

Runnymede Borough Council

OVERVIEW AND SCRUTINY SELECT COMMITTEE

8 July 2010 at 7.30pm

Members of the Committee present: Councillors P B Tuley (Chairman), C J Chapman (Vice-Chairman), H A Butterfield, Mrs R M Denby, A M Moore, C J Norman and A P Tollett.

Members of the Committee absent: Councillors J M Edwards and Mrs L M Gillham

149. FIRE PRECAUTIONS

The Chairman read out the Fire Precautions.

150. MINUTES

The Minutes of the meeting of the Committee held on 15 April 2010 were confirmed and signed as a correct record.

151. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Mrs L M Gillham.

152. DECLARATION OF INTEREST

Councillor H A Butterfield declared a prejudicial interest in the Agenda item on Surrey County Council Proposals For Civil Parking Enforcement, having been a Member of the Economic Development Committee which had made a resolution on this matter at its meeting on 24 June 2010. He left the room for the consideration of this item.

153. SURREY COUNTY COUNCIL PROPOSALS FOR CIVIL PARKING ENFORCEMENT

The Committee was informed of Surrey County Council's proposals for future arrangements for parking enforcement in Surrey and of the Economic Development Committee's resolution on the matter. This report had been placed on the Agenda at the request of the Chairman.

The Surrey County Council Member Portfolio Holder for Transport and the Officer dealing with this issue at Surrey County Council had both been invited to the Committee meeting to explain the County Council's position but had been unable to attend because of a prior commitment and leave.

On Tuesday 25 May 2010 Surrey County Council's (SCC) Transport Select Committee had considered a report on the future enforcement and administration of civil parking enforcement in Surrey. A copy of the report to that Committee was noted. The current arrangement where the eleven Boroughs and Districts operated on-street parking enforcement alongside their management of off-street car parks had been phased in between 2004 and 2007 after SCC had taken over the responsibility for on-street parking enforcement from the police. Runnymede Borough Council (RBC) began on-street enforcement in November 2004. The agency agreements had been amended so that they all ended on 31 March 2011 and therefore SCC had little time to consider alternative options for future arrangements.

SCC's main concern was that they currently faced a deficit on the civil parking enforcement operation of £900,000. The Transport Select Committee had considered five options for future arrangements. These were to make no change (option 1), districts to combine areas to reduce duplication of staff (option 2), for four 'area contracts' combining Districts to be awarded under which the districts could bid for the tender against the private sector and if a private contractor was selected the Districts could include off street car park enforcement within this contract (option 3), a single county wide

enforcement contract under which it was unlikely that Districts could bid but off street car park enforcement could be included in this contract (option 4) , or delegation of total responsibility to Boroughs/Districts, where SCC as highway authority could pass the parking operation to the Districts with no subsidy and the Districts could retain the surplus (option 5).

The Transport Select Committee had recommended the introduction of option 3, which was the implementation of up to four area enforcement contracts with the option for service providers to tender for one or more areas. The recommendation was to be put to a SCC Cabinet meeting on 27 June 2010. However, the matter had been deferred from that meeting. This recommendation was likely to preclude future involvement of Boroughs and Districts in on-street enforcement and would result in two organisations carrying out enforcement in each area unless the Borough/Districts handed over off-street enforcement to the contractor. RBC could bid for the work whether alone or in partnership, but commercial risk would pass to the Boroughs if pricing was misjudged.

Under the agency agreements the Boroughs and Districts claimed quarterly in arrears for all of their costs in operating the enforcement service. Any income from the on-street enforcement in Runnymede was passed to SCC. In Runnymede the only income was from penalty charge notices. In other Boroughs there was income from Controlled Parking Zones (CPZ)s and on-street parking charges.

The report to the Transport Select Committee stated that SCC had limited control over what they were charged. In fact SCC could have taken the opportunity to discuss costs at any time during the last six years that the agency agreements had been operating. RBC had submitted a very detailed spreadsheet of the costs that it was claiming and SCC had only questioned the payment of one item on one occasion in the six years. The Agency Agreement specifically provided for reviews which could have looked at costs and action to reduce deficits.

SCC, with the advice of the consultant that they employed in setting up the agencies, had originally accepted that on-street parking enforcement could only operate at a deficit, particularly in a Borough where there were no CPZs or on-street parking charges to generate income. It was only recently that SCC had announced that they wished to reduce the on-street parking deficit. The analysis described in the Transport Select Committee report had been carried out with no consultation with the Boroughs and Districts. Instead of proposing radical changes that affected all of the Boroughs and Districts, their staff, and their off street parking operations, SCC could have worked with the agents to find ways of making the economies needed to change the financial 'balance sheet'. This could have included introducing CPZs and on-street parking charges where they did not currently exist. Prior to the circulation of the report, borough and district parking Officers had discussed the future of the service with County Officers but were not aware at that time of the conclusions contained in the report.

The report also stated that having eleven agents resulted in a duplication of efforts. This comment failed to recognise that the agents were also operating off-street car parks, most of which operated at a surplus. This was the original reason for choosing the Boroughs and Districts to operate on-street enforcement in their areas. This arrangement was, potentially, a better deal for the Surrey taxpayer as a whole.

SCC was proposing to carry out a tender process for the management of on-street parking enforcement on the assumption that this would be more cost effective. SCC did not appear to have prepared any cost estimates to support this assumption as they had not yet decided how many client staff were needed to manage the contract. The proposals gave Boroughs and Districts the opportunity to tender alongside commercial providers but the timescales did not give them the opportunity to explore all of the partnering options that could bring about a more efficient and effective service than the proposed arrangements.

The concerns about the SCC proposals were that SCC had not adequately worked with the current providers (the Surrey district councils) to reduce the deficit and work towards a break-even point under the current arrangements, SCC had not adequately consulted with districts in reaching this recommendation, and the overall benefits to Council tax payers of the districts operating both on and off street enforcement in each area had not been recognised. The recommendation was in conflict with the partnership working that SCC had been promoting, unless districts agreed to include their car parks in the contract, two separate organisations might be carrying out enforcement in the same area (on-street/off-street), there was concern about the performance of contractors who had won contracts elsewhere, SCC had not appreciated the contribution made by the district parking teams in

dealing with administrative issues and problem areas (eg outside schools), employing contractors would result in a loss of local knowledge and local control, most districts would not be willing to hand over control of their car parks, and staff would work for a potential new contractor under the Transfer of Undertaking Protection of Employees Provisions, resulting in an uncertain future.

It was disappointing that SCC had chosen to take this action with little consultation with Surrey district councils. There was particular concern that the new arrangements would be less efficient and more costly to local tax payers, when taken in the round with separate off-street parking arrangements. It was considered that working collaboratively with districts, mutually acceptable arrangements could have been put in place that reduced SCC's costs whilst maintaining efficient operation. Given Runnymede's experience in running both on and off-street parking enforcement, a reasonable case could be put that it be devolved locally and run on behalf of the County Council. The mechanism by which this could be done needed further work and might involve collaborative working with other Councils. Such arrangements could be achieved through a variation in the Agency agreement. The cost implications would have to be looked at carefully as if Runnymede took over the function in its entirety (keeping income from Penalty Charge Notices but bearing all costs) it also took responsibility for all financial risk. Whilst an initial informal assessment suggested that the service could be operated on a 'break-even' basis, this needed to be properly modelled in terms of a business case.

Having considered this information, the Economic Development Committee, at its meeting on 24 June, had resolved that Runnymede should seek to take over administration of on – street car parking management in the borough from Surrey County Council and should continue to manage on and off-street parking, working alone or in collaboration with others and that further reports on this should be brought back to the Economic Development Committee. This view had been conveyed to Surrey County Council in letters signed by Councillor P Roberts as Chairman of the Economic Development Committee and County Councillor Miss M Heath as Chairman of Surrey County Council's Local Committee for Runnymede.

The Overview and Scrutiny Select Committee supported the resolution of the Economic Development Committee and noted that the SCC Cabinet would now be considering the issue of civil parking enforcement at its meeting on 13 July 2010. This report to that 13 July SCC Cabinet meeting now recommended that negotiations be undertaken with the Surrey districts to assess the viability of any alternative proposals that those districts developed. However, this latest report also stated that any negotiation and agreement with the districts had to be completed by mid August, so little time was being provided for those negotiations to take place.

The Overview and Scrutiny Select Committee also noted that the proposed groupings for the four area contracts put Runnymede into the same area as Surrey Heath and Woking. Surrey Heath's parking operation had recorded a significant deficit. This would drive the costs for Runnymede up if the Council were to act in combination with Surrey Heath. The Committee therefore agreed that, in undertaking negotiations with SCC on this issue, Officers should aim for a revised district area grouping for Runnymede. The Committee also agreed that Officers should seek to minimise costs with a view to aiming to achieve a break even position, in discussing the arrangements for the new contract with SCC. It was noted that SCC was unlikely to insist on particular area groupings and it was understood that SCC would be content for districts to decide on appropriate area combinations. The Committee could understand why SCC was looking to reduce its costs but considered that SCC should have been taking steps to reduce the deficit before putting forward its current proposals. It was noted that SCC would not be able to take the provision of off street parking away from districts. Off street parking enforcement could be included within the new contract to be effective from 1 April 2011, but if this were to happen the arrangements for income in respect of on-street and off-street parking would need to be clearly delineated.

RESOLVED that –

- i) the action taken by Surrey County Council and the resolution of the Economic Development Committee on this matter be noted;**
- ii) the resolution of the Economic Development Committee be supported; and**

- iii) in undertaking negotiations with the County Council on this issue, Officers should seek to minimise costs and aim for a revised district area grouping for Runnymede.**

154. ENFORCEMENT OF PLANNING CONTROL - PROGRESS REPORT

The Board noted the progress report on enforcement of planning control as at 14 June 2010.

There had been a number of complex enforcement sites that Officers had had difficulty in dealing with through the existing Planning and Legal staff complement because of insufficient staff. A report had therefore been submitted to the Planning Committee on 14 July recommending that a Principal Planner and Assistant Solicitor be employed for planning enforcement. These new members of staff would assist in reducing the amount of outstanding enforcement action which had not been able to be progressed because of lack of resources.

On particular cases within the report, the Committee noted the following:-

i) Greenacres, Hardwick Lane, Chertsey

Action had been taken against mobile homes and caravans in residential use at this site and the position was complicated by the fact that a number of people residing at the site had received custodial sentences.

ii) The Conifers, 111A Almnors Road, Lyne

This was a site including gypsies and travellers. The abolition of the South East Plan by the new Government meant that appropriate provision for gypsies and travellers would be decided locally rather than regionally in future.

iii) Willow Farm, Chobham Road, Ottershaw

The decision of the High Court was awaited in October 2010 in respect of action taken against laying of hardcore to form hardstanding.

iv) Padd Farm, Hurst Lane, Egham

The Enforcement Notices against various breaches at the site had been upheld on appeal. It did not appear that there would be any High Court challenge. Costs had been awarded in favour of the Council.

v) Walnut Tree Farm, Almnors Road, Lyne

An inquiry in respect of an appeal against Enforcement Notices relating to hardstanding, bund and caravans had been scheduled for November.

vi) Woburn Park Farm, Woburn Hill, Addlestone

A report was scheduled to be submitted to the Planning Committee in the autumn of 2010 regarding unauthorised operational development at this site. It was suggested that action might be taken against a wall at the site, if the height of this wall was considered by Officers to be excessive. It was also noted that operations being conducted at this site had led to material being tipped into the River Bourne which restricted the flow of the river. Part of the site was authorised for use by showmen and it was necessary to contact the Showman's Guild so that proof of showman status could be obtained.

vii) Southbeck, Ruxbury Road, Chertsey

An informal hearing regarding various unauthorised developments on the site had been held at which the appellant had been represented by a barrister, which was contrary to the rules of such hearings. The appellant had withdrawn the appeal at a late stage. The Council had applied for the award of costs.

viii) 18 – 20 Riverside, Staines/Bellbourne Nurseries, Hurst Lane

The requirements of enforcement action taken had now been complied with at both of these sites.

ix) Land at Aymer Close, Thorpe

Prosecution for non-compliance was on hold until a planning application had been determined.

x) The Oaks

The appeal decision regarding unauthorised business uses and buildings was awaited.

xi) High Trees, Holloway Hill, Chertsey

The Council was awaiting guidance from the Surrey County Council Gypsy and Traveller Liaison Officer on gypsy provision before considering enforcement action against a residential mobile home and hardstanding at this site. While the onus of proof of gypsy or traveller status lay with the appellant at public inquiries, it was noted that travellers and gypsies had many different classifications, including a category for settled gypsies, as well as for various types of itinerants.

155. ANNUAL REPORT OF OVERVIEW AND SCRUTINY FUNCTION

The Committee considered a draft Annual Report for the Municipal Year 2009/10 in accordance with Sub-paragraph 6.03 (d) of the Council's Constitution which stated that Overview and Scrutiny Committees must report annually to a full Council on their workings and make recommendations for future work programmes and amended working methods if appropriate.

The Committee commended Officers on the content of the report.

The Committee asked to be updated on the latest position concerning section 9 of the report concerning the former DERA site, Longcross. The draft Annual Report stated that the new Coalition Government intended to abolish Regional Strategies and allow local authorities to determine housing targets locally. However, until the Regional Strategies had been formally removed they remained a material consideration and were part of the development plan. If the Runnymede Local Development Framework Core Strategy was put forward it would have to comply with the development plan, including the South East Plan, which included further DERA development. Work on publishing the Core Strategy had therefore been held in abeyance until the position became clearer. A Member of the Committee suggested that it might be feasible to have two Core Strategies running concurrently with one including further DERA development and one leaving this out. It was agreed that this would create confusion and that the Council would have to decide whether or not to proceed with further development on the DERA site in the light of recent developments.

Events had moved on since the drafting of the Annual Report. The Committee noted that a report had been submitted to the Planning Committee on 14 July 2010 setting out the impact of the new Coalition Government's changes to the planning process. The Government had within the last few days announced its revocation of the South East Plan (SEP). This abolished the housing figures and gypsy and traveller figures which Councils responded to when preparing their Core Strategies.

For Runnymede this also had the effect of deleting the allocation in the South East Plan of the former DERA site for mixed use development including up to 2,500 new homes.

Councils were now expected to make their own decisions on housing numbers as part of the new Government's localism agenda and it was therefore a matter for Runnymede to decide whether or not it wished to proceed with the development of the DERA site and to decide on appropriate levels of general housing and gypsy/traveller provision.

The Committee noted that the Planning Committee would be asked at the meeting on 14 July to defer the Core Strategy to allow time for Officers to assess the advantages and disadvantages of proceeding with further development on the DERA site and to assess the options regarding housing allocations and gypsy/traveller allocations.

The Annual Report for 2009/10 is attached at Appendix 'A'.

RECOMMEND that –

the Annual Report be received and noted.

156. TREASURY MANAGEMENT ANNUAL REPORT 2009/10
(Ref: Minutes of Overview and Scrutiny Select Committee, 3 February 2010, page 516, para. 552)

The Committee considered the annual report on the Council's treasury management activity and performance for the 2009/10 financial year.

In February 2010, the Committee had been advised of revised governance arrangements by which the Overview and Scrutiny Select Committee had become the body responsible for scrutinising treasury management. The body that made recommendations on treasury management was the Corporate Management Committee. At its meeting on 27 May, the Corporate Management Committee had received a report on the Council's treasury management activities and performance for the 2009/10 financial year. The agenda report and the Minute of that meeting were noted.

The Committee noted that all investment activity had been undertaken in accordance with the Council's approved strategy. Extensive use had been made of money market funds which had AAA credit ratings, and provided security and a better rate of return than the Government's Debt Management Office, at a time when a reduced number of institutions met the Council's criteria for investment. There had been a decline in value of the 7 day market rate. The base interest rate was expected to remain at 0.5% for the immediate future. Cash flow was vital to the Council's operation. The Council had a policy of investing in building societies, subject to them meeting the Council's investment criteria, as building societies were well regulated, even though rating agencies had been harsh in their assessment of this sector. When building societies experienced difficulties, mergers and takeovers tended to take place to preserve capital. Up to 75% of the Council's funds were placed in building societies. Sterling Consultancy Services, (the Council's appointed treasury management consultants), agreed with this policy. It was becoming increasingly difficult to deal with counterparties and the Council was not investing with Santander as a result of this.

A rate of return fractionally under 3% had been achieved for all investments in 2009/10, (2.967%), which was better than the probable outturn forecast. Rates of return on in-house investments had been fractionally over 2%. £10 million of the Council's investments had been placed with Tradition, a cash manager with expertise in medium and longer term investments. Tradition had achieved a return of just over 4% as longer term investments had higher rates of interest.

The charges of Tradition were netted off against the return which Tradition made. The Committee considered that the Council was achieving a good return on its investments for a minimum amount of risk. The key question was when the Council might put more funds in longer term investments which carried greater risk. The timing of this would be considered carefully in consultation with the Council's treasury management consultants.

The Committee noted that the Director of Finance would be reporting to Corporate Management Committee in September on investments. Although the Committee had no recommendations to make to the Corporate Management Committee it had a number of observations which it was agreed should be included in the future report to the Corporate Management Committee on treasury management. It was suggested that rather than relying purely on credit ratings, the test of a building society's stability might be an assessment of the amount of money it obtained from wholesale markets and the amount of income it obtained from mortgage portfolios. It was noted that the Council was not currently investing in gilts as, although the Council had previously used this investment vehicle, it was not considered that gilts would provide a good return at present. It was suggested that shorter term gilts might be looked at as a possibility.

The Committee also noted a benchmarking report produced by Sterling Consultancy Services (see next minute).

RESOLVED that -

the Corporate Management Committee be advised of the Committee's observations above but no recommendations be made to the Corporate Management Committee for any changes to treasury management policy and procedures.

157. TREASURY MANAGEMENT ANNUAL REPORT 2009/10 – BENCHMARKING REPORT
(Ref: Minutes of Overview and Scrutiny Select Committee, 3 February 2010, page 516, para. 552)

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 3 of Schedule 12A to Part 1 of the Act.

Sterling Consultancy Services, (the Council's appointed treasury management consultants), had recently produced a benchmarking report for their clients. The report compared Runnymede's treasury management performance in 2009/10 with other local authorities and provided a useful additional perspective on the matters already reported to the Corporate Management Committee.

The benchmarking report from Sterling showed a wide variation in investments undertaken by different local authorities. Runnymede had out performed some other authorities by having more longer term investments and by investing in building societies. A number of local authorities did not invest in building societies. Investment policies of local authorities were a matter of judgement for those authorities.

RESOLVED that -

the benchmarking report be noted.

Chairman

(The meeting ended at 8.35 p.m.)