

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

5 March 2009 at 7.30pm

Members of the Committee present: Councillors J R Furey (Chairman), A Alderson, A J Davis, Mrs E Gill, C J Norman, P I Roberts, P B Tuley, P J Waddell, J J Wilson, and G B Woodger

Members of the Committee absent: None

520. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

The following Groups had notified the Chief Executive Officer of their wishes that the changes listed below be made to the membership of the Committee. The changes were for a fixed period ending on the day after the meeting and thereafter the Councillors removed would be re-appointed.

Group	Remove from Membership	Appoint Instead
Conservative	Councillor J M Edwards	Councillor P B Tuley
Conservative	Councillor D R Hamilton	Councillor J J Wilson
Conservative	Councillor H W V Meares	Councillor A J Davis
Runnymede Independents	Councillor Mrs L M Gillham	Councillor Mrs E Gill

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

521. MINUTES

The Minutes of the meeting of the Committee held on 5 February 2009 were confirmed and signed as a correct record.

522. NOMINATIONS FOR THE OFFICES OF MAYOR AND DEPUTY MAYOR FOR 2009/2010

The Committee considered nominations for the offices of Mayor and Deputy Mayor for 2009/10.

**RECOMMEND that -**

- i) Councillor P B Tuley be nominated for the office of Mayor for the Municipal Year 2009/10; and**
- ii) Councillor Mrs M Roberts be recommended for the office of Deputy Mayor for the Municipal Year 2009/10.**

523. SUSTAINABLE COMMUNITY STRATEGY AND CORPORATE PLAN

The Committee noted the final version of "Making a Difference", the updated Sustainable Community Strategy and Corporate Plan, in advance of the new Comprehensive Area Assessment inspection regime coming into force in 2009/10 (which replaced Comprehensive Performance Assessment).

The former Best Value regime had been replaced by a new National Performance Framework and new set of National Indicators. Obligations under the new Local Government Public Engagement in Health Act 2007 had required the Council to cooperate with statutory partners and others in Surrey to create a Surrey wide Local Area Agreement (LAA) with effect from June 2008. In addition, there was a requirement for all Councils to produce a Sustainable Community Strategy (previously the Community Strategy) and this would be used to inform the work associated with the Local

Development Framework. Against this changing background, a new strategy, planning and performance management framework of Sustainable Community Strategy (and Corporate Plan) and Committee-based Service Plans had been produced. This approach had been endorsed at Corporate Management Committee on 30 October 2008, and had been approved by Council on 18 December 2008.

A printed version of the Strategy would be circulated to partner organisations and it would be made available on request. It would also be published on the Council's website. The Strategy could also be featured in the Runnymede Voice publication. Costs of distribution of the Strategy would be contained within existing budgets.

The Strategy and Plan were a concise statement of the Council's objectives. The Strategy focussed on two key areas of activity, the first of which was healthier and safer communities. The second area was prosperous communities. The need for prosperous communities was particularly relevant at a time of economic downturn and residents had given priority to this. Residents had also indicated that they placed considerable value on the discretionary services which the Council provided. The Committee noted that the successful delivery of the Strategy would depend upon the Council's partners. There would also be a need to explain that it may not be possible to achieve all of the desired outcomes.

It was agreed that there was a need for a document which was more detailed than the broad overview of the Sustainable Community Strategy and Corporate Plan but did not provide as much detail as the Committee Service Plans. It was therefore agreed that an end of year report on the Sustainable Community Strategy and Corporate Plan be submitted to the Local Strategic Partnership and other external partners, which would serve this purpose.

**RESOLVED that -**

- i) subject to final comments and endorsement by the Local Strategic Partnership at its meeting on 16 March 2009, the Committee notes the final form and content of the Sustainable Community Strategy and Corporate Plan; and**
- ii) the Chief Executive Officer, in consultation with the Chairman of the Committee, be authorised to agree the final version of the Strategy for the purpose of publication.**

524 CONSTITUTION - ANNUAL REVIEW

It was noted that Officers would be shortly embarking on the annual review of the Constitution. It was agreed that the Local Government Act Member Working Group should look at a number of issues and report back to the Committee. These issues were:

- i) how Standing Orders for debates and questions at Council meetings could be revised to encourage more discussion;
- ii) the Terms of Reference, reallocation of functions, and names of the Policy Committees and the Review Board;
- iii) including equalities provisions in Contract Standing Orders; and
- iv) considering the allocation of functions amongst Committees and Council departments generally, and specifically in the areas of environmental and engineering services.

525. MEMBERS' ALLOWANCES – CHAIRMAN OF STANDARDS AND AUDIT COMMITTEE AND MEMBERSHIP OF ADVISORY PANEL

The Committee considered an adjustment to the allowance payable to the Chairman of the Standards and Audit Committee, and the membership of the Independent Remuneration Panel on Members' Allowances.

The Council was obliged to maintain a Scheme of Allowances for Members and co-opted Members which accorded with the Local Authority (Members' Allowances) (England) Regulations 2003. The

current scheme would expire at the end of March 2010 and was to be reviewed in the Autumn of 2009. The Council had to establish an Independent Remuneration Panel of at least three Members, none of whom was a Member of the Authority. Before making or amending any scheme for Members' Allowances, the Council had to have regard to the recommendations of the Independent Remuneration Panel.

The present scheme had been established when the Chairman of the Standards and Audit Committee was an elected Member. As such, he or she had been entitled to the basic Members' Allowance of £2,335 in the current year, together with a Special Responsibility Allowance of £779. However, with effect from May last year, as a result of the Local Government and Public Involvement in Health Act 2007, the Standards and Audit Committee had to be chaired by one of the independent Members (non Councillors specially appointed to the Committee following public advertisement). Independent Members of the Standards and Audit Committee were treated as "co-optees" under the scheme of Members' Allowances. The Co-optee's Allowance in the current year was £291.

The 2003 Regulations made specific provision for co-optees who chaired overview and scrutiny committees, but not those who chaired Standards Committees. In the case of the former, the allowance payable to the co-optee was not to be less than the Special Responsibility Allowance which would be paid to an elected Member chairing any other Committee or Sub-Committee. However, Officers believed that the Regulations did not prevent a similar approach being taken for the Chairman of a Standards Committee, and it was known that other authorities had done this.

It appeared inequitable, particularly given the expanding responsibilities of the Standards and Audit Committee, that the Chairman of that Committee should receive less for his or her Chairmanship than an elected Member holding the same office. Accordingly, Officers had consulted the Independent Remuneration Panel on a proposal that the Co-optees Allowance for the Chairman of the Standards and Audit Committee be increased to a total of £1,070 for each of the years 2008/09 and 2009/10, an increase of £779 in each of those years, which would be in line with the Special Responsibility Allowance payable to an elected Member chairing a Committee or Sub-Committee. The Independent Remuneration Panel had recommended this proposal to the Authority, pending the larger scale review of the scheme due next Autumn. The Corporate Management Committee agreed to recommend this change to the Council.

The present Members of the Independent Remuneration Panel were drawn from the local voluntary sector, a residents group, and the local business community. They were respectively Mr Arthur Birkby, Mr Chris Fisher, and Mr Mark Adams. Subject to their willingness to continue, the Committee agreed to recommend that the Council should confirm that it was content with the membership of the Independent Remuneration Panel for the next review of the scheme.

**RECOMMEND that -**

- i) the Co-optee's Allowance payable to the Chairman of the Standards and Audit Committee be increased by £779 with immediate effect;**
- ii) an ex-gratia payment be made to the Chairman of the Standards and Audit Committee to place him in the same position as if the revised allowance had applied from the beginning of the Municipal Year; and**
- iii) the current membership of the Independent Remuneration Panel be approved for the next review, subject to a further report being made if any of the current Members wish to retire from the Panel before then.**

526. NATIONAL INDICATORS 2008/09 – THIRD QUARTER PROGRESS REPORT

The Committee noted progress on National Indicators, (NI)s, for the period from September to December 2008.

As this was the first year of a new framework there were few comparable figures from the previous year and only some targets had been set for the current year. There were only a few quarterly figures to report, which were noted by the Committee, as a large number of the indicators were collected annually. The overall results were positive.

There had been a continuing problem in respect of the Housing Benefit NIs (NIs 180 and 181), because the Northgate Company's system had not been producing statistics that reflected the calculations required by the Department for Works and Pensions. Northgate believed that this had been remedied by the software release that had been installed in February 2009. The Committee was pleased to note that Benefit claims had been processed in less time than the previous quarter. The Government had not yet published Place Survey results and was not currently able to provide a date for publication. These results would affect work which the Council was undertaking on crime and disorder, quality of life and the Local Area Agreement.

**RESOLVED that –**

- i) it be recorded that the Committee is content with the progress on the National Indicators; and**
- ii) it be noted that targets are to be set once baseline figures are available.**

527. PRIORITY INDICATORS OF PERFORMANCE 2008/09 – THIRD QUARTER PROGRESS REPORT

The Committee noted the third quarter position for 2008/09 in the ten priority indicators of service delivery performance that formed the basis of more detailed scrutiny.

Ten National Indicators (NI)'s had been chosen by the Committee at its meeting on 29 May 2008 as priority indicators. As this was the first year of a new framework, there were only some comparable figures from the previous year and not all targets had been set for the current year. Data for a number of the indicators was collected annually and therefore some figures could not be reported on a quarterly basis.

Although substantial progress had been made towards the target for the number of affordable homes delivered, (NI 155), achievement of the Council's target of providing 500 units over 5 years was now uncertain as several schemes that it had been hoped would have started had been delayed. Officers were considering ways in which the shortfall could be addressed but options were limited. The fourth quarter report would contain information on net additional homes provided (NI 154). The Committee was pleased to note that household waste tonnages (NI 192) had been decreasing for each quarter of this year. Concerning Serious Acquisitive Crime (NI 16), the Committee was also pleased to note that the Council would now be taking on the Chairmanship of the Crime and Disorder Reduction Partnership. This would assist in seeking information from the Police on operational priorities. It was also beneficial that the Police were now located in the same building as the Council, as this helped to promote partnership between the two organisations. Levels of crime in Runnymede were low, but any comparison with the neighbouring boroughs of Elmbridge and Spelthorne had to take into account that these two boroughs were larger areas of population.

**RESOLVED that –**

- it be recorded that the Committee is content with the progress on the new Priority Indicators.**

528. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS): IMPLICATIONS FOR THE COUNCIL

The Committee considered the implications of the International Financial Reporting Standards (IFRS) for the preparation of the Council's accounts, the accounting entries required in 2009/10 to recognise the occupation of the Civic Centre by the Surrey Police Authority, the potential resource implications arising from the changes and how Officers proposed to deal with them.

The principal statements of the accounting practices applicable to local authority accounts were the Code of Practice for Local Authority Accounting in the United Kingdom 2008 (the Code) and associated guidance and the Best Value Accounting Code of Practice. The Code had been developed by CIPFA/LASAAC, which was a standing committee of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority Scotland Accounts Advisory Committee (LASAAC). In recent years there had been a drive to make public sector accounts generally more compliant with what was termed "Generally Accepted Accounting Practices" ("UK GAAP"). The international standard setting bodies were the International Accounting Standards Board (IASB) which was an independent standard-setting board, appointed and overseen by a group of Trustees

(IASC Foundation). Although there were similarities between UK GAAP and IFRS, there were also considerable differences and a new terminology. The main change was that the Financial Reporting Standards (FRS) used under UK GAAP would be replaced by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). The Committee noted a list of the current IFRS and IAS. Local authorities had already taken significant steps towards IFRS, particularly with the introduction of the UK versions of the IFRS-based financial instruments standards in the 2007/08 accounts.

Listed companies in the UK private sector had been operating the IFRS accounting system since 2005 and on average the average length of these financial statements had increased by 60% because IFRS placed increased emphasis on disclosures in the notes to the accounts. Central Government and the NHS would need to adopt IFRS in 2009/10. Local authorities would begin reporting on an IFRS basis in the following year, 2010/11.

IFRS was designed to produce the information that investors needed to decide whether to buy or sell shares. It was difficult to reconcile this emphasis with the financial (and taxation) framework that applied to local authorities, and there was concern that IFRS standards were therefore simply inappropriate for local authorities. Delivery of the Government's commitment to IFRS raised a range of specific issues for local authorities, the most important of which was the need to avoid any adverse impact on Council Tax. CIPFA/LASAAC had announced that the Code for 2010/11 would be prepared under the oversight of the Financial Reporting Advisory Board (FRAB) rather than the UK Accounting Standards Board.

The Committee noted the advice of the Council's external auditors, KPMG, in their Annual External Audit report 2007/08, on the challenges raised by implementing IFRS. KPMG had recommended that a project team be set up and that all local authorities would need, as of 1 April 2009, to have prepared an IFRS compliant balance sheet. More realistically, this work could be left until later in 2009, when more time was available and further local authority specific guidance on the implementation of IFRS had been issued. KPMG also stated that the Authority would need to give early consideration to a review of all current leases to determine whether they should be classified as operating or finance leases in accordance with IAS 17, to determination of the monetary value of unused employee benefits for all staff at the end of the fiscal year to account for the employee benefits accrual in accordance with IAS 38, and to confirmation of previous review of all contracts to ensure appropriate disclosure of any embedded derivatives.

In December 2008, the Audit Commission had stated that the transition to IFRS would increase auditors' work, particularly in the first year when local authorities would need to restate their previous year's accounts on the new basis to provide prior year comparatives. This would result in a real additional increase in audit fees of 6% in 2010/11 (an extra £5,600) and a net ongoing increase of 3% in subsequent years. These additional fees were unavoidable. On 5 February 2009, the Audit Commission had announced that it was to use savings from its efficiency programme to help Councils with the cost of moving to the IFRS. The package was designed to cover the transitional costs of moving to the new standard which the Government required of all public bodies. It would be funded from reductions in the cost of the Commission's operations.

The main accounting changes introduced by IFRS were first time adoption and presentation, accounting for fixed assets and leases, segmented reporting, assets and liabilities disclosure in respect of past Public Finance Initiative (PFI) transactions, (which would not apply to Runnymede as the Council had not taken part in PFI schemes), and accounting fully for benefits during employment, including taking into account the amount of leave of each staff member. Under IFRS for the 2010/11 financial year (the first year of adopting IFRS), the accounts for 2009/10 would need to be restated. This, in turn, meant that the balance sheet at 1 April 2009 would need to be restated on an IFRS basis (i.e. as if the Council had always applied IFRS). Disclosure requirements would be more extensive. The transition to IFRS would have significant influence on the way in which local authorities accounted for leases and land and property transactions. On occasions, Runnymede had sold assets on a long leasehold basis, typically with the "premium" paid at the time of the sale. The premium had simply been treated as a capital receipt. This treatment would change. IAS 17 required that a lease of land and buildings should be split at inception of the lease into a separate lease of land and a lease of buildings. More leases would have to be treated as finance and operating leases. There were a number of rules to follow in determining the correct classification of finance and operating leases and the changes would mean that more income would have to be credited to revenue rather than capital, which had some advantages, as revenue could be used to finance all Council activities whereas, capital was restricted in its application.

A major difficulty with using IFRS in local Government was that the standards were intended for use in the commercial world. A large proportion of the fixed assets in the Council's balance sheet, especially land and property assets, were used for activities for which there was little or no comparison in the commercial sector. Therefore, the production of understandable and applicable interpretations for local Government of IFRS relating to fixed assets would be a major challenge for FRAB and CIPFA/LAASAC. There were a number of extra standards under IFRS for fixed asset and net asset accounting. Segmented reporting would be a feature of IFRS which would be a method under which the Council's activities would be divided up for accounting purposes. For example, it was anticipated that the Housing Revenue Account would probably be a separate segment. A number of mitigation measures (reversing out) to reduce demands on taxpayers had previously been established as part of the move towards adopting UK GAAP. Not all changes introduced by IFRS would be reversed out when the Budget Requirement and Council Tax was calculated. However, the Government would wish to avoid the accusation that technical accounting changes had led to an increase in Council Tax.

The Audit Commission had stated that organisations that had performed strongly in closing their accounts had a close relationship between their management accounting and financial accounting systems. This had generally been the practice at Runnymede. However, the changes introduced by adoption of UK GAAP had not always been adopted in the Council's management accounts. The Committee noted a schedule that identified the significant differences between the Council's management accounts and the Council's UK GAAP compliant statement of accounts. Further guidance would be provided on IFRS management accounting. Auditors were adopting a more questioning attitude over the accounting treatment of capital expenditure and income. There was an increasing tendency for items to not be capitalised and to be charged to revenue

The 2009/10 accounts would have to include an appropriate accounting treatment that properly recognised the occupation by Surrey Police of part of the Civic Centre. The agreement with Surrey Police provided that the proceeds of the sale of the old police station site would be sufficient to pay for the Police share of the cost of building the Civic Centre and an additional land value. Receipt of these proceeds had been delayed in the current market conditions. Runnymede Borough Council had paid for construction of the Civic Centre. Surrey Police Authority had occupied their part of the Civic Centre since early May 2008. A lease agreement had been entered into with Surrey Police for a term of 125 years from August 2008 at a peppercorn rent for the agreed areas of the building and associated parking areas. Consideration for the lease was based on a proportion of the build cost (or market value if lower) and a share of the sale proceeds of the site of the old police station. Surrey Police Authority had made no capital contribution to date as the obligation to do so did not arise until their former site was sold. The development agreement with Surrey Police included the following provisions:-

- i) both parties would obtain "best value" for the combined sale of the old police station and civic office sites, and overage provisions might be incorporated into any sale to ensure that the Council and Police Authority benefitted from any uplift in development value of their former sites;
- ii) the distribution of surplus sale receipts would be in the proportion 60% Council, 40% Police should the old police station site be sold for more than the construction costs of the Police element of the new Civic Centre (or 110% of the market value if lower);
- iii) if the old police station site was sold for less than the construction cost, Runnymede Borough Council had to bear the shortfall;
- iv) the Council might call for the transfer of the old police station site to Council ownership if the site was not sold within a year of the grant of the lease. It was too early to establish whether the Council would wish to take this option. The Council would pay the Police Authority their share (if any) when the site was sold, subject to any later overage payments. The Council might call for the land to be transferred to it after 8 August 2009.

These factors combined to present an unusual and unforeseen set of circumstances. The linking of the sale of the old sites to the payment by Surrey Police Authority for their lease of the Civic Centre left a degree of risk (i.e. amount and timing of receipt) with the Council in any case. Now that a sale seemed unlikely in the near future, it was not possible to use the cash considerations in the accounting entries. There was now a significant possibility that the consideration for the lease would

be the transfer of the old police station site. This was, in effect, a barter transaction (i.e. a swap of land for the lease). Accounting rules would require recognition of the transaction in the 2008/09 financial year, i.e. the year that the lease was signed, as if it were a cash transaction. In order to provide a value for this consideration, it would be necessary to prepare a valuation of the old police station site. This valuation would be for accounting purposes only at this stage. The accounting entries, using this valuation, would recognise a capital receipt in respect of the lease. The sum would not have been paid to the Council, or the land transferred, at 31 March 2009. Therefore, it would appear in the Council's balance sheet as a debtor. The statement of accounts would need to disclose the nature of the accounting entries and, in particular, that the capital receipt had not been received. This was a significant transaction and would have to be accounted for in the opening IFRS compliant balance sheet for 1 April 2009, in accordance with IAS 17. However, the guidance for local authorities on the application of IAS 17 was still at an early stage of development and it was not possible to be precise about the impact on this transaction.

It was Officers' intention to discuss the accounting treatment for these entries with the Council's external auditor in the near future. The proposed accounting treatment would also be discussed with Surrey Police because auditors would expect each party to account for this agreement in a complementary way. It would be necessary to reach agreement on the appropriate accounting entries in time for the preparation of the statement of accounts for 2008/09.

The compiling of the Statement of Accounts required a great deal of concentrated work within the Accountancy Section. The burden of adopting UK GAAP (and soon IFRS accounting standards) was becoming difficult to cater for within existing staffing resources. It had been possible to absorb some of the burden on accountants through using the time saved from the incremental adoption of more efficient working practices and systems and this would continue to be done. Nevertheless, there had been a real and increasing cost to produce the Council's statutory accounts. Officers were discussing proposals with the supplier of the Council's accounting software to upgrade the current system with the objective of generating operational efficiencies. A report would be made to the Committee with proposals at an appropriate time.

Officers would start work on IFRS as early as possible and spread the burden over the transition period. Issues would be discussed with the Council's external auditors and agreement secured on new accounting treatments as early as possible. Staff would continue to be trained and kept up-to-date with guidance. The approach suggested by KPMG would be modified to fit the Council's circumstances. The implementation process would be assisted by the fact that the Council had made no PFI deals, had a relatively limited number of leases, a good quality property and associated legal library, and had generally straightforward financial arrangements. For example, it did not appear that embedded derivatives would apply to Runnymede. Runnymede was also not a large organisation, such as a County Council, where because of the complexity of the organisation, IFRS implementation would be more complicated.

At this stage, the greatest burden for Runnymede appeared to be in the requirement for greater information about fixed assets and leases, and the associated accounting records and entries. This would require greater input from the Valuation staff. The adoption of the requirements for accounting for capital expenditure would be a difficult process. There was no recognition of the additional burden of introducing IFRS in the current Government grant settlement and it was not clear whether the Government would recognise the additional burden in grant settlements for 2010/11 onwards. There would be a need for an increasing number of statutory overrides, reversing out, or mitigation measures to convert IFRS statements to the costs chargeable against Government grant and tax, and this would add further complication. The statutory requirement for local authorities to account for revenue and capital activities, overlaid with a complicated set of statutory capital controls, also meant that the IFRS statements had no relationship with the amount raised from taxation or the value of capital activities.

As far as possible, Officers would attempt to absorb the workload within current resources. However, this would inevitably mean less time for other areas of work. It would be necessary to generate efficiencies to absorb this burden effectively in the long-term.

529. ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2009/2010  
(Ref: Minutes of Corporate Management Committee, 26 June 2008, page 112, para. 115; and Council, 17 July 2008, page 153, para 140).

The Committee considered an annual minimum revenue provision statement for 2009/10.

When a Council funded capital expenditure by borrowing, the costs were charged to the Council Tax payer in future years, reflecting the long-term use of the assets. There were two elements to this cost – the interest on borrowing was charged in the year it was payable, and the principal (or capital) element was charged as a "minimum revenue provision" (MRP).

The Department for Communities and Local Government (DCLG) required the full Council to approve an annual MRP statement before the start of each financial year, which was necessary even if the Council was "debt free". The Council was classified as debt free as for many years it had financed its capital programme from capital grants and capital receipts and had not needed to borrow for capital purposes. As long as the Council remained debt free, the MRP arrangements were of academic interest, because it was not necessary to make any charge in the revenue accounts (as there was no debt to repay). The MRP statement for 2007/08 and 2008/09 had been approved by the Council on 17 July 2008.

The Council had no underlying need to borrow in accordance with the CIPFA Prudential Code. There were no plans to borrow for capital purposes during 2008/09 or 2009/10, so the Council was expected to remain debt free for those years. Therefore, the Council did not need to, and did not intend to, make any MRP in the 2009/10 financial year and the Committee agreed to recommend that a statement to this effect be adopted by the Council.

It was noted that the Financial Forecast included a statement on revenue reserves and capital receipts that indicated that there would be sufficient capital receipts to fund the capital programme for the following five years without recourse to borrowing. However, this was dependent on capital receipts being realised in accordance with the forecast timetable. In particular, if the receipt from the disposal of the former Civic Offices site was delayed beyond 2010/11, it was likely that the Council would need to borrow to finance its capital programme in 2010/11.

**RECOMMEND that –**

**the statement below be adopted by the Council:-**

**as the Council intends to be debt-free, the Council does not need to, and does not intend to, make any MRP in the 2009/10 financial year.**

530. FINANCIAL MONITORING STATEMENT

The Committee noted the latest financial projections for the 2008/09 financial year for corporate and business services.

531. REFERENCE FROM ECONOMIC DEVELOPMENT COMMITTEE (SPECIAL)  
HIGHWAYS ENVIRONMENTAL MAINTENANCE

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100(A)(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee considered a report which had also been considered at a Special Economic Development Committee meeting held immediately preceding the Committee's meeting. The report related to the proposal to enter into an agreement with Surrey County Council to undertake certain aspects of highways environmental maintenance on the County Council's behalf and to appoint contractors to implement this work.

Prior to March 2002, Runnymede Borough Council and a number of other Districts in the County had undertaken highways maintenance and improvement work on behalf of the highway authority, Surrey County Council, under an agency arrangement. This included maintenance of landscaping, grass verges, hedges and trees. Surrey County Council had terminated the agency arrangements in March 2002, since when maintenance across the highways infrastructure, other than areas of highway shrubbery and flower beds which remained with Runnymede, had been contracted to two 'super' contracts dealing with the western and eastern sides of the County. Maintenance of the highways infrastructure had been sub-contracted. It had become clear over a number of years that this work had not been carried out to the same standards as previously as the resources that many Boroughs (including Runnymede) had brought in to supplement the service had been withdrawn.

The County Council had therefore approached the districts and boroughs in December 2007 with a view to their taking back some environmental maintenance work, along with the associated budgets for traffic management. Surrey County Council now wished Runnymede and the other districts and boroughs to take over highways environmental maintenance from 1 April 2009. Officers had therefore had discussions with both of the current sub-contractors for grass cutting and weed control in Runnymede who were keen to retain the contract. The existing contractors had been undertaking this work for some years and were experienced with relevant and trained staff and the current prices being offered by them were noted. Officers had agreed an enhanced level of service with both sub-contractors and were still negotiating regarding quotations. Both contractors had agreed to freeze agreed rates until the end of the temporary arrangement in December 2010. This was when the current leisure grounds maintenance contract ended. At that time, both contracts could be rolled together. Surrey County Council also had offered a lump sum which covered tree maintenance, hedge cutting and verge maintenance. There was logic in adding the latter two items to the grass cutting contract and Surrey County Council had been asked to itemise the sums payable for each. The Economic Development Committee had agreed to recommend that the Council should not take over responsibility for tree maintenance unless the County Council undertook a tree condition survey, as the County Council had not been able to give priority to this work in recent years. The funding being offered by Surrey County Council was at 2007/08 prices. Discussions were still taking place between Officers of Runnymede and Surrey County Council for this to be inflated to 2009/10 prices (inflationary uplift provision) and for agreement to be reached in allowances for annual price fluctuations thereafter.

The Committee noted a comparison between the funding which Surrey County Council were prepared to make available with the estimated cost associated with Runnymede taking on grass cutting and weed control. The estimated cost of Runnymede taking over these environmental maintenance functions was very close to the funding offered by Surrey County Council. This meant that, subject to the outcome of negotiations on inflationary uplift provision, there was little margin should extras arise (such as additional cuts in a fast growing season) which would mean either that such matters were not covered or that Runnymede would have to meet the cost of the difference.

When environmental maintenance work had been contained within the agency agreement, there had been considerable pressure to enhance the service and this had been done, with the additional financial burden borne by the Borough Council. Other Boroughs had already agreed to supplement the sums being offered by the County Council to further enhance the service from April 2009. The financial situation in Runnymede did not allow for this. If the Council agreed to undertake this work on behalf of the County Council, there would inevitably be substantial pressure on the public to enhance the service. Additional expenditure would not be funded by the County Council and could only be found by Runnymede by making savings from elsewhere within the Council's operation. Officers had stressed the significance of this and urged Members to consider this fully before agreeing to any new arrangements.

Taking on this work offered the opportunity to co-ordinate grass cutting with litter picking and street cleansing carried out by the DSO, and shared traffic management arrangements would offer real advantages, both operationally and financially. Standards should be able to be better maintained or enhanced. This was an important area in terms of public attitudes as the work associated with the new Sustainable Community Strategy showed. Future combination with grounds maintenance contracts offered the potential opportunity for greater economies of scale which, if realised, could be put towards financial savings or service enhancements. The budget offered for hedge cutting and verge maintenance (excluding tree maintenance) had yet to be clarified.

It would be necessary to enter into a limited form of agency agreement with Surrey County Council in order to undertake these areas of highways environmental maintenance. Runnymede would effectively be assuming legal liability for the way it discharged the functions, but would carry the normal insurances. If the County Council or their contractors currently engaged any staff members wholly or mainly on the management of the relevant contracts, they might have the right to transfer their employment to this authority under the Transfer of Undertaking (Protection of Employment) Regulations (TUPE). Surrey County Council had informed Officers that no Surrey County Council staff worked predominantly on this service. They were checking with their contractor whether any of their staff might be eligible but this was unlikely. Officers would ensure that there were no TUPE implications before the agreement proceeded.

The Council's Policy Guidance for Revenue Reductions stated that financial consequences of withdrawal or service remodelling by others would no longer be picked up by the Council, and that

joint working with partners to achieve service resilience or reduction in unit costs would be rigorously pursued. It was hoped that more local management by the Borough Council of these highways environmental maintenance services would ensure that contractors' performance was timely, in compliance with contract and co-ordinated with street cleansing. It was also agreed that there should be arrangements requiring contractors to keep to a schedule, so that if there were delays through, for example, wet weather, they would have to make up the time which had been lost through extra work. The proposals reflected the twin aims in the Council's vision contained in the Strategic Plan 2005-2010 to enhance the quality of life and provide an attractive environment, as well as maintaining rigorous financial control.

The Special Economic Development Committee had made five recommendations to the Council, with the object of accepting an agency initially for the highways grass cutting and weed control, which were subject to recommendations on staffing and financing being agreed. It had referred these matters to this Committee. (The Special Economic Development Committee recommendations are set out in the Minutes of that meeting).

Verge cutting and herbicide would need to be supervised and therefore an additional 0.5 full time equivalent post at scale 7/8 would be required in the Department of Administration and Leisure. Provision had been made for this in the estimated cost of taking on the service, including on costs and direct costs such as training and car allowances. A draft Job Description was noted by the Committee. There would be an adjusted recharge of central costs to cover premises, financial services and legal and administrative support. These were not additional costs but were the estimated costs of the internal resources required for the services to function.

The Committee concurred with the Economic Development Committee's recommendations and agreed to recommend the staffing and financial changes which would be required to the Council.

**RECOMMEND that –**

- i) the Special Economic Development Committee recommendations be supported;**
- ii) an 0.5 FTE post be created in the Department of Administration and Leisure to supervise the contract on scale 7/8, funded from the monies received from Surrey County Council; and**
- iii) the Director of Finance be authorised to make all necessary budgetary and accounting adjustments.**

532. ANNUAL PAY AND WORKFORCE PLAN

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A (4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve disclosure of exempt information of the description specified in paragraph 1 of Schedule 12A of the Act.

The Pay and Workforce Plan was intended as an additional tool for Members and Managers in the effective utilisation of the Authority's staffing resources and consequential improvement in service delivery. In addition to comparative, quantitative and statistical data, the Plan included comprehensive narrative on historic, contemporary and anticipated staffing issues both departmentally and for the Authority as a whole. Where appropriate, approval was sought for varying establishment levels and conditions during the coming year. The Committee commended the Plan which contained much detailed and helpful information. The comments of UNISON on the Plan on a wide ranging number of matters were noted and the Committee found them to be most useful in considering the various issues contained within the Plan and asked Officers to pass on their thanks to UNISON.

The 2007 National Pay and Workforce Strategy produced by the Government set out key actions for authorities, regional bodies and national bodies over the next few years. The five priorities were organisational development, leadership development, skill development, recruitment/retention and pay/rewards. Each of these areas accordingly was addressed in detail in the Council's Pay and Workforce Plan. The Committee agreed the Action Plans as summarised in Appendix 'A'. The Committee also noted sections in the Plan on the performance related pay scheme, staff training and associated development needs, the establishment and grading policy, communication with staff and

trade union liaison, Member/staff relationships, recruitment and retention, staffing data, corporate priorities, major issues identified during the appraisal process, sickness absence, age profile of staff, the Local Government Pension Scheme, emergency call out duty, and reports from the various departments of the Council.

The analysis of the performance related pay (PRP) scheme showed that the average percentage incremental progression on 1 April 2009 for staff potentially subject to PRP would be 1.5%. The current economic climate meant that levels of staff turnover were lower and that the application numbers, even for jobs that had previously been hard to fill, were high. In 2007, the Council had introduced a Flexible Retirement Policy which allowed staff approaching retirement to have the facility of a phased retirement by moving to lower hours and/or responsibilities whilst drawing a pension. Each case was considered on its merits. During 2008, three cases had been granted at no cost to the Council. On recruitment and retention, it was noted that the largest source of new employees for the Council was from the private sector and the Committee agreed that next year's Plan should provide an analysis of leavers by Department and Division in percentages.

In May 2008, the Committee had agreed measures to address the continuing high levels of sickness absence. These initiatives, including referrals to Occupational Health and the introduction of the Bradford Index in identifying potential areas of concern, had now been implemented and whilst it was premature to evaluate their success, early indications were encouraging, showing a steady downward trend. Officers were not complacent and would strive to reduce the sickness absence figures further. The Bradford Index multiplied the number of days of sickness in a period by the square of the instances. For example, an individual who incurred 10 days absence in five periods would score  $10 \times 5 \times 5 = 250$ . Monthly reports had been issued to Directors identifying those cases scoring 250 or more.

UNISON considered that overall staff absence figures were misleading and that separating long term sickness from short term sickness and making adjustments for larger Council departments would provide a more balanced picture. Higher levels of sickness absence would occur amongst manual workers, staff working outdoors and those in frequent and regular contact with members of the public, and this also needed to be taken into account. The Committee noted UNISON's comments and was informed that for the purposes of comparison with other local authorities and organisations, sickness absence was recorded as a total of all sickness, including long term sickness. However, for internal management purposes, the figures could be readjusted to take out longer term periods of sickness. The Committee agreed that Directors should continue to monitor and address sickness absence issues within their departments and that for next year's Plan, Officers should also look at ways of presenting sickness absence in a way which separated long term sickness from short term sickness. This would make it easier to establish the amount of short term sickness. The Committee considered that long term absence occurred when an employee was absent for a number of months. It was noted that the flexitime system had been further extended in 2008 to increase the flexibility available to staff in meeting emergency domestic situations.

The Council had an aging workforce. 30% of staff might retire within the next five years. This meant that there was a need for succession planning within the authority. Management training was most effectively delivered on a joint basis with other Surrey authorities who had similar needs, via the Surrey Training Officers' Group (STOG). The Committee agreed that Officers should discuss with STOG how training could be devised in the area of developing the skills of lower levels of management and on the subjects of achieving better value and lower service costs.

The Government were introducing measures that aimed to maintain the future viability of the Local Government Pension Scheme (LGPS) whilst controlling the costs to taxpayers. The Council had for many years made representations that such measures were essential. Members considered that the cost to the Council of the LGPS would also be reduced by having fewer directly employed staff and that this might be achieved by joint working or by retirements, which might provide an opportunity to restructure. It was noted that the third phase of Council revenue reductions, which had been agreed in December 2008, had taken account of expected retirements and restructurings. However, staff now had the option not to retire at the normal retirement age which made future planning difficult. Progress on joint working initiatives would be reported to a future meeting of the Committee.

In order to clarify the position regarding out of hours emergency cover and to regularise the position regarding telephone allowances, it was agreed that the revised provisions for emergency out of hours cover, as set out in Appendix 'B', be adopted.

If the Committee's recommendations in respect of the previous item on the Agenda containing the reference from the Special Economic Development Committee on Highways Environmental Maintenance were adopted by the Council, an additional 0.5 full time equivalent post would be required in the Department of Administration and Leisure.

The Council had engaged the services of an urban design consultant to provide specialist advice on planning applications. During the past six months since appointment the consultant had provided valuable support to Planning Officers when discussing schemes with developers, which had been reflected in the finished developments of several major schemes. It was proposed that this service should continue to be financed from the Suitable Alternative Natural Green Space (SANGS) provision, which had already been received. SANGS was funding offered by developers to take advantage of Council-owned land as mitigation/avoidance of impact of their residential developments on the Thames Basin Heaths Special Protection Areas. Half of the sum received had to be spent on improving this open land, but the other half remained unallocated. The Committee had some reservations about using SANGS to fund this consultancy, as this funding would have to be replenished, but it was agreed that it would be appropriate to do so for a limited period of one year.

The preparation of the Local Development Framework required a considerable amount of evidence gathering. Much of this could only be undertaken by specialist consultants. A provision had been allocated in 2008/09 and the same amount would be needed in 2009/10 and it was agreed that this be again funded from the SANGS endowment. This would have no staffing implications, as each piece of work would be separately commissioned from external experts.

Over the last two years, there had been increasing concern over lack of progress in relation to contaminated land. The contaminated land regime had placed increased demands on staff which were expected to continue for the foreseeable future, but there was no dedicated resource nor expertise to deal with this issue in the Planning division. It was therefore agreed that a new post of Contaminated Land Officer on Scale 10 be created to be funded by the disestablishment of three part time vacant posts of Planning Appeals Assistant, Administrative Assistant/Word Processing operator and Recycling Assistant, with the balance of the funding required for the post being taken from the pollution consultancy provision. A Job Description for this post was noted by the Committee.

It was noted that there may be a need to restructure the Council's Community Safety functions from 2010 onwards and a report with options would be submitted to a future meeting of the Leisure and Environment Committee.

It was reported to the meeting that the Council had achieved the highest grading possible for its Use of Resources Assessment and was one of only three District Councils that had achieved this for the fourth year in succession. Runnymede staff remuneration was based on local terms and conditions and the pay award had been an increase of 3% in July 2008. Runnymede had to at least match the national award in its local settlement. The national pay award for 2008 had now been settled recently at 2.8%.

**RESOLVED that –**

- i) the staffing issues detailed in the first chapter of the Pay and Workforce Plan be noted;**
- ii) the Action Plans summarised in Appendix 'A' be adopted;**
- iii) the revised provisions for emergency out of hours cover, as set out in Appendix 'B' be adopted;**
- iv) the urban design consultant be retained for a period of one year, financed by funding received in relation to SANGS contributions;**
- v) consultancy to support the Local Development Framework be provided in the sum reported, financed by SANGS contributions; and**
- vi) a new post of Contaminated Land Officer be created on Scale 10, to be funded in the way described in the preamble to this resolution.**

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100(A)(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

The Committee considered the arrangements for the appointment of the Electoral Registration Officer and the Returning Officer for the elections in June 2009.

The Returning Officer was responsible for the organisation of an election in accordance with the relevant legislation. It had been the practice in Runnymede for the Chief Executive Officer to be the Returning Officer for Borough Elections, the Deputy Returning Officer for County Elections, the Acting Returning Officer for Parliamentary Elections and the Local Returning Officer for European Parliamentary Elections. The present Chief Executive Officer, Mr T N Williams, retired in April 2009 and there would be a gap between his leaving and the arrival of the next postholder. Arrangements were therefore necessary to cover the position of Returning Officer for the June 2009 elections.

In view of his experience and the continuity of control of an election process that would already be in train, it was agreed that it would be appropriate for the current Chief Executive Officer to continue to act as Electoral Registration Officer and Returning Officer, (including deputy, acting, and local appointments for non-borough elections). The Regional Returning Officer for the European Elections had been consulted and supported this proposal.

However, as it was necessary for the Electoral Registration Officer and Returning Officer to be an Officer of the Council, arrangements had to be made for the current Chief Executive to continue as an Officer of the Council. This could be achieved by appointing him on a temporary basis, to discharge functions related to elections only. It was not necessary to arrange for any salary or wages, other than perhaps a purely nominal amount, as the Returning Officer would receive fees which would be met by the County Council and the Ministry of Justice.

The current Chief Executive Officer was prepared to accept such an appointment. It was agreed that the appointment should be for a period of three months to allow for resolution of any odd matters (including settling claims to Surrey County Council and the Ministry of Justice) which might arise in the post election administration.

**RESOLVED that –**

- i) the current Chief Executive Officer, Mr T N Williams, be appointed on a temporary basis in support of electoral functions in the authority at nil or nominal pay for a period terminating on 30 June 2009;**
- ii) it be confirmed that Mr Williams continues as Electoral Registration Officer for the authority until that date;**
- iii) it be confirmed that Mr Williams continues as Returning Officer for District Elections until that date; and**
- iv) it be noted that Mr Williams will accordingly continue as Acting Returning Officer for Parliamentary Elections, Local Returning Officer for European Parliamentary Elections, and Deputy Returning Officer for County Council Elections, also until that date.**

534. APPOINTMENT SUB-COMMITTEE MINUTES AND CHIEF EXECUTIVE OFFICER – INTERIM MANAGEMENT ARRANGEMENTS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100(A)(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 3 of Schedule 12A to Part 1 of the Act.

The Minutes of the meetings of the Appointment Sub-Committee held on 30 January 2009 (attached at Appendix 'C') and 12 February 2009 (attached at Appendix 'D') were noted.

The Committee also noted the draft minutes of the Appointment Sub-Committee meeting held on Friday 27 February which included an item on Chief Executive Officer – Options For Interim

Management Arrangements. The Sub-Committee had made recommendations regarding the interim management of the authority in the period between the departure of the current Chief Executive Officer and the appointment of his successor. As the matter involved the appointment of the authority's Head of Paid Service, the proposal had to be submitted to full Council on Tuesday 10 March.

The Sub-Committee had considered options which ranged from a sharing of duties amongst the four Directors, through recruiting an external interim Chief Executive Officer, to appointing one of the four current Directors as interim Chief Executive Officer and making appropriate associated organisational adjustments. The Sub-Committee favoured the latter option. It had received a proposal from the current Chief Executive Officer, after consultation with Directors, on a workable solution in which the current Director of Technical Services would be appointed as Interim Chief Executive Officer. The Committee thanked the Directors for their work in putting forward the proposal. The Committee concurred with the Sub-Committee's recommendations, bearing in mind the need for a clear line of communication and control, and the advantages of an interim appointment of someone already familiar with the organisation.

**RECOMMEND that –**

- i) Mr P Sims, Director of Technical Services, be designated Interim Chief Executive Officer for a period of six months from 1 April 2009, the period to be subject to further review in the light of circumstances;**
- ii) Mr Sims be paid a responsibility allowance at the rate reported for the period during which the interim duties are exercised;**
- iii) the Chief Executive Officer or Interim Chief Executive Officer, in consultation with the Personnel Manager, Chairman and Vice-Chairman of Corporate Management Committee and Councillor Mrs E Gill, be authorised to reallocate certain of the Chief Executive Officer's functions as may be considered appropriate, having regard to current duties of other Officers; and**
- iv) the Director of Finance, in consultation with the Chairman, the Chief Executive Officer or the Interim Chief Executive Officer, and appropriate Directors, be authorised to make appropriate provision within the existing budget for the costs of the appointment, and any other responsibility allowances or back filling necessary in any Department.**

Chairman

(The meeting ended at 9.45pm)