

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE7 March 2002 at 7.30 p.m.

Members of the Committee present : Councillors G.B. Woodger (Chairman), J.M. Edwards (Vice-Chairman), D.P. Easton, J.R. Furey, R.K. Habgood, Mrs. S.E. Jacobs, H.W.V. Meares, C.J. Norman, R. Pate and Mrs. E.E. Price

Members of the Committee absent : None

583 NOTIFICATION OF CHANGE TO COMMITTEE MEMBERSHIP

The Conservative Group had notified the Chief Executive Officer of its wish that Councillor H.W.V. Meares be appointed to the Committee to fill the vacancy that had arisen following the resignation of Councillor K.J. Clark .

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

584 MINUTES

The Minutes of the meeting of the Committee held on 7 February 2002 were confirmed and signed as a correct record.

585 TREASURY MANAGEMENT STRATEGY 2002/03

The Committee gave consideration to the Council's treasury management strategy for 2002/03.

The fundamental approach would be similar to previous years, with a wide mix of investments allowing the Council to optimise returns from changes in interest rates whilst maintaining the security of capital and not becoming over dependent upon one type of investment instrument. Interest rates were currently below the 6% level upon which the Council had traditionally based its long term investment income forecasts and low tax strategy, although modest increases were forecast for the next 12 months. Assuming returns of 5% for externally managed cash funds and 4.5% for internally managed money investments, the investment income in 2002/03 was estimated at £1.45m. Some additional flexibility would be provided by Government proposals to allow local authorities to invest in commercial money market funds with high credit ratings and a deposit facility operated by the Debt Management Office. Options for longer term investments and alternative investment vehicles would be kept under review.

Members noted that there might be a need to withdraw cash from the external funds during the course of the year in order to meet medium term cash flow requirements. Any transfers would be carefully planned so that fund managers would not have to make forced sales of investments at what might be an inopportune moment. Meanwhile it was agreed that the two fund managers should henceforth give their six monthly presentations to this Committee rather than the Business Review Board.

**RECOMMEND that -**

- i) the Treasury Management Strategy for 2002/03 be approved; and**
- ii) money market funds and the Debt Management Office deposit facility be added to the list of permitted investments for the Council's short term funds with effect from 1 April 2002.**

586 BORROWING LIMITS FOR 2002/03

The Committee set the Council's borrowing limits for 2002/03 in accordance with section 45 of the Local Government and Housing Act 1989. The Council had no external long term debt and was unlikely to borrow over an extended period in the foreseeable future. However, Members noted that there might be a need for temporary borrowing to meet day to day cash flow requirements.

**RESOLVED that -**

- i) the overall borrowing limit for 2002/03 be set at £2,000,000;**
- ii) the maximum amount which the Council may have outstanding for 2002/03 by way of short term borrowing be set at £2,000,000; and**
- iii) the proportion of the total amount of interest payable which is at variable rates of interest be set at 100%.**

587 BEST VALUE SERVICE REVIEW AND CONTINUOUS IMPROVEMENT PLAN – PAYMENTS SERVICE

(Ref: Minutes of Corporate Management Committee July 2001, page 163, para. 135)

The Committee, having endorsed both the scope of the Best Value review and the challenge phase for the Payments service at its meeting in July 2001, now gave consideration to the completed service review and proposed Continuous Improvement Plan. The review had followed the Council's adopted format and in so doing addressed the four elements of Challenge, Compare, Consult and Compete.

Members noted that the cost of the service appeared to be consistent with local and national averages. Consultation with staff confirmed that the majority of Officers considered the service to be either satisfactory or better. Nevertheless, there was some concern that only 80% of invoices were currently being paid on time against Government targets of 97.5% in 2001/02 and 100% thereafter. Members were keen to ensure that the Council met its obligations to suppliers in a fair and businesslike manner. The Continuous Improvement Plan contained detailed measures to improve performance in this respect. The Plan also included, exceptionally, a number of proposals concerning the corporate procurement strategy which had been identified during the review process. The Committee considered that it was particularly important to increase the number of automated transactions by BACS and set a target of 50% of all payments to be processed by this means by March 2003.

**RESOLVED that -**

- i) the Service Review attached at Appendix 'A' and the Continuous Improvement Plan attached at Appendix 'B' be approved with particular reference to the following:-**

	<u>Timescale</u>
<b><u>Targets to be implemented at Officer level:</u></b>	
<b>a) Develop performance indicators for the Section that will allow outputs to be defined and measured. Review service and quality levels in light of consultation stage of this and other Best Value Reviews;</b>	<b>Implemented</b>
<b>b) Look at the use of Service Level Agreements to make the respective responsibilities of the Section and clients more clear;</b>	<b>Summer 2002</b>
<b>c) Maintain a Complaints and Improvements Log;</b>	<b>Implemented</b>

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| d)  | <b>Investigate the possibility of re-establishing the Surrey Paymaster Group;</b>  | <b>June 2002</b>  |
| e)  | <b>Use Benchmarking data to measure the cost efficiency of the Section and to improve service standards;</b>   | <b>Annual exercise</b>                                    |
| f)  | <b>Achieve ISO 9002 accreditation in conjunction with the Accountancy Section;</b>   | <b>December 2002</b>                                      |
| g)  | <b>Review the organisation of the Section in conjunction with the Best Value exercise on the Accountancy Section:</b>  | <b>Spring 2002 and in Annual Report on Personnel 2003</b> |
| h)  | <b>Investigate the possibilities of closer working with the Personnel Section for the production of the payroll</b>  | <b>June 2002</b>  |
| i)  | <b>Review creditors procedures to achieve effective payments to suppliers and meet the Council's and the government target for prompt payment of invoices (BVPI 8)</b> | <b>Subject to detailed programme</b>                      |
| j)  | <b>Develop the use of the Intranet and Internet to improve the accessibility of the service</b>  | <b>Stage 1 by June 2002, then ongoing progress</b>        |
| k)  | <b>Increase the proportion of payments made by BACS to 50%</b>   | <b>March 2003 and then ongoing</b>                        |
| l)  | <b>Review procurement practices to see if the number of small value invoices may be reduced in an efficient way</b>  | <b>December 2002</b>                                      |
|     | <b><u>Targets with policy implications, requiring a further report to the Corporate Management Committee:</u></b>  |   |
| m)  | <b>Report to the Corporate Management Committee on the strategy for competition of central services; and</b>   | <b>By June 2004</b>                                       |
| n)  | <b>Review the use of the Moorepay Bureau service in processing the payroll</b>   | <b>September 2002</b>                                     |
| o)  | <b>Develop a corporate Purchasing Policy</b>   | <b>December 2002</b>                                      |
|     | <b><u>Targets with policy and financial implications, requiring a further report to the Corporate Management Committee:</u></b>  |   |
| p)  | <b>Implementation of the replacement Creditors system.</b>   | <b>September 2002</b>                                     |
| q)  | <b>Using the corporate Document Management System (DMS) to generate benefits in the entire purchasing and payment process</b>  | <b>Summer 2003</b>  |
| ii) | <b>the Borough Treasurer report to a future meeting of the Committee regarding implementation and monitoring of the Continuous Improvement Plan.</b>                   |   |

588 INTERNAL AUDIT PLAN

The Committee received details of the 2002/03 internal audit plan together with the programme for internal quality audits. The audit plan had been prepared in accordance with the four year strategic plan approved in November 2001 and was based on the same strategic risk assessment methodology as applied in previous years.

Members also noted that Counsel's opinion had been obtained in order to clarify the extent of access to personal records for audit purposes compatible with human rights and data protection legislation. Counsel had advised that both internal and external audit of personal data held by the Council was permissible but should be provided for in the Contract of Employment, by notice to the data subject, or by a scheme of regulations supplied to the Data Protection Commissioner. Access to the data would be strictly for the purposes of performing audit functions and compliance with audit standards. It had been recommended that staff should be informed as to the identity of the Data Controller, the extent of the data held and the terms of its use. Appropriate procedures would be codified as soon as possible.

589 REVENUES AND BENEFITS DSO

(Ref: Minutes of Standards Committee December 2001, page 665, para. 414)

The Committee gave consideration to the dissolution of the client/contractor split which had created the Revenues and Benefits DSO, together with the recommendations of the Standards Committee in respect of a grievance appeal brought by a number of the DSO staff.

The Revenues and Benefits DSO had been established as a unit with non-standard terms and conditions of service in December 1999 following a voluntary competitive tendering exercise in preparation for the requirement then in force to expose a proportion of the Council's financial services to competition. Preparation for the tendering exercise identified a variety of savings and best practice. The DSO had recorded surpluses of £16,664 for the four months to 31 March 2000 and £62,461 for the year ending 31 March 2001, although managers did not project continuing surpluses as costs were expected to increase in future years. The arrangement was due to expire in December 2004.

Members noted, however, that from a management perspective the arrangements had not been ideal. The operation of a client/contractor split had created tensions within the Treasurer's Department and the staff concerned were keen to return to standard conditions of service. The early termination of the arrangements would allow Officers to better focus on the forthcoming Best Value review of Revenues and Benefits and the implementation of document imaging. It was therefore agreed that the DSO should be formally wound up at the end of the current financial year, on 31 March 2002. The reintegrated service would continue to be subject to vigorous financial and performance controls and corporate targets.

Members also noted that at the time of the market testing exercise DSO staff had agreed to limit their entitlement to performance-related pay in order to make the in-house bid more competitive. Thirteen staff had subsequently brought a grievance against the Council which had been considered by the Standards Committee in December 2001. The staff believed that they had been promised a share of DSO surpluses and had been misled when they agreed to sign a variation in their terms and conditions of service. The Standards Committee had not upheld the grievance but recommended *inter alia*, that the issue of bonus payments should be revisited at the end of the contract.

The staff had, however, now been paid the outstanding balance of their performance-related pay in recognition of their dedication and loyalty to the Section, and would be invited to transfer back to standard conditions of service upon the termination of the present arrangements. They would also be eligible to receive merit payments for exceeding collection targets in 2001/02. It was therefore considered that the key points of the grievance had been satisfactorily addressed and the staff restored to the position which they would have enjoyed had they remained on the standard terms. Thus the Committee was of the opinion that there were no grounds for a bonus payment from the accumulated DSO surplus. Any Revenues DSO balance at 31 March 2002 would be transferred to the General Fund working balance.

**RECOMMEND that -****the Revenues DSO be wound up at the end of the current financial year on 31 March 2002 under the terms set out above.**

A requisition having been made in accordance with Standing Order 25.2 the voting in respect of the motion was as follows:

FOR: Councillors D.P. Easton, J. M. Edwards, J.R. Furey, R.K. Habgood, Mrs. S.E. Jacobs, H.W.V. Meares, C.J. Norman, Mrs E.E. Price and G.B. Woodger. (9)

AGAINST: Councillor R. Pate. (1)

590 HIGHWAYS DSO  
(Ref: Minutes of Corporate Management Committee January 2002 page 714, para. 468)

The Committee gave consideration to the payment of loyalty/performance bonuses to employees of the Highways DSO.

The DSO was due to cease trading on 31 March 2002, at the same time as the Highways Agency work returned to the County Council. In order to keep the DSO together in its final year a lump sum bonus of £3,000 had previously been approved for employees who remained with the group up to its closure, subject to the DSO making a loss of no more than £50,000 in 2001/02. The Committee noted that there was a strong possibility that this performance target would not be met. Legislative restrictions, competitive trading conditions and the consequences of mopping up less profitable work prior to the cessation of trading meant that significant losses, likely to be in the order of £50,000 - £100,000, were predicted. However, Members recognised that the staff, who had demonstrated their loyalty and commitment to the DSO, had been unable to influence the financial performance. It was therefore considered that the bonus should be paid regardless of the trading position. There was no budgetary provision to meet the cost of £51,000 so a supplementary revenue estimate would be required.

**RESOLVED that -**

- i) Highways DSO staff who have remained loyal to the Council during the final year of trading be informed that they will receive a loyalty bonus of £3,000 after 31 March 2002; and**
- ii) a supplementary revenue estimate of £51,000 be approved to cover the cost of paying the loyalty bonuses to the Highways DSO staff.**

591 BEST VALUE REGIME – REVISIONS TO PUBLICATION TIMETABLE AND FUTURE SERVICE REVIEWS  
(Ref: Minutes of Policy and Resources Committee, January 2000, page 885, para. 561)

The Committee received details of changes to the Best Value Regime and gave consideration to revised groupings for the remaining two years of the initial programme of service reviews.

The Best Value Regime had attracted some criticism in relation to both its process and the significant bureaucracy and costs, with relatively modest opportunities for efficiency savings and/or service improvements. In response the Government had already significantly reduced the number of Best Value Performance Indicators required to be kept and reported on by local authorities. Members were now pleased to note that the deadline for publication of the annual Best Value Performance Plan had been changed from 31 March to 30 June each year, with the subsequent statutory auditor's report on the Performance Plan now due on 30 December rather than 30 June. This was consistent with earlier representations made by the Council on the impracticability and constraints associated with providing estimated outturns for the Performance Plan so early in the year and the publication of the auditor's report during the summer holiday period. The Council's Performance Plan for 2002/03 would now be published at the end of June and a summary included in the Annual Report which was to be distributed to all households in the Borough at the same time.

The Committee also noted that there had been a change of emphasis in the service review programme. The initial programme had produced a large number of often very narrow, service specific reviews. Now, however, both auditors and the Best Value Inspectorate had emphasised that they were looking for a smaller number of larger reviews, with cross cutting themes where appropriate. The Committee therefore agreed revised groupings for the remaining two year programme of reviews in order to bring together services with common interests.

Members were informed that the Government had also removed the requirement to summarise any assessment made by authorities of the level at which, and the way in which, they exercised their functions, and had revoked the requirement for authorities to review all their functions in five year cycles. While authorities were still under a duty to review their functions they now had more discretion to choose which services were to be reviewed and when. It was uncertain whether there would be more significant changes to the Best Value regime but another report would be presented to the Committee if, as expected, further announcements were made on the core aspects of the Best Value and inspection regime. The opportunity would also be taken at that stage to re-examine the Corporate Review Guide, who should take the lead on individual reviews, and the involvement of Members in the various stages.

Finally, Members noted that the post of Administrative Assistant to the Chief Executive Officer, which had principal responsibility for co-ordinating the various aspects of Best Value, was currently vacant. Interim arrangements would be put in place until such time as the full extent of the revisions to the Best Value Regime were known and their resource implications could be properly gauged.

**RECOMMEND that -**

- i) the revised Best Value Service Review programme attached at Appendix 'C' be approved; and**
- ii) the Best Value Performance Plan for 2002/03 be published on 30 June 2002.**

592 WRITE-OFFS

The Committee agreed that a number of debts should be written off as irrecoverable.

**RESOLVED that -**

- i) the Council tax arrears, totalling £1,092.18 be written off as irrecoverable; and**
- ii) the non-domestic rate arrears, totalling £14,782.10 be written off as irrecoverable.**

593 REVIEW OF SERVICE GROUPINGS AND CONSEQUENTIAL CHANGES

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 report would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1 and 7 of Schedule 12A to Part 1 of the Act.

The Committee gave consideration to proposed changes in service groupings and consequential staffing structure designed to complement the revised decision making arrangements which had now been substantially settled for implementation from May 2002. The Review had been influenced by a number of issues including the implications of the Government's legislative programme, an ambitious local agenda, rising public expectations, the roll out of e-government, pressures for joint working and partnership arrangements, a previously identified need for major revenue savings, the loss of the Highways Agency and the medium term potential for local government reorganisation.

Members noted that it was proposed to restructure the six existing departmental groupings into five. All housing related activity, including functions previously located in the Environmental Services Department and the administration of non-leisure related grant aid, would be grouped in one department. A new Environmental Protection Division was to be established within the Technical Services Department and the Engineering Division would assume responsibility for residual depot based activities following the winding up of the Highways DSO.

The Committee considered that the proposals would achieve a better focus for service delivery and result in a leaner and tighter management structure while ensuring effective succession planning at a senior level in a period leading up to significant change for the organisation. While there were superannuation and redundancy cost implications it was anticipated that the changes would contain service costs and, in the medium term, make a significant contribution towards previously targeted revenue savings. Administrative, clerical and secretarial posts would be reviewed carefully and staff allocated to the various transferred functions as appropriate. No compulsory redundancies were anticipated as any surplus staff would be accommodated through redeployment or natural wastage.

The planned implementation date of 1 September would provide an adequate opportunity for the detail of the revised arrangements to be finalised and appropriate staff and union consultation.

**RECOMMEND that -**

**subject to full staff/trade union consultations:-**

- i) The revised service groupings detailed in paragraphs 3.5, 3.6 and 3.7 of the agenda report and outlined diagrammatically in Appendices 'D' and 'E' be approved;**
- ii) The post of Borough Environmental Services Officer (Number D0010) and a secretarial post be deleted from the establishment from 31 August and 31 July 2002 respectively;**
- iii) An Assistant Chief Officer post of Head of Environmental Protection be approved at Grade SM3 and applications be invited from amongst existing Divisional Environmental Health Managers and, should this be filled internally, the resultant vacancy be deleted;**
- iv) The present Borough Environmental Services Officer be retired on the grounds of redundancy on 31 August 2002;**
- v) The present Borough Housing and Community Services Manager be retired in the interests of the efficiency of the service on 31 August 2002;**
- vi) The Chief Executive Officer, together with the Personnel Officer, be authorised to make consequential changes to the administrative, clerical and secretarial support arrangements within the revised Borough Technical Services and Housing and Community Services Departments;**
- vii) Any surplus staff identified as a result of (vi) above be accommodated through redeployment or natural wastage;**
- viii) A salary acceleration of £2,000 per annum be approved for the Borough Technical Services Officer to reflect additional managerial responsibilities;**
- ix) A Sub-Committee be formed to settle on a person specification, job description and selection arrangements for the post of Borough Housing and Community Services Manager; and**
- x) The financial consequences of the proposals be approved.**

Chairman

(The meeting ended at 10.28 p.m.)