

Runnymede Borough CouncilCORPORATE MANAGEMENT COMMITTEE31 May 2001 at 7.30 p.m.

Members of the Committee present : Councillors G.B. Woodger (Chairman), J.M. Edwards (Vice-Chairman), J. R. Ashmore, K.J. Clark, D.P. Easton, J.R. Furey, C.J. Norman, R. Pate, Mrs. E.E. Price and Mrs. V.A. Smallman

Members of the Committee absent : None

41. NOTIFICATION OF CHANGE TO COMMITTEE MEMBERSHIP

The Conservative Group had notified the Chief Executive Officer of its wish that Councillor R.K. Habgood be removed from the membership of the Committee and that Councillor Mrs. V.A. Smallman be appointed in his place for a fixed period ending on the day after the meeting. Thereafter, Councillor Habgood would be re-appointed.

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

42. MINUTES

The Minutes of the meeting of the Committee held on 17 May 2001 were confirmed and signed as a correct record.

43. REVIEW BOARD BUDGETS

Members noted that Government guidance advised local authorities to provide Overview and Scrutiny Committees (termed Review Boards in Runnymede) with a discrete budget to assist with the discharge of their duties. The principal functions of Overview and Scrutiny Committees were to advise on policy development and hold decision making Committees to account. In order for them to do so effectively it was recognised that there might be occasions when the Committees would have to incur expenditure on items such as the engagement of independent consultants or the expenses of witnesses. The Committee therefore concurred with a recommendation of the Member Working Group that the two Review Boards should be provided with budgets of £5,000 each for these purposes.

**RESOLVED that -**

**a supplementary estimate of £5,000 be approved for each of the two Review Boards for the purpose of covering expenditure which it is necessary to incur in the discharge of their overview and scrutiny functions.**

44. TREASURY MANAGEMENT AND INVESTMENT STRATEGY – ANNUAL REPORT FOR 2000/01 AND UPDATE FOR 2001/02

The Committee received a report detailing treasury management and investment activity and performance during the 2000/01 financial year. Members noted that investment income had exceeded expectations, producing a net return of £2.19m against an original estimate of £1.75m. The fund managers, Investec and Invesco, had both out-performed the relevant benchmarks and indices whilst the Council had also benefited from strong in-house cash flows.

However, investment income in 2001/02 was unlikely to match the budget estimate of £1.9m because of recent reductions in short term interest rates to below the Council's 6% benchmark. Rates were

forecast to remain substantially below this figure for the remainder of the financial year, thereby leading to a predicted shortfall in investment income of around £150,000. The impact of such a reduction on the Council's medium term financial strategy would be considered when the next three year financial forecast was prepared during the summer.

The Council also gave further consideration to the use of bond funds and/or individual bonds to help provide a stable investment return. Having regard for the advice of the Council's treasury management consultants, Prebon, that better opportunities for long term investment would be more likely to emerge later in the year, it was agreed that no action should be taken at present and the position kept under review.

**RESOLVED that -**

**the impact of the potential reduction in investment income on the medium term revenue strategy of the Council be considered further when the next three year financial forecast is presented to Committee.**

45. REVIEW OF SALARIES 2001

The Committee gave consideration to the annual pay award for staff subject to the Runnymede pay scales. Members noted that the buoyant labour market and escalating cost of housing in the local area continued to lead to high levels of staff turnover. Recruitment difficulties were being experienced at all levels of skills and seniority. Nevertheless, local and regional surveys indicated that Runnymede salaries remained in the upper quartile for most posts.

The Council was obliged by its local pay policy and individual contracts of employment to offer staff no less than the national local government award. This was presently expected to be 3.5% with a minimum of £380. Having regard to a variety of indices and comparable settlements, Members were of the opinion that an award of this nature would be sufficient to maintain competitiveness. The local branch of Unison had indicated that such an offer would be acceptable. Provision had been made in the budget for a 3% pay award. The additional cost of the proposed increase would be £30,000 in the current financial year.

**RESOLVED that -**

- i) with effect from 1 July 2001, subject to the performance related criteria being met, individual salaries for staff on the local contract be adjusted by 3.5% with a minimum of £380;**
- ii) supplementary budgetary provision of £30,000 (£4,000 Housing Revenue Account, £26,000 General Fund) be made in the current financial year; and**
- iii) if the national award is settled at a higher level, the local award be adjusted accordingly with necessary supplementary budgetary provision reported to Members.**

46. PRIVATE HEALTH INSURANCE

The Committee gave consideration to the continuing provision of private health insurance to staff in the light of a recent increase in policy premiums. Private health insurance was offered to satisfactorily performing staff with three years Runnymede service as part of the remuneration package. Currently 304 were eligible to receive the cover, of which 146 had opted to join the scheme. The benefit was much valued by staff and those who chose not to be covered generally had good reason for doing so rather than an indifference to the facility. However, premiums had recently risen substantially. The cost to the Council of £343 per individual per annum in 2000/01 represented an increase of 35% over the previous year. The total cost of the scheme amounted to £49,000.

Members considered that the facility was an important element in the staff retention package, and potentially of benefit to the Council in providing timely treatment for key staff. The discontinuance of the scheme or any diminution of benefit would be detrimental to staff morale and unhelpful in the present recruitment and retention climate. It was therefore agreed that private health insurance should continue to be offered to eligible staff, subject to annual reviews in order to ensure that costs were contained as far as possible. The possibility of obtaining competitive premiums through a Surrey Authorities group scheme was being explored. There was early evidence that this could achieve savings in future years. In the meantime budgetary provision existed for the premium in 2001/02.

**RESOLVED that -**

**the current staff private health insurance scheme be continued with annual reviews to ensure that costs are contained as far as possible.**

47. ENFORCEMENT CONCORDAT

(Ref: Minutes of Environmental Services Committee, November 1999, page 658, para. 444)

Members considered the corporate adoption of a Government concordat intended to promote the principles of best practice in enforcement activity. The policy sought to promote a more user friendly relationship between regulators and the regulated. The main area of focus was on the business community, although Councils were free to extend the concordat to areas of compliance activity affecting individuals. While the concordat was a voluntary initiative it was anticipated that the Government might consider a mandatory alternative if local authorities did not adopt its principles across all regulatory services. The concordat had already been applied to Environmental Health Services and it was now agreed to extend its scope to the Council's Licensing, Planning and Building Control functions.

As the Government required confirmation of the adoption of the concordat prior to the next meeting of the Council, the Chairman agreed to treat the matter as a delegated function in accordance with paragraph 1.3 of Part 3 of the Council's constitution.

**RESOLVED that -**

- i) the Council adopt the policy and procedures of the Enforcement Concordat attached at Appendix 'A' for all its relevant enforcement functions; and**
- ii) the Cabinet Office be informed accordingly.**

48. GIS – BEST VALUE SCOPING AND CHALLENGE REPORT

The Committee considered the scoping and challenge report for the Geographic Information System (GIS) Service which is attached at Appendix 'B'. Members were asked to consider whether the objectives for the provision of the service continued to meet the Council's aspirations and to satisfy themselves that there had been sufficient rigour in completing the challenge phase of the Best Value Review.

Members noted that the GIS was entering a new phase in its development. The system had previously operated mainly on behalf of the local land charges service and provided a corporate source of digital maps. The bulk of the workload for the GIS section had been the loading of historic planning data. However, this latter task was now nearing completion and the Best Value review offered an opportunity to help define the role of GIS and ensure that the best use was made of it as a corporate land and property based resource and analytical tool. The system was a prime component in the Council's strategy for the delivery of services by electronic means.

The Challenge workshop had identified a number of proposals for change and these would be examined during the remaining stages of the Review. The Compare stage of the process would be problematical since GIS was used by local authorities in entirely different ways for a wide variety of purposes. There were no relevant national or local performance indicators. It was therefore intended to review the function

in those authorities where GIS had been developed as a corporate system to bring together land and property related information. The consultation phase had limited scope as GIS was not a front line service and all users were internal. However, Officers intended to survey existing and potential users in order to inform the development of the Continuous Improvement Plan. Members noted that the Continuous Improvement Plan would be submitted to the Committee in September 2001 following completion of the remaining three stages of the Review.

**RESOLVED that -**

- i) the objectives of the GIS service be endorsed;**
- ii) the following proposals for change be considered;**
  - **introduce a formal service level agreement with land charges, and other users when required**
  - **survey existing and potential users to establish needs and service benefits**
  - **develop a programme for expanding GIS as a corporate resource and evaluate the potential for beneficial links to other internal and external systems**
  - **pursue ISO 9000 accreditation**
  - **access to the system be improved to maximise the benefits of the existing data resource**
  - **appropriate training be provided to allow for this, particularly by Planning staff**
  - **the GIS system be integrated with the Document Management System subject to analysis of the costs and benefits**
  - **evaluation of costs against benefits of proposals for any further expansion**
  - **explore the application of 'e' government and its relationship to GIS**
- iii) the scope of this Review and the Challenge phase (set on in the report attached at Appendix 'B') be endorsed.**

49. MORTGAGES SERVICE BEST VALUE CONTINUOUS IMPROVEMENT PLAN – PROGRESS  
(Ref. Minutes of Executive Committee 18 October 2000, page 353, para 756)

The Committee reviewed progress with the implementation of the Mortgages Best Value Continuous Improvement Plan. Members noted that further investigations into the possibility of contracting out the administration of the service had revealed that this would not achieve staff time savings because of the need to continue to administer client side elements of the function. Furthermore the number of mortgages, which was already modest and continuing to decline, would not be reflected in the contract price since this was usually based on a minimum portfolio of 100 mortgages. The Committee also noted that the target date for ISO 9002:2000 accreditation had been adjusted from October 2001 to March 2002 in order to coincide with the target set for accreditation of the wider Accountancy service.

**RESOLVED that -**

**the action taken to implement the Mortgages Service Best Value Continuous Improvement Plan be endorsed.**

50. LOCAL LAND CHARGES CONTINUOUS IMPROVEMENT PLAN – PROGRESS  
(Ref: Minutes of Executive Committee 19 July 2000 page 302, para. 158)

The Committee reviewed progress with the implementation of the Local Land Charges Best Value Continuous Improvement Plan. Members noted that the outcome of a repeat consultation exercise with users of the service would be reported to a future meeting of the Committee.

**RESOLVED that -**

**the action taken to implement the Local Land Charges Service Best Value Continuous Improvement Plan be endorsed.**

51. EXTERNAL APPOINTMENTS

Members considered the establishment of an External Appointments Sub-Committee to deal with the annual series of nominations and appointments to outside bodies on 11 June. It was noted that the revised interim constitution had not reintroduced the former External Appointments Committee in case it took the Council over the proposed limit of five policy committees. Government guidance and regulations were, however, still evolving and Officers would form a view before the next municipal year as to whether the Council would have the option of reconstituting the full Committee. In the meantime it was agreed by all present that the Sub-Committee should comprise of 5 Members, including one from each of the minority groups.

**RESOLVED that -**

**an External Appointments Sub-Committee be established and constituted as follows:**

**three members of the Conservative Group (Councillors J.M. Edwards, C.J. Norman and G.B. Woodger), one member of the Labour Group (Councillor R. Pate) and one member of the Runnymede Independents Group (Councillor Mrs. E. E. Price).**

52. HYPHE SOCIAL CENTRE REDEVELOPMENT – VALUE ADDED TAX PARTIAL EXEMPTION  
(Ref: Minutes of Executive Committee 29 November 2000 page 989 para. 459)

By reason of special circumstances, namely to minimise the Council's VAT liability, the Chairman agreed that this report should be considered as a matter of urgency and treated as a delegated function under paragraph 1.3 of Part 3 of the Council's Constitution.

The Committee gave consideration to the impact of the Hythe Social Centre redevelopment on the Council's VAT partial exemption calculation. Local authorities were entitled to reclaim VAT incurred in respect of supplies that related to exempt income provided that the VAT payable for such activities was less than 5% of the total paid in respect of all purchases made by the authority. If this 5% limit was exceeded no VAT paid on activities classified as exempt would be recoverable, resulting in an ongoing annual loss to the Council of approximately £80,000 in unrecoverable VAT.

Members noted that the Council had been close to its partial exemption allowance for a number of years and the exempt VAT incurred on the construction costs of the Hythe Social Centre re-provision (about £200,000) would cause the 5% limit to be breached. If no action was taken to limit the Council's liability a total sum of approximately £360,000 would be lost over the next two years. One option considered was to delay the redevelopment of the Centre pending the formation of a self management group to take over the hall on a permanent basis. This would remove the tax liability from the Council. However, if a self management group could not be formed or the hall ever returned to Council management then all of the VAT incurred on the capital scheme would become payable together with the £80,000 exemptions over the two years of the contract. While the principle of self management was felt to be worthy of further consideration by the Leisure and Environment Committee, it was not thought to be the best means of overcoming the VAT difficulty.

The Committee therefore agreed that the best route would be to opt to tax the income from all the Council's public halls in order to reduce the Council's partial exemption percentage to 2.4%. This would not only have the advantage of saving the Council from the initial £360,000 burden but also significantly reduce the risk of exceeding the 5% threshold in future. As the public halls operated in a competitive environment and lettings were sensitive to price increases the Council would have to bear the VAT element of the charge to users, at least in the short term, at a cost of approximately £18,000 p.a. The Leisure and Environment Committee would, however, review the fees and charges, especially for commercial users (who would benefit from lower charges as they would be able to recover the VAT element), in the light of this decision. One further consequence was the need to profile expenditure on the Social Centre project so that it fell equally between the two financial years. This would ensure that the exempt VAT incurred in any one year was not still sufficient to push the Council over the partial exemption limit.

**RESOLVED that -**

- i) Chertsey Hall, Hythe Social Centre, the Literary Institute and Thorpe Village Hall be taxed for VAT purposes with immediate effect;**
- ii) a supplementary revenue estimate be approved for the loss of £18,000 income in 2001/02 and the implications for future years be noted; and**
- iii) the Leisure and Environment Committee be requested to consider the potential for self management of the Hythe Social Centre.**

Chairman

(The meeting ended at 8.55 pm)