

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE3 March 2005 at 7.30pm

Members of the Committee present: Councillors R.K. Habgood (Chairman), N. Thewlis (Vice-Chairman), J.R. Furey, Mrs L.M. Gillham, P.A. Greenwood, C.J. Norman, Ms C.M. Simmons, P.B. Tuley, P.J. Waddell and G.B. Woodger.

Members of the Committee absent: None

Councillor A. Alderson also attended.

555. MINUTES

The Minutes of the meeting of the Committee held on 3 February 2005 were confirmed and signed as a correct record.

556. SURREY PENSION FUND

(Ref: Minutes of Corporate Management Committee, December 2004, page 473, para. 379)

The Committee received further information about the recent actuarial valuation of the Surrey Pension Fund and the deterioration in the funding level of Runnymede's share of the Fund.

The Fund was administered by the County Council on behalf of all the Councils and other public sector bodies in Surrey. As previously reported, the actuarial valuation of the Fund at 31 March 2004, which would determine the level of the Council's contributions for the following three year period, had indicated that Runnymede's funding level had declined from 84% to 82.9% since the previous valuation in 2001. Whilst this compared favourably with the average for the Surrey Pension Fund as a whole, which had fallen from 70.8% to 62.9% over the same period, it represented a net deficit of £7.4m. The most significant reason for the reduced funding level had been the failure of investment performance to achieve the anticipated returns. The Actuary had set an increase in Runnymede's employers' contributions from 9.96% to 12.5% of pensionable pay for the next three year period in addition to the backfunding contribution required to recover the accumulated deficit. It was noted that one reason why the Council's ongoing contribution rate was higher than the fund average was because of Council policy to enhance pay in the final year of service prior to retirement.

The Committee noted that Officers had been seeking further information on two issues arising from the valuation, namely whether the Council had received the full benefit for its lump sum deficit contribution of £5.7m in 2002, and whether the valuation had taken account of the transfer of the Highways Agency back to Surrey County Council. The lump sum contribution, the second made by the Council in recent years with the intention of returning its funding levels to 100%, had been made at a time when the stock market was reaching the end of its 'bear run' and, as a consequence, had been expected to achieve a good return to the Authority. At the time of the latest valuation, however, the Actuary's assessment of Runnymede's share of the asset funds, at £35.8m, had proved to be lower than the £37.4m calculated by Officers. One possible explanation for the discrepancy was the differing methodology employed by the two parties. Officers had attempted to calculate a broad allocation of cashflows during the intervaluation period whereas the Actuary had deducted from each employers liabilities the difference between actual employer experience and the projections when the contributions were set in 2001. Members noted that the two methods should, theoretically, have reconciled but might have failed to do so because the Actuary's approach was not as sensitive to the timing of transactions. It was recognised, however, that the Officers' calculations did not necessarily include all the actuarial assumptions.

Members were also informed that the Actuary had made no adjustments in the valuation for those staff who had been transferred to Surrey County Council upon the termination of the Highways Agency agreement during the intervaluation period. This was considered to disadvantage Runnymede. One of the reasons for this was that the Council was effectively carrying a liability for the former employment of staff on highways agency work because the reimbursement it had received

for operating the agency had understated the employers contribution rates. A further complication had arisen because the Council's lump sum contribution in 1996/97 meant that Runnymede's share of the Fund assets was proportionally higher than the County Council's. It was thought that the way in which the Actuary calculated the deficit had reallocated part of Runnymede's asset share as a result of the transfer of staff to the County Council. There was a possibility that this also applied to the lump sum contribution made in 2002. Although the payment had been made after the termination of the Agency Agreement, the timing of the contribution had not been factored into the calculation.

The Committee noted that Officers were still in discussions with the Actuary in an attempt to clarify and resolve the outstanding issues. Until the Council could be satisfied that any further lump sum backfunding contribution would only benefit Runnymede, no consideration could be given to this means of extinguishing the deficit. In any case, the decline in the Council's revenue reserves and capital receipts meant that there was unlikely to be sufficient flexibility to fund a lump sum payment. The position could, however, be reappraised if the Council was able to generate additional capital receipts. The Actuary was now prepared for the annual backfunding contribution of £441,000 to be phased in over three years but, as this would increase the Council's deficit, the payment would be made in 2005/06 in line with the approved budget. Members emphasised the inherent difficulty of managing a Fund the size of Surrey's which contained such a large number of employers. A single investment strategy could not be expected to meet the profile of all the contributing bodies.

557. LOCAL GOVERNMENT PENSION SCHEME - CONSULTATION PAPER

The Committee gave consideration to a Government consultation paper setting out a series of proposed changes to the Local Government Pension Scheme (LGPS).

The LGPS was a long established statutory scheme which provided a much valued index linked final salary pension. There were, however, growing concerns about the future viability of pension arrangements in both the public and private sectors, with 70% of private sector final salary schemes reportedly now being closed to new members. The pensions crisis had arisen as a result of a trend towards increased longevity, the under performance of some fund investments, the removal of Corporation Tax benefit and employers, particularly in the private sector, taking contribution holidays. Scheme funding levels had also been reduced to finance other initiatives - the introduction of the Community Charge had been partly financed by a Government recommendation that LGPS funding levels be reduced to 75%.

As the first stage in a stocktaking exercise the Government was therefore about to introduce previously reported changes to the LGPS with effect from 1 April 2005. These included an increase in the minimum age of early retirement (other than for ill health) from 50 to 55 and the removal of the '85 year rule' whereby scheme members could retire from 60 subject to having a minimum of 25 years pensionable service. Although certain older scheme members would be protected from the changes, generally existing members would see their terms and benefits altered unilaterally by legislation.

Members noted that the Government had now launched further proposals for change. These included a commitment to retain a defined benefit salary arrangement which was relevant to the local government workforce, provided that it remained both affordable and sustainable. Although the normal scheme retirement age would remain at 65, work beyond that age would result in actuarially increased benefits. Benefits would accrue at 1.6% pa (as opposed to the current 80ths) so that a scheme member with 40 years service would receive a pension based on 64% of their salary. There would no longer be an automatic entitlement to a lump sum on retirement but, in order to provide one, part of the pension could be commuted at a rate of £12 for every pound of pension foregone. Other key features included a two tier ill health benefit, flexibility at career end to give a more gradual approach to retirement and the opportunity to make additional contributions to secure enhanced benefits. The cost of the new scheme was estimated at 21% of payroll with the employee contribution rising from 6% to an average of 7%, graduated according to earnings.

The Committee welcomed the Government's attempt to address the underfunding issue and provide some form of certainty and stability in respect of pension provision. Members were also pleased to note Ministers' adherence to a final salary scheme since this was considered to be a valuable recruitment and retention tool. Nevertheless, concern was expressed at the estimated employer cost of the new proposals, expected to amount to 14% of payroll. This represented a 1.5% increase to the Authority and could not be supported in view of the effect on the Council's financial position. Due

to falling funding levels of the Surrey scheme further major demands were already being made on scarce financial resources and Members felt that there was a need to cap the cost of delivering the pension promise. In commenting upon the individual elements of the proposed regime (as recorded at Appendix 'A'), the Committee concurred with the suggestion that additional voluntary contributions might represent a useful means of enhancing benefits, with the advantages thought likely to outweigh the administrative cost of provision.

RESOLVED that -

the comments set out in Appendix 'A' be submitted to the Office of the Deputy Prime Minister as this Authority's response to the consultation paper.

558. PROPOSALS FOR REVENUE REDUCTIONS 2005/06 - 2006/07

(Ref: Minutes of Corporate Management Committee 30 September 2004, page 336, para 244 and January 2005, page 585, para 437)

The Committee gave consideration to a series of proposals for net revenue reductions in 2005/06 and 2006/07 as part of the ongoing savings exercise.

Members noted that substantial progress had already been made in respect of net revenue reductions during the previous three years. At the same time the Council had managed to enjoy the highest budgeted spend per head of population in Surrey in 2004/05 (£157) while taxing the least. Nevertheless, as highlighted in the most recent five year Financial Forecast, considerable pressure continued to be placed on the Council's medium term financial strategy by greater legislative burdens, growth items, the ongoing desire to meet residents' aspirations, below inflation grant settlements and the deficit funding of the superannuation fund referred to earlier in the meeting. There was, as a consequence, a continuing requirement for net revenue reductions, with some £2m presently needing to be achieved by 2006/07.

The Committee therefore received details of a substantial programme of additional net revenue reductions (set out in full at Appendix 'B') which would make a significant contribution, provisionally estimated at £1.25m, towards the target. The proposals brought forward were consistent with the Leader of the Council's policy guidance, endorsed at the January 2005 meeting of the Committee, and had been formulated with regard for demographic, social and technological trends. Whilst these often properly drove service changes there had been a presumption that services and policy priority areas were to be safeguarded wherever possible. The reductions largely arose from IT led changes in working practices, an anticipated betterment on capital receipts and rental income, staff restructuring, procurement driven savings, increases in discretionary fees and charges and the forecast end of year betterment.

Members recognised that some of the proposals were liable to change and they would also be partly offset by the need for new and necessary expenditure which would inevitably occur during the course of the exercise. Nevertheless, the Committee was of the opinion that the proposals represented a positive response to the considerable challenge facing the Council and particularly welcomed the efforts to protect expenditure on discretionary services. It was acknowledged that the process was not easy and there would be uncertainty amongst those staff potentially affected by the proposals. Members were sympathetic to the circumstances of the Officers concerned, emphasising the constraints and pressures they considered had been placed upon the Council by Government led measures. It was noted that consultation had taken place with the relevant staff and branch representatives of UNISON. Where appropriate, such as in the case of the proposed closure of the cash office, it was intended to apply the Council's longstanding 'Technology Agreement' which provided for the redeployment of staff that would otherwise be vulnerable to compulsory redundancy as a result of new information technology. Officers were thanked for their co-operation with the exercise and the constructive and thoughtful representations received from UNISON and those sections directly affected by the proposals. It was emphasised that the £50,000 identified in respect of the Egham Sports Centre Recovery Plan represented a forecast improvement in income and not staff reductions.

The Committee noted that further detailed scrutiny of budgets was currently taking place in order to achieve the remainder of the target and proposals would be presented to Members over the following six months. Careful monitoring of progress would be undertaken by the Chief Executive Officer and

Directors. Members acknowledged that in the meantime it would be essential to contain requests for new initiatives not already in the forecast assumptions and requests for Supplementary General Fund revenue estimates would need close scrutiny.

RESOLVED that -

- i) the net revenue reductions detailed at Appendix 'B' be approved in principle and the Chief Executive Officer and Directors be instructed to seek to implement them in the most effective manner possible and report back in 6 months;**
- ii) the views of UNISON detailed at Appendix 'C' be noted; and**
- iii) further proposals be brought forward to this Committee or appropriate service Committees in order to achieve the remainder of the target.**

559. CHILD PROTECTION - INFORMATION SHARING FRAMEWORK
(Ref: Minutes of Corporate Management Committee, May 2004, page 1530, para. 874)

The Committee approved the adoption of a framework, drafted by the County Council's Children's Services Department, which set out the basis for the sharing of information about children and young people amongst the relevant agencies in Surrey.

Members noted that the sharing of information helped agencies to identify and support vulnerable children. There was a clear statutory duty, outlined in the framework, to share information relating to children who were in need or at risk, or to prevent or reduce crime. Nevertheless, the framework also recognised the need to control the flow of information in some circumstances, particularly since there would be occasions when Officers were not in a position to verify initial suspicions. In some cases the sharing of inaccurate information could be harmful.

The framework was underpinned by the premise that it was preferable to gain explicit consent from children (those over 12 and considered capable of understanding the implications of giving their consent) and families in order to share information. It was, however, acknowledged that staff would not always be in sufficient contact, or have sufficient knowledge about a situation to know whether speaking to parents or guardians could actually increase the risk to the child or young person. Comprehensive guidance prepared by Surrey Children's Services would be provided to relevant Officers. The additional training needs were expected to be minimal since the Council's existing child protection policy required issues to be channelled through trained departmental representatives.

RECOMMEND that -

- i) the Chief Executive Officer be authorised to sign the Information Sharing Protocol, attached at Appendix 'D', on behalf of the Council; and**
- ii) the "Sharing information relating to children and young people in Runnymede" guidance be adopted as the Code of Good Practice for Council staff and implemented in conjunction with the Council's Child Protection Policy.**

560. BACK SCANNING OF BENEFITS FILES
(Ref: Minutes of Corporate Management Committee, February 2005, page 667, para 509)

The Committee gave further consideration to the back scanning of benefits data following the submission of an enhanced business case as requested at the previous meeting.

Members recalled that the Benefits Service was taking part in Phase 3 of the implementation of the corporate electronic document management and workflow system, known as IDM, provided by Vignette Europe Ltd. The Benefits Service had one of the Council's largest paper based systems with files occupying a considerable amount of space both in the Civic Offices and the Chertsey Depot. The service was ideally suited to the principles and practical application of IDM which was expected to help overcome problems with file retrieval, data security and storage space. The

removal of the manual filing system would also allow Assessment Officers more time to focus on better customer service and improvements in performance. This was particularly important as the section was absorbing an increase in the volume and complexity of its case load within existing staffing resources.

Members recognised, however, that the full benefits of the new technology could not be properly realised unless the contents of the current files were back scanned. The alternative, a combination of IDM data for current information and the retention of paper files for older material, would lead to a serious deterioration in customer service and adversely affect the accuracy and speed of claims processing as staff dealt with data split between two different filing systems. This was especially significant because of the need to compare new and historic information for assessment purposes and could potentially result in the failure to detect error and fraud and, ultimately, the loss of Government subsidies.

The Committee therefore agreed that the last application form and all supporting documents on each of the 4,200 current files, amounting to an estimated 252,000 sheets of paper, should be scanned with the remaining, older, papers being stored at the Depot for a limited period of time. Documents and forms had already been thinned in preparation for the exercise. Although the work could be undertaken by temporary staff engaged for the purpose or by existing staff working overtime, the quickest and most cost effective solution was to utilise the services of a private bureau to undertake the task over an 8 week period. Due to time constraints it had not been possible to follow the normal procedures set down in Contract Standing Orders for the invitation of tenders. However, on the basis of three quotations received, the total cost, including in-house preparation, archiving and validation, together with a £10,000 contingency sum, would amount to only £25,867, less than half the figure originally anticipated. This could be met from an underspend on the DMS project and would be recovered over a period of 5-8 years as a result of potential savings in stationery and consumables, depot storage space and the floor space required in the new Civic Offices. The contract award was to be subject to a factory visit and satisfactory references.

RESOLVED that -

- i) Contract Standing Orders be waived insofar as they relate to the method of inviting tenders owing to the time constraints of the procurement exercise;**
- ii) the scanning of existing benefits data onto the Vignette IDM system by the company offering the lowest price be approved; and**
- iii) the costs of up to £25,867 be met from the identified DMS Phase 5 underspend.**

561. NON-DOMESTIC RATES - REVIEW OF DISCRETIONARY RELIEF CASES
(Ref: Minutes of Corporate Management Committee, March 2004, page 1376, para. 742)

The Committee reviewed the policy guidelines for the award of discretionary business rate relief and gave consideration to the renewal of relief to those organisations currently benefiting from it.

Members noted that all of the discretionary relief awards were due to expire upon the replacement of the current rating list on 1 April 2005. No changes were considered to be necessary in respect of the Council's Guidelines since they worked well in practice and provided the flexibility to give special treatment to a particular application where it was merited. A comprehensive review of all discretionary relief cases had established the continuing eligibility for relief of all the recipient non profit making sporting and leisure organisations except the Egham Cricket Club and the Egham Town Football Club, neither of which had yet submitted an application. In the case of the Cricket club it was understood that this was because the club was attempting to register as a Community Amateur Sports Club which would entitle it to 80% mandatory relief. If the application was unsuccessful the club would continue to be eligible to receive discretionary relief. The Director of Finance was accordingly authorised to award relief to both clubs upon receipt of applications which confirmed their entitlement under the Guidelines.

Charities were not generally considered eligible for discretionary relief under the policy guidelines as they were entitled to 80% mandatory relief. The Committee was, nevertheless, minded to maintain

the support given to all but one of those charities currently in receipt of 20% top up relief because of the significant benefit to the local community arising from their activities. Discretionary relief would also be applied in respect of the British Red Cross and Surrey Army Cadet Force for the same reason. Members agreed, however, that the discretionary relief provided to the Dyslexia Institute should be discontinued since the charity's activities were national in character and it was therefore inappropriate for them to be funded by the Runnymede taxpayer. Applications for discretionary relief from the National Trust, the New Haw Club and Institute and eight charity shops, all already in receipt of mandatory relief, were also not supported. The Council did not normally grant relief to charity shops, although an exception would continue to be made in the case of the Woking Hospice Trust's outlet in view of the significant contribution the Trust made to the local community. The Director of Finance had delegated authority to award relief to Scouts and Guide groups and Community Associations in accordance with the guidelines. The Englefield Green Youth Centre, however, would no longer be eligible for such support since Surrey County Council was assuming direct responsibility for the facility.

Members noted that the relief was, in all cases, to be awarded for the expected life of the new Rating List or until 31 March 2010, whichever was the shorter period, or until there was a material change in the use of the premises or the circumstances of the organisation, whichever was the sooner. The share of the cost borne by the Council, as opposed to national funds, would amount to £17,400 in 2005/06, some £4,100 less than the budgetary provision.

RESOLVED that -

- i) the guidelines for the determination of discretionary rate relief at Appendix 'E' be reaffirmed;**
- ii) discretionary rate relief be granted at the percentage rate shown to the Non-Profit Making Sporting and Leisure Organisations identified in Appendix 'F' from whom applications have been received;**
- iii) the Director of Finance be authorised to grant relief to Egham Cricket Club and Egham Town Football Club if they submit applications that confirm their eligibility;**
- iv) discretionary rate relief be granted to the Woking Hospice Trust, the Citizens Advice Bureau (Addlestone and Egham Offices), The Crusaders Union Ltd, Coopers Hill Recreational Trust Ltd., the Duke of Edinburgh Awards scheme, the Runnymede Association of Voluntary Services, St. John Ambulance Brigade, Surrey Womens Aid, the British Red Cross and the Surrey Army Cadet Force; and**
- v) in all cases, discretionary relief be granted at the percentage rate shown for the duration of the new Rating List or until 31 March 2010, whichever period is the shorter, or until there is a material change in the use of the premises or the circumstances of the organisation, whichever is the sooner.**

562. SMOKING POLICY

The Committee gave consideration to a proposal that smoking be prohibited in all Council premises. Smoking in the Civic Offices was already restricted to the Sports and Social club bar area and, for evening and weekend functions only, the adjacent lounge and restaurant. Smokers were also permitted a five minute break, on their own time, each morning and afternoon in order to smoke one cigarette in a designated area. These arrangements had worked reasonably well over the years but inevitably resulted in some smoke drift. With the passage of time attitudes to smoking and awareness of the health risks had changed and it was no longer considered appropriate for non smokers to endure the effects of passive smoking from adjoining smoking areas.

Members, mindful of the duty to protect the health and safety of all staff, were therefore of the view that the Council should follow the example of a number of other local authorities and major employers and prohibit smoking in all Council premises, workplaces and vehicles. It was agreed that the smoking break facility should also be withdrawn. A proposal by UNISON that outdoor

accommodation be provided as part of some form of continuing provision for smokers was considered to be impracticable since facilities would have to be provided at all Council venues. The majority of staff were expected to welcome the ban, but an 18 month lead in period would be provided during which assistance could be made available for Officers and Members who wished to stop smoking.

RESOLVED that -

- i) with effect from 1 October 2006 a complete smoking ban be introduced for all Council premises, workplaces and vehicles together with the withdrawal of 'smoking break' facilities; and**
- ii) in the meantime support be provided to help staff and Members who want to stop smoking.**

563. LOCAL GOVERNMENT ACT MEMBER WORKING GROUP - MINUTES

The Minutes of the meeting of the Local Government Act Member Working Group held on 18 January 2005, attached at Appendix 'G', were received and noted.

564. ANNUAL REPORT ON PERSONNEL 2004/2005

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 the disclosure of exempt information of the description specified in paragraph 1 of Schedule 12A to Part 1 of the Act.

The Committee received and considered the Annual Report on Personnel which set out staffing statistics, details of the various management changes and initiatives during the previous 12 months and proposals to vary establishment levels and conditions during the forthcoming year.

Members noted that although the turnover of staff in 2004 had risen from 12% to 16% the stability index remained encouragingly high. This suggested that the difficulties were concentrated on a relatively limited number of posts which experienced ongoing problems of retention. Future Personnel reports would identify those sections with higher rates of turnover to assist in tackling the issue. Specialist posts where there was a skills shortage continued to be a problem as, due to the high cost of housing, recruitment was effectively restricted to candidates already living in the local area. The majority of staff lived either within Runnymede or adjoining Boroughs. Some concern was expressed that the profile of the workforce was not more representative of the wider community, particularly in respect of the relatively limited number of women in management posts. Officers would be examining means of addressing the issue in the coming months.

The Committee was informed that there had been an increase in sickness absence during the year, with an average of 9 working days lost per member of staff, a figure broadly comparable with the public sector norm. Although this was largely due to a high level of long-term sickness absence, the rise was disappointing. It was noted that Officers were to review the sickness policy arrangements, in conjunction with UNISON, in an attempt to reverse the trend. The age profile of staff continued to give some concern, with an average age of 46 and relatively large numbers approaching retirement. The average length of service, at 7.5 years, was, however, pleasing. One third of staff had in excess of 10 years service. Members also welcomed the trend towards the joint provision of training courses with neighbouring authorities since this was considered to represent a cost effective means of widening the range of training opportunities.

Members noted that the report contained only one staffing and establishment proposal requiring approval on this occasion, namely the creation of a temporary post, initially for a period of three years, in the Housing and Community Services Department to manage the Department's IT and data requirements and provide support in respect of the IWorld Benefits system. The cost of the post would be partly offset by a reduced need to seek specialist advice from the software suppliers. In noting the various departmental summaries Members took the opportunity to thank those senior Officers in the Department of Administration and Leisure who had recently left the Authority, or were shortly to do so, for their valuable services over the years. The departures had facilitated reviews of the management structures in both the Administrative and Leisure Divisions which, after taking

account of consequential adjustments, would produce combined net savings of nearly £90,000 per annum. While the new structures were considered to be sufficiently robust to deliver existing services, the Committee recognised that there would be a substantial diminution of experience and resources, particularly at a senior level, and it would be necessary to accept that there may not be sufficient capacity to support additional tasks. Technical Services staff, meanwhile, were congratulated on the positive outturn of the Action Addlestone project and the successful implementation of Decriminalised Parking Enforcement.

The Committee received a constructive response to the report by the Runnymede branch of UNISON, but did not support a request to reinstate the Joint Staff Committee as the existing mechanisms for dialogue and understanding between Members and staff were considered to be satisfactory.

RESOLVED that -

- i) the recommendation in the Annual Report on Personnel for 2004/2005 be approved; and**
- ii) a supplementary revenue estimate of £17,000 be approved for the Housing Revenue Account in 2005/06 in respect of the proposal contained in the Annual Report on Personnel.**

565. WRITE OFFS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of the matter under Section 100A(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 7 of Schedule 12A to Part 1 of the Act.

The Committee agreed that a case of Council Tax arrears should be written off as irrecoverable.

RESOLVED that -

the Council Tax arrears, totalling £1,229.53, as detailed in Exempt Appendix '2' to the Agenda, be written off as irrecoverable.

566. PROCUREMENT OF NEW DSO VEHICLE FLEET

(Ref: Minutes of Corporate Management Committee, December 2004, page 479, para 384)

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 the disclosure of exempt information of the description specified in paragraphs 7, 8 and 9 of Schedule 12A to Part 1 of the Act.

Members gave consideration to the tenders received for the supply of a new fleet of vehicles for the Direct Services Organisation (DSO). The Chairman of the Leisure and Environment Committee had consented to this Committee determining the matter in view of the need to order the replacement vehicles in good time prior to the expiry of the existing arrangements.

The Committee noted that the existing, ageing, DSO vehicle fleet, which comprised mostly refuse collection and street cleansing vehicles, was, with some exceptions, supplied under a contract hire agreement which was due to expire in July 2005. Eleven experienced municipal vehicle suppliers had therefore been invited to tender for either outright purchase supported with a full maintenance package or contract hire with a maintenance and fleet management arrangement. Two of the suppliers had been added to the tender list subsequent to its approval by the Leisure and Environment Committee because of market intelligence indicating the likelihood of a poor response. In the event the quality of the tender submissions had been generally poor and lacking in detail, possibly due to the complex nature of the variables presented to the tenderers. Only four combinations of bids met the Council's requirements, two on the basis of outright purchase and the others in respect of the contract hire option. Detailed analysis of the returns indicated that the most financially favourable over the long term was a combined bid on an outright purchase basis from Heil Europe for the Refuse Collection Vehicle (RCV) bodies, Rosset Commercials (Mercedes) for the

RCV chassis' and ancillary fleet, including 3.5 and 7.5 tonne tippers, and Johnson Sweepers for all types of mechanical sweepers.

Members recognised that there were some disadvantages to outright purchase, including the capital outlay, split responsibility for the RCV's chassis and body and greater staff involvement in fleet management. It was, however, considered that these were outweighed by the financial advantages, flexibility to deal with future service changes, the lack of potentially excessive end of life costs and the option of retaining serviceable vehicles beyond 5 years. The Council already had favourable experience of both Heil and Johnson.

The total capital expenditure on this option was expected to amount to £1.457m, some £43,000 within the capital programme provision. This included £50,000 on the construction of a new single bay workshop facility at the Chertsey Depot, £16,100 for the provision in each vehicle of new two way radios with global positioning vehicle location system and text messaging (already in use elsewhere in the Council) and £2,900 for a secure ignition key management system designed to ensure that vehicles were only used by authorised drivers. Full year revenue savings of approximately £65,600 were anticipated, with the loss of the leasing costs more than offsetting the additional expenditure, principally on the annual maintenance contract, and the investment income forgone. There would, however, be the need for a supplementary estimate of £11,000 in 2005/06 after factoring in the lead time for the delivery of the new fleet.

Given the status of refuse collection and street cleansing as two of the most important and visible services provided by the Council, Members were pleased to note that a high level of resilience would be built into the new arrangements. The DSO vehicles were currently maintained at the Spelthorne Borough Council Depot but the proposed Chertsey facility would provide a dedicated priority service for Runnymede's vehicles. It would also enhance health and safety since routine maintenance, presently carried out in the open and at night, would henceforth be undertaken in a well lit covered area, allowing staff to maintain the vehicles promptly and to a high standard. There was provision for a spare RCV to maintain the service when vehicles were off road for maintenance and servicing and an old, but well maintained, Dennis Elite RCV already in the Council's ownership would be retained as further back up. The RCV's would be equipped to deal with green waste and could be easily switched over for this purpose if it proved to be necessary as recycling targets increased. All of the new RCV's would have particulate traps fitted to reduce exhaust emissions and the new pedestrian controlled mechanical sweepers would provide for a more efficient means of sweeping difficult to access footpaths.

RESOLVED that -

- i) the combined bids for the purchase of vehicles from Heil Europe, Johnson Sweepers and Rosset Commercials be accepted;**
- ii) subject to planning permission, a single bay workshop be constructed at Chertsey Depot;**
- iii) a capital estimate in the sum of £1,457,000 be approved for the items set out above (including the construction of the single bay workshop);**
- iv) a supplementary revenue estimate in the sum of £11,000 be approved to cover the additional costs in 2005/2006;**
- v) the action taken to include Heil Europe and Schmidt Sweepers in the tender evaluation be approved; and**
- vi) the requirement in Contract Standing Orders to obtain competitive tenders or quotations be waived in respect of the purchase of Icom I-track system radios owing to the existing use of the system by the Council.**

567. DISCRETIONARY RATE RELIEF FOR BUSINESSES IN RURAL AREAS
(Ref: Minutes of Policy and Resources Committee, 4 March 2000, page 1051, para 684)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of the matter under Section 100A(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 7 of Schedule 12A to Part 1 of the Act.

The Committee gave consideration to the periodic review of the 50% discretionary rate relief enjoyed by a business located in a rural part of the borough. Members recalled that business premises in designated rural settlements were entitled, in some circumstances, to either full or partial relief from the National Non Domestic Rate. The applicant was not entitled to mandatory relief because of the rateable value of the premises, but satisfied all of the statutory qualifying criteria, and those set by the Council's own guidelines, for discretionary relief. There were no other businesses in the borough eligible for this form of assistance.

RESOLVED that -

the applicant be granted 50% relief from 1 April 2005 for the duration of the current Rating List or until 31 March 2010, whichever period is shorter, or until there is a material change in the use of the premises or the circumstances of the business, whichever is the sooner.

Chairman

(The meeting ended at 10.20pm)