

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

29 May 2008 at 7.30pm

Members of the Committee present: Councillors J R Furey (Chairman), D R Hamilton (Vice-Chairman), A Alderson, D A Cotty, J M Edwards, Mrs L M Gillham, H W V Meares, C J Norman, P I Roberts and G B Woodger.

Members of the Committee absent: None.

21. NOTIFICATION OF CHANGE TO COMMITTEE MEMBERSHIP

The Conservative Group had notified the Chief Executive Officer of its wish that the change listed below be made to the membership of the Committee. The change was for a fixed period ending on the day after the meeting and thereafter the Councillor removed would be re-appointed.

Remove from Membership	Appoint Instead
Councillor P J Waddell	Councillor D A Cotty

The Chief Executive Officer had given effect to this wish in accordance with Section 16(2) of the Local Government and Housing Act 1989.

22. MINUTES

The Minutes of the meeting of the Committee held on 27 March 2008 were confirmed and signed as a correct record.

23. DECLARATION OF INTEREST

Councillor P I Roberts declared a personal and prejudicial interest in the item on Review of Salaries 2008 as a family member was employed by the Council, and left the meeting for the discussion and voting thereon.

24. COUNCIL TAX DISCOUNT

A local resident who had undertaken environmental improvements to his property had written to the Council to request that the Council consider awarding a Council Tax discount to him, and to all householders who had installed environmentally sustainable features in their dwellings, in order to encourage people to take such action. He had also pursued this matter with the local Member of Parliament, Philip Hammond MP, and the Department for Communities and Local Government.

The Local Government Act 2003 gave billing authorities the power to reduce the amount of Council Tax payable to nil for any chargeable dwelling in their area. This discretion could be applied either on an individual or class of dwellings basis. This allowed billing authorities to grant local discounts for situations which were not already covered by the national discounts and exemptions. When these powers had been considered at the meeting on 8 January 2004, the Committee decided that it would consider the merits of awarding a discount as each case arose.

If the Council were to exercise this discretion, the whole cost of the reduced tax yield had to be borne by the Council's General Fund and could not be passed on to the major precepting authorities. If a discount were to be applied generally to dwellings that had been the subject of environmental improvements, the cost was not predictable at this stage. There was no budget to cover this expenditure.

The local resident who had submitted this request had incorporated into his home solar powered panels for domestic hot water in conjunction with economy 7 electricity, a heat recovery ventilation system for natural air-conditioning to the main house, photo-voltaic units in conjunction with the Npower Microgeneration scheme for exporting electricity back to Npower, a ground source heat pump for underfloor heating, rain harvested water for usage in toilets and garden irrigation, and increased insulation to walls and roof space to retain heat.

The Committee considered whether the circumstances merited a reduction in the Council Tax for this property. While the Committee was pleased to see that the resident had made these environmental improvements, the Committee was mindful of the effect upon the General Fund if every resident who made environmental improvements was granted a discount on their Council Tax. It did not consider that reducing the Council Tax was the appropriate mechanism to support this action and that instead grant support from the Government should be sought by the resident, who should also be benefitting from lower fuel bills. The Committee therefore agreed that a Council Tax discount should not be given in this instance.

RESOLVED that -

- i) no Council Tax discount be applied in this case; and**
- ii) the Committee's decision and the reasons for it be conveyed to the applicant and the local Member of Parliament.**

25. FINAL ACCOUNTS 2007/08

The Committee considered actual income and expenditure for the 2007/08 financial year compared to the budget, the method of financing the Council's capital expenditure in 2007/08, and the level of General Fund working balances and other reserves. The formal Statement of Accounts for the year 2007/08 would be presented to the June meeting of the Committee and the external auditors (KPMG) would be commencing their formal examination of the accounts in June. A booklet giving service figures for 2007/08 was also available on the Council's website, showing variations in budget at cost centre level.

It had been particularly difficult for both building service managers and accountancy staff to obtain reliable budgetary information about the impact of the five-year strategic maintenance plan. Therefore maintenance budgets showed significant differences between estimates and actuals. This was because of the legacy left by the previous contractors on terminating the contract and problems in acquiring accurate valuations and helpful management information from the present manual records. Council Officers' estimates and assumptions on the value of work completed differed from those of the contractors and it was likely to be some time before these differences would be resolved.

Actual net General Fund expenditure on services was less than the revised projection (including supplementary estimates) for the year. The net betterment compared to the revised estimate on expenditure on services, after allowing for capital charges, resulted in variation or net underspending of £528,000. The major variations - except those caused by changes in capital charges and accounting changes to other recharges - between the revised budget and the actual for 2006/07 totalled £662,000. £335,100 of this consisted of planned underspends. The Committee noted a summary of the major variations. By comparison last year the major variations between the revised budget and the actual had totalled £902,000, with planned underspends of £321,900. Savings consisted of four elements which were planned underspends, unused provisions, increased income and savings in other running costs.

Government subsidy from the "incentive areas" part of the benefits system produced a surplus for the Council. The calculation of the incentive subsidy for 2006/07 had proved very problematic and the final audited figure was £76,700 less than expected. The revised budget for 2007/08 was based on this being substantially recovered but, unfortunately, this had not proved to be possible. It was noted that performance in the incentive areas remained good and the forecast surplus for 2008/09 should be achieved.

In April 2008, the DCLG had announced a further distribution of Local Authority Business Growth Incentives Grant (LABGI). The revised budget allowed for a grant of £162,522 in respect of 2006/07 (year 2 of the scheme) as a result of the LABGI methodology being changed to recognise rating increases on existing properties. The latest announcement further revised the method of distribution to include all categories of assessment that recorded a potential increase in rateable value. This included cases where there had been a change in address and a revaluation, properties that had ceased to be exempt from business rates and properties that had been previously domestic but were moving onto the rating list. This change gave the Council another £181,391 for year 2, plus a new entitlement of £216,879 for year 3 (2007/08). Therefore, the total LABGI recognised for the first time in the Council's accounts in 2007/08 was £560,792. This sum was £399,000 more than the revised budget. There was no certainty about the amounts of LABGI that the Council would receive in future years.

The two Leisure Centres had recorded a combined deficit of £62,000 in 2007/08. The Leisure and Environment Committee had received regular reports on the trading position at both sports centres and action was being taken to improve the financial performance. Net spending on General Fund services was £528,000, which was calculated by subtracting the benefits subsidy over estimate for 2006/07 of £74,000 and the £62,000 deficit on the Egham and Addlestone Leisure Centres from the major service budget underspends (£662,000) and other net variances (£2,000). By adding betterment in investment income of £35,000 and LABGI Grant of £399,000 to the net spending on General Fund services, the total betterment on General Fund expenditure was £962,000. Investment income of £1,334,325 was in line with the revised estimate of £1,300,000, although it had been achieved in a different fashion to that originally envisaged.

The scale of savings in 2007/08 represented a further opportunity to identify budgets that could be reduced, having regard to spending profiles over recent years. Some of the savings made in 2007/08 had already been factored into the 2008/09 budget as part of the net revenue reductions programme. They were not factored into the 2007/08 revised budget to avoid any potential disruption to the spending plans for that year and to give time to budget managers to plan for the required savings, whilst minimising the impact on service delivery. The betterment would be reviewed in consultation with Budget Managers to establish if this could form the basis of further budget reductions in 2008/09 and future years.

The Committee was pleased to note that the net result for the General Fund in 2007/08 was a significantly reduced call on the working balance with merely £207,632 being required. The result was much better than the original estimate of £1,169.4m, a difference of £962,000. However, some of the factors that brought about the savings achieved in the year had already been included in the latest Financial Forecast. Others were short-term in nature. Therefore, the need to continue to identify and generate sustainable savings in the medium-term remained a priority.

The Housing Revenue Account (HRA) for 2007/08 had recorded a surplus of £895,747, a betterment of £1,829m compared to the revised budget where a deficit of £933,100 was forecast. The HRA working balance at 31 March 2008 was £2.787m. The significant variances between the revised budget and the actual were noted. The first call on the increased level of HRA balances in 2007/08 would be the planned under-spends of £622,300 carried over from 2007/08. The HRA balance of £2.787 million was significantly greater than expected, mainly because of the delay in the major works and improvement programmes. Otherwise, the financial performance of the HRA was generally consistent with assumptions made in the HRA Business Plan. It was proposed to undertake a full review of the HRA Business Plan in the summer and report on this to Housing and Community Services Committee in September.

The Committee agreed to recommend a schedule of General Fund and Housing capital expenditure in 2007/08 as set out in Appendix 'A'. Many of the variances shown in the schedules resulted from timing differences (e.g. slippage in implementation or project re-phasing) and these capital budgets had been carried forward into 2008/09.

The largest item in the capital programme was the new Civic Offices project. The expenditure in the year of £9.5 million was less than the estimate of £11.1 million, but this was a timing difference, caused in part by the construction and commissioning works falling behind schedule. The next largest item in the capital programme was the capital repair and improvement works to the housing stock with total expenditure in 2007/08 of £2.289m including £570,000 on the new kitchen replacement programme. The other significant projects in the year were the repurchase of properties and other payments required to facilitate the Wapshott estate redevelopment (£820,000), investment

in new IT system and equipment (£549,000), grants to registered social landlords for affordable housing schemes (£864,000), and private sector property improvement grants (£263,000).

Capital expenditure was financed by (i) grants and contributions if available, or, (ii) specific reserves for projects and (iii) capital receipts for the remainder of the programme. Capital expenditure on the Council's existing housing stock was first funded from the Major Repairs Reserve. The balance, financed in previous years by the HRA, was now financed from capital receipts, to ensure that the transfer of revenue reserves from the HRA to the General Fund did not have an adverse impact on the HRA Business Plan.

The capital programme for 2007/08 assumed that certain works would be financed from specific revenue reserves. These were the Safer Runnymede Equipment reserve (£430,381), the IT renewals reserve (£468,367) and DSO reserves (£6,000), totalling £904,748. Financing these works from capital receipts would preserve the level of revenue reserves. In order to maintain the discipline that these specific reserves employed, sums equal to the amount that they would have financed would be transferred to the General Fund working balance.

The Committee noted a summary of capital receipts in 2007/08. The timing and amount of capital receipts was difficult to forecast. In 2007/08 there had been significant delays in asset disposals. The impact on cash flow and investment income of the delays were referred to in the report on treasury management elsewhere in the agenda. Large capital receipts were now expected in 2008/09 and 2009/10, including the sale of the old Civic Offices and Pinefields sites. These sales were dependent on favourable market conditions and satisfaction of planning and other matters. Recent experience had shown that slippage in receiving these sums could occur and there was also a risk that the disposal proceeds may be lower than expected. Capital receipts were the main source of funding for the Council's capital expenditure plans. The Committee noted the use of capital receipts in 2007/08, including the change in financing certain items from capital receipts instead of specific revenue reserves. Pooling of housing capital receipts required the Council to pay a proportion of housing capital receipts over to the Government. The total amount payable to the Government pool for 2007/08 was £150,000.

The balance on the usable capital receipts reserve at 31 March 2008 was £7.956m. However, the rate of spend on the new Civic Offices project was reducing this balance, and there were significant spending commitments, especially on the housing improvement programme and on grants to registered social landlords for new affordable housing schemes. Therefore it was very important that the sale of the old Civic Office site was not delayed. The delay in the sale of the Civic Offices site had the effect of loss of interest on the receipt and the fact that the receipt was not available to fund future capital expenditure. There were enough capital receipts over the next 12 months to finance the capital programme in 2008/09. Once the final account for the new Civic Offices had been settled with Willmott Dixon, a detailed reconciliation would be provided for Members.

Grants or contributions received from third parties formed an important part in funding new capital initiatives and the scale of receipts in 2007/08 reflected the success in attracting Government and other third party support. The Committee noted the capital and revenue grants and contributions so used in 2007/08, consisting of £451,641 (capital) and £1,177,895 (revenue). The amount of one-off or short-term Government grants and other third party support for revenue expenditure was also a feature of the Council's operations. The use of Section 106 powers to require developers to make financial contributions and/or asset transfers had been an important feature of financing services in recent years. However, the Committee noted that these types of grant income could be insecure and abortive time could be potentially spent seeking funds in competition with other public sector organisations.

The Committee noted the movements in General Fund Revenue Reserves in 2007/08, the purpose of each major reserve, proposals for setting the balances of each reserve at 31 March 2008 and the movements in revenue reserves in 2007/08. The Committee noted that the working balance on General Fund Revenue Reserves at 31 March 2007 was £7.023 million. The statement on forecast reserves and balances presented with the Budget for 2008/09 estimated that revenue balances would be £7.686m at 31 March 2008. The increased level of balances, (totalling £8,657,000), was primarily the result of the savings and planned under-spends. The additional flexibility that this increase afforded the Council was very welcome given the challenges to be faced over the next few years. The Council currently had what appeared to be substantial revenue balances, including £7.721 million at 31 March 2008 as a working balance and contingency. However, the approved General Fund budget for 2008/09 alone estimated the use of £1.284 million of these balances to

support service spending. Furthermore, budgets brought forward from 2007/08 would consume another £355,100 of these balances.

Performance against the Council's savings targets would be included in the forthcoming outturn report. When Members revised the Financial Forecast in the Autumn, there would be an opportunity to consider whether or not to establish a reserve to meet the cost of the 2015 Magna Carta celebrations.

The movement in the Retail Prices Index in 2007/08 of 3.8% was significantly greater than the assumption made for general price increases of 2.5%. The Government's favoured measure of inflation – the Consumer Price Index – had increased to 2.5% in March 2008. The local pay award in July 2007 of 2.8% had been greater than the assumption of 2.5% used in preparing the 2007/08 budget. The Committee noted the increasing impact of inflationary pressures upon the budget. The next review of the Financial Forecast would measure the impact of inflationary pressures on medium term spending and the associated budgetary implications.

RECOMMEND that –

- i) the methods of financing capital expenditure in 2007/08 be as set out at Appendix 'A'; and**
- ii) the additional revenue savings identified in this report be investigated to ascertain whether they can form the basis for further revenue reductions towards the overall savings target.**

26. TREASURY MANAGEMENT AND INVESTMENT STRATEGY – ANNUAL REPORT 2007/08

The Committee considered the annual report on treasury management activity and performance for the 2007/08 financial year, conducted in line with the approved treasury management and Annual Investment Strategies.

In March 2007, the Committee had agreed that £5 million of the Council's investment portfolio should be placed in fixed term investments for a 2 to 5 year period. It was also agreed to use a manager specialising in cash investments to allow investment returns to mark benchmark returns more closely, while providing a good mix of investment counterparties for the remaining £10 million. Alliance Bernstein had ceased managing funds for the Council in August 2007. Tradition (UK) Limited had been appointed as the cash manager and had commenced management of the remaining £10 million section of the portfolio in September 2007. Sterling Consultancy Services had been reappointed as the Council's Treasury Management Consultants for a three year period from October 2007.

The Committee noted a summary of the Council's overall investment portfolio at the start and end of 2007/08 as follows:-

<i>Investment portfolio (at original cost)</i>		
	1 April 2007	31 March 2008
	£000	£000
Alliance Bernstein Fund	16,984	0
In house investments		
Managed directly	3,380	12,500
Advised by Tradition	0	10,000
Total investment portfolio	20,364	22,500

The Committee was pleased to note that there had been an outturn on General Fund investment income which was £34,000 better than the revised estimate.

Both interest rates and the cash flows for 2007/08 were markedly different than expected this time last year. The original budget for 2007/08 was based on average interest rates of 5%. The current Financial Forecast (approved in December 2007) updated this to 6%. The difficulties experienced in the wholesale money markets during 2007/08 had been widely reported in the press. Interest rates in the wholesale money markets had been particularly volatile since August 2007, and short-term rates had often been significantly higher than the Base Rate. This presented both opportunities and

threats. The increase in money market rates had created a premium (sometimes more than 1%) for 3 to 6 month money over the Base Rate for much of the period from September 2007 to March 2008. Rates on longer-term investments were also substantially above the Bank Base Rate at times. The higher than expected level of interest rates had alone provided a significant betterment of around £300,000 in 2007/08, compared to the original estimate.

The Council enjoyed strong positive cash flows as a result of collecting local taxes over the first ten months of the financial year. The cash forecast for 2007/08 had been based on capital receipts being realised in accordance with the expected asset disposal programme. In particular the receipt for the sale of the Roakes Avenue site had been expected in April 2007, for the Ferndale Avenue site in September 2007, and in March 2008 for the Blays Lane site. However, the money from the sale of the Roakes Avenue site had actually been received on 1 November 2007, and that for the Blays Lane site on 3 December 2007. The prospects for the Ferndale site were still uncertain. The delays for the Roakes and Ferndale receipts, offset by the sooner than expected Blays Lane receipt, had had a negative impact on investment earnings of around £250,000 compared to the original estimate for 2007/08. However, revenue related cash flows had been better than anticipated, leading to higher overall cash reserves. This generated additional investment income of around £100,000 in 2007/08 compared to the original estimate. The projected spend of the large sums in the capital programme for the affordable housing programme and the Civic Offices re-provision project were broadly in line with the cash forecast expectations.

The Committee noted a summary of in-house investment activity during 2007/08 as set out below, split between the sectors of the counterparties with which the funds were invested.

In-house investment activity in 2007/08				
Sector	Opening balance	New investments	Investments matured	Closing balance
	£000	£000	£000	£000
Banking sector	3,380	97,040	89,420	11,000
Building societies	0	28,050	19,550	8,500
Government	0	5,350	2,350	3,000
Local authorities	0	1,700	1,700	0
Totals	3,380	130,440	111,320	22,500

Investment turnover in 2007/08 had been greatest with counterparties within the banking sector, mainly because a significant part of the medium and longer-term investments had been made with building societies and, to avoid breaching the Council's sector limit with building societies, short-term investments had tended to be with counterparties within the banking sector. Investment returns could be measured against external benchmarks. The Committee noted simple comparisons of in-house performance against average short-term indices for 2007/08. The returns in 2007/08 particularly benefited from the higher rate earned on short-term investments. Taking investments made with a maturity of greater than one year out of the calculation, the return on investments was 6.05%.

Tradition were authorised to deal in fixed deposits up to five years and were bound by the same investment parameters as for the management of internally managed investments. Tradition worked within their own counterparty limits to achieve quick and effective dealing decisions, although they were required to check the counterparty name with the Director of Finance before they made any long-term investments. The investment performance of Tradition since the commencement of the arrangement in September 2007 was noted as set out below.

Comparison of returns in 2007/08 for investments managed by Tradition (UK) Ltd	
From 3 September 2007 to 31 March 2008	Annualised Return (%)
Average return on portfolio	6.08
Average 7-day notice for the period (7-months)	5.65

This was a good start for the Tradition portfolio, which should also benefit well into 2008/09 from longer-term investments made at favourable rates of interest during 2007/08. The return generated by the Alliance Bernstein Fund which had been closed in August 2007, showed a net gain of £271,000.

The Council's medium-term financial forecast was based on achieving an average return of 5.5%. The latest set of interest rate forecasts received from Sterling Consultancy Services for May 2008 were noted. Sterling were expecting interest rates to fall further in 2008/09, and for money market rates to move back towards tracking the Base Rate. Sterling's predictions had proved to be fairly accurate in previous years and suggested that it was likely that the Council's short-term investments would struggle to meet the budget projection of a 5.5% return in 2008/09. However, the medium and longer-term investments – made at fixed rates of interest - would provide the desired protection for the Council's overall investment income.

The reduction in Base Rate by 0.25% to 5.00% on 10 April 2008 had been widely predicted by the financial markets. However, the impact that Base Rate reductions would have on interest rates in the wholesale money markets, where rates had been driven by concerns over liquidity and other factors, was much less certain. Interest rates for terms of 3 months and above were still significantly higher than the Base Rate. The decision taken last year to place £5m into fixed-term fixed rate investments and the investments made by Tradition had both proved to be successful. The movements in the wholesale money markets in 2007/08 had also generally been of benefit to the Council, although this had been fortuitous rather than the result of foresight. The Financial Forecast relied on generating significant income from land sales, not least the site of the old Civic Offices and police station. Realising these and other sales in time and for the expected sums was vital in producing the investment income on which the Council's spending and tax plans were based.

27. HOUSING ADVICE MODULE - PURCHASE

The Committee considered the purchase of the Northgate Housing Advice module license along with the ongoing annual service and maintenance costs.

The Government agenda had changed significantly over the years with the focus now strongly on housing advice and homeless prevention. Every quarter the Council was required to submit information to the Government on the levels of housing advice cases and successful homeless preventions. Over the last two years Officers had dealt with over 2,500 cases which were recorded on the housing advice database. It was important that detailed notes were kept for each case and that these could be easily accessed. Housing advice cases were currently recorded on a Microsoft Access database which was a standalone system that did not link to the existing homelessness and allocations module within the Council's Integrated Housing Management System.

Very recently data within the existing housing advice database had become corrupted. Complete cases had been lost from the system. This was not acceptable as Housing Options Officers often needed to look back at case histories when dealing with existing clients or answering queries from others eg Audit, Local Government Ombudsman, MP or legal representations. If homeless cases were not dealt with appropriately then an applicant could take legal action. This could lead to substantial expenditure for the Council. It was therefore important that effective systems were in place to record applicants' details. The existing database was a standalone system. The Committee emphasised the importance of Council systems being integrated with full IT support.

The Committee noted the statistical information which had to be provided to the Government which had to be collated manually because it was kept on two different systems. This increased the risk of error as well as lengthening the time needed to complete the task.

The Housing Department had an integrated housing management system which was provided by Northgate Integrated Housing Management Solutions. This system was used to support rent

collection, repairs recording and stock information, voids management including allocations, housing applications and the Housing Register and homeless applications. The system was fully integrated allowing information in one module to be utilised by another e.g. information recorded for individual households who applied for housing was passed on from the housing register to tenancy management when people were rehoused. However, as the housing advice data base was not part of the current integrated housing system it did not benefit from this integration. Northgate offered an additional module for housing advice which would link into the existing housing and homeless applications part of the system. Purchasing this system would mean that all cases were kept on one system, would make reporting far more efficient and accurate and would provide a stable log of case history information. It would also mean that records on the system could not be deleted, which meant that an effective audit trail could be maintained.

The purchase of additional software would normally require a contract tender and award process. However, in this case it was most unlikely that anything other than the Northgate system would integrate in the way outlined above with the existing housing software. It was therefore agreed that Standing Orders be waived to allow purchase of this module of the integrated housing system. The Council received homelessness grant funding of £40,000 per year for 2008 to 2011 and the DCLG had supported the use of this grant to purchase the housing advice module.

The initial purchase of the system would be entirely funded from the homelessness grant received from DCLG. There were, however, ongoing cost implications for the annual service and maintenance of the system. The total cost in the first year equated to £30,975 followed by £2,875 each year thereafter. It was agreed that the homelessness grant for 2008/09 should be used to fund the costs. From 2009/10 an additional provision of £2,875 would need to be made in the existing revenue budget for ongoing service and maintenance costs for the system. It was agreed that this should be funded from within future allocations of homelessness grant or other existing revenue budgets.

RESOLVED that –

- i) a capital estimate in the sum of £28,100 be approved to meet the cost of the purchase and implementation of the housing advice module from Northgate Integrated Housing Management Solutions, to be financed from the homelessness grant from the DCLG;**
- ii) the ongoing service and maintenance costs of £2,875 per annum from 2009/10, to be funded from within existing budgets, be noted; and**
- iii) Standing Order C2.5 be waived to allow purchase of the Housing Advice module from Northgate Integrated Housing Management Solutions, for the reasons stated in the preamble to this resolution.**

28. NATIONAL INDICATORS - NEW SET

The Committee considered the implications for the authority of the new National Indicators set and revised local priority indicators.

In autumn 2007 the Government announced a new single set of 198 National Indicators which measured performance and had published a consultation document on the New Performance Framework for Local Authorities and Local Authority Partnerships outlining the proposed definitions for these new indicators.

In February 2008 the Department For Communities and Local Government had published an update on the final definitions for 138 of the 198 National Indicators. The remaining 60 definitions had been published in April 2008. As a result of the consultation process, one of the 198 indicators had been replaced and 13 had been delayed, subject to consultation, until 2009/10.

The new National Indicators had taken effect from 1 April 2008 and the new Local Area Agreements (LAA)s would be signed by June 2008. In the summer of 2008 the Government would publish a second joint consultation document setting out a detailed approach to the framework and the methodologies underpinning it. The final Comprehensive Area Assessment (CAA) methodology would be published in early 2009. The first set of CAA results would be issued in October 2009.

The new performance framework for local government aimed to improve services and quality of life for local people. The new National Indicators were a key building block for the new framework. The new set of National Indicators were the only indicators on which central Government would be able to set targets for local government. By reducing the number of indicators in the Best Value Performance Indicator regime (BVPIs) the Government believed that more focus could be given to performance management of the new indicator set, with particular emphasis on driving the priorities identified in the LAA. There would be a single system for reporting information on performance against the indicators which would work on a 'collect once and use numerous times' basis. The new set covered both services delivered alone and in partnership and encouraged local authorities and their partners to work together to deliver improved outcomes.

The Committee noted the 62 National Indicators which were to be reported at district level. 23 indicators were due for collection by Runnymede Borough Council. Eight of these were new and the rest were existing indicators. 19 were Place Survey indicators which replaced the BVPI user satisfaction survey. The First Place Survey was due to be undertaken in autumn 2008. It was agreed that the latest version of the Place Survey should be circulated to the Committee. For the remaining 20 indicators, although reported at district level, data was not collected by district councils directly but by other bodies. Of these 62 indicators, ten indicators had also been provisionally accepted by the Government Office for the South East as part of the LAA. The targets against these indicators were still subject to negotiation.

The Committee agreed that it would be good practice to continue reporting on a set of local priority indicators. The existing priority indicators were noted. Officers had suggested ten new priority indicators based on the national indicators (NI)s as set out below:-

Indicator	Definition
NI 16	Serious acquisitive crime
NI 154	Net additional homes provided
NI 155	Number of affordable homes delivered
NI 157	Processing of planning applications as measured against targets for major, minor and other applications
NI 160	Local authority tenants' satisfaction with Landlord services
NI 179	Value for money - total net value of ongoing cash-releasing value for money gains that have impacted since the start of 2008-09 financial year
NI 181	Time taken to process Housing Benefit/Council Tax benefit new claims and change events
NI 192	Household waste recycled and composted
NI 195	Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly posting)
NI 196	Improved street and environmental cleanliness - fly tipping

Officers had put forward the new indicators on the basis of the priorities which Members had previously identified for the borough and the results of public consultation exercises.

The Committee agreed that these new priority indicators were appropriate, subject to some observations which they had on NI 158, 155 and 192. They were concerned that NI 154 (net additional homes provided) and NI 155 (number of affordable homes delivered) should be measured against the targets set out in the South East Plan Inspector's report, and not the figures being suggested by the Government Office of the South East (GOSE), as they considered that GOSE's requirements were excessively high. It was agreed that the wording in the LAA should be used to clarify this. Concerning NI 192, (household waste recycled and composted), it was noted that this

indicator might only measure the composting which the local authority was undertaking, and take no account of the composting which householders were doing themselves. It was therefore agreed that the household waste recycled and composted by the householder should be included in this target, if it was possible to measure this.

The adoption of the new performance framework would be undertaken in conjunction with a refresh of the existing Community Strategy and a review of the Corporate Strategy and Committee Service Plans in summer 2008. This would be expanded upon in a further report to the Committee.

The Committee observed that this system was being imposed by Government, rather than local authorities being given the opportunity to focus on what mattered to their residents. Resource implications remained uncertain. The scale of Reward Grant as part of the LAA, and the basis for any allocations, were still unclear. It appeared that district councils might be disproportionately disadvantaged when compared to unitary or county authorities. The indicator set required that the Council undertook local surveys on public views. The biennial surveys would replace the three yearly Best Value satisfaction surveys and the Planning, Benefits and Housing Surveys. There would be increased expenditure on public survey work. The Council was engaged with partners across Surrey in commissioning a joint Place Survey for autumn 2008. The costs of this would be met from existing budgetary allocation.

RESOLVED that -

- i) the revised performance management arrangement proposed by Government be noted; and**
- ii) the ten revised local priority indicators as detailed in the preamble to this resolution be approved, subject to**
 - (a) the LAA agreement wording being added for NI 154 and 155, making it clear that performance will be measured against the South East Plan target; and**
 - (b) for NI 192, the household waste recycled and composted by the householder being included in the target, if it is possible to measure this.**

29. BEST COUNCIL AWARDS

(Ref: Minutes of Corporate Management Committee, 28 February 2008, page 796, para 558)

The Committee considered whether to support a number of staffing initiatives, arising out of the 2008 Annual Pay and Workforce Plan, when the Committee had agreed to enter Runnymede for the 2008 Best Councils Award competition.

In accordance with the resolution of the Corporate Management Committee on 28 February 2008, Councillors A J Davis and Mrs L M Gillham had met with the Personnel Manager on 11 March to review the staffing initiatives used by 'Best Councils' and to recommend those initiatives which they would like Runnymede to consider. The Committee noted the notes of that meeting and considered the recommendations arising from that meeting which were listed in a table.

One of the recommendations concerned the possible introduction of a Team Award Scheme and Members had recommended that the Personnel Manager undertake further investigations. The winner of the 2007 Best Council Award, Vale Royal, had in place a Team Award Scheme. The Scheme provided the opportunity for teams within the organisation to submit entries detailing particular achievements during the past year. Entries to the Scheme had to demonstrate how the team had contributed towards achievement of one or more of Vale Royal's corporate priorities. Entries were considered by the Chief Executive and Directors Management Team and all participating teams were invited to an awards ceremony at a municipal venue. At Vale Royal, the Scheme had been found to be very successful in communicating and emphasising to staff the importance and relevance of the Council's corporate priorities, providing an opportunity for all staff across the organisation to participate and celebrate success, to improve team spirit, morale and cohesion by introducing healthy competition, to encourage initiative and new ideas, and to increase knowledge of and interest in what was happening in other parts of the organisation. This scheme offered a distinct advantage over 'employee of the month' type schemes which could be divisive and tended to favour those in high profile or direct customer facing roles.

In considering this proposal, two of the Council's Directors had expressed concerns about the resource implications of the series of recommendations which had emerged from the meeting on 11 March. In particular, they considered that the absence of staff on volunteering or team building activities would place unreasonable additional burdens on other staff which could ultimately adversely affect service provision. UNISON considered that now was not the best time to be considering these initiatives and that it was not appropriate to be creating more work which might attract negative reactions from already overstretched staff at this time. UNISON had suggested deferral of this item to allow time for consideration of other initiatives that might bring more tangible benefits to staff, and that concentrating on making a successful move to the new offices and ensuring that staff were properly resourced and supported should be the priority at the moment.

The Committee was mindful of the comments made by some Directors and UNISON on this item but did wish to pursue some of the recommendations. The Committee therefore decided to support the initiatives set out in resolution i) below. Concerning the Team Award Scheme, the Committee agreed that this proposal should be taken forward in the way set out in resolution ii) below. It was also agreed that Members of the Council should be informed of those benefits to which they were entitled.

RESOLVED that –

- i) subject to no adverse effect on service provision and staff, the following items be supported:-**
 - a) staff to be reminded of the range of staff benefits that are in place;**
 - b) appropriate charity fund raising days continue to be supported;**
 - c) subject to support from the Chief Executive Officer (CEO) the annual Lets Think Roadshow concept be introduced in Runnymede; and**
 - d) CEO to take personal responsibility for the follow up on implementing staff suggestions with presentation of awards to be made by the CEO and Leader of the Council and a report to be made to this Committee; and**
- ii) the current staff suggestion scheme be modified to permit group submissions and suggestions which promote the Council's five strategic objectives in an innovative way.**

30. SALARIES 2008 - REVIEW

The Committee considered the level of annual adjustment to salaries of staff subject to the Runnymede pay scales with effect from 1 July 2008.

The Council in its Local Pay Policy (and in individual contracts of employment) stated that the annual adjustment of salary grades would, subject to individual satisfactory performance, be no less than the level of NJC and JNC awards. The Committee noted the Council's revised Pay Policy as agreed in February 2007.

The Surrey Districts' twice yearly comparison of a basket of mid range posts showed that for this group Runnymede salaries were currently between median and upper quartile (January 2008). The South East Employers Pay and Benefits Survey (March 2007) showed Runnymede as paying between median and upper quartile for posts surveyed. The National Management Salary Survey had been used in Runnymede as a basis for salary comparison for management posts for the past 20 years. Levels of responsibility in the survey had determined the local salary grades. A good fit existed at most levels and there was no evidence to suggest that any adjustment was necessary at this time.

For the National Local Government pay settlement for 2008, the National Employers had offered 2.45%, linked to a potential 3 year deal. This offer had been rejected by the Trade Unions, who would be balloting for industrial action. A settlement of at least 2.45% would be reached, but the level

of any final settlement could not be predicted with any confidence and it was noted that the timescale involved in reaching such a settlement could be protracted.

Surrey Local Authorities on local conditions had so far agreed awards for 2008 between 2.13% and 3%. Neighbouring authority awards concluded so far were as follows: Elmbridge – 3%, Spelthorne – 2.75%, Surrey Heath – 2.13% (with a further review in the Autumn), Woking - 3%. Surrey County Council had yet to settle. The current headline settlement for Local Authorities in the South East on local pay stood at an average of 2.93%. Median settlements in the whole economy in the period up to February 2008 were 3.5%. The increase in the Retail Price Index for April 2008 was 4.2% compared to April 2007.

An adjustment of at least the level of the National award was required in order to comply with Runnymede's policy and contractual requirement to pay no less than the National award. As the National award had yet to be settled, any decision locally would ultimately need to take into account the outcome from the National settlement. Currently most of Runnymede's jobs were pitched at between median and upper quartile. Staff turnover during the period April 2007 to March 2008 was 14.24%, representing a 0.66% decrease on the January – December 2007 figure reported in the Pay and Workforce Plan for 2007/8. This figure fell within the median for Surrey. Reasons for leaving during this period were varied including a small number who had expressed reservations about the move to open plan working in the new offices. The quality and quantity of applicants remained good in most cases, but with high housing costs the catchment area was restricted generally to those living within commuting distance of the Borough. The Council's relocation scheme continued to have had marked success during the past year in enabling recruitment from areas of lower cost housing. Certain posts in areas of national skills shortage remained difficult to fill.

The next two to five years presented a period of challenge and change during which an unprecedented number of key senior posts were anticipated to fall vacant due to retirements. This situation also presented opportunities for new thinking and ways of working. However, in the knowledge that the organisation would already be facing high turnover due to retirements, it was especially important that salaries remained competitive in order to minimise the risk of other key staff leaving in order to secure better packages elsewhere. Taking into account the various indices and survey data above and the need to maintain Runnymede's competitive position and pay policy aim, Officers had recommended an award of 3% this year.

In line with UNISON's national campaign, the Runnymede Branch of UNISON had sought through the local agreement a pay claim of 6% on all pay points or 50p an hour, whichever was the greater. The Runnymede branch of UNISON considered that a 6% increase would recognise the major contribution that the staff had made to the wellbeing of the organisation, compensating staff for the high cost of living in the South East and assisting in attracting quality staff in the future. UNISON noted, however, that the budgetary provision was for an increase of 2.5% for 2008/09, and in the circumstances, the upwards revision of 0.5% was to be welcomed.

While considering UNISON's comments, the Committee noted that a 6% award would increase the savings targets required. The Committee agreed that a 3% award was fair to staff and to Council Tax payers and was in excess of the current headline settlement for local authorities in the South East of 2.93%.

A 3% pay award in July would add £330,300 (including employer's costs) to the Council's expenditure in the 2008/9 financial year, of which £298,600 would fall on the General Fund and £31,700 on the Housing Revenue Account. There was a provision of £275,300 in the 2008/09 budget for a 2.5% award leaving a shortfall of £55,000 of which £49,700 would fall on the General Fund. The Committee also noted the financial implications for a full year. A supplementary revenue estimate of £49,700 for the General Fund and £5,300 for the Housing Revenue Account would be required to cover the additional costs in 2008/09.

RESOLVED that –

- i) with effect from 1 July 2008, subject to the performance related criteria being met, individual salaries for staff on the local contract be adjusted by 3%;**
- ii) if the 2008 national award exceeds this figure, the local award be adjusted accordingly to meet the national award;**

- iii) **a further information item on budgetary implications together with a funding solution be submitted in due course if the national award, once agreed, exceeds 3%; and**
- iv) **a supplementary revenue estimate of £49,700 for the General Fund and £5,300 for the Housing Revenue Account be approved to cover the additional costs in 2008/09, which will be added to the savings target.**

31. MEMBER WORKING GROUPS 2008/09

The Committee gave consideration to the arrangements for its informal cross party Member Working Groups in 2008/09. Substitute Members were permitted for these Groups where necessary.

It was agreed that the four groups in existence in 2007/08 should all continue to operate in the new Municipal Year on the following basis:-

i) Local Government Act Member Working Group

Terms of Reference: To deal with matters emanating from the Local Government Act 2000 including the Best Value Regime, requirements of Comprehensive Performance Assessments, review of the Council's Constitution and preliminary consideration of related Government consultation papers and subsequent legislation.

Composition: Eight Members, comprising six Conservatives and two Runnymede Independents.

Programme of meetings: ad hoc

ii) Communications Review Member Working Group

Terms of Reference: To oversee the direction of the corporate communication strategy and the form and content of the associated work programme.

Composition: Four Members, comprising three Conservatives and one Runnymede Independent.

Programme of meetings: ad hoc

iii) IT Member Working Group

Terms of Reference: 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: Eight Members, comprising six Conservatives and two Runnymede Independents.

Programme of meetings: Monthly

iv) Personnel Services Member Working Group

Terms of Reference: To be determined by the Corporate Management Committee, from time to time and, for the immediate future, to report upon the outcome of the pilot for the new Competencies and Performance Pay Framework commencing in March 2008.

Composition: Four Members, comprising three Conservatives and one Runnymede Independent.

Programme of Meetings: ad hoc.

The Chairmen of each Working Group would be appointed at their first meetings in the Municipal Year.

RESOLVED that –

- i) each of the Member Working Groups listed above continue in operation in the 2008/09 Municipal Year with the terms of reference indicated; and**
- ii) the memberships of the respective Member Working Groups for 2008/09 be as follows:**
 - 1. Local Government Act**
 - Conservative - Councillors Edwards, Furey, Hamilton, Parr, P Roberts, Woodger**
 - Runnymede Independents - Councillors Ashmore, Mrs Gillham**
 - 2. Communications Review**
 - Conservative - Councillors Butterfield, Cotty, Waddell**
 - Runnymede Independents - Councillor Mrs E Gill**
 - 3. Information Technology**
 - Conservative - Councillors Brown, Furey, Meares, Pouyane, Waddell, Wilson**
 - Runnymede Independents - Councillors Mrs Gillham, Mrs Gill**
 - 4. Personnel Services**
 - Conservative - Councillors Francis, Parr, Waddell**
 - Runnymede Independents - Councillor Mrs Gillham**
- iii) the Chairmen of the respective Groups be appointed at their first meetings in the Municipal Year.**

32. SAFETY COMMITTEE – MINUTES

The Minutes of the meeting of the Safety Committee held on 27 February 2008 were noted. The Committee also considered a Stress Management Policy, a revised Absence Management Policy and an Alcohol and Drugs at Work Policy all of which had been considered at that meeting of the Safety Committee.

Stress was one of the major reasons for sickness absence in the UK and the Health and Safety Executive recommended that employers had in place a Stress Management Policy. The policy, which had been the subject of detailed consultation with management, staff, UNISON, the Safety Advisor and the Personnel Manager, aimed to provide a framework within which cases of high stress could be minimised and, where they did occur, cases could be identified at an early stage and effective interventions put in place.

Runnymede had suffered from high levels of staff sickness absence in recent years. A more proactive approach had been introduced whereby managers undertook return to work discussions on every occasion, and, where appropriate, referrals were made to the occupational health advisor in cases of persistent short term absences or long term absences. The proposed revised procedures represented current best practice and incorporated regular management reports using the Bradford Factor tool for measuring sickness absence. Members would be kept informed of progress.

Alcohol and drug abuse was currently having an impact on the UK's workplaces. A policy had been drawn up following wide ranging consultation, utilising resources from specialist agencies, which was consistent with the Government's Health of the Nation Policy. In addition to clarifying the Council's position on alcohol and drugs in the workplace, the policy provided a framework for addressing any issues that arose in a sensitive and appropriate manner.

RESOLVED that –

- i) the Minutes of the Safety Committee held on 27 February 2008 be noted;**
- ii) the Stress Management Policy (at Appendix 'B'), the revised Absence Management Policy, (at Appendix 'C') and the Alcohol and Drugs at Work Policy (at Appendix 'D') be endorsed.**

33. PERSONNEL SERVICES MEMBER WORKING GROUP MINUTES

The notes of the Personnel Services Member Working Group meeting of 17 April 2008 were noted.

34. URGENT ACTION - STANDING ORDER 42

The Committee noted the following action 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 Housing and Community Services	Approving Runnymede's commitment to the terms and conditions of the Surrey Concessionary Fares Scheme 2008/09.	660
Director of Housing and Community Services	Agreeing the approach to be taken to the Regional Housing Board bid for Private Sector initiatives and approving the use of funds within the Capital Programme for match funding to deliver the energy efficiency measures within the bid.	661

Director of Housing and Community Services	Approving amendments to Runnymede's terms and conditions of the Surrey Concessionary Fares Scheme 2008/09.	662
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(In each of the urgent actions above, consultation was also undertaken with the Chairman of the Housing and Community Services Committee).

Chairman

(The meeting ended at 10.02 pm)