 3.4%.
- 2.6 The local pay award in July 2009 of 1% was lower than the assumption of 2% used in preparing the 2009/10 Budget. Members will find that the actual cost of salaries and wages shown in the detailed service estimates is often significantly lower than the estimate. This is because the detailed service budgets were based on a July 2009 pay increase of 3%; the reduction to the assumption of 2% used in the 2009/10 Budget was treated as a global adjustment.
- 2.7 Inflation has a cumulative impact, increasing budgetary pressures as years go by. Traditionally, inflationary pressures have been contained through generating efficiencies and productivity (e.g. by better use of technology) and reducing costs (e.g. better purchasing). Managing inflation remains a great challenge, especially so given the budgetary constraints on the Council.

3. General Fund Revenue Account – Financial result for 2009/10

- 3.1 The General Fund Summary Revenue Account is reproduced in Appendix 'D'.

Expenditure on services

- 3.2 Table 1 compares the result with the original and revised estimate on expenditure on services, after allowing for capital charges:

<b>Table 1 – Summary of spending on services in 2009/10</b>			
	<b>Estimate £000</b>	<b>Revised £000</b>	<b>Actual £000</b>
Net expenditure on services	14,416	14,904	14,291
Reversal of capital charges	(2,000)	(1,768)	(1,824)
Revenue contribution to capital expenditure	-	-	26
Charge to HRA for cost of capital (paragraph 3.5)	-	-	(37)
<b>Net expenditure on services</b>	<b>12,416</b>	<b>13,136</b>	<b>12,456</b>

- 3.3 Therefore, the result for 2009/10 compared to:
- The original estimate: An overspend of £40,000
  - The revised estimate: A reduction of £680,000
- 3.4 A booklet giving service figures for 2009/10 entitled Service Committee Actuals 2009/10 has been sent to all Members of the Council and is also reproduced on the Council's web-site. Members who wish to study budget variations in detail may find this useful. Members are requested to note that a small number of changes have been made to the "General Fund Summary Revenue Account" on page 3 of the booklet, and the revised summary at Appendix 'D' shows the latest position.
- 3.5 At its meeting in April, the Committee resolved that management accounts should no longer include a charge for notional interest to represent the cost of capital, as from the 2009/10 financial results. However, it remains appropriate that the Housing Revenue Account (HRA) should bear a proportion of the cost of capital tied up in assets; principally, the cost of the Runnymede Civic Centre. This cost was previously accounted for within the recharges for 'Office Accommodation'. Therefore, a charge of £36,931 is made from the General Fund to the HRA accordingly.
- 3.6 This time last year, Members expressed a wish to review budget variations against both the original and revised budgets. There are some significant favourable and adverse variations at service level, and Appendix 'E' (for the comparison with the original budget) and Appendix 'F' (comparing the result to the revised budget) explain these in more detail. To focus on the **real** changes, the variations exclude those caused by changes in capital charges, the global pay award provision in the estimates, and accounting changes to other recharges.
- 3.7 There were other services where costs and/or income struggled to stay within budget. This may be expected given the combined impact that previous net revenue reduction exercises have had in terms of removing the previous flexibility in some budgets and the impact of the economic recession on income.
- Transfers and financing adjustments
- 3.8 The 'transfers and financing adjustments' part of the General Fund Summary Revenue Account (Appendix 'D') sets out items that are required either by Council policy, Government direction, or accounting standards, before the use of working balances can be calculated.
- 3.9 In March, the Committee received a report that set out the need to record income and expenditure on Runnymede Pleasure Ground in a separate Trust. Members resolved that a final decision on a supplementary estimate should be taken after discussions with the Charity Commission on whether the objects of the Trust could be broadened to avoid large surpluses building up. However, the accounts have to recognise that this Trust is separate from the Council. Therefore, the results exclude income and expenditure on this Trust. The need to transfer the accumulated surplus for years prior to 2009/10 is recognised in the General Fund Summary (Appendix 'D').
- 3.10 The final instalment due in respect of the revenue element of performance reward grant is £4,213 lower than expected. This is because Surrey County Council (who led the

Local Public Services Agreement 2005/2008) distributed more funds than originally agreed to the voluntary sector partners in respect of one target. Instead of recovering the overpayment, Surrey decided to reduce the proportion paid to the district councils, but not their share of the grant.

- 3.11 Investment income of £592,187 exceeds the revised estimate of £560,000, but is significantly less than the £800,000 anticipated in the original estimate. The main reason for the reduction is lower interest rates. A full report on treasury performance in 2009/10 is made to this Committee elsewhere in this Agenda.

Net General Fund Expenditure and Use of Reserves

- 3.12 Table 2 summarises the major reasons for the variations in spending on services, and the variations in transfers and financing items in 2009/10:

<b>Table 2 - Summary of General Fund variations in 2009/10: Result compared to the original and revised estimates</b>		
	<b>Original £000</b>	<b>Revised £000</b>
<u>Service spending</u>		
Favourable service under-spends (Appendix E & F)	1,166	1,057
Adverse service over-spends (Appendix E & F)	(1,075)	(235)
July 2009 pay award at 1% (estimate 2%)	78	-
Capitalisation of building works (para. 3.25)	(113)	(113)
Other net variances (para. 3.13)	(96)	(29)
<b>Sub total: Net variation in spending on services (para. 3.2)</b>	<b>(40)</b>	<b>680</b>
<u>Transfers and financing</u>		
Runnymede Pleasure Ground accumulated surplus (para. 3.9)	(83)	(83)
Performance Reward Grant (para. 3.10)	92	(4)
Local Authority Business Growth Incentives Grant	46	-
Investment Income (para. 3.11)	(208)	32
<b>Total change in Net General Fund Expenditure</b>	<b>(193)</b>	<b>625</b>

- 3.13 The "other net variances" line in Table 2 is an amalgamation of smaller net savings and cost increases generated by the remaining services not specifically mentioned in Appendices 'E' and 'F'.
- 3.14 Table 3 compares the expected use of the working balance with the result:

<b>Table 3 – Use of reserves in 2009/10: Budget compared to result</b>		
	<b>Original £000</b>	<b>Revised £000</b>
Expected use of working balance	2,069	2,887
Net change in General Fund Expenditure – see Table 2	193	(625)
<b>Actual use of reserves in 2009/10</b>	<b>2,262</b>	<b>2,262</b>

- 3.15 Therefore, the result for 2009/10 is a draw on reserves of £2.262m. Furthermore, £278,200 of budgets (planned underspends set out in Appendix 'G') will be carried over to 2010/11.
- 3.16 The following paragraphs highlight particular areas to draw to Members attention:

Housing Benefit Subsidy

- 3.17 Government subsidy pays for 100% of the cost of eligible benefit awarded. In circumstances where benefit is overpaid, the Government award a much smaller subsidy that is dependent on the cause of the incorrect benefit calculation. However, authorities are able to retain overpaid benefit that they are able to recover, as well as the Government subsidy, and this is called the "incentive" area of the subsidy system.

- 3.18 In previous years, the Council has been able to take advantage of this incentive and the revised budget included net additional subsidy of £121,500 accordingly. However, it has again proved difficult to extract conclusive figures of subsidy entitlement from the benefits computer system in time for inclusion in this report. Therefore, the results are based on a best estimate of benefit subsidy due, and this gives a net additional subsidy of £109,100. This figure is subject to change as better information is generated, and is also subject to external audit examination.

Strategic Maintenance Plan

- 3.19 In July 2002 the Corporate Management Committee approved a five-year programme of repairs, planned maintenance and improvement works to the corporate property portfolio. The programme covers all the buildings owned by the Council except for the housing stock. The programme commenced on 1 April 2003.
- 3.20 The programme was constructed following a detailed survey. The planned cost of the five-year programme was £3.2m and included both reactive maintenance work, and planned maintenance and improvement works. Reactive maintenance work is financed from revenue, with improvement works met from capital resources. To provide transparency about the scale of the programme, service budgets include the estimated cost of relevant capital and revenue financed work. A global adjustment is made in the General Fund Summary Revenue Account to account for the proportion financed from capital resources.
- 3.21 However, since 2003, it has been particularly difficult for service managers and accountancy staff to obtain reliable and robust information about the impact of the programme both on individual service budgets and in total. This difficulty has increased because the 5-year programme finished in March 2008, and no replacement long-term schedule has been produced. Accountancy staff have tried to construct credible budgets with access only to historical records of doubtful reliability.
- 3.22 Table 4 compares the original and revised estimates for 2009/10 with actual expenditure:

<b>Table 4: Comparison of revised budget to actual expenditure for the strategic maintenance plan</b>			
	Original budget £	Revised budget £	Actual £
Reactive maintenance	83,000	135,000	154,895
Planned maintenance	229,800	177,800	148,000
<b>Total</b>	<b>312,800</b>	<b>312,800</b>	<b>302,895</b>

- 3.23 Table 4 discloses that, in overall terms, the total expenditure on maintenance of £302,895 is within the budget of £312,800. Appendices 'H' (for reactive) and 'I' (for planned) show maintenance expenditure on each service. Although care has been taken to capture all costs, there remains a significant difficulty in obtaining both reliable valuations and usable management information from the present records.
- 3.24 A further concern is the change in the balance of expenditure between the reactive and planned parts of the programme. Reactive maintenance now comprises over 50% of total maintenance spend. An objective of the programme was to plan maintenance so as to reduce expensive reactive maintenance and thereby deliver better value for money combined with scope for improvements to buildings. The current spend pattern indicates that there is a risk that planned maintenance is being deferred and/or neglected and this will inevitably lead to higher costs in the future.
- 3.25 A further problem is the reduced scope to finance the cost of planned maintenance work from the capital budget. The revised estimate assumed that £143,100 of the planned maintenance programme could be classified as capital expenditure. An examination of actual work completed disclosed that much of the work could not be classified as capital expenditure, but was instead routine and / or cyclical maintenance work (e.g. painting). This means that instead of financing £143,100 from capital resources, only £30,364 can be properly counted as capital expenditure. This means that the difference of £112,736 must be borne by the General Fund.

## Income budgets

- 3.26 The impact of the economic recession on income budgets can be significant, especially those that are directly related to the property market. Table 5 sets the Council's main income budgets and compares these to the results:

<b>Service and budget</b>	<b>Original £</b>	<b>Revised £</b>	<b>Actual £</b>
Day Centres: Meals, including meals-on-wheels	299,400	303,800	301,532
Egham Leisure Centre: Gross income	1,089,800	963,400	1,025,340
Addlestone Leisure Centre: Gross income	336,500	323,000	332,806
Cemeteries	188,800	162,000	184,470
Recycling: Recycling credits and sale of materials	383,700	349,400	337,079
Green Waste Collection: Recycling credits and subscriptions from customers	237,900	235,700	235,961
Refuse Collection: Gross income less the tipping away charge from Surrey CC	412,400	415,600	416,231
Licensing: Alcohol and related licences	63,700	58,000	62,083
Licensing: Taxi and similar licences	96,100	92,500	92,851
Planning application fees	453,000	353,000	341,961
Building Control: Application & inspection fees	361,700	251,700	244,383
Car Parks: Total income	605,300	604,900	614,171
Yellow Buses: School contributions	103,000	103,000	110,567
Yellow Buses: Sponsorship and donations	60,000	54,500	54,500
Council Tax Collection: Costs recovered	101,000	117,500	124,378
Local Land Charges: Search fees and other income	219,800	241,200	244,548
<b>Total: Selected income budgets</b>	<b>5,012,100</b>	<b>4,629,200</b>	<b>4,722,861</b>

- 3.27 In some cases it is straightforward to detect a relationship between the economic recession and income budgets. The budget for the planning application fees service is an obvious example. The impact of the recession is less obvious on other services (e.g. leisure). In other cases there appears to be no significant impact, and/or the variations are part of the normal differences that arise from other factors that impact on year-on-year results (e.g. incidence of the Easter holiday, weather, etc).
- 3.28 Income from fees and charges has long been a major feature of the Council's budgets. The Council raises more income from this source than from its share of the Council Tax. The risk from relying on income to fund services has been recognised as part of the financial strategy. A close examination of income is made when the Financial Forecast is considered, again at estimate setting time, and also in net revenue reduction exercises. Even a relatively modest percentage change in income would have a significant impact on the Council's medium-term financial position. It will be necessary to meet shortfalls, pound for pound, in further revenue reduction exercises just to keep in a financially neutral position in the short-term. However, because real growth in income forms part of the medium-term financial strategy, falls in income have a very unfavourable cumulative impact on the Council's financial position.
- 3.29 Income is closely monitored by Budget Managers as part of their normal managerial responsibilities, and is also reported to service committees each committee cycle. It would be wrong to react rashly to every short-term movement in budgets as this could lead to services being unnecessarily curtailed. However, it is also important to recognise that income reductions must be managed quickly and that this means that strategies such as delaying filling staff vacancies, deferring discretionary service enhancements, and making compensatory savings elsewhere must be positively applied.

#### 4. Housing Revenue Account (HRA)

- 4.1 The budgets for the HRA are based on the long-term projections for stock management and maintenance set out in the HRA Business Plan. The Plan includes significant year-on-year variations in the profile of expenditure on the repair, maintenance and improvement of the housing stock. This is because the Plan focuses on the long-term maintenance needs of the housing stock, and the incidence of major programmed works is factored into the Business Plan accordingly.
- 4.2 The results for the HRA for 2009/10 disclose an in-year surplus of £133,633. This represents an in year betterment of £496,833 when compared to the revised budget, where a deficit of £363,200 was forecast. This result is better than envisaged in the HRA Business Plan and allows modest welcome flexibility over the coming years.
- 4.3 The HRA working balance at 31 March 2010 is £3.222m. The summary page for the Housing Revenue Account is produced at Appendix 'J'.
- 4.4 Table 6 identifies the significant variances between the revised budget and the actual:

<b>Table 6 – Summary of HRA variations in 2009/10: Revised estimate to actual</b>	
<b>Housing service area</b>	<b>Variance £000</b>
General Management: This is a mix of savings in operating and support costs, including £27,000 on the provision for removal and disturbance, £16,000 on insurance, and £64,000 on support services.	98
Special Services and Supporting People budgets: Savings on forecourt maintenance, equipment and services, and general running costs.	92
Housing Repairs: The overall result is close to this large budget. There are relatively small variances on each element of the programme, and these are disclosed in the Actuals Book.	230
Rental Income: Additional rental income as a result of reduced voids (empty property), lower provision for bad debts and lower than anticipated sales of dwellings.	81
Interest on Balances: The lower interest rates offset the higher than anticipated level of HRA balances.	(15)
Other items (net)	11
<b>Total HRA betterment – revised budget to actual for 2009/10</b>	<b>497</b>

- 4.5 The first call on the increased level of HRA balances in 2010/11 will be the planned under-spends of £15,100 (Appendix 'G') carried over from 2009/10.

#### 5. Capital Expenditure and Financing

- 5.1 A schedule of General Fund and Housing capital expenditure in 2009/10 that shows the source of financing is reproduced at Appendix 'K'. The total expenditure on capital items in 2009/10 was £4.367m. This compares to the estimate of £6.520m.
- 5.2 Variances between the estimate and actual arise from:
- Provisions not being fully taken up. The largest provision is for grants to registered social landlords to help finance schemes for new affordable housing. In 2009/10, no grants were made and the budget of £1.224m was unused.
  - Some schemes have been put on hold pending further policy consideration (e.g. play equipment renewal).

- Timing differences (e.g. slippage in implementation or project re-phasing) account for many other variances. In the main, these capital budgets have been carried forward into 2010/11.
- 5.3 The largest item in the capital programme in 2009/10 is the capital repair and improvement works programme for Council housing stock. This programme is led by the HRA Business Plan which provides for the repair and maintenance plan for the stock over a 30-year timescale. Total expenditure in 2009/10 was £2.934m compared to the estimate of £2.999m. This expenditure is financed from within the HRA.
- 5.4 The approach taken to finance capital expenditure is as follows:
- If available, grants and contributions are used to finance the cost of relevant schemes.
  - Capital repair and improvement works on the existing housing stock is first funded from the Major Repairs Reserve.
  - Then, specific reserves for projects are utilised.
  - Capital receipts are used to finance the remainder of the programme.
- 5.5 The capital programme for 2009/10 assumed that certain works would be financed from specific revenue reserves. These are set out below:

<b>Name of reserve</b>	<b>£</b>
Safer Runnymede Equipment reserve	92,687
IT Renewals reserve	61,650
<b>Total</b>	<b>154,337</b>

- 5.6 Financing these works from capital receipts will preserve the level of revenue reserves. To maintain the discipline that these specific reserves employ, a sum equal to the amount that they would have financed is transferred to the General Fund working balance (see Table 11).
6. Capital Income – Capital Receipts

- 6.1 The table below summarises capital receipts in 2009/10:

	<b>Actual</b>
	<b>£000</b>
<b>Housing assets (net of costs)</b>	
Sale of Council Houses	278
Mortgage & advances - redemptions and repayments	113
DIYSO - Gross income from sales and stair-casing	288
Sale of Pinefields	1,848
Other housing sales and receipts	28
<b>Total - Housing capital receipts</b>	<b>2,555</b>
<b>General Fund assets</b>	
43 Guildford Street	205
Repayment of other loans and advances	5
<b>Total income from capital receipts in 2009/10</b>	<b>2,765</b>

- 6.2 The timing and amount of capital receipts is subject to demand led factors (sale of Council houses, DIYSO receipts) and the state of the local property market. The Economic Development Committee receives regular reports on schemes and Members will recognise that it is not always possible to achieve sales on favourable terms that are

exactly in line in projections. In some cases better terms can be agreed by deferring receipts.

- 6.3 Capital receipts are the main source of funding for the Council's capital expenditure plans. Table 9 shows the use of capital receipts in 2009/10, including the change in financing certain items from capital receipts instead of the specific revenue reserves:

	£000	£000
Balance at 1 April 2009		6,976
Receipts in 2009/10 – see Table 8		2,765
Payment of housing receipts to the government (para 6.4)		(217)
Lease of Civic Centre to Surrey Police (para. 6.5)		(3,120)
Used to finance capital expenditure in 2009/10:		
Housing and General Fund capital programme	(612)	
Equipment renewals – see Table 5	(154)	(766)
<b>Usable capital receipts at 31 March 2010</b>		<b>5,638</b>

- 6.4 Pooling of housing capital receipts was introduced on 1 April 2004. The rules require the Council to pay (in cash) a proportion of housing capital receipts over to the Government. The Council must pay over 75% of the receipts from sales of dwellings under the Right-to-Buy arrangements, reduced only by specified sums set out in regulations. For other housing capital receipts, the Council has the choice of paying a proportion over to the Government pool, or retaining the receipt to use on housing and regeneration schemes. Clearly, it is beneficial to retain these receipts locally wherever possible.
- 6.5 Accounting entries to recognise the value of the lease of part of the Runnymede Civic Centre to the Surrey Police Authority were made in the 2008/09 statement of accounts. The value of the lease was assessed as £3.12m. The accounting entries, using this valuation, included recognising a capital receipt in respect of the lease. Since 8 August 2009, the Council has been in a position to exercise the right to call for the transfer of the old police station site to Council ownership. Accordingly, the Council now holds the beneficial interest in the former police station site. The holding of a beneficial interest is sufficient to recognise, in accounting terms, that the Council now holds the old police station site as an asset. In effect, the lease payment due from Surrey Police has been met by way of the transfer of the land, i.e. a barter transaction. Therefore, the £3.12m previously recognised as a capital receipt is extinguished.
- 6.6 The balance on the usable capital receipts reserve at 31 March 2010 is £5.638m. There are significant spending commitments and provisions in the housing and General Fund capital programmes. The largest provision is in the housing improvement programme for grants to registered social landlords for new affordable housing schemes. Aside from a commitment of £500,000 for an open market Homebuy scheme (in partnership with Catalyst Housing Group), there are no immediate schemes that require use of this provision and this will assist in preserving capital receipts in the short-term. However, the provisions in the capital programme for new affordable housing estimate represent sums that the Council chose to retain rather than pass over to the Government pool (paragraph 6.4), and it will not be viable to forever postpone such expenditure.
- 6.7 Should capital receipts become exhausted, it will be necessary to borrow to fund the capital programme. This could only be justified as prudent if the capital expenditure was revenue generating (i.e. a net income earner, or leading to cash savings).
7. Contributions and Grants
- Capital Grants and Contributions
- 7.1 Grants or contributions received from third parties form an important part in funding new capital initiatives and the scale of receipts in 2009/10 reflects the success in attracting

Government and other third party support. The table below lists the grants and contributions so used in 2009/10:

<b>Table 10 - Capital grants and contributions used in 2009/10</b>		
<b>Scheme</b>	<b>£</b>	<b>Details</b>
House Renovation Grants	270,000	Government subsidy towards disabled facilities grants.
Chertsey Bridge Wharf CCTV scheme	32,640	Section 106 contributions for CCTV coverage at Chertsey Bridge Wharf
Swimming Grants	24,600	Central Government Swimming grant - paid over to neighbouring authorities
Street Cleansing replacement van	18,287	Allocation of capital element of Performance Reward Grant (Total £209,095)
56-56a Station Road, Addlestone	150,800	
Broadway, New Haw Improvement works	40,007	
Safer Runnymede Safer Stronger Communities	22,878	Allocation of Safer Stronger Communities Funding through the LAA
Frank Muir Memorial Field Skate Park	68,500	Play Builder funding (£48,750), Thorpe Ward Residents Association (£19,000), other (£750)
Hythe Park	2,739	Grants from the National Heritage Big Lottery Fund
Playscheme (ROAR) van	5,116	
Payment Card security compliance	5,300	Government grant for introduction of "efficiency statements" on council tax bills.
<b>Total</b>	<b>640,867</b>	

#### Revenue Grants and Contributions

- 7.2 The amount of one-off or short-term Government grants and other third party support for revenue expenditure is also a feature of the Council's operations. Appendix 'L' lists the significant contributions in the 2009/10 accounts.
- 7.3 Grants and contributions are welcome in that they ease the burden on the Council and ultimately the local taxpayer of paying for services. However, there are some policy issues about the dependency on this sort of income that need to be recognised. The Council may be influenced towards providing services because of the availability of grant income rather than explicit local need or policy direction. Furthermore, grant income can be insecure and providers may taper out grants (either deliberately or through less than inflation increases) or stop providing grant support altogether. This leaves the Council with the ultimate service and financial risks. These important risks need to be carefully considered given the financial challenges the Council faces.
- 7.4 A great deal of Officer time can also be spent on generating third party funding. Government funding can involve making bids in competition or in partnership with other public sector organisations. Unsuccessful bids can be especially frustrating given the resources used in compiling applications.

#### Development related contributions

- 7.5 The use of S106 powers to require developers to make financial contributions and/or asset transfers has become an important feature of financing services. The accounting treatment for these contributions is to recognise them only when received, and then to treat those as deposits that can be used to pay for the agreed project or service when the relevant expenditure is incurred. A schedule of S106 financial contributions and other grants and receipts held and/or used in 2009/10 is presented at Appendix 'M'. The Appendix shows the purpose and date of the receipt, the actual or proposed usage of the receipt, and sums in hand that are still available for use.
- 7.6 When the Yellow Bus service was introduced it was recognised that it would rely on section 106 funding from new developments to meet net running costs. The reduction in development during the recession makes this form of income particularly vulnerable.

Even in better times, it has not always been possible to finance the net cost of the Yellow Bus services from contributions. In 2009/10, section 106 contributions of only £48,867 were available for this service (all brought forward from 2008/09) and this was £100,528 short of the amount required to balance this budget. Accordingly, the net cost of the Yellow Bus service was £100,528 (budget £nil). Further Section 106 contributions will be required to achieve the target of £171,200 needed to finance the Yellow Bus service in 2010/11. It has long been recognised that relying on S106 income to meet the cost of the Yellow Bus service is a high risk strategy, and other income sources (e.g. business improvement district rating contributions) have been sought.

- 7.7 Members still have the option of using the remaining part (£100,000) of the Aviator Park S106 receipt for the Yellow Bus service and this is considered in a report elsewhere on this Agenda.
- 7.8 Significant sums have been received in 2007 and 2008 in respect of SANGS contributions, and £323,080 of accumulated receipts was available at the start of the year. However, this source of income dried up in 2009/10 with only £16,720 being received. During 2009/10, £235,130 of SANGS contributions were used on projects and expenses (listed at the foot of Appendix 'M'). Although it is comforting to be able to use SANGS money to cover unexpected costs, the contributions can only be used once. Using the contributions for on-going running costs is not sustainable. A sum of £104,670 of SANGS money remains in hand at 31 March 2010. The 2010/11 budget is based on the use of £49,700 of SANGS moneys and there are other commitments for works at leisure sites. It is increasingly important to ensure that the use of SANGS for works and expenses does not place new or on-going financial commitments on the Council.
8. General Fund Reserves
- 8.1 General Fund reserves provide the financial flexibility to enable necessary budgetary measures to be introduced to protect spending levels over a period of time (thereby helping to mitigate adverse impact on services).
- 8.2 It is particularly important that an adequate minimum level of reserves is maintained in order to provide for the risks and uncertainties that might arise during a year.
- 8.3 Establishing a sound basis for balances and reserves is an important part of good financial management. This is not an exact science, but a continuous process of evaluation in the light of current and forecast circumstances.
- 8.4 The following paragraphs set out the purpose of each major reserve, and proposals for setting the balances of each reserve at 31 March 2010.
- 8.5 The non-specific General Fund reserves comprise two elements: the **Working Balance** and an amount held as a **Contingency** for unforeseen requirements. A minimum **Working Balance** is required so that the Council has sufficient funds available to meet its cash flow requirements. The Council has decided that £1.5 million is the minimum recommended level of unallocated General Fund reserves that it needs to hold. This is reviewed each year when the Council considers its medium term forecast. No change is proposed to this limit.
- 8.6 The **IT Renewals Reserve** was established in 1994/95 to provide a source of funding for future IT replacements. The annual contribution (£85,000) to this reserve provides for future hardware replacements. Expenditure financed from this reserve in 2009/10 was £61,650. The balance in this reserve at 31 March 2010 is £444,000.
- 8.7 The **Safer Runnymede Equipment Reserve** was established during 2000/01 with the intention of providing a source of funds when existing equipment needs replacing. An annual contribution from revenue of £129,000 has been provided for this purpose. Expenditure financed from this reserve was £92,687 in 2009/10. The balance in this reserve at 31 March 2010 is £200,000.

- 8.8 The purpose of the **Car Park Machines Replacement Reserve** is to spread the cost of replacing car park machines by making an annual contribution from the revenue account each year. Contributions to this reserve were suspended because the balance was sufficient to pay for future replacements. The capital programme is based on the machines being replaced in the 2011/12 financial year.
- 8.9 Reserves for the replacement of equipment at **Egham and Addlestone Leisure Centres** provide for the periodic replacement of fitness equipment and the renewal of the all-weather pitches. There were no schemes in 2009/10 requiring finance from these reserves.
- 8.10 Table 11 shows the movements in revenue reserves in 2009/10 based on acceptance of the proposals set out in this report:

<b>Reserve</b>	<b>Balance 31 March 2009</b>	<b>In-year Deficit (App. A)</b>	<b>Capital spend (table 6)</b>	<b>Transfers</b>	<b>Balance 31 March 2010</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Working Balance	6,036	(2,262)	154	0	3,928
IT Renewals Reserve	420	0	(61)	85	444
Safer Runnymede Reserve	164	0	(93)	129	200
Car Park Machines Replacement	92	0	0	0	92
Egham Leisure Centre Equipment	111	0	0	40	151
Egham Leisure Centre Pitches	60	0	0	30	90
Addlestone Leisure Centre	75	0	0	30	105
Museum Purchases Fund	31	2	0	0	33
Maintenance of Graves	2	0	0	0	2
<b>Total</b>	<b>6,991</b>	<b>(2,262)</b>	<b>0</b>	<b>314</b>	<b>5,045</b>

- 8.11 The statement on forecast reserves and balances presented with the Budget for 2010/11 estimated that total General Fund revenue balances would be £4.475m at 31 March 2010. The main reason for the improvement is the reduced actual net General Fund expenditure compared to the revised estimate.
- 8.12 The Council currently has what appears to be substantial revenue balances, including £3.928m as a working balance and contingency. However, the approved General Fund budget for 2010/11 alone estimates the use of £2.065m of these balances to support service spending. Furthermore, budgets brought forward from 2009/10 (Appendix 'G') will consume another £278,200 of these balances.
9. Conclusion
- 9.1 This report identifies a financial result that is better than predicted at the time the revised estimates were set. However, the result still means that £2.262m of reserves were used. This was £193,000 more than envisaged at the time the original estimate was set. Total revenue reserves – including earmarked reserves – have reduced from £6.991m to £5.045m.
- 9.2 The relatively comfortable position enjoyed before the recession is now over. The cumulative impact of previous net revenue reduction exercises has removed the flexibility that was available within budgets. Also, certain trends are worrying (e.g. income budgets). There are still significant in-year savings on some services, but there are also significant adverse variations on other budgets.
- 9.3 The need to continue to identify and generate sustainable savings in the medium-term has always been a priority. It will be important to identify where these savings will be targeted at as early a stage as possible. This will enable the changes to services to be implemented in a planned way that minimises the cost of changes and mitigates, as far as possible, the negative impact on residents and users of the Council's services. However, to achieve this difficult and unappealing reduction in services, action must be taken before the reserves run out.

- 9.4 The Council still has the option of using the remaining £100,000 of the S106 receipt from the Aviator Park development to mitigate losses in the Yellow Bus service. This will reduce the revenue deficit and increase reserves accordingly. This is considered in a report elsewhere on this Agenda.
- 9.5 The UK economy appears to be heading slowly out of recession. However, the impact of the recession is likely to remain with the Council for some time. This includes service based factors, such as the speed of recovery in terms of activity in the local property market and the impact on housing services of homelessness.
- 9.6 A further significant risk will be the need to repair national public finances. For Runnymede Borough Council, it seems probable that the main financial impact of this need will be reduced or constrained Government grants combined with low or no Council Tax increases. The financial position of Runnymede – with a low level of Council Tax that it cannot increase significantly – means that it is in an even worse position than other districts.
- 9.7 The Council's medium term financial strategy is based on net revenue reductions being phased in to bring income and expenditure into balance. The time available to carry this out is running short. There is now an increased risk that revenue reserves will fall to the minimum level before sufficient sustainable savings are made. This would be a desperate position, leaving the Council little option but to stop spending on all but the most critical services.
- 9.8 The Council has a record of maintaining strict financial control whilst developing and improving services. The approved financial forecast recognises that there are a number of important challenges that the Council faces in continuing this success.

**OFFICERS' RECOMMENDATION that -**

**the methods of financing capital expenditure in 2009/10 be as set out in Appendix 'K'.**

**(TO RECOMMEND)**

Background Papers

None stated

8. PROGRESS IN ACHIEVING NET REVENUE REDUCTIONS (DF)

1. Purpose of Report

1.1 **To inform the Committee of the progress in achieving the Council's revenue reductions targets.**

2. Background Information

2.1 The Financial Forecast approved by Council on 18 December 2008 identified a need to make further revenue reductions. Accordingly, the Corporate Management Committee recommended proposals to reduce net revenue expenditure by £712,000 per annum by 2013/14 and these were approved by Council on 18 December 2008.

2.2 Following a report on the deteriorating financial outlook, the Council approved further savings of £653,000 at its meeting on 15 October 2009.

2.3 The Financial Forecast approved by Council on 17 December 2009 showed that these savings were not sufficient to produce a sustainable budget. In view of the urgency of reducing net expenditure, the Committee approved a pay freeze in 2010/11 and 2011/12 (Corporate Management Committee, 4 February 2010, page 526, para. 561) and recommended additional savings totalling £886,500 (Corporate Management Committee 8 April 2010, page 734, para 700) which were approved by Council on 22 April 2010.

2.4 The total value of these savings targets is £2,578,500. It is worth noting that this only relates to the current revenue reductions that the Council aims to achieve. It follows other savings programmes, the last of which achieved savings of £2.4 million.

3. Report

3.1 The schedule at Appendix 'N' lists each of the savings initiatives totalling £2,578,500 that have been approved by the Council. These include all the initiatives approved since December 2008:-

	£
Savings numbered 1 to 29 approved in December 2008	712,000
Savings numbered 30 to 49 approved in October 2009	653,000
Pay freeze numbers (50 and 51) approved in February 2010	327,000
Savings numbered 52 to 60 approved in April 2010	886,500
	<u>£2,578,500</u>

3.2 The schedule has been split between those initiatives where action to achieve the savings has been completed and the remainder where action is still pending. For each of the savings initiatives that are not yet complete there is a risk indicator showing Green (G), Amber (A), or Red (R).

**(FOR INFORMATION)**

Background Papers

None

9. TREASURY MANAGEMENT ANNUAL REPORT 2009/10 (DF)  
(Ref: Minutes of Corporate Management Committee, 5 February 2009, page 729, para 475, 28 May 2009, page 10, para 25, and 4 February 2010, page 518, para 557).

1. Purpose of Report

1.1 **This is the annual report on treasury management activity and performance for the 2009/10 financial year.**

2. Background Information

2.1 The Council's Treasury Management Practices require the Director of Finance to report to this Committee on the treasury management activities and performance for the previous financial year.

2.2 Treasury activities are undertaken in accordance with CIPFA's *Code of Practice on Treasury Management* and the *Prudential Code for Capital Finance in Local Authorities*, and the Government's Investment Guidance. Treasury management is defined as:

*"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with those risks".*

2.3 The Council has no long-term debt. Treasury management is concerned mainly with the management of investments and day-to-day cash management. The investment portfolio comprises funds available for longer-term investment, and short-term investments sufficient to meet cash flow requirements without recourse to borrowing. Investment income is a major provider of the revenue resources that are needed to maintain services and keep the Council Tax at a low level.

2.4 Treasury management in public sector organisations came under the spotlight following the collapse of the Icelandic Banks in 2008 and the potential significant losses borne by those authorities that invested in those banks. Two national reports were published in 2009; the Audit Commission's "Risk and Return" report on local authority treasury

management and the Communities and Local Government Select Committee's "Review of local authority investments". Both reports contained criticism over the way local authorities have managed their treasury activities and recommended a number of actions for improvement. At its meeting on 4 February 2010, the Committee was informed of the changes introduced through the revised Investments Guidance issued by the Department for Communities and Local Government (DCLG), and the revised CIPFA Treasury Management Code. The Committee approved the necessary changes to, in particular, the reporting and governance arrangements for treasury management accordingly.

- 2.5 The Council's treasury management policies and schedules for 2009/10 were approved by this Committee at its meeting on 5 February 2009. The Council subsequently approved the treasury management strategy and the Annual Investment Strategy for 2009/10 at its meeting on 10 March 2009. At its meeting on 28 May 2009, the Committee approved a revised Annual Investment Strategy for 2009/10 in response to the expected revision to Government guidance and CIPFA recommendations.
- 2.6 In March 2007, the Committee approved an investment strategy for the £15 million of funds then prudently available for investment over the medium-term (periods from one to five years). The strategy involved investing a proportion of the portfolio (£5 million) in fixed term investments for a 2 to 5 year period in order to give a greater degree of certainty over the yield that the portfolio would generate. It was also agreed to use a manager specialising in cash investments for the remaining £10 million.
- 2.7 Tradition (UK) Limited were appointed and commenced the management of £10 million of Council funds on 3 September 2007. The mandate for this portfolio requires Tradition to follow the same investment parameters as for the management of internally managed investments.
- 2.8 Sterling Consultancy Services were re-appointed as the Council's treasury management consultants for a three-year period from October 2007. Sterling provide advice on all aspects of treasury management, including their own interest rate forecasts.
- 2.9 In accordance with the revised governance arrangements approved by the Council in March, a copy of this report will be presented to the next meeting of the Overview and Scrutiny Select Committee (on 8 July).
- 2.10 A report on treasury management strategy for 2010/11 was presented to this Committee on 4 February 2009.
- 2.11 Information on investment activity is also reported in the Members Bulletin each month.

### 3. The banking sector and wholesale money markets

- 3.1 Runnymede Borough Council uses the wholesale money markets and banking sector for making investments. These markets became unstable as institutions that were previously considered solid and good credit risks fell into difficulties in 2008 and 2009.
- 3.2 This was a worrying time. Even the traditionally highly secure building society sector came under pressure and a number of societies have had to merge with stronger partners. The reaction of the Government to these events was to conduct extensive Government and central bank intervention and bank rescues.
- 3.3 Since 2008, credit rating agencies have downgraded the credit ratings of most banks and building societies. The downgrades were severe on some of the building societies, and it would be convenient to see these decisions as an overcompensation of rating failures earlier in the credit crises. However, it is not possible to disregard the revised credit ratings and they do reflect genuine concern about the actions of the institutions concerned. Although there remains a good business and legal rationale for lending to building societies, the current position has increased the perceived, if not actual, risk of doing so. Over this period, this Committee has carefully considered changes to the Council's investment strategy for lending to building societies generally and, in particular, the treatment of unrated building societies in comparison to building societies that have credit ratings.

- 3.4 The banking sector remains a concern too. Although a larger number of foreign banks have satisfactory credit ratings, they would not enjoy the protection offered by the UK Government to UK banks. Therefore, no direct investments have been made with foreign banks, although the Council does have indirect exposure to highly rated foreign banks through holdings in money market funds. The deposits in these funds are highly liquid and the diversity offered by the funds provides a high degree of security against material loss of capital.
- 3.5 The Council's treasury management policy statement states:
- "The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council."*
- 3.6 It is the security of investments that has always been the main emphasis of the Council's treasury strategy. In balancing risk against return, Officers continue to place emphasis on the control of risk over yield.
- 3.7 The principal actions taken during 2009/10 were:
- The Annual Investment Strategy was revised in July 2009 to allow a modest extension of the lending criteria.
  - Money market funds were used extensively for short-term cash flow needs. A further fund was opened with Goldman Sachs in August 2009, making 3 funds used (the other two being the Aviva Sterling Liquidity Fund and the Standard Life Investments GBP Liquidity Fund Prime fund). These are low risk investment vehicles and provide better returns than the option of using the Government's Debt Management Office facility.
  - Maturing medium and long-term investments have been placed in short-term investment instruments with UK based institutions with the strongest credit worthiness only.
- 3.8 It must be appreciated that such actions can only mitigate the risks, and not remove all risk.
- 3.9 Despite the recent (apparent and relative) calm in the UK banking sector, there continues to be a worrying trickle of developments in capital markets. There continue to be concerns at individual organisation level – the consistent stream of building society mergers, for instance – and at country level. At the time of writing this report, credit default swap (CDS) spreads increased sharply for most financial institutions, but were led by investment banks and institutions in Portugal and Spain. This sort of uncertainty means that it is still too early to make any but the most prudent and liquid investment in a foreign bank
4. Investment policy and income in 2009/10
- 4.1 The management of the Council's investments in 2009/10 has been conducted within the policy guidelines approved in the Treasury Policy Statement and Treasury Management Practices and the Annual Investment Strategy for 2009/10.
- 4.2 Treasury management activity in the year was carried out in accordance with statutory requirements and CIPFA's "Code for Treasury Management in Local Authorities."
- 4.3 The Committee set "prudential indicators" for 2009/10 in January 2009. Two of the forward looking indicators related to treasury management activities:
1. The "authorised limit": This is a limit on the maximum amount the authority expects to borrow. For 2009/10 a limit of £3m was set to take account of any cash flow shortages that may have been experienced in the year. No borrowing

was undertaken apart from the occasional overdrawn balance on the Council's bank account (the largest amount overdrawn was £181,000 on 3 April 2009).

2. An "operational boundary": This is a term used to describe the most likely scenario of debt that follows from the authority's cash flow movements. For 2009/10 a limit of £2m was set and bank overdraft facilities used were well within this amount.

Investment income

- 4.4 Interest earned on balances is derived from external and in-house managed investments. Table 1 shows the original, revised and actual calculations of General Fund investment income in 2009/10:

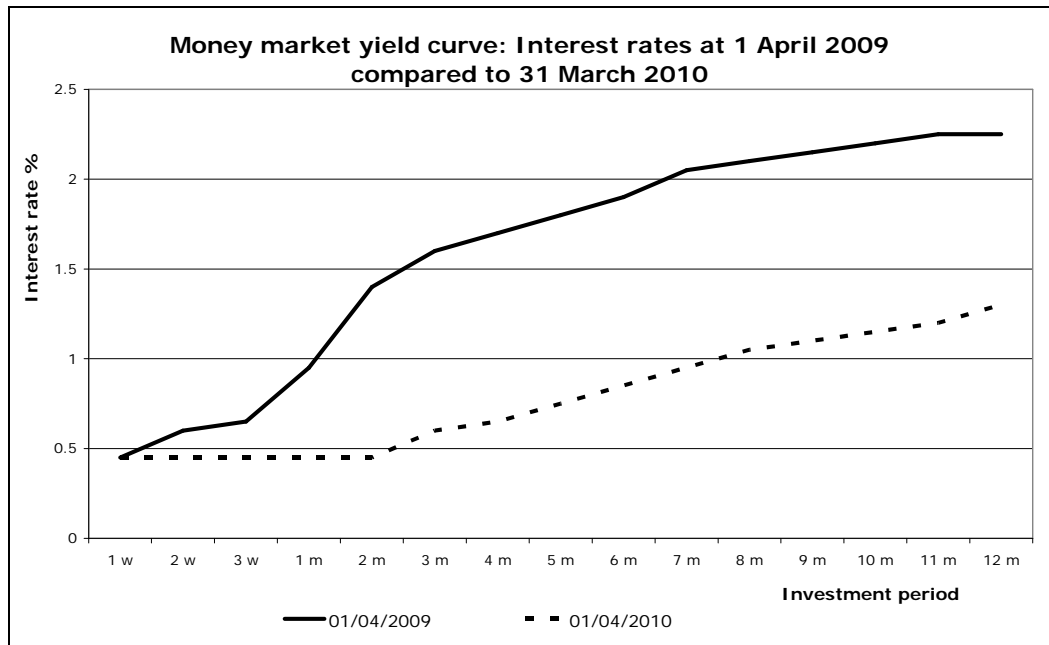
<b>Table 1 - General Fund investment income 2009/10</b>			
Source of Income	Original Estimate £000	Revised Estimate £000	Actual £000
Tradition managed investments	450	392	399
Internally managed investments	435	273	296
Gross external investment income	885	665	697
Interest on Housing Revenue Account balance	(80)	(100)	(84)
Interest paid on deposits and balances (net)	(5)	(5)	(19)
<b>Net General Fund investment income</b>	<b>800</b>	<b>560</b>	<b>592</b>

- 4.5 Aside from the parameters set in the Annual Investment Strategy, the main factors that determine the amount of investment income are:
  - Interest rates – for short-term and maturing investments
  - Cash flow
  - Level of reserves and balances

The impact of each of these factors in 2009/10 is explained in the following paragraphs.

Interest Rates in 2009/10

- 4.6 Short-term interest rates in the wholesale money markets were relatively low throughout 2009/10. The 7-day market rate started the year at 0.546% and ended at 0.414%. The Bank Base Rate stayed resolutely at 0.5% throughout the year (the last change being on 5 March 2009).
- 4.7 However, rates for investment terms over one-month displayed a greater movement. The graph on the next page compares interest rates available at 1 April 2009 (the unbroken line), with interest rates at 31 March 2010. The graph illustrates that interest rates were higher at the start of the year; for instance, the yield on a 12-month investment made at the start of the year was around 2.25%, but only 1.3% by March 2010.



- 4.8 The original estimate for investment income for 2009/10 was based on an overall **average** interest rate of 4%. This took into account the interest rates established on the longer-term investments already entered into, and a Base Rate of 1.5% (the rate current at January 2009). Investment income was estimated at £800,000 (see table 1).
- 4.9 The yield the Council enjoys has a modest degree of protection against the current low level of short-term interest rates because of the fixed interest rates for the Council's medium-term investment portfolio. However, the level of short-term interest rates was even lower than anticipated, and this resulted in an average rate of return for 2009/10 of 2.967%.

#### Cash Flow in 2009/10

- 4.10 The greatest determinate of investment income is good cash flow. Quite simply, without cash to invest, the level of interest rates has no impact on yield. The Council's cash flow forecast is used to divide surplus funds into three categories:
- Short-term – cash required to meet known cash outflows in the next month, plus a contingency to cover unexpected cash flows over the same period.
  - Medium-term – cash required to manage the annual seasonal cash flow cycle, including amounts to cover forecast shortages, planned uses of reserves, and a longer-term contingency.
  - Long-term – cash not required to meet cash flows, and used primarily to generate investment income.
- 4.11 The Council enjoys strong positive in-year cash flows. These primarily result from collecting local taxes in a 10-month cycle from April to January – whilst expenditure is from April to March – and from the tendency for the Council's spending to be weighted towards the later parts of the financial year. Together, the Council's capital and revenue reserves and positive cash flows provide the cash funds to invest and generate investment income. When interest rates were significantly higher (at 5% and above) the interest earned on these short-term balances made a significant contribution to the total investment income. However, with the Base Rate at 0.5%, and the rate earned on good quality investments currently below even this, the interest earning from short-term cash flows are currently very modest.

- 4.12 The impact of capital cash flows – receipts from sales, and timing of capital projects – has a significant impact on cash flows. These movements previously had a major impact on investment income when interest rates were higher, the capital programme larger, and the property market active. However, the 2009/10 cash forecast assumed a much more modest level of activity compared to previous years.
- 4.13 The cash forecast for 2009/10 assumed that the sale of Pinefields would be completed in March 2009 (in the sum of £1.8m), and the sale of Stoneylands in October 2009 (£0.9m). No other significant capital receipts were expected. Pinefields was sold in July 2009, but the difficult state of the property market and other factors has delayed the sale of the Stoneylands site. The low interest rate environment means that the investment income loss from the delays in 2009/10 was only £10,000.
- 4.14 Conversely, the projected spend in the capital programme was slower than anticipated in the Council's original cash forecast. The main difference was for the affordable housing programme with the £1.5m provision for new scheme not used in 2009/10. The investment income gain from this was £20,000.

#### Reserves and balances

- 4.15 Revenue related cash flows were modestly better than anticipated. This was partly because of the lower than expected use of reserves in 2008/09, leading to higher overall opening cash reserves. General cash flows in the year were also modestly advantageous compared to the Forecast, although cash flow for business rates was not as good as expected and this has reduced the benefit. The net impact of higher opening reserves and better cash flows has generated additional investment income for the General Fund of around £20,000 in 2009/10 compared to the original estimate.

#### 5. Investment activity in 2009/10

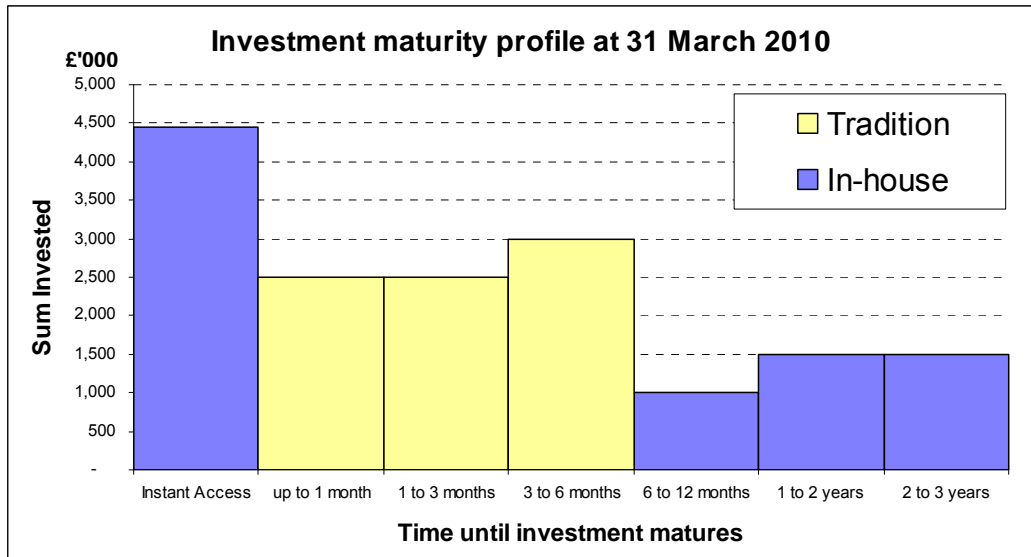
- 5.1 A summary of the Council's overall investment portfolio at the start and end of 2009/10 is set out in Table 2:

	<b>1 April 2009</b>	<b>31 March 2010</b>
	£000	£000
Investments Managed directly	6,750	8,450
Investments advised by Tradition	8,500	8,000
<b>Total investment portfolio</b>	<b>15,250</b>	<b>16,450</b>

- 5.2 A schedule of the investments held by the Council at 31 March 2010 is presented in Appendix 'O'. A list of investment activity for the period April to December 2009 was presented to this Committee in February. A list of investment activity for the period January to March 2010 is shown at Appendix 'P'.
- 5.3 Table 3 summarises investment activity during the course of 2009/10, split between the sectors of the counterparties with which the funds were invested.

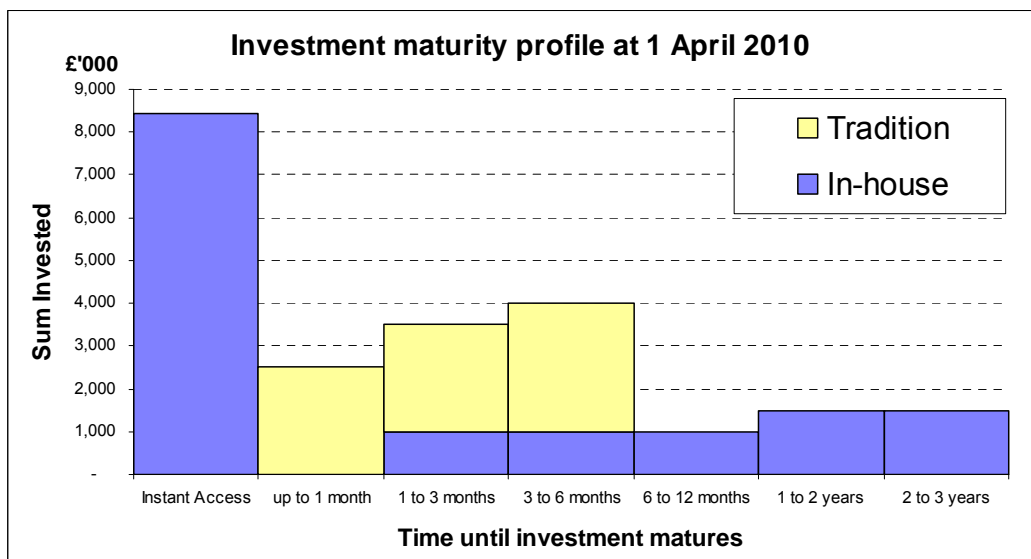
Sector	Opening balance	New investments	Investments matured	Closing balance
	£000	£000	£000	£000
Banking sector	4,000	5,005	5,505	3,500
Building societies	8,500	27,750	25,750	10,500
Government	0	39,440	39,440	0
Money Market Funds	2,750	44,610	44,910	2,450
Local authorities	0	0	0	0
<b>Totals</b>	<b>15,250</b>	<b>122,205</b>	<b>122,735</b>	<b>16,450</b>

- 5.4 Investment turnover by sector in 2009/10 has been driven by the availability of counterparties that meet the criteria set out in the Annual Investment Strategy. In particular, the Annual Investment Strategy in force up to July 2009 was very restrictive in terms of the credit criteria applied to counterparties. The activity with the Government – all through their Debt Management Office (DMO) deposit taking facility - was mainly in the May to July period when it was not possible to invest further funds with deposit takers that met the Council's credit criteria. Although deposits with the Government are of the highest credit quality, the interest earned on these deposits was only 0.3%, falling to 0.25% in July. The revised Annual Investment Strategy, effective from 16 July 2009, allowed short-term investments to be made with a wider set of counterparties and use of the DMO was limited thereafter.
- 5.5 After July, the Annual Investment Strategy allowed investments to be made with all UK banks that had Government support. However, there are still few banks that meet the Council's credit criteria and some of these are not active deposit takers for the size and quantum of funds that Runnymede has to invest. Therefore, activity was low in the banking sector. Turnover was also limited because deposit accounts were maintained with two banks – Bank of Scotland and Nat West – for long periods during the year, and were also fully invested with Barclays Bank throughout the year.
- 5.6 Activity with the building society sector increased significantly after July when the revised Annual Investment Strategy allowed a wider range of short-term investments to be made in this sector. The medium and longer-term investments made with building societies in previous years somewhat limited the scope for making further investments in this sector. However, investments with (the now dwindling number of) building societies that remain active in the wholesale money markets offers the best return on short-term deposits. For instance, it was possible to achieve a return of 0.9% for a one month deposit and up to 1.9% for a 3-months deposit in the summer.
- 5.7 The building society sector is still considered a reasonably solid credit risk and there remain some important safeguards for investors. However, there are credit related concerns about some building societies (those institutions are avoided) and there continues to be a steady stream of mergers and apparent rescues. In time, the continued consolidation of the building society sector will lead to a more limited set of counterparties available for making investments and, all things being equal, the reduced competition for deposits will have a detrimental impact on returns. It is also apparent that stronger building societies are reducing their reliance on the wholesale money markets (probably a result of the freezing of these markets following the demise of Northern Rock) and this again limits the scope for making investments. Some of the Council's most advantageous investments have been made with building societies, including those still running at rates over 6%, and the changes in this sector will inevitably reduce the scope for similar opportunities in the future.
- 5.8 The Council now holds three active Money Market Funds accounts - all are AAA rated, the highest available credit criteria – and these offer a liquid (instant access) and high credit quality home for short-term cash surpluses. The rates offered by the funds have steadily reduced during 2009/10 – starting at around 1% in April 2009 and ending at just over 0.4% in March 2010 – as they broadly follow prevailing market rates. However, the rates compare favourably with the DMO (see paragraph 5.4) and provide better liquidity and returns with a high credit quality.
- 5.9 The chart on the next page illustrates the maturity profile of the investments of £16,450,000 held at 31 March 2010, and also identifies the investments made on the advice of Tradition.



5.10 The longer-term maturities reflect the investment decisions made in accordance with the strategy to hold a proportion of investments in longer term maturities (see paragraph 2.6 and 2.7). Investments made with a maturity of over 364 days are categorised as long-term investments. Because of the increased risks associated with investing for longer periods – especially of credit risk (default) and/or interest rate risk – these have always been made with extra caution. These investments were made during 2007 and the first half of 2008, before interest rates fell. No new long-term (over 12 month term) investments have been made since September 2008.

5.11 The position at the year-end is not typical of the spread of investments held at any one time. This is because of the incidence during the year of large items such as local tax receipts, precepts payable to Surrey County Council and Surrey Police, and payments to and from the Government can significantly change the amount invested at any one time. As an illustration of this, the following chart illustrates the maturity profile of the investments of £22,450,000 held at 1 April 2010.



5.12 The reason for the increase in the amount invested is that £6.3m of local tax receipts were received on 1 April (including those paid by direct debit of £5.9m). Much of this additional income was paid away before the end of April; Council Tax income to Surrey County Council and Surrey Police, and business rates to the Government. However,

even for the relatively short periods of time that these sums are in the Council's hands, these large cash flows generate investment income. The low level of short-term interest rates currently available with good quality institutions has, of course, significantly reduced the investment income from these cash flows compared to previous years.

6. Investment performance in 2009/10

6.1 Investment returns can be measured against external benchmarks. Table 4 illustrates simple comparisons of performance against average short-term indices for 2009/10:

<b><u>Index</u></b>	<b>Annualised Return %</b>
Average Bank Base Rate	0.500
7 day index daily average – simple	0.421
7 day index daily average – compound	0.421
3 month index daily average	0.726
<b><u>Returns achieved</u></b>	
Overall return on investments (including Tradition portfolio)	2.967
Return excluding Tradition portfolio	2.176
Return on Tradition portfolio	4.050
Overall return on short-term (up to 1 year) investments	0.932

6.2 The returns achieved in 2009/10 benefited from the higher rate earned on investments made in 2007. The interest earned on short-term investments (0.932%) was greater than market indexes. The reason for this is because the first-half of the financial year is when the Council's cash flow is at its strongest and this was when interest rates were higher.

Medium term investments – Tradition (UK) Ltd

6.3 Tradition currently advises on the investment of a portfolio of £10m of fixed interest deposits for terms of up to five years. These investments are bound by the same investment parameters as for internally managed investments. Tradition are required to confirm the acceptability of the counterparty name with the Director of Finance before they make an investment.

6.4 An investment of £2m that formed part of this arrangement matured in March 2010. This sum was not re-invested until April 2010 because it was anticipated that the cash would be required in the short-term to meet cash commitments in March 2010. Hence, the amount of investments at 31 March that had been made on the advice of Tradition totalled £8m.

6.5 The investment performance of Tradition in 2009/10 was 4.05%. This can be compared to the benchmarks set out in Table 4.

6.6 The return on the portfolio clearly benefited from longer-term investments made at favourable rates of interest during 2007 and 2008. However, the high return reflects the significant risk premium that has applied to long term investments over this period. Some of the investments made by Tradition – all were made in accordance with the Council's treasury strategy and Annual Investment Strategy in force at the time of investment – were the cause of subsequent concern at the height of the credit crisis. Some of the institutions were subject to UK government rescue or, in the case of building societies, friendly rescue through merger. It would be unfair to cast blame on Tradition for this; they were as unaware of the risky strategies adopted by many major banks and building societies as the rest of the financial markets, the regulators and the UK Government. All current investments are considered secure.

- 6.7 A number of long-term investments made on the advice of Tradition matured in 2009/10. New investments made with the maturing funds have been for much shorter periods of between three and six months. The interest rate on these investments is significantly lower than on the previous long-term investments.
- 6.8 Tradition is able to generate higher returns by using their knowledge of counterparties and, in particular, by using long-term investments. For short-term investments, Tradition is less able to generate significant out-performance. However, there has been a significant reduction in the number of counterparties that meet the Council's credit quality criteria for long-term investment. Therefore, the scope for Tradition to achieve enhanced returns has been significantly reduced.
- 6.9 It is proposed to keep the arrangement with Tradition under close scrutiny. Hopefully, the market conditions that allow the benefits of the arrangement with Tradition to be enjoyed will return. However, if the risks in long-term investment remain too high, or if the arrangement otherwise does not create value for money, the agreement with Tradition will be terminated.

7. Prospects

- 7.1 The Financial Forecast (approved by Council in December 2009) was updated to reflect the impact of lower interest rates, the Council's cash flows (including capital receipt flows), and the level of the reserves and balances on investment income. It was based on achieving an overall average return of 3.5% in 2009/10, 3% in 2010/11, 4% in 2011/12 and 5% in 2012/13.
- 7.2 The overall investment return that the Council enjoys has a degree of protection against the current low level of short-term interest rates because of the fixed interest rates for the medium-term investment portfolio. However, the list of current investments (Appendix 'O') shows that £8.5m were made for long terms (over 12 months); of these, £2.5m matured in April 2010 and £3m will mature in September 2010. Only 2 investments (of £1.5m each) will run at high rates of interest throughout 2010/11. Therefore, as these investments mature, the Council becomes steadily more exposed to movements in short-term interest rates.
- 7.3 The latest set of interest rate forecasts received from Sterling Consultancy Services is set out below:

	Bank Rate	3-Month	12-Month	PWLB 25-Year
	%	%	%	%
Current	0.50	0.66	1.34	4.70
Quarter 2 2010	0.50	0.75	1.40	4.75
Quarter 3 2010	0.50	0.80	1.50	4.80
Quarter 4 2010	0.50	0.90	1.65	4.80
Quarter 1 2011	1.00	1.40	2.00	4.85
Quarter 2 2011	1.50	2.00	2.50	4.95
Half-year 2 2011	2.50	3.00	3.50	5.00
Half-year 1 2012	3.50	4.00	4.50	5.10
Half-year 2 2012	4.50	4.75	5.25	5.20

- 7.4 It must be appreciated that these forecasts are just that – informed guesses of what might happen in the future. There is no certainty that interest rates will change in line with these projections. For example, no mainstream forecast predicted the kind of turmoil in the wholesale money markets experienced since October 2008. The forecast in Table 5 indicates an increase in short-term interest rates commencing in 2011 and continuing into 2012. There may be opportunities to invest over longer term at some stage, principally through Government gilts.

- 7.6 The Budget for 2010/11 included investment income of £360,000, and this was based on projected cash flows and an average interest rate of 3%. The report to this Committee in February 2010 stated that the average rate of interest earned in 2010/11 is likely to be nearer 2.5%. This would reduce overall interest earnings to around £300,000.
- 7.7 The interest rate forecast in Table 5 also indicates that there is a risk that the assumed rate of return for 2011/12 (at 4%) will be difficult to achieve. However, at this stage, it is premature to change the assumptions made in the Council's medium-term financial strategy.
- 7.8 Interest rates (and investment income) should not be viewed in isolation, but considered in conjunction with other economic factors. For Runnymede Borough Council, inflation has a very significant impact on current and future costs. In this respect, the rates of inflation disclosed by the March 2010 indices - Retail Price Index at 4.4% (3.7% in February) and Consumer Price Index at 3.4% (3.0% in February) - give significant cause for concern. The main reason for the significant jump is transport related inflation. Some of the increase can be seen as temporary, although the core inflation measure has slowly risen and now (March) stands at 3.0%. With core inflation at 3%, and base rate at 0.5%, this is not a good time to be a saver.
- 7.9 There are other significant uncertainties that have a treasury management aspect. The state of public finances and the need to address the budget deficit will be a major challenge for the Government. The way that the Government acts will inevitably impact on the gilt market and the cost of Government borrowing, the sovereign credit rating of the UK (currently AAA), and the market, business and citizen confidence upon which a sustained recovery depends.
- 7.10 Investment income has previously provided significant resources towards financing General Fund services. In 2007/08, investment income credited to the General Fund was £1.3m. The estimate for 2010/11 is £360,000. It would be possible to increase investment income by investing sums for longer-terms. For instance, the interest earned on a 5-year gilt would be currently be around 3.0%, much greater than the assumption for most of 2010/11 of short-term interest rates remaining at 0.5%. A UK gilt would, of course, also represent the highest quality credit risk and is also liquid (i.e. can be readily sold).
- 7.11 However, the interest rate risk in investing for a 5-year term is significant. There is a risk that interest rates for gilts will increase (see Table 5). This means that it is probable that a better investment opportunity will become available at a later time. Also, even if it is the firm intention to hold the gilt for the full term, it would be necessary to disclose the (paper) loss on the gilt should gilt prices move as indicated. This would represent a reputational risk which, although always present when making any investment, may be particularly difficult to manage given the other financial challenges faced by the Council.
- 7.12 Nevertheless, there may be good opportunities to lock into good long-term interest rates, probably for shorter terms than 5 years, with good quality institutions during 2010/11. In this case, investment income would increase accordingly. Making a modest further long-term investment would also provide a balance to the investment portfolio and mitigate the interest rate risk inherent in keeping all investments for short-terms. Therefore, Officers will be alert to the possibility of making modest new long-term investments in 2010/11, should market conditions become more favourable.
- 7.13 The ability to forecast interest rates movements effectively and lock funds into prudent and planned long-term rates is of course very helpful in generating good returns. However, it is always more beneficial to manage cash effectively rather than rely on good (or fortunate) forecasting of market movements. Managing short-term cash is a traditional and core function of the local authority treasurer role. The Financial Forecast also relies on generating significant income from asset management (land sales and/or rental income), not least the site of the old civic offices and police station. Realising income streams from these and other sites in time is key to producing the income that the Council's spending and tax plans are based.

7.14 As a result of the forthcoming introduction of more stringent bank liquidity regulations, it is likely that the rate of interest that banks are currently paying on call accounts will reduce. Runnymede used 2 such accounts with UK banks during 2009/10, and these provided a liquid and reasonably secure investment vehicle for short-term funds, and at a reasonably good rate of interest. Although the Council has sufficient alternative investment vehicles for short-term cash to avoid this being a significant issue, the probable diminished returns from these accounts will mean that a currently useful investment vehicle will become unattractive.

## 8. Legal Implications

8.1 The powers for a local authority to borrow and invest are governed by the Local Government Act 2003 and associated Regulations (The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003). The Regulations also specify that authorities should have regard to the Treasury Management Code (published by CIPFA) when carrying out their treasury management functions. This Code covers good practice on the administration of debt, investments and related aspects of financial management.

8.2 Section 15 of the Local Government Act 2003 provides the power for the Government to issue guidance about investments to which authorities are to have regard. Guidance issued by the Government requires the full Council to approve an Annual Investment Strategy that sets out the investment parameters adopted by the Council.

8.3 Regulations require investment in share and loan capital to be treated as capital expenditure. The Government state that this acts as a disincentive to local authorities to make such investments, as they would consume the authority's capital resources. However, the Government has excluded investments in money market funds and multilateral development banks from this definition, as it has no wish to deter authorities from considering these investments.

## 9. Council Policy

9.1 This is set out in the Treasury Management Policy Statement, the Annual Investment Strategy, and associated Practices and Schedules.

## 10. Conclusions

10.1 Treasury management activity in 2009/10 has been conducted in all material respects in accordance with the approved treasury management strategy and with the original and revised Annual Investment Strategies for 2009/10.

10.2 Investment returns have been above benchmark returns as a result of locking a proportion of the Council's portfolio into high interest rates.

10.3 The management of counterparty risk is the treasury management priority. Securing the capital invested is the objective that currently dominates new investment decisions. However, even a closely reviewed and highly rated set of counterparty credit worthiness criteria does not provide absolute assurance that capital is secure. The Annual Investment Strategy is designed to minimise risk as far as reasonably possible whilst retaining the ability to invest with secure institutions.

10.4 It would be possible to increase investment returns by investing in longer-term maturities. However, the recent advice from the Government, reflecting the Select Committee and Audit Commission reports on criticism over the way local authorities have managed their treasury activities, strongly emphasises that security and liquidity of funds must come before yield. Therefore, if the Council held an investment with a failed institution, this would have an adverse impact on the Council's reputation for prudent and solid financial management as well as the unfavourable impact on the Council's financial strategy.

10.5 This practice of investing over the short-term with high quality institutions recognises the principal investment risk at this time, i.e. counterparty default risk. However, this is not an approach for the longer-term. Hopefully, liquidity and confidence will return to money markets and investor confidence in general. When this happens, it is proposed that the

Council's investment portfolio will start to again follow an approach that recognises all types of investment risk in a holistic way as set out in the treasury management strategy.

- 10.6 The estimate for 2010/11 is based on achieving an overall return on investments of 3.0%. It now seems probable that the overall return will be nearer 2.5% and this would depress investment income from £360,000 to around £300,000. If prevailing interest rates or the cash flow forecast significantly change it will be necessary to revise the investment income budget and come back to this Committee with proposals for further action.

**(FOR INFORMATION)**

Background Papers

1. Local Government Act 2003 and Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).
  2. Letter & guidance on Local Government Investments from the ODPM dated 11 March 2010.
  3. "The UK Building Society Sector", published by Sterling International Brokers, September 2009.
  4. Changes to the capital finance system, published by Department for Communities and Local Government, November 2009
  5. Sterling Consultancy Services; summary of the minutes of the MPC meeting 7 & 8 April 2010 (DF) – exempt.
  6. Treasury Management Panel Bulletin: published by the CIPFA Treasury Management Panel in December 2009 (DF)
  7. Letter and schedule from Tradition (UK) Ltd dated 9 April 2010 (DF)
10. ECONOMIC CONDITIONS IN RUNNYMEDE – MARCH 2010 (CE)

**1. Purpose of Report**

**1.1 To report information on economic conditions at March 2010.**

**2. Report**

- 2.1 The report at Appendix 'Q' is based on a county-wide summary developed by the Surrey Economic Partnership and provides a snapshot of the economic conditions in Runnymede in March 2010. Where available, statistics relating to Runnymede and neighbouring districts are provided.
- 2.2 The information in this report has had an effect upon the priority performance indicators 2009/10 outturn, which is the next item on this Committee's Agenda.

**(FOR INFORMATION)**

Background Papers

Surrey Economic Prospects report for March 2010, produced by the Surrey Economic Partnership

11. PRIORITY INDICATORS OF PERFORMANCE 2009/10 – OUTTURN (CE)

**1. Purpose of Report**

**1.1 This report outlines quarter four performance against the revised 2009/10 Priority Performance Indicators.**

**2. Background Information**

- 2.1 At the 28 May 2009 Corporate Management Committee, Members received a report recommending the revision of the Council's Priority Performance Indicators (PIs) in the light of the new Sustainable Community Strategy and Corporate Plan, 'Making a Difference'.

2.2 The Sustainable Community Strategy and Corporate Plan expresses 12 key priority areas that were derived from information from the community in terms of local aspirations and concerns. The Priority PIs regularly considered by this Committee were therefore realigned with those priorities. These performance updates will also incorporate and replace the quarterly National Indicator reports.

2.3 Due to the nature of the priorities in the Sustainable Community Strategy, being matters not necessarily delivered by the Borough Council, some indicators are provided by other agencies such as the County Council, Primary Care Trust, Police and others. It has not been possible to provide National Indicators for all the key priorities, as indicators have only been chosen where data is available on a quarterly basis.

3. Report - Performance for Quarter Four from 1 January to 31 March 2010

3.1 As this is the first year of the revised Priority PIs framework, in some cases comparable figures from the previous year are not available.

3.2 **Anti-social behaviour**

Quarter	Anti-social behaviour incidents 2009-10	Anti-social behaviour incidents 2008-09
Q1	621	800
Q2	772	774
Q3	595	702
Q4	542	640
<b>Year-end total</b>	<b>2530</b>	<b>2916</b>

3.3 **Total crime**

Quarter	Total crime 2009-10	Total crime 2008-09
Q1	1418	1264
Q2	1371	1304
Q3	1335	1345
Q4	1228	1408
<b>Year-end total</b>	<b>5352</b>	<b>5321</b>

3.3.1 There has been a slight increase in acquisitive offences for this period although all other categories remained lower than predicted. The overall increase for the year (0.6%) reflects the increases encountered in the first quarter.

*[Anti-social behaviour and total crime figures should not be considered in combination as ASB data is collected locally, while total crime figures are provided from Home Office data (IQuanta); some anti-social behaviour will be counted within total crime].*

3.4 **NI 195 – Improved cleanliness (graffiti, litter, detritus, flyposting)**

Period	2009-10				2008-09			
	Litter	Detritus	Graffiti	Fly	Litter	Detritus	Graffiti	Fly
Apr-Jul	4%	11%	1%	0%	8%	11%	3%	1%
Aug-Nov	4%	2%	0%	0%	8%	8%	1%	0%
Dec-Mar	3%	5%	1%	0%	13%	12%	2%	1%
<b>Year-end total</b>	<b>4%</b>	<b>6%</b>	<b>1%</b>	<b>0%</b>	<b>10%</b>	<b>10%</b>	<b>2%</b>	<b>1%</b>

3.4.1 As the above figures show, litter cleanliness has improved by 1% from the previous inspections whilst the figure for detritus, (fine gravel found in the road channel or at the back of a footpath) has deteriorated by 3%. This increase in detritus is a result of street cleansing resources being taken from their normal duties to clear leaf fall during the autumn and is a seasonal trend. That said, an overall score of 4% will be the envy of most Councils and shows a generally good standard of street cleansing.

[Indicator is calculated through three four-monthly surveys, assessing the percentage of land that falls below an acceptable level of cleanliness].

### 3.5 NI 196 - Improved cleanliness (flytipping)

Quarter	Number of flytipping incidents		Number of enforcement actions	
	2009-10	2008-09	2009-10	2008-09
Q1	96	227	5	0
Q2	167	182	8	4
Q3	128	94	25	27
Q4	88	71	16	26
Year-end total	479	574	54	57

- 3.5.1 Fly tips have significantly reduced in quarter 4 to 88 incidents compared to 128 incidents seen in the previous quarter. It is felt that this is due to proactive enforcement activities. 16 actions of this kind were taken this quarter. This may also be a seasonal trend and there is an expectation with the improving weather that in quarter 1 of 2010/11 fly tipping may significantly increase. 2009/10 as a whole has seen varied results. Fly tipping shows an overall decline over the year with a peak in quarter 2, which was the result of increased garden waste and other materials such as mattresses and odd bulky items. This trend can also be seen in the first two quarters of 2008/09 and again was made up of large quantities of garden waste and other bulky items. Improved and modified reporting has also helped capture more incidents with increased and proactive enforcement.

*[It should be noted that flytipping incidents were under-reported during the year 2008/09 due to the misclassification of flytipped waste. Figures for quarter two of this financial year address this error. Flytipping figures should be considered with caution, as there may be a degree of double counting in data provided by DSO and Environmental Health. This indicator is reported annually by the Government based on weighting by DEFRA - this weighting formula is not yet available. At this stage the quarterly figures reported will therefore only be indicative of the annually published score].*

### 3.6 NI 180 Changes to Housing Benefit/Council Tax Benefit entitlements throughout the year

- 3.6.1 During 2009/10, 2586.30 claims were reviewed for every 1000 caseload. This equates to an average of 52.48 per 1000 caseload per week. This indicator is being discontinued in the National Indicator Set for 2010/11.

#### 3.6.2 NI 181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events

- 3.6.3 The DWP are currently not supporting the national data that is being produced for NI 181 because the software providers cannot produce the required output. Using the information that can be obtained from the Northgate system, 13.68 days is the most realistic result. There is no guarantee that it is accurate. The Benefits & Income Manager is conducting a trial on a new way of processing benefit claims which it is hoped will speed up turnaround times.

### 3.7 NI 123 - Stopping smoking

Quarter	Rate of self-reported 4-week smoking quitters per 100,000 population aged 16 or over	
	2009-10	2008-09
Q1	52	74
Q2	119	146
Q3	177	233
Q4	Available 21 June	256
Year-end total		256

- 3.7.1 Based on data available up to quarter 3 of 2009/10, the number of smoking quits in Runnymede is running at 88.4% of the NHS Surrey target, the fourth lowest performance in Surrey. To help boost the number of quits the Runnymede Smoke Free Charter Sub-Group commissioned NHS Surrey Stop Smoking Service to carry out face-to-face motivational interviewing to generate referrals to the Stop Smoking Clinic at Egham. The initiative also surveyed the quitters at the Egham clinic to identify why they chose to quit with the NHS Surrey Stop Smoking Service. A bid will be made shortly for funding to train Volunteer Health Trainers to work with Runnymede residents in the community to reduce their smoking and consumption of alcoholic drinks. An article has also been put in the Spring edition of Runnymede Voice to encourage people in Runnymede to stop smoking.

*[Indicator relates to self-reported 4-week smoking quitters, aged 16 or over, receiving support through NHS Stop Smoking Services. Note that the quarterly figures are cumulative and provisional. NHS Surrey are accountable for this indicator but have asked for support from district councils and local strategic partnerships].*

### 3.8 NI 156 – Number of households living in temporary accommodation

Quarter	No of households living in temporary accommodation	
	2009-10	2008-09
Q1	17	23
Q2	15	28
Q3	20	18
Q4	22	18
<b>Year-end total</b>	<b>22</b>	<b>18</b>

- 3.8.1 The Council is experiencing an increase in housing advice approaches and homeless acceptances resulting in more applicants in temporary accommodation.

### 3.9 Leisure centre usage

Quarter	Addlestone Leisure Centre	Egham Leisure Centre		
	2009-10	2008-09	2009-10	2008-09
Q1	21,554	25,050	53,304	62,561
Q2	22,210	22,516	52,383	55,171
Q3	19,515	18,634	39,855	46,213
Q4	22,265	20,635	48,183	54,536
<b>Year-end total</b>	<b>85,544</b>	<b>86,835</b>	<b>193,725</b>	<b>218,481</b>

- 3.9.1 The 3G football is no longer managed in-house and the Council is not involved in the collation of their attendance under the terms of the contract. 5-a-side football adds approximately 2,500 heads per month (250 bookings per month). The decrease in numbers at Addlestone Leisure Centre is due to the two outdoor football pitches that have had fewer bookings over the last 18 months.

*[Attendance figures are based on a count of singular activities (e.g. one gym user) and estimated averages for team activities (e.g. three users per badminton booking)].*

### 3.10 Volunteer placements

Quarter	No of referrals		No of placements	
	2009-10	2008-09	2009-10	2008-09
Q1	146	128	41	36
Q2	184	93	50	33
Q3	161	106	44	39
Q4	247	152	152	51
Year-end total	738	479	287	159

[Data provided by Runnymede Association of Voluntary Services, and relates to volunteer referrals to, and placements by, the organisation].

### 3.11 NI 155 Number of affordable homes delivered

Quarter	No of Affordable Homes Delivered	
	2009-10	2008-09
Q1	0	12
Q2	45*	2
Q3	59	91
Q4	23	28
Year-end total	127	133

\* The figure for Q2 of 2009/10 has been amended to 45.

- 3.11.1 The 2009/10 result of 127 is above the annual target of 100 due to the conversion of 37 open market units to discounted Homebuy (Abbots Croft and Pretoria Road). These units were originally private market for sale but were converted to low cost home ownership during the recession by grant received by the Homes and Communities Agency. There are currently 187 units on site, but this includes 94 at Franklands Drive which may not be completed within the target period as decontamination works are required before construction work on the houses can commence.

### 3.12 Progress on Airtrack

Updated timeline	
Spring 2010:	Addendum to the Environmental Statement published
Autumn 2010:	Potential Public Inquiry
Mid 2011:	Transport and Works Act powers granted to proceed?
Early 2012:	Possible start of works?
Early 2016:	Heathrow Airtrack services operating?

- 3.12.1 Since late 2009 BAA Airtrack has been undertaking further work on the indicative railway timetable and level crossing barrier downtime modelling for the Airtrack services into Waterloo, Reading and Guildford. This process is not anticipated to be complete until spring 2010. Additional information on various matters including the assessment of the effects at level crossings was made available as part of an addendum to the Environmental Statement (ES) on 12 May, with a consultation period expiring on 23 June. It is expected that the Public Inquiry into the Airtrack scheme will be formally scheduled in autumn 2010 following the conclusion of that consultation.
- 3.12.2 Runnymede continues investigation into the feasibility, practicality and justification for, mitigation measures at the Egham and Pooley Green level crossings, in conjunction with Surrey County Council, Network Rail and BAA Airtrack. The delay before the inquiry

does give greater time to undertake this technical work to be able to present the inquiry with a menu of tested options.

### 3.13 Number of Travel Plans adopted as part of new planning developments

Quarter	No of Travel Plans adopted	
	2009-10	2008-09
Q1	1	0
Q2	0	1
Q3	0	0
Q4	0	0
Year-end total	1	1

3.13.1 There were no new travel plans adopted in Runnymede during quarter 4 of 2009/10.

### 3.14 Enhanced 'buy local' campaign

Quarter	No of participants in scheme 2009-10	No of businesses on scheme 2009-10	No of participants in scheme 2008-09	No of businesses on scheme 2008-09
Q1	5299	96	4689	105
Q2	5252*	95	4857	97
Q3	5172*	97	4481*	101
Q4	5268	97	5145	96
Year-end total	5268	97	5145	96

\* Reduction caused by data clean-up, following deletion of those whose mail is returned from annual mailing.

3.14.1 The number of loyalty card holders, and participating businesses, is growing. However, it does fluctuate because of the movements of people and businesses in and out of the borough.

### 3.15 NI 182 - satisfaction of businesses with local authority regulation services

Quarter	Satisfaction of businesses	
	2009-10	2008-09
Q1	85%	75%
Q2	83%	84%
Q3	89%	83%
Q4	84%	80%
Year-end total	84%	82%

3.15.1 Last year was the first year of reporting and there were no national or local targets set. This year's result shows an increase from 82% to 84% reflecting a slight improvement in business satisfaction levels.

*[Indicator is based on monthly surveys of businesses by Environmental Health and Licensing].*

### 3.16 NI 157 - Processing of planning applications

Quarter	Comparisons for Major applications		Comparisons for Minor applications		Comparisons for Other applications	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Q1	100%	71.5%	86.21%	87.3%	97.99%	92.6%
Q2	100%	100%	90.4%	84.2%	97.1%	97.7%
Q3	40%	0%	89.3%	92.27%	92.1%	88.8%
Q4	100%	79.19%	90.9%	86.86%	97%	96.45%
Year-end total	78.6%	76.19%	90.3%	86.65%	95.7%	93.51%

3.16.1 The year-end figures for all three categories far exceed Government targets.

### 3.17 Section 106 agreements

Quarter	Section 106 agreements 2009-10			Section 106 agreements 2008-09		
	Monies received (previous S106 agreements)	New S106 amounts agreed	Affordable housing units secured	Monies received (previous S106 agreements)	New S106 amounts agreed	Affordable housing units secured
Q1	£0	£100,000	28	£55,000	£55,000	12
Q2	£0	£69,812	3	£0	£0	0
Q3	£4500	£266,655	0	£4,000	£8,500	0
Q4	£0	£261,900	0	£0	£0	0
Year-end	£4500	£698,367	31	£59,000	£63,500	12

3.17.1 Whilst the number of applications has reduced during the current economic downturn the income received during quarter 3 of 2009/10 is a reflection of schemes that started prior to the downturn. The Council is currently involved in discussions on several major schemes that will give rise to significant S106 agreements over a 2-5 year period. These include the Brunel College site, Thorpe Park, Royal Holloway UOL, the former Dera site, and St Peter's Hospital.

*[Section 106 agreements are negotiated separately on each site in terms of the mechanism for releasing the money (the trigger mechanism). Some of the larger applications –with significant income– do take some time to determine and then to receive the income (through the trigger mechanism)].*

### 3.18 Infrastructure Tariff Obligations (Planning Infrastructure Contributions)

Quarter	Infrastructure Tariff Obligations 2009-10		Infrastructure Tariff Obligations 2008-09			
	Number of agreements (PP Issued)	Value of agreements	Amounts paid*	Number of agreements (PP Issued)	Value of agreements	Amounts paid*
Q1	7	£37,622.47	£10,387.81	2	£6,392.24	£0.00
Q2	4	£13,533.57	£5,199.25	8	£33,882.29	£2,491.98
Q3	7	£79,945.21	£0	4	£13,136.29	£3,633.40
Q4	1	£6,451.02	£5,521.61	8	£49,584.37	£7,575.32
Year-end	19	137,552.27	21,108.67	22	£102,995.19	£13,700.70

3.18.1 Whilst the number of applications has reduced during the current economic downturn the income received during quarter 3 of 2009/10 is a reflection of schemes that started prior to the downturn.

[The monies reported under 'Amounts paid' in each particular quarter relate to payments made prior to material operations taking place. Therefore these quarterly figures will not correspond with the monies reported under 'Value of the agreements'].

### 3.19 NI 117 – 16-18 year olds who are not in education, employment or training (NEETs)

Quarter	No of NEET 2009-10	No of NEET 2008-09
Q1	97	No comparative data
Q2	95	100
Q3	85	84
Q4	72	94
<b>Year-end total</b>	<b>72</b>	<b>94</b>

- 3.19.1 There are approximately 1,523 young people aged 16-18 resident in Runnymede and part of the Connexions cohort, giving a percentage NEET of 4.73% for the borough in March. This compares to 3.5% for Surrey as a whole, which is a low percentage of NEETs when compared with statistical neighbours, the South East and England. The total cohort is a snapshot of the number of 16-18 year old young people in each borough at a given point of time.

[Note that the number of NEETs reported are only indicative of the annual figure published against NI 117; annual data is adjusted to take into account the number of young people whose activity is unknown. The above figures are based only on known NEETs in Runnymede, and will therefore be slightly lower than the final adjusted number].

### 3.20 Job Seekers Allowances Claimants (18-24)

Quarter	Number of 18-24 JSA claimants		Proportion of 18-24 working population		Proportion of all claimants (working age)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Q1	225	85	2.3%	0.9%	23.2%	24.8%
Q2	270	95	2.8%	1.0%	27.0%	23.3%
Q3	235	140	2.5%	1.5%	23.6%	24.7%
Q4	275	220	2.9%	2.3%	26.1%	23.0%
<b>Year-end total</b>	<b>275</b>	<b>220</b>	<b>2.9%</b>	<b>2.3%</b>	<b>26.1%</b>	<b>23.0%</b>

- 3.20.1 Runnymede's unemployment rate for 18-24 year olds (as measured by JSA claimants) increased to 2.9% in March showing an upward trend for the last 5 months. This age group now make up 26.1% of all JSA claimants despite being only 18% of the total working age population in Runnymede. The proportion of young JSA claimants claiming for over 6 months is also steadily increasing and now stands at 23.6% (compared to just 6.8% a year ago).

[Quarterly figures are taken as a snapshot at the end of the quarter. Claimant numbers are rounded to the nearest five. These residence-based proportions express the number of claimants resident in an area as a percentage of the working age population resident in that area. Working age is defined as 16-64 for males and 16-59 for females. The working age population figures are derived from mid-year population estimates which are compatible with the 2001 Census].

### 3.21 Allotment usage

Quarter	No of plotholders 2009-10	No of people on waiting list 2009-10	No of plotholders 2008-09	No of people on waiting list 2008-09
Q1	257	167	252	50
Q2	263	187	257	90
Q3	266	194	256	110
Q4	255	192	260	137
Year-end total	255	192	260	137

- 3.21.1 There were 22 vacancies on 31 March 2010 from plot holders terminating contracts, and the reduction in the number of plot holders from quarter 3 to quarter 4 is due to these vacant plots. Plot holders invoiced in March for yearly rental commencing 1 April inform Officers that they no longer require their plot. The process of clearing plots, contacting people on the waiting list, arranging visits with site reps and sorting out new contracts will normally take several weeks to complete. At the end of quarter 4 plots let will therefore be less than 100%. Some plot holders have given up second plots. The number of people on the waiting list fluctuates throughout the year, normally increasing through the first three quarters with a possible decrease after 1 April when plots become available.

*[These figures are taken as a snapshot of allotment usage at the end of each quarter].*

### 3.22 Young people participating in Runnymede Open Access Recreation (ROAR) sessions

Quarter	ROAR attendance 2009-10		ROAR attendance 2008-09	
	Total participants	New participants	Total participants	New participants
Q1	548	328	Data not available	
Q2	822	250	Data not available	
Q3	731	225	Data not available	
Q4	171	51	Data not available	
Year-end total	2272	854	Data not available	

- 3.22.1 During the period of January to March 2010 only five ROAR sessions were run over the February half term. The activities ran were a mixture of indoor and outdoor play and again numbers were limited to 40 children taking part at each session due to the space available indoors and the numbers of staff. It had been planned to run eight weeks of after school fun sessions during February and March. However, these had to be postponed until April as a ROAR assistant member of staff was unable to be recruited.

*[Figures represent participation in Runnymede Open Access Recreation (ROAR) play sessions, for 5-13 years. ROAR provides activities both after-school and during school holidays that encourage young people to participate in free, open access play in parks, open spaces and community venues. It should be noted that this is a lottery funded project which is to run for three years and started in February 2009].*

### 3.23 Funding secured towards the enhancement of suitable alternative natural green spaces (SANGS)

Quarter	Funding secured for SANGS 2009-10	Funding secured for SANGS 2008-09
Q1	£2,000	£32,000
Q2	£0	£10,000
Q3	£6000	£26,000
Q4	£2000	£10,000
Year-end total	£10,000	£78,000

3.23.1 The number of applications has reduced during the current economic downturn.

*[In line with Natural England guidance, the impact of residential developments within 5km of the Thames Basin Heath Special Protection Area (SPA) can be managed by the provision of suitable alternative natural green space (SANGS), either through provision of new open space or significant improvements to existing sites. A contribution of £2,000 per additional dwelling in the 5km zone is invited to fund and maintain SANGS enhancements].*

### 3.24 Waste and recycling

Quarter	Total household waste (tonnes)					
	2009-10			2008-09		
	Household	Trade	Total	Household	Trade	Total
Q1	4850.56	710.5	5561.06	5348.16	706.90	6055.03
Q2	4849.22	589.44	5438.66	4976.51	707.91	5684.42
Q3	4596.03	584.67	5765.37	4623.98	617.74	5241.72
Q4	5375.52	654.9	6030.42	4874.50	662.10	5536.60
Year-end total	19671.33	2539.51	22210.84	19823.15	2694.65	22517.77

Quarter	NI 191 - Residual household waste (kg)	
	2009-10	2008-09
Q1	157.24 kg	169.05 kg
Q2	158.93 kg	181.24 kg
Q3	149.58 kg	168.89 kg
Q4	152.65kg	178.13 kg
Year-end total	618.34kg	697.31 kg

Quarter	NI 192 Percentage of waste re-used, recycled and composted	
	2009-10	2008-09
Q1	25.22%	26.29%
Q2	24.52%	25.86%
Q3	26.93%	27.22%
Q4	23.52%	23.69%
Year-end total	25.08%	26.03%

3.24.1 As expected, higher refuse and lower green waste tonnages in the final quarter of the year account for the downturn in recycling when compared to quarter 3. 2009/10 as a whole sees slightly lower recycling rates than last year. Less paper, glass and cans were collected at kerbside, probably due to the recession with people spending less on newspapers, glossy magazines and alcoholic beverages. Furthermore, the bring site at Pooley Green had to be removed due to arson attacks and both Tesco and Sainsbury's ejected the Council's textile banks from their sites during the year. The following year brings with it the challenges of introducing the new improved recycling service including food waste and fortnightly waste collection services, which is planned to commence on 1 February 2011.

3.24.2 With regard to collection of household waste, the total figure for 2009/10 was 19,671 tonnes. This is a decrease in household waste of 152 tonnes from the previous year. This has resulted in a complete refuse round being removed from the service from July 2009 and more productivity from the remaining six rounds. Trade waste has also followed this pattern. The total trade waste collected this year was 2,540 tonnes compared to 2,695 tonnes in 2008/09. The total number of trade customers, however, has not fallen. Therefore, it can only be assumed that traders are disposing of less waste within their trade bins.

### 3.25 Staff turnover and stability

Quarter	Staff turnover	
	2009-10	2008-09
Q1	10.71%	15.98%
Q2	8.57%	15.31%
Q3	9.14%	13.76%
Q4	8.22%	11.94%
Year-end total	8.22%	11.94%

Quarter	Stability index	
	2009-10	2008-09
Q1	90.44%	85.74%
Q2	91.78%	86.02%
Q3	91.07%	86.80%
Q4	91.78%	88.73%
Year-end total	91.78%	88.73%

- 3.25.1 These figures continue to mirror the national trend due to the current economic climate. The high stability (the number of staff employed at the beginning of the period who are still employed at the end) reflects the falling turnover.

*[Figures for each quarter represent rolling-figures for the previous 12 months, e.g. quarter 1 figure is for year ending 30 June 2009. Staff turnover reports on the proportion of leavers compared to the number of employees; the stability index reports on the proportion of those employed for the duration of the period compared to those employed at the start].*

#### 4. Conclusion

- 4.1 This is the first year of the revised Priority PIs framework and initial teething problems are expected with the establishment of base data and collection arrangements.

#### **OFFICERS' RECOMMENDATION that –**

**the Committee indicates whether it is content with the progress in achieving the new Priority Performance Indicators.**

**(TO RESOLVE)**

#### Background Papers

None stated

#### 12. PETITION SCHEME (DAL)

##### 1. Purpose of Report

- 1.1 **To approve the establishment of a 'Petition Scheme' for handling valid paper and electronic petitions submitted to the Authority in accordance with the new statutory requirements.**

##### 2. Background Information

- 2.1 The Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) introduced a new duty for local authorities to respond to petitions.
- 2.2 These provisions (sections 10-22 inclusive) aim to make local decision making more transparent and require Local Authorities to respond to petitions which meet certain criteria. Section 11 requires Local Authorities to make a scheme for handling valid petitions and Section 10 requires the Local Authority to make e-petition facilities available. Where petitions are deemed to be valid then there is a requirement to

acknowledge the petition within a specified period and to take certain steps (provided that the petition is not vexatious, abusive or otherwise inappropriate). It is for the Local Authority to determine what constitutes an inappropriate petition considering the individual circumstances of the case. Valid petitions must also relate to a 'relevant matter', ie a function of the Authority or an improvement in the economic, social or environmental wellbeing of the Authority's area to which any of its partner Authorities could contribute, which are defined in chapter 1 of part 5 of the Local Government and Public Involvement in Health Act 2007.

- 2.3 The Authority's petition scheme would include how the authority will deal with petitions, eg holding a public meeting; commissioning research; giving effect to the request in the petition; holding an inquiry; referring it to Overview and Scrutiny Select Committee, or otherwise. The scheme should also identify whether the petition is one which requires debate or requires an Officer to be called to account, in which case certain additional steps must be taken.
- 2.4 The Statutory Guidance on the duty to respond to petitions was published in March 2010.
- 2.5 The majority of the provisions in the Act including those that require a Local Authority to have a Scheme in place to respond to petitions will come into force on 15 June 2010.
- 2.6 The requirement for Local Authorities to provide a on-line petition facility for making petitions in electronic form will come into force on 15 December 2010.
3. Report
- 3.1 The 2009 Act requires all principal Local Authorities in England to establish a scheme for handling petitions made to the Authority. Runnymede is a 'principal' Local Authority under the Act.
- 3.2 The Scheme:
- must be approved by a meeting of the full Council before it comes into force;
  - must be published on the principal Local Authority's website and by any other method appropriate for bringing it to the attention of those who live, work or study in its area;
  - can be revised at any time, but the revised scheme must be approved and publicised as detailed above; and
  - the Authority must comply with its petition scheme
- 3.3 The 2009 Act requires petition schemes to meet some minimum standards in order to ensure minimum entitlements which all citizens can expect. Beyond this small number of requirements Local Authorities have a high level of flexibility about how they approach the duty which leaves a lot of scope for local determination.
- 3.4 The statutory requirements are:
- anyone who lives, works or studies in the Local Authority area, including under 18's, can sign or organise a petition and trigger a response. It is proposed that this Council will normally only consider petitions containing a minimum of 25 signatures, although each case will be considered on its merits. Smaller petitions will more probably be handled as correspondence.
  - a facility for making electronic petitions is provided by the Local Authority.
  - petitions must be acknowledged within a time period specified by the Local Authority.

- among the many possible steps that the Local Authority may choose to take in response to a petition, the following steps must be included amongst the options listed in the scheme:
  - taking the action requested in the petition
  - considering the petition at a meeting of the Local Authority
  - holding an inquiry into the matter
  - holding a public meeting
  - commissioning research into the matter
  - a written response to the petition organiser setting out the Authority's views on the request in the petition
  - referring the petition to an Overview and Scrutiny Committee of the Authority.
- petitions with a significant level of support trigger a debate of the full Council. Councils will determine this threshold locally but it must be no higher than 5% of the local population. The figure suggested for Runnymede is 1,000 signatures, which represents 1.19% of the local population based on a 2008 Borough population figure of 83,400.
- petitions with a requisite level of support, set by the Local Authority, trigger a senior Local Government Officer to give evidence on the delivery of services at a meeting of the authority's Overview and Scrutiny Committee. The figure suggested for Runnymede is 500 signatures, which represents 0.59% of the local population;
- petition organisers can prompt a review of the Local Authority's response if the response is felt to be inadequate.

3.5 Section 18 of the 2009 Act clarifies that Local Authorities can include other information which they consider to be appropriate in their petition scheme. For example, details about how they handle petitions which do not qualify under the scheme or which apply to the functions of another principal Local Authority, particularly in areas with two tiers of local government such as Surrey.

3.6 The Government has excluded the following matters from the obligation to respond to a petition –

- any matter relating to a planning decision
- any matter relating to a licensing decision
- any other matter relating to a person (natural or corporate) where that person has a separate right of appeal or review.

However, failure to deliver services in these areas remain within the scope of this duty.

3.7 A proposed scheme for responding to petitions based upon the above statutory requirements and guidance is attached at Appendix 'R' for recommendation for approval to Council on 22 July 2010. The thresholds for requiring responses have been set to ensure that matters of genuine concern can be brought to the Authority's attention and will be reviewed after 12 months operation. Petitions which are vexatious, abusive or otherwise inappropriate will not be entertained. It is for the Authority to decide what constitutes an inappropriate petition, considering the circumstances of the individual case.

- 3.8 With regard to the e-petition element of the scheme, 'My Society' have been selected to develop an e-petitions system for Surrey. 'My Society' made the e-petitions site for Number 10 Downing Street. The majority of the cost (£20,000) is being funded by Surrey County Council with a £500 contribution from each District/Borough to have an individually branded e-petitions facility. This site will go live from 15 December 2010 in accordance with the statutory requirements.
- 3.9 The Council's e-petition facility will allow citizens to create a petition which can be published on line on the Authority's website and made available to others who may 'sign up' to the petition on -line.
4. Equality Issues
- 4.1 Petitions may be submitted by all persons in the Borough, either in paper or eventually, in electronic form, so the ability to submit petitions is widely accessible. No equality implications exist.
5. Resource Implications
- 5.1 Administration of the scheme will be undertaken by the Committee Section. Workload arising from the new duty is unquantifiable at this stage and will be monitored.
- 5.2 Government advise that the cost to the public sector of responding to petitions will be approximately £4.7 million per year, decreasing over time. These costs arise from increased work for Council Officers, time at both Council meetings and at Overview and Scrutiny Committees, together with the set up costs for e-petitions. The costs to Local Authorities are being fully funded by Government.

**OFFICERS' RECOMMENDATION that -**

**the scheme for handling petitions submitted to the Authority at Appendix 'R' be approved and the Constitution be amended accordingly.**

**(TO RECOMMEND)**

Background Papers

CLG Statutory Guidance 'Listening to Communities: Duty to Respond to Petitions'.

13. DIVERSION OF SEWER – REAR OF CIVIC CENTRE (DTS)

1. Purpose of the Report

1.1 **To seek authority to carry out essential works to the private sewer serving the Runnymede Civic Centre, Middlesex Court and part of Surrey Towers.**

2. Background Information

2.1 Phase 1 of the Civic Centre Project was the construction of the Civic Centre building, which staff moved into in May 2008. Phase 2 is the construction of the car park and associated landscaping. However, the construction of the part of Phase 2 known as "The Avenue", on the old Civic Offices side of the Civic Centre, required the demolition of the Civic Offices. It was originally intended that the Civic Offices demolition would be undertaken by the Civic Offices site developer soon after the RBC staff moved out and for the Civic Centre contractor, Willmott Dixon, to construct Phase 2.

2.2 This arrangement would have required Willmott Dixon to vacate the Civic Offices site on completion of Phase 1 and to re-mobilise and return to the site later to complete Phase 2. Before the Civic Centre (Phase 1) was completed, the Council and Willmott Dixon agreed that it was in both parties' interests if Willmott Dixon withdrew from the Phase 2 construction and that the Council's Engineering Services Team would procure and manage the Phase 2 construction.

- 2.3 A sewer system serving Middlesex Court and part of Surrey Towers runs under the Civic Centre site and Willmott Dixon installed a new sewer system around the Civic Centre building to replace this existing sewer in Phase 1. However, the final connection to bring the new sewer into operation was not installed as it involves digging up Marnham Place, the main entrance into the Civic Centre staff and Member car park. It was intended that this would be included in the Phase 2 works as Marnham Place has to be excavated as part of these works.
- 2.4 The construction of Phase 2 was originally planned to follow soon after Phase 1 but this has been delayed as the development proposals have changed. Although the construction of the car park and landscaping in Phase 2 is not critical to the operation of the Civic Centre the construction of the new sewer connection is needed as soon as possible. During the construction of the courtyard and landscaping at the side of the Civic Centre in Phase 1 an access chamber on the existing sewer was buried (shown as 'Buried Access Chamber' on the drawing at Appendix 'S'). This chamber has a history of blockages that have resulted in flooded properties in Surrey Towers.
- 2.5 The installation of the new connection would enable the commissioning of the new system and the old system would be filled with concrete and abandoned.

### 3. Report

- 3.1 Drawing ES/151/01 at Appendix 'S' shows the existing and proposed sewers serving the Civic Centre, Middlesex Court and part of Surrey Towers.
- 3.2 The new system has been designed to cater for the combined flows from Middlesex Court, Surrey Towers and the Civic Centre. The new system is only used by the Civic Centre at the moment so the flow in the sewer is much lower than that for which it was designed. This has resulted in a build up of debris and other solid matter that has been causing unpleasant smells in parts of the Civic Centre. As a temporary measure the new sewer is being jetted regularly to prevent this odour from occurring.
- 3.3 There is a major risk that the old sewer system could become blocked somewhere underneath the Civic Centre. Should this happen, there is no direct means of access to it and depending upon the location of the blockage, jetting alone might not be sufficient to clear the blockage. That could lead to more than 100 properties in Middlesex Court and Surrey Towers not being able to use their toilets whilst the problem was being resolved. It could be necessary to provide alternative accommodation for the residents and around the clock emptying of the old sewer by tanker, as well as carrying out repair works.
- 3.4 In order to carry out the works to install the new sewer connection the access to the Civic Centre rear car park (Marnham Place) would have to be diverted through the temporary service road to the rear of the Civic Centre. Access to the residents' car park at the back of Middlesex Court would also be restricted and diversions put in place for pedestrians.

### 4. Resource Implications

- 4.1 The current estimated cost of the new sewer connection and the associated works is approximately £14,000. The final cost of the works will be based on the work carried out and calculated on a re-measured basis. This sum will be taken from the current Capital Programme provision for the Civic Centre Phase 2 works.

### 5. Legal Implications

- 5.1 It is proposed to carry out the works under the Engineering Services, Minor Civil Engineering Works Term Contract, which was approved by the Economic Development Committee on 6 March 2008.
- 5.2 The Council has a Public Health enforcement duty under Section 35 of the Local Government Miscellaneous Provisions Act 1976 to take action against the owner of a sewer to carry out emergency works to clear obstructions. In this case the Council would

be both the enforcer and the owner as most properties within Middlesex Court and Surrey Towers are Council properties.

- 5.3 Under the Building Act 1984, the owner of a property is required to make adequate provision for drainage. The current conditions of the private sewer serving the Council properties may be regarded as inadequate with regards to its accessibility and serviceability. Under the same Act, the Council may issue a notice to the owner obliging him to carry out works to improve the drainage provisions. In this particular case, the Council owns the sewer.

**OFFICERS' RECOMMENDATION that –**

- i) the diversion of the sewer to the rear of the Civic Centre be undertaken at a currently estimated cost of £14,000; and**
- ii) this expenditure be met from the provision for Civic Centre Phase 2 works in the capital programme and a capital estimate be approved accordingly.**

**(TO RESOLVE)**

Background Papers

None stated

14. SAFER RUNNYMEDE - EXPANSION OF CCTV MONITORING (DTS)

1. Purpose of Report

- 1.1 **To seek authority to bid for, or enter into Contracts expanding the activities of Safer Runnymede.**

2. Background Information

- 2.1 When the Safer Runnymede Control Room was rebuilt in the new Civic Centre, it was specifically designed for expansion in terms of the number of CCTV cameras monitored and other issues such as Care Alarm monitoring, buildings alarm monitoring and out-of-hours call out.
- 2.2 When the former Community Safety Manager retired in December last year, the decision was taken to divide his duties between several staff, and a new post of Marketing and Development Officer was created and subsequently filled. As its name suggests, this role was specifically for increasing usage of Safer Runnymede and increasing income, which also forms part of the Council's financial strategy.

3. Report

- 3.1 Over recent months, the prospect of significant new Contracts has become evident. Discussions have been held with both Elmbridge and Epsom & Ewell Borough Councils about possible transference of their CCTV monitoring from the current unit at Walton. However, due to the cost of any such Contract, those Authorities have to go through a formal procurement process inviting bidders and it is recommended that Officers be authorised to make an appropriate bid.
- 3.2 Discussions are also ongoing in relation to the Wentworth Estate whereby a new network of cameras might be established to cover the numerous entrances and exits. Such a system may in the future facilitate access to Safer Runnymede monitoring by individual householders in the area.
- 3.3 There is also the likelihood of additional cameras to cover the full route between the Royal Holloway University of London (RHUL) Campus in Egham and the M25, together with some peripheral areas to the Campus. This is because RHUL is to be the athletes'

village for the rowing and canoeing events of the 2012 Olympics, and will be the largest Olympic Village (with some 1200 athletes) outside of Stratford.

- 3.4 There is also considered to be ample scope to expand the amount of Care Alarm monitoring, as well as building alarms. Other Local Authorities also have out-of-hours calls needing to be monitored as well as support for Officers working alone out-of-hours, and this is another potential source of income.

#### 4. Legal Implications

- 4.1 Members are advised that local authorities have been provided with a series of powers to allow them to charge for the provision of services. These powers take the form of either a general power to charge or a specific power in relation to particular activities.
- 4.2 Under Section 2 of Local Government Act 2000 local authorities are given powers to do anything which achieves the promotion or improvement of the economic, social or environmental well-being of their area. Whilst the power was initially subject to a prohibition on local authorities raising money through such activities, this restriction was subsequently removed under the provisions of Section 93(7) of the Local Government Act 2003 (the 2003 Act). Thus local authorities can undertake tasks in exercise of their well-being powers which generate an income. It should be noted that any activity undertaken pursuant to this power has to be demonstrated to achieve one of the well-being objectives. If this requirement can be met then a charge can be imposed. In this case it could be argued that the provision of CCTV monitoring would achieve the social well-being of the area by improving public safety. Indeed, under Section 17 of the Crime and Disorder Act 1998, Councils are required to do all that they can to reduce crime and disorder in their areas.
- 4.3 In addition to the removal of the restriction referred to in paragraph 4.2, the 2003 Act created two express powers which enable local authorities to charge for activities. The first set of measures are contained in Sections 93 – 94 of the 2003 Act which grant local authorities powers to charge for discretionary services. This power enables a local authority to impose a charge for providing what are termed discretionary services to a person or organisations, subject to complying with certain requirements.
- 4.4 The second set of measures are contained in Sections 95 - 97 of the 2003 Act, which enable local authorities to trade in what are termed function related activities through a company. The exercise of this power is subject to complying with a detailed set of criteria in relation to the company formed to undertake the activity.
- 4.5 In addition to the general powers mentioned above, various specific pieces of legislation grant local authorities powers to charge for specific items. One of the most commonly used powers is the ability to charge for the provision of recreational facilities.
- 4.6 There would therefore appear to be powers to enable the Council to levy a charge for undertaking CCTV monitoring.

#### 5. Conclusion

- 5.1 There is a range of opportunity for income generation for Safer Runnymede which will be a welcome contribution to the Council's finances. The Marketing & Development Officer has already established a number of leads in developing this further.
- 5.2 Clearly a proper business case for each new area needs to be developed, although it is recommended that Officers be delegated authority to seek out and finalise new Contracts in a wide range of areas to increase income.
- 5.3 Two aspects of Safer Runnymede remain paramount. The first is quality in terms of technology and levels of staff skills and experience. The second is data protection in that images must not be made publicly available unless in connection with agreed crime detection. These principles cannot be compromised if the reputation of the Unit is to be protected.

**OFFICERS' RECOMMENDATION that –**

**the Director of Technical Services be authorised to bid for and enter into Contracts to expand the activities of Safer Runnymede.**

**(TO RESOLVE)**

Background Papers

None

15. COUNCIL TAX INFORMATION LEAFLET (DF)  
(Ref: Minutes of Policy and Resources Committee, 26 November 1997, page 581, para. 434)

**1. Purpose of Report**

- 1.1 To seek the Committee's views on the future format of the Council Tax information leaflet.**

**2. Background Information**

- 2.1 There is a statutory requirement for Council Tax bills to be accompanied by information explaining what residents are paying for. The information to be provided is prescribed in Regulations.
- 2.2 Each precepting authority is required to provide information to their Council Tax payers. This means that in the Runnymede area, information has to be provided by Runnymede Borough Council, Surrey County Council and Surrey Police. This information is currently provided on three separate leaflets. The three leaflets which have accompanied the 2010/11 bills have been sent with this agenda to Members of this Committee.
- 2.3 At its meeting on 26 November 1997 the former Policy and Resources rejected a proposal to combine the information produced by the three Authorities into one leaflet. Members at that time favoured separate leaflets in the interests of public accountability.
- 2.4 The Council, in its capacity as billing authority, encloses 42,000 leaflets with the Council Tax bills each year: 34,000 when the annual bills are despatched in March and 8,000 during the year when there is a change of occupancy.

**3. Report**

- 3.1 The format of the Runnymede leaflet has undergone several changes over the years. For the past four years it has been produced as a sixteen page A5 booklet in colour. This format was adopted at the request of Members in order to provide more space to publicise the services provided by the Council. The cost of producing 42,000 of these leaflets is £7,000.
- 3.2 3 other Surrey districts are producing leaflets jointly with Surrey County Council and Surrey Police Authority. The cost is shared between each Authority and if this arrangement were adopted in Runnymede the cost to this Council of producing 42,000 leaflets is estimated to be £4,000. A copy of the leaflets produced by Waverley and Woking have been placed in the Members' Room and will be displayed at the meeting. They can also be viewed on-line at [http://www.waverley.gov.uk/downloads/+WaverleyTaxLeaflet\\_final.pdf](http://www.waverley.gov.uk/downloads/+WaverleyTaxLeaflet_final.pdf) and [www.woking.gov.uk/benefits/ctax/counciltax2010.pdf](http://www.woking.gov.uk/benefits/ctax/counciltax2010.pdf).
- 3.3 Any change to the format of the Council Tax leaflet needs to be planned well in advance of annual billing so that there is no disruption to the billing timetable. The printing and despatch of the annual bills is handled by an external contractor.

4. Council Policy

- 4.1 The last time that the Committee considered the format of the Council Tax leaflet, it decided to retain a separate leaflet for this Council's information.

5. Resource Implications

- 5.1 If the Council wishes to continue producing an attractive looking leaflet but at a reduced cost, then a joint leaflet shared with the County Council and the Police Authority offers the prospect of an annual revenue saving of £3,000.
- 5.2 Alternatively, if Members consider that the need to achieve revenue savings is more important than the appearance of the leaflet, the Committee may wish to instruct Officers to obtain the cheapest price for producing a leaflet that meets the minimum statutory requirements.

**THE COMMITTEE IS ASKED -**

**to indicate a preference either for retaining the present arrangements or for producing a joint leaflet with Surrey County Council and Surrey Police after next year.**

**(TO RESOLVE)**

Background Papers

None

16. MEMBER WORKING GROUPS 2010/11 (DAL)

1. Purpose of Report

- 1.1 **To confirm the arrangements for this Committee's Member Working Groups in the 2010/11 Municipal Year.**

2. Background Information

- 2.1 From time to time the Council convenes small informal cross party working groups of Members to consider specialist topics in greater detail than could be achieved in full Committee. The Groups have no decision-making powers and are not subject to the same access to information or political balance requirements as committees or sub-committees of the Council, (although in practice the membership tends to broadly reflect the political composition of the Authority as a whole). Where appropriate, this Committee receives recommendations of each of the Groups that it has established.

3. Report

- 3.1 Four Member Working Groups currently exist under the auspices of this Committee. The terms of reference, composition, membership and programme of meetings for 2009/10 are set out below. Substitute Members have been permitted where necessary. It is also proposed at paragraph 3.6 of this report that a fifth Working Group to plan for the Magna Carta 2015 celebrations be instigated.

3.2 Local Government Legislation Member Working Group

- 3.2.1 The Terms of Reference of this Working Group for 2009/10 were as follows:-

1. To consider matters emanating from legislation and guidance relating to local government, including assessment of local authority performance, and to give preliminary consideration to related Government consultation papers.
2. To make recommendations regarding the Council's constitution, when so requested.

3.2.2 In 2009/10 the Working Group consisted of eight Members, comprising six Conservatives and two Runnymede Independents. The programme of meetings was ad hoc.

3.2.3 The membership of the Working Group for 2009/10 was as follows:

Conservative – Councillors Edwards, Furey, Hamilton, Parr, P Roberts, Woodger

Runnymede Independents – Councillors Ashmore, Mrs Gillham

### 3.3 Communications Review Member Working Group

Terms of Reference in 2009/10: To oversee the direction of the corporate communications strategy and the form and content of the associated work programme.

Composition in 2009/10: Four Members, comprising three Conservatives and one Runnymede Independent.

Programme of meetings: ad hoc

3.3.1 The membership of the Working Group for 2009/10 was as follows:

Conservative – Councillors Butterfield, Cotty, Waddell

Runnymede Independents – Councillor Mrs Gill

3.3.2 For 2010/11, Officers suggest that the title of the Group might be amended to read "Corporate Communications Member Working Group" and that it might meet on a bi-monthly basis.

### 3.4 IT Member Working Group

Terms of Reference in 2009/10: To examine proposals for the purchase of new IT systems, changes to existing systems and the ongoing development of corporate projects, and to make recommendations on corporate ICT Strategy.

Composition in 2009/10: Eight Members, comprising six Conservatives and two Runnymede Independents.

Programme of meetings: Monthly

3.4.1 The membership of the Working Group for 2009/10 was as follows:

Conservative – Councillors Brown, Furey, Meares, Pouyanne, Waddell, Wilson

Runnymede Independents – Councillors Mrs Gillham, Mrs Gill

### 3.5 Personnel Services Member Working Group

Terms of Reference for 2009/10: To be determined by the Corporate Management Committee from time to time, and for the immediate future, to report on proposals for the Council's Appraisal, Competencies and Performance Related Pay Framework, in accordance with the previous decisions of the Committee.

3.5.1 The composition of the Working Group in 2009/10 was four Members, comprising three Conservatives and one Runnymede Independent. The programme of meetings was ad hoc.

3.5.2 The Membership of the Working Group for 2009/10 was as follows:

Conservative – Councillors Francis, Parr, Waddell

3.6. Proposed Magna Carta 2015 Working Group

3.6.1 The 800<sup>th</sup> anniversary of the signing of Magna Carta occurs in 2015. Runnymede will have a key role in co-ordinating the celebrations which will be taking place in that year. Therefore the Chief Executive considers that a Working Group is required to discuss this matter and bring proposals forward for consideration.

3.6.2 The proposed Terms of Reference of this Working Group are as follows:-

1. To advise on the 2015 celebrations of the sealing of the Magna Carta in Runnymede and events leading up to 2015.
2. To consider and advise on the legacy from the celebrations in partnership with other interested parties.
3. To recommend application for any grants which may be available to support events or the legacy of the celebrations.
4. To be the conduit for communication with partner organisations and the local community on plans and proposals.
5. To liaise with the Trustees and the national 2015 Steering Committee to co-ordinate activities and plans.
6. To refer any proposals which have resource implications to the Corporate Management Committee.

3.6.3 The proposed membership of this Working Group is 5 Runnymede Borough Councillors, 1 Surrey County Councillor plus one co-optee each from Royal Holloway College University of London, Brunel University and the National Trust.

3.6.4 It is proposed that the Working Group be invited to decide on local representation, frequency of meetings and consultation at its inaugural meeting.

4. Conclusion

4.1 The Committee is asked to confirm whether it wishes each of the existing Member Working Groups listed above to continue in the 2010/11 Municipal Year and, if so, to decide on the respective titles, terms of reference, composition and frequency of meetings. It will also be necessary to appoint the members and (if desired) Chairmen for the new Municipal Year. Alternatively, the Chairmen could be elected when the Groups meet. Substitute Members are permitted where necessary.

4.2 The Committee is also asked to confirm whether it wishes to form a new Working Group to make recommendations on the Magna Carta 2015 celebrations and, if so, to appoint Members to serve on this Group. The Committee can also appoint a Chairman of this Group, if it considers it appropriate to form the Group and to make such an appointment at this stage.

**THE COMMITTEE IS ASKED TO –**

- i) **confirm whether it wishes the Local Government Legislation, Communications Review, IT and Personnel Services Member Working Groups to continue in the 2010/11 Municipal Year with the titles, terms of reference, composition and frequency of meetings as set out in the report, including the proposed changes at paragraph 3.3.2;**
- ii) **subject to i), appoint Members to each of the four Groups and, if desired, elect the respective Chairmen for the 2010/11 Municipal Year;**

- iii) **confirm if it wishes to set up a Magna Carta 2015 Member Working Group and, if so, to confirm if it is content with the proposed terms of reference and composition of the Group and, if so, to appoint Members to the Group and, if desired, elect the Chairman of this Group for the 2010/11 Municipal Year; and**
- iv) **subject to iii), to confirm that it is content for the Magna Carta 2015 Member Working Group to decide on local representation, frequency of meetings and consultation at its inaugural meeting.**

**(TO RESOLVE)**

Background Papers

None.

17. PAYROLL BUREAU CONTRACT - WAIVING OF STANDING ORDERS (DF)

1. Purpose of Report

- 1.1 **To request retrospective authority to waive standing orders to enter into a contract without inviting competitive quotes.**

2. Background Information

- 2.1 The payroll is processed using the Moorepay bureau system (now part of Northgate). Data input and verification of the payroll output is undertaken by staff in the Finance Department (1 full time equivalent staff). Moorepay process the monthly payroll and maintain tax and national insurance tables. The Moorepay system is hosted locally and the monthly data is transmitted to Moorepay so that the company can process and return the monthly output. The company provides payroll services to 8,500 customers in both the public and private sector (mainly small and medium sized enterprises).
- 2.2 The arrangement with Moorepay commenced in April 1992 following a competitive exercise in which the quotation from Moorepay was evaluated against the cost of continuing to provide the entire service in-house using payroll systems for which competitive quotes were received. A further competitive tendering exercise was carried out in 1996 and Moorepay again provided the best value for money.
- 2.3 In 2006 a specification was prepared with a view to inviting tenders for a joint personnel and payroll system. Soon afterwards a moratorium was placed on all new computer developments prior to the office move so this was taken no further. Subsequently, a new personnel system was acquired in order to facilitate the operation of flexitime in the new office building.
- 2.4 In 2009, Moorepay offered to upgrade the system to their windows product at no charge to the Council and agreed to maintain the monthly charge at the same rate. The annual cost in 2009/10 was £16,063. A contract was signed on 1 October 2009, effective from 15 July 2009. The contract has no end date but can be terminated on giving six months notice in writing.
- 2.5 The total cost of the payroll service in the 2010/11 budget is £122,200.

3. Report

- 3.1 The arrangement with Moorepay has worked well. Benchmarking data shared amongst the Surrey districts indicate that Runnymede's payroll processing costs (including staffing, IT and overheads) are below average in Surrey. Comparisons with five other Surrey districts for 2008/09 indicated that the cost per payslip ranged from £9.42 to £20.93, with Runnymede at £12.59. There has been no further work on retendering the contract for a payroll system or bureau service since the office move because Officers are waiting to see what emerges from the Surrey First initiative.

3.2 However, Officers have identified that a technical breach of Standing Orders occurred when the 2009 contract was agreed because Standing Orders require a minimum of three tenders or written quotations for a contract of this value. In the absence of a retendering exercise, Officers believe that the terms achieved were unlikely to be bettered, but the matter is now brought to Committee in order that the position may be regularised.

4. Legal Implications

4.1 There are no contractual or regulatory issues raised by this report. The issues relate solely to internal governance and best value.

5. Resource Implications

5.1 None.

**OFFICERS' RECOMMENDATION that -**

**the Committee retrospectively authorises that Standing Order C2.5 requiring at least three tenders or written quotations be waived in the case of the 2009 Moorepay agreement in view of the advantageous terms available from the existing contractor, and the disruption that would be caused by a change to a new provider.**

**(TO RESOLVE)**

Background Papers

None stated

18. SAFETY COMMITTEE - MINUTES

The Minutes of the meeting of the Safety Committee held on 3 March 2010 are attached at Appendix 'T'.

**(FOR INFORMATION)**

Background Papers

None

19. 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>
Director of Technical Services	Obtaining authority to recruit a new 0.5 FTE post of Emergency Planning Officer to be shared with Spelthorne Borough Council.	718
Chief Executive	Supplying new and re-elected Councillors with computers, printers and a broadband connection to the internet.	719
Director of Administration and Leisure	Replacement of the existing IT system used by the Local Land Charges Section to process Local Land Charges Searches.	721

**(FOR INFORMATION)**

Background Papers

Proforma No 718 dated 31 March 2010.  
Proforma No 719 dated 29 March 2010  
Proforma No 721 dated 23 April 2010.

20. 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 paragraphs 1 and 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**

a)	<u>Exempt Information</u>	<u>Paras</u>
21.	PROPERTY UNIT - STAFFING IMPLICATIONS FOR IFRS	3
22.	WRITE OFFS	1 and 3
b)	<u>Confidential Information</u>	
	(No reports to be considered under this heading)	