

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE1 April 2004 at 7.30 p.m.

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

Members of the Committee absent: Councillor P.J. Waddell

Councillor A. Alderson also attended.

814. MINUTES

The Minutes of the meeting of the Committee held on 4 March 2004 were confirmed and signed as a correct record.

815. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor P.J. Waddell.

816. DECLARATIONS OF INTEREST

Whilst there was no personal interest under the Code of Conduct, Councillor G.B. Woodger referred to Agenda Item 12 References from other Committees - Housing and Community Services Committee - 10 March 2004 - (ii) Bowes Road/Wapshott Road Redevelopment Scheme - Underwriting of Costs. The scheme would require planning permission in the future and he wished to make it clear as Chairman of the Planning Committee, that any future application would be judged on its merits in the light of the information and advice at the time and that he was maintaining an open mind as to this.

817. CIVIL CONTINGENCIES BILL

The Committee noted an overview of the proposals contained in the draft Civil Contingencies Bill, was advised of the possible impact of these proposals as they were currently drafted and noted an update on the likely timescales for implementation. The Bill was currently passing through Parliament and sought to modernise and codify the arrangements for planning for, and responding to, emergencies. It was likely that the Bill would receive Royal Assent in the summer, that draft Regulations would be published in September and that the legislation would come into force early in 2005. The legislation would place a number of direct statutory requirements on Local Authorities, but increased resources to meet those new responsibilities had not been provided by the Government. Officers were seeking greater clarity from the Home Office on the extent of local authority obligations under the new regime. It would not be feasible for local authorities to plan for every conceivable emergency.

Whereas currently responsibilities were taken on as the need arose, the new legislation would require specific tasks to be undertaken and plans to be prepared. The proposals were likely to have staffing implications for the Council. At present the Community Safety Manager performed the role of Borough Emergency Planning Liaison Officer in addition to other duties. The new work involved would not become clear until Regulations had been published. The Council had traditionally relied on the goodwill of staff which had never been found wanting in any emergency. When the responsibilities became statutory this situation would need review. The Committee suggested that the involvement of the voluntary sector would also need to be considered. UNISON had expressed concern that, while the full extent of the requirements were not yet known, additional statutory duties were being placed on Local Authorities without the resources to accommodate them and therefore hoped that the Council would employ an Officer specifically to deal only with Emergency Planning in order to respond to the new legislation.

818. EXTERNAL CASH FUND MANAGEMENT

(Ref: Minutes of Corporate Management Committee, February 2004, page 1224, para. 684)

The Committee reviewed the current arrangements for external cash fund management, and proposals for the selection of external fund managers to be carried out by a Members Working Group set up specifically for this purpose. Medium-term prospects for the amount of cash available for external fund management were noted.

The Council utilised two external fund managers - INVESCO Asset Management Limited (Invesco) and INVESTEC Guinness Flight Investment Management Limited (Investec) who had managed funds totalling £20 million (£10 million each), since April 1999. Only one external fund manager, Investec, had been employed from 1994 to 1999. The funds had been split between two fund managers since April 1999 to reduce the potential risk of underperformance by having just one fund manager, to enable the relative performance of the managers to be assessed and because there were sufficient funds available to make two fund managers a viable proposition.

Income from both the Funds in 2003/04 was certain to be disappointing as both fund managers had forecasted further reductions in interest rates and had maintained a significant gilt holding as a result. This policy had proved incorrect as interest rates had risen. Both funds looked for long-term performance and taking single years in isolation as an indicator of performance could be misleading. Investec used a benchmark based on the three-month LIBID (London Inter Bank Bid Rate). The Fund had significantly underperformed the comparator index in 1999/00 and 2001/02 as well as in 2003/04. However, the Fund had outperformed in the other years. Long term performance since the inception of the fund showed a return of 6.27% against the LIBID benchmark return of 5.65%. Investec were traditionally regarded as a relatively aggressive fund manager and this was borne out by the volatility of their performance over recent years, relying heavily on their view of interest rate movements being correct. Invesco used a benchmark based on the three-month compounded LIBID. This Fund significantly under-performed the comparator index in 1999/00 as well in 2003/04. However, the Fund had outperformed in the other years. Long term Invesco performance showed a return of 4.73% against the LIBID benchmark return of 4.87%. The target for the Invesco fund was to exceed this benchmark by 0.5% a year and they had succeeded in this in only two of the five years.

Currently the Council had £22 million under external fund management. These funds had consistently gained investment income at a rate which had exceeded what was achievable in-house. Fund managers had systems enabling easy access to markets for investment instruments such as gilts and Certificates of Deposit. Although these investment instruments had a greater market risk than the standard money market investments available in-house, the Committee agreed that there was a strong case to support the continued use of external fund managers, in the belief that in the long term they would continue to add value. However, the performance of the fund managers had been disappointing in 2003/04 and this followed a period of erratic performance over recent years. The Committee therefore agreed that a market testing exercise be undertaken to assess a range of fund managers and select the most appropriate one. It was agreed that a Member Working Group be set up to be involved in the market testing, attend the selection interviews and report to the Corporate Management Committee.

The Council was entering a period where a more stable investment return was appropriate, given the call on balances required to meet the financial forecast assumptions for Council Tax and service spending. There was a strong argument for limiting the potential risk exposure in future to restrict significant under and over performance of the fund and for using a benchmark that reflected the decision to reduce risk, for instance using the seven-day LIBID rate rather than the three-month benchmarks used by the Council's current fund managers. A market testing exercise would also allow evaluation of fund managers' skills in the light of proposed changes to the investment regulations.

Cash flow forecasts showed the funds available for investment falling to around £15m by early 2006. At this level of funds it would be more appropriate to have only one fund manager. This was because the fees payable for two relatively small funds would place an undue burden on performance and because £10m was usually the minimum figure which any fund manager would invest. It was agreed that the market information available to the Council's treasury management consultants, Sterling Consultancy Services, should be used to help select a short list of fund managers. Expressions of interest would be sought from a range of fund managers based on

different styles of management. The market had contracted since 1999 and there were only about eight firms capable of providing the sort of service required with a reasonable track record and Local Government experience. The consultants would also be able to identify those managers that had performed well in recent times and that had a good management team. The short list would include Investec and Invesco. The cash available for the current two fund managers would hold good until late 2005. Then it would be necessary to withdraw cash to meet spending obligations. There was no immediate cash flow requirement to reduce the sums available to external cash managers. This would allow the market testing and selection process to be carried out in good time to allow changes to be thoughtfully made and handover arrangements to be carefully planned.

A timetable was agreed as set out below:-

<b>Timetable for Market Testing</b>	
<b>Action</b>	<u>Date</u>
Agree strategy (Corporate Management Committee)	1 April 2004
Use Council's treasury management consultants to nominate suitable fund managers to invite to tender	April 2004
Request submissions from Fund Managers	May 2004
Prepare short list of 4 managers	June 2004
Selection interviews (Member Working Group)	July 2004
Selection decision (Corporate Management Committee)	2 September 2004
Agree fund management parameters	September 2004
Commence new arrangements	1 October 2004

**RESOLVED that -**

- i) the strategy for market testing for a fund manager be approved;**
- ii) a Member Working Group be set up with the authority to undertake the market testing exercise and recommend the selection of a fund manager, comprising five Councillors (3 Conservatives, 1 Runnymede Independent and 1 Labour) as nominated by their respective Group Leaders;**
- iii) the Minutes of the Working Group be reported to the Committee; and**
- iv) the Director of Finance be authorised to select a short list of fund managers for the selection interviews, in consultation with the Chairman of the Committee and the Council's treasury management consultants.**

**819. REVIEW OF STAFF TERMS AND CONDITIONS**

(Ref: Minutes of Corporate Management Committee November 2003, page 929, para. 447)

The Committee was apprised of progress to date on the work being undertaken on the Authority's behalf by Tribal GWT HR Consulting who were engaged in a comprehensive review of staff terms and conditions including job evaluation, competency assessment, performance related pay and benchmarking. Tribal had undertaken a series of consultation meetings with Directors, UNISON, staff and a small Member Working Group. Following this exercise, Tribal had produced an interim report identifying a consensus on all areas of the Council's future pay and grading systems apart from the link between pay and performance and/or competence. Work was progressing in drafting a job evaluation system for the Authority. Despite best endeavours, the scheme was developing as more complex than had been envisaged. The proposed scheme complied with the Equal Opportunities Commission's checklist on analytical job evaluation. In order to ensure that the

scheme worked properly and met the needs of the Authority, a pilot exercise would be undertaken prior to the final scheme being put forward for approval by Members. Specific proposals on a way forward on the matters of pay/reward systems and job evaluation would be submitted to a subsequent Committee meeting.

One area, however, that needed to be resolved now was that of protection of staff whose posts were "downgraded" as part of the job evaluation exercise. Current Council policy stated that holders of posts downgraded during a general salary review exercise would have their salary scales protected on a personal to holder basis. However, it was the view of the Officers that permanent protection of an employee's salary was potentially unlawful and/or discriminatory where, in an objective assessment of the correct pay level for the job, it was found that the pay was in excess of the correct amount. On the other hand, staff morale could be badly damaged if as a result of introducing the job evaluation system staff found themselves suddenly having to take a pay cut. This approach would also have potential Employment Law implications. The Committee agreed that, in the event of downgrading, a reasonable period of time was needed for staff to either seek a post at a higher grade or to adjust to a future reduction in pay. UNISON supported protection of existing pay rates for staff whose posts were regraded downwards following a job evaluation exercise and the Committee considered options which they had put forward and the recommendations of Officers. The Committee agreed that two options should be offered. In the first option, where the grade for an individual's job was at a higher level than evaluated, the individual would be served with a three year notice period that his/her salary would move to the highest level of the appropriate lower grade. Any normal progression within the salary range and annual cost of living reviews would not be interrupted during this three year protection period. In the second option, staff could decide that their salary be frozen (with no salary progression or cost of living awards) until the maximum of the lower salary range caught up with the frozen salary, when the normal progression within the new salary range and cost of living reviews would re-commence.

**RESOLVED that -**

- i) the terms and conditions of staff whose jobs are "downgraded" as a result of the job evaluation exercise be protected, according to their preference, either**
  - a) for a period of three years with any normal progression within the salary range and cost of living reviews remaining uninterrupted during this period; or**
  - b) by freezing the salary (with no salary progression or cost of living awards) until the maximum of the lower salary range catches up with the frozen salary, when the normal progression within the new salary range and cost of living reviews would re-commence;**
- ii) a further report be submitted as soon as possible with detailed proposals for the future pay/reward systems for the Authority's staff; and**
- iii) following a pilot of a draft Job Evaluation Scheme, a report be submitted for Members' consideration, for the adoption of a Job Evaluation Scheme for the Authority's staff.**

820. ADDLESTONE COMMUNITY ASSOCIATION - REQUEST FOR A LOAN

The Committee considered a request from the Addlestone Community Association for a loan of £50,000. The Council had previously approved expenditure of £ 2.296 million for the re-provision of the Community Association building on the Garfield Road car park site with a view to facilitating the phased redevelopment of the Civic Offices site. In addition to this budget, the Community Association wished to finance from their own resources enhancements totalling £180,000. The Council normally made an annual revenue grant to the Association (currently £2,900) and at their meeting on 18 March 2004 the Leisure and Environment Committee had approved a request from the Addlestone Community Association for a capital grant of £10,000 towards the cost of chairs in the main hall of the new Community Centre.

The loan was intended to be used to finance certain elements within the new building. The Association had suggested that this could be repaid over ten years. While there could be no absolute guarantee, there was no reason to suppose that the Association could not effect repayment. The Committee debated the matter and considered that a loan should be made, particularly in view of the community benefits which would arise.

The initial payment of any loan would count as the Council's capital expenditure. The terms of the loan were at the discretion of the Council. In order to set an interest rate that was reasonable to both parties, and one that provided predictability for the Community Association, it was agreed that interest should be based on the variable mortgage interest rate determined by the Office of the Deputy Prime Minister (ODPM) under the Housing Act 1985 (currently 5.19%). This was the interest rate for Council mortgages on Right to Buy properties. The loan repayments by the Community Association would be treated as capital receipts. The interest payments were expected to cover the cost to the Council of making the loan. A charge would be taken over the Community Association's interest to protect the Council's position.

**RECOMMEND that -**

- i) Addlestone Community Association be granted a loan of £50,000 repayable over ten years with the rate of interest being variable and based on the mortgage interest rate determined by the ODPM under the Housing Act 1985; and**
- ii) the Capital Programme be amended accordingly and a Capital Estimate be approved in the sum of £50,000.**

821. EGHAM BOWLS CLUB - BUSINESS RATES DISCRETIONARY RELIEF  
(Ref: Minutes of Resources and IT Sub-Committee, June 1997, page 117, para. 13)

The Committee considered an application for discretionary rate relief from the Egham Bowls Club.

The Egham Bowls Club had previously received discretionary rate relief until 31 March 1999. When their application had originally been approved, relief had been awarded of 100% for 1997/98 and 50% for 1998/99. It was subsequently realised that this was more relief than had been intended. Therefore at the following meeting of the Sub-Committee the error had been rectified by not granting any relief between 1 April 1999 and 31 March 2003. This had the effect of awarding the appropriate level of relief in accordance with the Council's guidelines (i.e. 25%), taking into account the six year period from 1 April 1997 to 31 March 2003. Egham Bowls Club had now applied for rate relief on their club house at Manorcrofts Road, Egham. The Club had applied to be registered as a Community Amateur Sports Club but the Inland Revenue had rejected their application. Consequently, the Club was not entitled to receive mandatory rate relief.

The rate liability on the Club's premises was £16,428 in 2003/04 and £16,872 in 2004/05. If 25% relief were granted on this liability, 75% of this sum would fall on the national rating pool and the remaining 25% would be met by the General Fund. The Council had granted discretionary relief to all other organisations until 31 March 2005, which was the duration of the current rating list. It was the Council's practice to review the list of organisations receiving discretionary rate relief every five years when the rating list was revalued.

The Committee agreed that the Club satisfied the criteria in the Council's guidelines.

**RESOLVED that -**

- i) the Egham Bowls Club be awarded 25% discretionary rate relief for the period from 1 April 2003 to 31 March 2005; and**
- ii) a supplementary revenue estimate of £1,027 in 2003/04 and £1,055 in 2004/05 be approved.**

822. APPOINTMENT TO OUTSIDE BODY - CHERTSEY COMBINED CHARITY

The Committee considered whether it wished to replace Councillor J.M. Edwards (Addlestone) who had resigned as a nominated Trustee to the Chertsey Combined Charity. He was one of two Councillors who represented the Ottershaw/Addlestone/New Haw side of the Charity. As each Trustee assumed responsibility for his/her own particular area the Trust had indicated that they would like the replacement to be an Addlestone/New Haw resident.

**RESOLVED that -**

**consideration of an appointment to the Chertsey Combined Charity for a four year term of office, be deferred.**

823. LOCAL GOVERNMENT ASSOCIATION - ANNUAL CONFERENCE AND EXHIBITION

The Committee considered authorising the attendance of the Leader of the Council and the Chief Executive Officer at the Annual Conference and Exhibition of the Local Government Association. (LGA), being held at Bournemouth between 6 and 9 July 2004. Financial provision to cover part of the cost of the Conference was included in the Estimates for 2004/2005.

**RESOLVED that -**

**the Leader of the Council, or in his stead the Deputy Leader, be authorised to attend the Annual Conference and Exhibition of the LGA at Bournemouth on 6-9 July 2004 and the Chief Executive Officer be authorised to attend on 7 and 8 July 2004.**

824. REFERENCES FROM OTHER COMMITTEESa) HOUSING AND COMMUNITY SERVICES COMMITTEE - 10 MARCH 2004(i) Runnymede Association of Voluntary Services (RAVS) - Grant Aid  
(Ref: Minutes of Housing and Community Services Committee, November 2002, page 730, para. 401)

At its meeting on 10 March 2004, the Housing and Community Services Committee had considered the level of grant aid to be awarded to Runnymede Association of Voluntary Services (RAVS) over the next three years. For 2003/04, Runnymede had provided general grant support of £8,000 to RAVS and specific grant of £13,000 for the rent of RAVS' premises. The Committee had previously agreed to increase the grant to RAVS to cover any reasonable rent increase, which was likely to be around £3,000. Total expenditure of £24,000 had therefore been included in the 2003/04 estimates and an inflation increase of £24,500 was provided for in the 2004/05 budget. The Housing and Community Services Committee had considered the future demands on RAVS and forecasts which RAVS had supplied of their financial position based on three funding options and the implications for the services provided by RAVS. Having regard to the current situation and the competing priorities, the Housing and Community Services Committee had recommended that an increase and an associated supplementary estimate of £5,000 was appropriate. This would bring the level of support to RAVS in 2004/05 to £29,500. It was also agreed that a further review of RAVS' funding should take place for the 2005/06 financial year.

The Committee concurred with the recommendation of the Housing and Community Services Committee and emphasised their support for RAVS' work.

**RESOLVED that -**

- i) a supplementary estimate in the sum of £5,000 be made for 2004/05, to bring the total grant to the Runnymede Association of Voluntary Services to £29,500 for that year; and**
- ii) it be noted that a further review of RAVS' funding will be undertaken in a year's time.**

(ii) Bowes Road/Wapshott Road Redevelopment Scheme – Underwriting Of Costs

At the same meeting, the Housing and Community Services Committee had considered the underwriting of planning and architects fees incurred by Apex Housing Group, in connection with the Bowes Road/Wapshott Road Redevelopment scheme which required a number of approvals in order to proceed. Proposals and detailed plans were needed to satisfy the current and possible further requirements of the Environment Agency (EA). In order to minimise the financial risk to the Council of failure of planning approval, the Committee had previously agreed to a two-stage approach whereby initial plans would be forwarded to the EA for approval, prior to the development of a detailed Planning Application. The Flood Risk Consultant working with Apex Housing Group had reported that, as a result of the flooding that had occurred early in 2003, the EA were in the process of redrawing the flood plain map. It would not be possible for plans for a scheme to be prepared until the new map was available and the EA were now expected to produce draft maps by the end of March.

The timetable leading to potential construction of these properties could be foreshortened by approximately two months by developing the Planning Application and the flood alleviation requirements for the EA at the same time, which would assist the Council's stock options appraisal and minimise any further delays. However, the risk associated with this approach was that Apex would have to incur an additional cost amounting to £247,763 (£201,500 + VAT of £35,263 for architects fees, and £11,000 for planning fees) to bring the scheme to this stage and these costs could be abortive if planning approval was not gained. Apex Housing Group wanted the Council to underwrite these costs and could give no guarantee that the proposed scheme would meet all of the requirements of the Environment Agency, although they would develop proposals that satisfied as many of the conditions as possible.

The Housing and Community Services Committee had therefore had to balance the risk that approval would not be given for the scheme with the need for the scheme to progress as quickly as possible and had decided that the scheme should proceed. It was, therefore, agreed that the work to develop plans for the EA and the Planning Application should be organised simultaneously and to recommend to the Corporate Management Committee that Apex's fees should be underwritten. If it should be necessary to fund Apex's fees (in whole or part) the Committee had recommended that these be treated as a capital item, to enable the costs to be financed by housing capital receipts that would otherwise be paid into the Government Pool. However, the amount available for the new affordable housing programme would reduce accordingly. The Corporate Management Committee concurred with these courses of action.

This amendment to the Capital Programme would normally require Council approval. However, as Officers wished to proceed with the detailed application as soon as the draft flood maps were provided by the Environment Agency, the Committee resolved the matter under paragraph 1.3 of the Scheme of Delegation with the Chairman's agreement that this was a matter of urgency.

**RESOLVED that –**

- i) the Planning and Architects' fees of up to £247,763 to be incurred by Apex Housing Group for the Bowes Road/Wapshott Road redevelopment scheme be reimbursed by the Council, in the event that planning permission for the scheme is refused and the scheme does not proceed; and**
- ii) the Housing Capital Programme be amended accordingly.**

(iii) Housing Capital Programme – New Affordable Housing – “Capital Allowance”

At the same meeting, the Housing and Community Services Committee had considered an appropriate “Capital Allowance” in the course of noting funding for new affordable housing available within the Housing Capital Programme. Under the Government's new proposals for pooling housing capital receipts, the Council could utilise Right To Buy (RTB) Receipts and Other Housing receipts which would otherwise have to be pooled. The estimated total resources available from these receipts over the next three years were £1,200,938 (2004/05), £3,661,250 (2005/06) and £623,438 (2006/07). The rules

for retaining the receipts that the Local Authority would otherwise have to pay to the Pool required the Council to make a resolution to that effect. The amount was referred to as the "Capital Allowance". The Committee agreed to recommend a Capital Allowance of £1,750,000 for 2004/05, to give some headroom if receipts were higher than estimated and the Corporate Management Committee agreed that this was an appropriate amount. The Corporate Management Committee was also pleased to note that the Regional Housing Board had recently announced that most of the Council's bids made to it for affordable housing schemes had been approved.

This amendment to the Capital Programme would normally require Council approval. However, as this new regime needed to take effect before the date of the next Council meeting, the Committee agreed to resolve this matter under paragraph 1.3 of the Scheme of Delegation with the Chairman's agreement that this was a matter of urgency.

**RESOLVED that -**

**a Capital Allowance of £1,750,000 for 2004/05 be approved, in respect of housing capital receipts that would otherwise have to be passed to the Government National Pool.**

(iv) Roakes Avenue Scheme Capital Budget

At the same meeting, in the course of considering whether to authorise a Compulsory Purchase Order, if required, the Housing and Community Services Committee had considered an updated capital budget for the Roakes Avenue scheme under which the Council, working with the Apex Housing Group, was seeking to redevelop the Painesfield allotments site to provide new homes for tenants on the Roakes Avenue estate. The updated budget was as follows:-

Table - Capital Budget for the Roakes Avenue Scheme		
Original Budget		Latest Budget
£		£
1,000,000	Purchase of Properties	1,000,000
-	Top Up Loans	462,000
500,000	Site clearance and ancillary costs	38,000
1,500,000	Total	1,500,000

The Corporate Management Committee agreed the revised use of the budget, as set out above.

**RESOLVED that -**

**the revised use of the existing capital budget for the Roakes Avenue Estate be agreed as set out above.**

(b) ECONOMIC DEVELOPMENT COMMITTEE – 11 MARCH 2004

Station Road, Addlestone – Environmental Improvement Scheme

At its meeting on 11 March 2004 the Economic Development Committee approved the detailed design of the highway works and streetscape and lighting improvements proposed for Station Road, Addlestone as part of the Action Addlestone Initiative. The total design and construction costs of the project were now estimated at £640,000, excluding a £55,000

contribution by Surrey County Council towards the street lighting element. The Corporate Management Committee agreed to authorise a capital estimate from the remaining Action Addlestone capital programme provision of £659,100.

**RESOLVED that –**

**a capital estimate in the sum of £640,000 be approved from the Action Addlestone provision in the capital programme, for the construction and design fees in respect of the Station Road, Addlestone environmental improvements.**

825. HOUSING COMPUTER SYSTEM UPGRADE

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this item under Section 100A (4) of the Local Government Act 1972 on the grounds that the item in question would be likely to involve the disclosure of exempt information of the description specified in paragraph 9 of Schedule 12A to Part 1 of the Act.

The Committee noted the need for replacement of the computer system used to support the work of the Housing Department, and considered how this should be carried out. The system was required to support the maintenance of the Housing Register, the allocation of homes, the maintenance and refurbishment of the housing stock, and the management of tenancies. The application currently used to support these functions was Sx3 Housing, an Oracle application produced by Sx3 Ltd (a subsidiary of Veridian), the suppliers of the Revenues and Benefits software used in the Finance Department. Part of the potential benefit in using this software was the degree to which it should be possible to integrate with the Revenues and Benefits software and thus provide efficiencies from sharing the same operational environment in terms of hardware platforms and databases. Sx3 had announced that they would be terminating support for their current Housing software by the summer of 2004. Sx3 recommended that the Housing Department move to a new product, named iWorld, developed by Sx3, as Revenues and Benefits had done.

While iWorld built on the basic data structures used in the present application, it was a total rewrite of the product with a radically different feature set. iWorld in its Revenues and Benefits form had already been integrated with the Council's Document Management System (DMS) and was browser based so that many of the new customer facing features could be accessed through the Internet or on local Intranets. As this application used a different architecture from the Housing software the purchase of additional server hardware was also required.

It was important that the Council's Housing software system was fully supported. In this marketplace all suppliers upgraded their software regularly, to deal with bug fixes, to enhance functionality and to incorporate changes that had to be made to the software due to new legislative requirements. This latter reason was most important in the approach to year end and when annual changes to charging regimes were made. It was therefore prudent to ensure that the new system was fully installed and up and running by the end of the 2004 calendar year. Staying with the present product when it was no longer supported by Sx3 was not a feasible option.

In 1995 the market had been examined and the Council had concluded that bringing the complete housing solution within one package that was part of the then Oracle local government suite of applications was the optimum way forward. The Council would now need a very compelling reason if it were to separate the solution chosen for the housing application from that for Revenues and Benefits. Reasons for taking an opportunity to move to a different supplier might include another supplier being more suited to the Council's Housing Department needs, dissatisfaction with Sx3 as a supplier, lack of functionality in the new Sx3 product or evidence of shortcomings in the present package that would be carried forward to iWorld, significant cost savings in changing suppliers and reduced risk factors compared with migrating to iWorld.

The Committee considered alternative suppliers who produced a product with the breadth of functionality required by the Council. A move to any of Sx3's competitors would incur a premium of £50,000 to £100,000 in terms of total initial costs when compared to moving to iWorld. The major cost differential arose where new interfaces would have to be written between competitor products, which was a very time consuming process.

Looking at Sx3 as a supplier, while there had been difficulties with Revenues and Benefits software in the past, over the years there had been a large investment in the Sx3 data. Staff in the Housing Department were not dissatisfied with the level of functionality of the present Sx3 software. The major areas of risk in moving to iWorld were in the migration of existing data, interfaces and usability of software, loss of key personnel during the implementation project, problems with the electrical infrastructure of the computer machine room and network in the older part of the building and implications which may result if the Council transferred the housing stock to another body. The Committee was satisfied that these risks could be mitigated and the effect of the proposals on IT staffing was neutral. Although a specialist IT member of staff would be deployed on the upgrade, extra support would be provided from Sx3 to balance this. If the Council decided to transfer the housing stock to another body at a future date, the cost of the application would probably form part of the valuation of the stock and so the Council would recoup the investment.

Taking all these factors into account, the Committee therefore recommended that the safest, most cost effective and least disruptive way forward would be to upgrade the existing Housing system to Housing iWorld.

The total cost of upgrading to iWorld was noted as follows:-

Item	Cost (£,000)
<b>One off Capital Costs:</b>	
iWorld software licences	15
Implementation	5
Migration	30
Training	Free of Charge
Hardware – Server	25
SAN	15
Temporary Staffing	7
Contingency	3
	Total
	100
<b>Annual Revenue Costs (excluding capital charges)</b>	
Software maintenance	2
Hardware maintenance	4
	Total
	6

It was proposed that this upgrade would be financed from Implementing Electronic Government (IEG) monies, although it was noted that the Member IT Working Group had not proposed this course. A supplementary revenue estimate of £20,000 was also required, consisting of capital charges (including depreciation) of £14,000 and £6,000 maintenance costs.

In order to maximise the resilience of the hardware and to gain the maximum benefit from the Council's previous infrastructure investment, it was agreed that the database be stored on the Storage Area Network (SAN) at present used by Revenues and Benefits and the TASK financial system. Software and documentation would be delivered during the summer of 2004 in line with a statement of deliverables included in the contract document. This would incorporate a fully integrated Building Maintenance, Rent Accounting, Tenancy and Allocations solution. A five year guaranteed support period would be agreed.

Hardware would be provided by the Council using its usual suppliers. It was intended that the system would be live in early October 2004, and data from the existing software would be converted to iWorld at a fixed cost. Temporary staffing would be recruited by the Council to free selected current staff to work on the migration process and ensure the integrity of data moved to the new system. The new system would be integrated with the Council's Document Management System (DMS) early in 2005. It was anticipated that the interface costs of £15,000 to achieve this integration might be met from the Implementing Electronic Government (IEG) monies. This would be the subject of a further report to the Committee.

**RECOMMEND that -**

- i) subject to satisfactory terms and conditions being agreed, Sx3 be awarded the contract for the supply of iWorld, with licensing costs not to exceed £15,000, and the Director of Administration and Leisure be authorised to complete the legal agreement;**
- ii) the hardware be purchased outright, at a cost not exceeding £40,000;**
- iii) the implementation and conversion, estimated not to exceed £35,000, be part of the contract;**
- iv) provision of £10,000 be made to cover additional staffing and other associated costs necessarily undertaken as part of the data migration to the new system;**
- v) a contract with Sx3 to provide maintenance and upgrades be entered into at an initial sum of £2,000, with this contract to be renewed annually for a guaranteed five year period;**
- vi) hardware maintenance be supplied by the manufacturer at a cost of £4,000 per annum;**
- vii) the Council's Standing Order No. C2 be waived in this instance, on the grounds that on this occasion the Council is satisfied that the award of the contract to Sx3 offers the best value for money when coupled with the levels of support service that would be contractually supplied;**
- viii) the total cost of implementation of £100,000 be met from the provision for System Upgrades and Developments in the Capital Programme, to be financed from IEG grant;**

*(Note 1: Further to discussion following the meeting between Officers and with the Chairman of the Member IT Working Group, it was recommended to the Council that the last two words of Recommendation (viii) above be deleted and replaced by "capital receipts").*

- ix) a supplementary revenue estimate of £20,000 be approved to cover the cost of capital charges and maintenance falling on the Housing Revenue Account.**

*Note 2: In view of the necessity for early procurement in order to meet the required timescales, Officers acting with the Chairman's agreement under Standing Order 42 implemented those parts of the above proposal necessary to place orders, before consideration by the Council.*

**826. ABBEY FIT SPORTS CENTRE-CHOICE OF CONTRACTOR**

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this item under Section 100A (4) of the Local Government Act 1972 on the grounds that the item in question would be likely to involve the disclosure of exempt information of the description specified in paragraph 9 of Schedule 12A to Part 1 of the Act.

The Committee was advised of an overlap between the Council's proposed work at Abbey Fit Sports Centre and adjacent works being undertaken to Jubilee High School, and considered the appropriate contractual steps. This item was considered by the Committee, with the agreement of the Chairman of the Leisure and Environment Committee, as a decision was necessary before the next meeting of that Committee.

In order to provide appropriate facilities in the south of the Borough, the Council had agreed to enter into a new dual use agreement and lease with the Jubilee High Foundation, and to extend and refurbish Abbey Fit Sports Centre, in Addlestone. Subject to completing the necessary documentation, it was envisaged that the works would commence by mid August 2004 with a view to official opening in April 2005. However, Jubilee High Foundation were arranging for works to improve the school's drama workshop, and library and refurbish some first floor science laboratories. The contract for these works had been let to Mansell Construction Services Limited. These works were programmed to begin at approximately the same time as the Council's works to Abbey Fit Sports Centre.

It was apparent that the only practicable means of access to the school's work site was over the roadway which was to form part of the Council's contractor's working area. In addition, there was likely to be a conflict of requirements between the School's contractor and the Council's contractor in respect of the works compound. It was possible that the access road could be widened slightly but this would not avoid the primary problem of the Council's contractor working on the Abbey Fit extension while another contractor sought to pursue its own programme for the school's works. Without detailed liaison and co-ordination, there would be conflicts and possible safety hazards.

The Council's Project Management Consultant had advised that this presented a problem in terms of the tender process for the Abbey Fit Sports Centre works which was intended to commence shortly and considered that the best and most practical solution in the circumstances would be to negotiate an appropriate price for the contract with Mansell Services Limited. It was recognised that this would not normally be the Council's preferred course of action and was only being suggested in the special circumstances of the case. If the same contractor was working on both the School's works and the Council's works, with appropriately framed contracts, it would be possible to share the site compound and be confident of proper co-ordination in the use of the access. The requirements and contract period for the Council's works would remain unaltered.

Under the Council's normal procedures, value for money was normally demonstrated by a fair competitive process in selecting the contractor. In the light of the Project Management Consultant's advice, it was agreed that a competitive procedure be not followed in this case. Value for money would need to be demonstrated by checking the outcome of the negotiating process against the estimate and known current cost levels and the Committee agreed that the Chairman and Vice-Chairman should be satisfied as to the achievement of value for money and appropriate contract terms. Contract Standing Order C2.5 would need to be waived.

**RESOLVED that -**

- i) the Director of Administration and Leisure be authorised to conclude a contract for the construction works at Abbey Fit Sports Centre with Mansell Construction Services Limited, subject to being satisfied as to the achievement of value for money and the negotiation of appropriate contract terms and subject also to the agreement of the Chairman and Vice-Chairman of the Committee on those points; and**
- ii) Standing Order C2.5 be waived to permit this course of action for the reasons stated in the report.**

827. CORPORATE PROPERTY MAINTENANCE CONTRACT

The Chairman had agreed that this item be considered as a matter of urgency by virtue of the need to authorise arrangements prior to the next meeting of the Economic Development Committee. This item was considered by the Committee, with the agreement of the Chairman of the Economic Development Committee, as a decision was necessary before the next meeting of that Committee.

In July 2003 Runnymede entered into a standard form JCT Measured Term Contract with Scion Technical Services Limited to provide planned and reactive works of maintenance to approximately 40 Council properties such as cemeteries, halls, museums and the Council Offices. The contractor (which had been acquired by another company) had now terminated the contract. The letting of a new contract would require compliance with the European Community Public Procurement Regulations. It was hoped that the exercise would be completed in the autumn but it might be towards the end of 2004 before a new contractor was in place. Reactive maintenance works and any planned or reactive works which had health and safety or other legislative implications would need to be undertaken before the tendering exercise had been finished.

The Committee agreed that Leabrand Ltd be engaged to carry out any interim work rather than having a multiplicity for tenders for various pieces of work. Leabrand Ltd had previously carried out works satisfactorily for the Council. The National Schedule of Rates would apply with negotiated percentage adjustments. Where the value of reactive works exceeded £5,000, additional quotations would be sought to ensure that works were competitively priced. Because of the urgency of covering this interim period, the usual competitive requirement in Standing Orders required waiver.

**RESOLVED that -**

**Contract Standing Orders relating to tendering procedures be waived for the reasons of urgency in the circumstances set out above, and Leabrand Ltd be engaged to carry out maintenance works to Council properties in the interim period between termination of the existing contract and the new contractor being in place.**

Chairman

(The meeting ended at 9.00 p.m.)