

Runnymede Borough Council  
CORPORATE MANAGEMENT COMMITTEE

Thursday, 7 July 2005, at 7.30 p.m.

in the Council Chamber

at the Civic Offices, Addlestone



Members of the Committee

Councillors G.B. Woodger (Chairman), N. Thewlis (Vice-Chairman), A. Alderson, J.R. Furey, P.A. Greenwood, J.E. Haas, R.K. Habgood, C.J. Norman, Ms. C.M. Simmons and P.J. Waddell.

## A G E N D A

Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr. J. Gurmin, Administration and Leisure Department, Committee Section, Civic Offices, Station Road, Addlestone (Tel. Direct Line: 01932 425624). (Email: john.gurmin@runnymede.gov.uk).**
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr. B.A. Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on [www.runnymede.gov.uk](http://www.runnymede.gov.uk).
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

## **LIST OF MATTERS FOR CONSIDERATION**

### **PART I**

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b) Confidential Information

(No reports to be considered under this heading)

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign the Minutes of the meeting of the Committee held on 2 June 2005 (attached at Appendix 'A) as a correct record.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. ALLIANCE CAPITAL – PERFORMANCE REVIEW (DF)

(Ref: Minutes of Corporate Management Committee, 30 September 2004, page 347, para 258; and 2 December 2004, page 470, para. 378).

1. **Purpose of Report**

1.1 **The purpose of this report is to give the background to the presentation from the Council's external fund manager, Alliance Capital.**

2. Report

2.1 The fund manager is required to explain his performance and future strategy before this Committee at least twice a year. The first presentation from Alliance Capital has been arranged for this meeting.

2.2 In September 2004 this Committee decided to replace Investec and Invesco as managers of the Council's medium term investment portfolio, and to appoint Alliance Capital as the Council's external fund manager. In December 2004 the Council approved the investment parameters that Alliance Capital are required to work under (reproduced at Appendix "B' for reference).

2.3 The Alliance fund commenced with £20 million of the Council's investment portfolio on 1 March 2005.

2.4 Interest earnings are allowed to accumulate in the fund.

2.5 Alliance Capital will provide a quarterly statement that shows investment activity and performance for the three-month period and provides a commentary on the reasons for their investment decisions and a forecast of future activity. The first quarterly statement due from Alliance is for the quarter ending 30 June 2005. A copy of the statement will be placed in the Members Room. Members may also request a copy direct from the Director of Finance if so required.

2.6 Alliance Capital have been asked to keep their presentation to about 15 minutes to allow ample time for Members to question the fund manager directly. The intention is that this item will take about 30 minutes in total to allow the rest of the business of the meeting to be discharged in a reasonable timescale. The Committee may, of course, extend the times allowed as is felt appropriate.

**(FOR INFORMATION)**

## Background Papers

None.

### 7. FINAL ACCOUNTS 2004/05 (DF)

#### 1. Purpose of Report

- 1.1 **To report on actual income and expenditure for the 2004/05 financial year and compare this to the budget for General Fund Services, the Housing Revenue Account, trading accounts, and capital accounts;**
- 1.2 **To approve the method of financing the Council's capital expenditure in 2004/05;**
- 1.3 **To propose changes in the method of financing various capital schemes to enable General Fund revenue reserves to be strengthened; and**
- 1.4 **To reaffirm the purposes for which General Fund reserves are held.**

#### 2. Background Information

- 2.1 The Budget for 2004/05 was set at the Special Council Meeting held on 12 February 2004.
- 2.2 All Committees considered revised budgets for 2004/05 in January 2005 as part of the budget setting process for 2005/06. The revised budgets used in this report also incorporate supplementary estimates and budget virements approved since January 2005.
- 2.3 The Council's accounts for the year 2004/05 have now been completed. The formal Statement of Accounts is presented to this Committee for approval in a separate agenda item.
- 2.4 The new Prudential System for controlling capital finance in local authorities was introduced on 1 April 2004. This represents a major change in local authority finance and is based on self-regulation. It has removed some of the more prosaic features of the old capital finance system. For 2004/05 only, there are a number of accounting entries needed to adjust capital reserves to reflect the introduction of the system. There is no impact on the Council's service accounts in 2004/05 arising from the introduction of the prudential system.
- 2.5 The introduction of pooling of housing capital receipts was also made on 1 April 2004. These rules have been explained both to this Committee and the Housing and Community Services Committee on a number of occasions. The rules require the Council to pay (in cash) a proportion of housing capital receipts over to the Government. This is called "pooling" of receipts. The Council must pay over 75% of the receipts from sales of Council dwellings under the Right-to-Buy arrangements. The requirement to pay sums over is being phased in over 3 years (the "transitional offset" arrangement) but the sums not pooled must be used on new housing schemes. For other housing capital receipts, the Council has the choice of paying a proportion over to the Government pool, or retaining the receipt to use on housing schemes. Clearly, it is beneficial to retain these receipts locally to finance the housing capital programme.
- 2.6 The Council's external auditors, the District Audit Service, will be commencing the formal examination of the accounts in August.
- 2.7 Financial Regulations allow for unspent budgets in one year to be brought forward to the next. This is an established part of the Council's financial control procedures and allows more effective use of budgets. Managers can plan to carry the budget forward rather than losing it at the year end, and are not therefore encouraged to 'spend up' their budgets in order to protect their allocation.
- 2.8 The assumption made for general price increases in 2004/05 was 2.5%. The movement in the Retail Prices Index of 3.2% exceeded this and clearly will add to the budgetary pressures the Council faces. The local pay award in July 2004 of 3.0% was in line with projections. However, local levels of cost inflation are much greater than the national average as a result

of the acknowledged cost pressures in this part of south-east England and these inevitably impact on the cost of services.

### 3. Five-Year Strategic Maintenance Programme

- 3.1 In July 2002 the Corporate Management Committee approved a five-year programme of repairs, planned maintenance and improvement works to the corporate property portfolio. The programme covers all the buildings owned by the Council except for the housing stock. The programme commenced on 1 April 2003.
- 3.2 The programme was constructed following a detailed survey. It includes a substantial element to improve buildings to comply with legislation, particularly the Disability Discrimination Act 1995. The total cost of the five-year programme is £3.2m and includes both demand maintenance work, and planned maintenance and improvement works. The programme is financed partly from revenue, with improvement works met from capital resources. To simplify control and management, and to provide transparency about the scale of the programme, service budgets include the estimated cost of relevant capital and revenue financed work. A global adjustment is made in the General Fund Summary Revenue Account to account for the proportion financed from capital resources.
- 3.3 All works falling under the Strategic Maintenance Plan are scheduled in order of priority over a five-year period. This means that there will be large year on year variances in the bottom line of some services because of the incidence of planned and cyclical works on individual budgets.
- 3.4 It has been particularly difficult for both service managers and accountancy staff to obtain reliable and robust information about the impact of the programme both on individual service budgets and in total. This is illustrated by the significant variances in maintenance budgets between original estimate, revised estimate and actual expenditure on many service areas (e.g. public halls). This is partly because of the legacy left by the previous contractor on terminating the contract and partly due to the difficulty obtaining both reliable valuations and usable management information from the present contractor using manual records. Efforts are being made to transfer these processes to a system based on the Council's Estemman asset management system to facilitate management and control for both the Council and the contractor.
- ### 4. General Fund Revenue Account - Actual for 2004/05
- 4.1 Actual net General Fund expenditure on services was a reduction on the revised projection. The General Fund Summary Revenue Account reproduced in Appendix 'C' gives high level detail on the service spending for the year.
- 4.2 A booklet giving service figures for 2004/05 accompanies this Agenda, and Members who wish to study budget variations in detail may find this useful.
- 4.3 The major variations - except those caused by changes in capital charges, the Strategic Maintenance Programme, and accounting changes to other recharges - between the revised budget and the actual for 2004/05 total £1,015,700. Of this, planned under-spends (Appendix 'D') represent £380,400 and will be taken into 2005/06. The major variations are summarised in Table 2.

<b>Table 2 - Major savings on service spending between the Revised Budget and Actual for 2004/05</b>		
<b>Service Area</b>	<b>Saving</b>	<b>Commentary</b>
	<b>£</b>	
Care and Repair service	32,500	Additional income from fees and charges (£20,500) and savings in general running costs.
Housing enforcement, strategy and enabling services	72,200	Deferment of housing needs survey to 2005/06 (£35,000), and savings on administrative costs (principally salary savings).
Benefits service	22,800	Net savings in administrative costs; particularly in the maintenance costs of the computer system.
Community Services	41,200	Special works budget not fully utilised (£19,000) and savings in maintenance and purchase of Careline units (£22,200). Budgetary savings of £27,000 on Community Services will be carried into 2005/06 to meet the extra cost of the day centre transport service. Other planned Underspends on this service area total £8,000.
Abbeyfit Sports Centre	46,300	Net savings on staffing and administration costs after taking into account reduced income and the deferral of the planned improvement works.
Sports development and Play & youth services	20,100	Net savings in staffing, administrative and running costs.
Museum service	23,000	Net savings in running costs.
Public Halls	35,400	Additional income (£15,500) and lower running costs (£19,900).
Parks and Open Spaces	52,100	Savings on running costs after taking into account the deferral of the planned improvement works. Planned under-spends carried forward to 2005/06 total £11,600.
Cemeteries service	28,700	Increased income.
Recycling	14,700	Net savings in this developing service.
Safer Runnymede	63,000	Reduction in the requirement for environmental initiatives (£13,300), furniture and equipment (£19,600) and increased contributions of £16,400.
Planning policy and development control	148,300	Savings in salary and support costs (£78,000), increased income from application fees (£32,400), savings in the appeals budget (£16,100) and other savings and increase in other income of £21,800.
Highways services	37,800	Savings in provisions on special works, town centre maintenance, traveller incursions and general savings in staffing and administration costs. Planned under-spends carried forward to 2005/06 (£9,700).

Land drainage	54,900	Savings in major works budget (£48,500) and support costs.
Corporate land & properties	22,700	Saving in maintenance budget and other provisions, offset by lower net rent income. Planned under-spend carried forward to 2005/06 of £10,000.
Civic Offices	40,400	Provisions for workflow patterns (£30,000) and furniture (£2,000) carried over to 2005/06.
Corporate Management	92,000	Planned under-spends carried forward to 2005/06 of £47,200, savings on the Best Value Inspectorate budget (£16,000), and general savings in support costs and running costs.
Democratic Representation	34,200	Savings of £15,500 on the provision for Members IT facilities and £5,000 on the Review Board budget, plus general savings on salaries and administration costs.
Other Corporate & Democratic services.	47,100	Savings in provisions and net costs for elections (£10,400), grant aid (£13,700), and public relations (£7,500).
Registration of Electors	21,600	Savings in support costs and net running costs (especially the cost of the computer system).
Document Management & Workflow System	64,700	Planned under-spends carried forward to 2005/06 (£55,300).
<b>Total major variations</b>	<b>1,015,700</b>	

4.4 There were some budgets that were overspent or with a shortfall of income. In the main these were offset by savings elsewhere. Noteworthy areas are:

- (a) Planning Delivery Grant: The reduction in the amount of planning delivery grant awarded for 2004/05 was explained to this Committee in June. The shortfall in grant over that allowed for in the 2004/05 revised estimate is £51,800.
- (b) Egham Leisure Centre: The deficit contribution needed to balance the DSO account was £145,000 greater than estimated (see paragraph 10 of this report).
- (c) The net cost of the Yellow Bus Scheme was £13,500 greater than budgeted for. This was mainly due to sponsorship income not meeting the budgetary target. The deficit was made up by increased use of contributions from Section 106 planning agreements (S106). However, this has left only £58,000 of S106 contributions in hand at 31 March 2005 to offset the net costs in future years. S106 contributions are not a reliable source of income. They cannot be banked on, nor can their receipt be planned with any level of certainty. Although the Planning Committee have granted a number of permissions that have a S106 requirement to subsidise the Travel Initiative, it is prudent to account for these only when the cash is received. This leaves the Council vulnerable to meet any budgetary shortfall on this service, whether caused by increased net costs or non-receipt of S106 monies. The Yellow Bus budget for 2005/06 requires the use of £121,000 of S106 monies to finance the scheme. To date £24,500 has been banked for 2005/06, with a further £88,750 to be collected from schemes that started in 2004/05. There is also £21,500 in Section 106 agreements that have not yet commenced.

4.5 The use of S106 powers to require developers to make financial contributions and/or asset transfers has increased in recent years. The accounting treatment for these contributions is to recognise them only when received, and then to treat them as deposits that can be used to pay for the agreed project or service when the relevant expenditure is incurred. Appendix

'G' provides a schedule of S106 financial contributions held and/or used in 2004/05. The Appendix shows the purpose and date of the receipt, the actual or proposed usage of the receipt, and sums in hand that are still available for use.

- 4.6 There are savings of £116,400 on the Government subsidies and benefit awarded parts of the Benefits service budget. Of this, a sum of £69,000 arises from a calculation of the sum due from the Government in respect of the Transitional Protection Scheme. This scheme is designed to protect authorities (like Runnymede) that were disadvantaged by the introduction of 100% subsidy for benefit granted, but had more taken out of the general Government (Formula Grant) grant due to the vagueries of the notional calculations made by the Government when introducing the change. At revised estimate stage it was calculated that Runnymede would fall under the "de-minimis" level set by the Government to claim Transitional Protection. This calculation is subject to audit. There was increased subsidy for the incentive areas of the benefits subsidy system that allow the opportunity to generate additional subsidy (by, for example, performing well in recovering overpaid benefit), and a further £14,700 subsidy for success in detecting fraud and prosecuting offenders.
- 4.7 Investment income of £1,411,900 is modestly better than the revised estimate of £1,300,000. A full report on treasury performance in 2004/05 was made to this Committee in June.
- 4.8 The planned under-spends are listed in Appendix 'D'. The net effect of the under-spending brought forward will be to increase General Fund expenditure in 2005/06 by £380,400 and Housing Revenue Account expenditure by £130,000.
- 4.9 Further flexibility is available to Budget Managers to allow the virement of budgets. A virement is the transfer of a budget allocation from one service head to another. A summary of virements is also given in the service actuals booklet.
- 4.10 The net General Fund expenditure in 2004/05 was £9,128,986. The comparable revised estimate for 2004/05 was £10,288,100. Therefore net expenditure is £1,159,114 less than the revised estimate. Table 3 summarises the major reasons for the variations:

<b>Table 3 - Summary of General Fund variations in 2004/05: Revised Estimate to Actual</b>	
	<b>£</b>
Major service budget under-spends (paragraph 4.3)	1,015,700
Planning Delivery Grant (paragraph 4.4)	(51,800)
Egham Leisure Centre (paragraph 4.4)	(145,000)
Benefits subsidy (paragraph 4.6)	116,400
Investment Income (paragraph 4.7)	111,900
Other variances (net)	111,914
<b>Total Betterment: Revised Estimate to Actual</b>	<b>1,159,114</b>

- 4.11 The other variances in Table 3 above are an amalgamation of the smaller savings generated by the remaining services not specifically mentioned in Table 2.
- 4.12 In previous years Members have commented on the scale of savings and increased income from services disclosed by the Final Accounts report. For 2004/05 this report discloses a total betterment of £1,159,114. This is a significant sum when compared to the net General Fund Expenditure revised budget of £10,288,100. However, it is more appropriate to place it in the context of the estimated gross turnover - income and expenditure excluding housing benefits - of £32.4m. The reasons for the betterment can be summarised in the following terms:
1. **Planned Under-spends (£380,400):** These are not savings, but deferrals of expenditure to 2005/06. Planned under-spends are a useful tool in allowing managers to use public money wisely without the constraint of meeting in year budgetary "targets".
  2. **Unused Provisions:** These include policy led provisions (e.g. Review Board budget), established provisions for demand led items (e.g. replacement of Careline equipment), and provisions for possible additional costs (e.g. planning appeals). Establishing such provisions in the budgets in reasonable sums is normal budgetary

practice and their non-use represents a state of fact rather than a quality led judgement on policy or management.

- 3, Increased Income: A great deal of the Council's income derives from demand led services (e.g. planning applications) where relatively small fluctuations in usage can change the sum of income generated. Other income increases are one-off items generated from policy or management actions (e.g. cost recoveries, VAT recoveries).
  4. Savings in Expenditure: The culture of the Council has been to encourage Budget Managers to minimise costs where consistent with the delivery of good services. These savings are often modest at individual service level, but can combine into a significant sum overall.
  5. Project Timescales: For new and developing services (e.g. recycling, document management) relatively small changes in implementation timetables can create budgetary savings in the year.
- 4.13 The Council still needs to make further reductions in its budgets in order to meet the spending targets set out in the Financial Forecast. The betterment achieved in 2004/05 will be reviewed with the Budget Managers to establish if this could form the basis of budget reductions in 2005/06 and future years.
5. Housing Revenue Account (HRA)
- 5.1 The results for the HRA for 2004/05 disclose a surplus of £539,800. This compares to the revised budget where it was forecast that a surplus of £90,700 would be made. This is a turn-round of £449,100.
  - 5.2 The HRA working balance at 31 March 2005 is £2,783,628. The summary page for the Housing Revenue Account is produced at Appendix 'E'.
  - 5.3 Table 4 identifies the significant variances between the revised budget and the actual:

<b>Table 4 – Summary of HRA Variations in 2004/05: Revised Estimate to Actual</b>	
Housing Service Area	Variance £
General Management: This includes taking the unspent provisions for the stock options appraisal and feasibility study on sheltered schemes to 2005/06 (£36,800), low demand on the removal and disturbance budget (£25,500), insurance premium savings (£19,300), and a number of net savings on staffing, support service and other costs.	115,100
Special Services: Provisions for estate improvements were not fully utilised (£15,000 carried over to 2005/06).	112,800
Mobile Home Site: Provision for new mobile homes not fully required (£12,500), increased income of £7,000 and other savings in running costs.	30,000
Housing Repairs: This includes savings on planned and cyclical maintenance (£34,200), void property redecorations (£48,000) and major improvement and repair works (£75,700).	158,500
Rental Income: Additional rent income from dwellings as a result of lower than anticipated level of voids during the year	77,800
Increased provision for bad debts	(41,300)
Other Items (net)	(3,800)
<b>Total Betterment</b>	<b>449,100</b>

- 5.4 The reasons for the under-spend are similar in nature to those for the General Fund. In particular, the HRA makes provision for a number of projects in the large planned maintenance and improvement programme and a modest delay in the starting date can lead to significant changes between years.

5.5 The first call on the increased level of HRA balances in 2005/06 will be the planned under-spends of £130,000 carried over from 2004/05. Proposals to accelerate and/or enhance the planned improvement and repair programme, linked to the HRA Business Plan, will be submitted to the Housing and Community Services Committee in due course.

## 6. Financial Strategy

6.1 The approved revenue forecast shows the medium term impact of the tax and spending plans for the Council over the next 5 years. The forecast incorporates demanding savings targets, and is based on balancing income and expenditure over the medium term by introducing appropriate stepped increases in Council Tax. In the meantime, the only source of finance to meet the gap between spending and income is revenue reserves.

6.2 General Fund reserves give the financial flexibility to enable necessary budgetary measures to be introduced to protect spending levels over a period of time (thereby helping to mitigate adverse impacts) and the low tax policy of the Council. It follows that measures taken to increase the amount of General Fund reserves will assist in introducing necessary changes.

6.3 A measure to maximise the level of General Fund revenue balances is to finance all capital expenditure from capital receipts (instead of partly from revenue reserves).

6.4 The capital programme for 2004/05 assumed that certain works would be financed from specific revenue reserves. These are set out below:

	£
Safer Runnymede Equipment	45,590
DSO Reserves	8,350
IT Renewals	<u>152,843</u>
<b>Total</b>	<u>206,793</u>

6.5 Financing these works from capital receipts will preserve the level of revenue reserves. To maintain the discipline that these specific reserves employ, it is proposed that sums equal to the amount that they would have financed be transferred to the General Fund Contingency Reserve.

## 7. Capital Expenditure and Financing

7.1 A schedule of General Fund and Housing capital expenditure in 2004/05 that shows the source of financing is reproduced at Appendix 'F'.

7.2 Many of the variances shown in the schedules are a result of timing differences (e.g. slippage in implementation or project re-phasing) and these capital budgets have been carried forward into 2005/06.

7.3 The approach taken to finance capital expenditure is as follows:

- If available, grants and contributions are used to finance the cost of relevant schemes
- Then, specific reserves for projects are utilised.
- Capital receipts are used to finance the remainder of the programme.

7.4 Revenue contributions from the General Fund are not used to finance the capital programme. This is because revenue reserves are needed to finance spending on services. In contrast, the HRA is able to fund the balance of the capital repair and improvement works on the housing stock that are not met from the Major Repairs Reserve.

7.5 The Council received Implementing Electronic Government (IEG) grant of £350,000 in 2004/05. Of this £316,665 has been applied to finance expenditure on IT projects in the year (these are listed in Appendix 'F'). The balance of £33,335 is being carried forward to finance schemes in 2005/06.

8. Capital Income – Capital Receipts

8.1 The table below summarises capital receipts in 2004/05:

<b>Table 5 - Capital Receipts (net of costs) in 2004/05</b>	
	<b>Actual</b>
	£000
<b>General Fund</b>	
Revitalisation zone, Chertsey	3,539
Egham Precinct	750
Barrsbrook Farm, Chertsey	381
Other sales and receipts	449
<b>Total - General Fund capital receipts</b>	<b>5,119</b>
<b>Housing</b>	
Sale of Council Houses (gross receipts, i.e. before pooling)	2,191
Mortgage & Advances - redemptions and repayments	258
DIYSO - Gross Income	228
Other sales and receipts	217
<b>Total - Housing capital receipts</b>	<b>2,894</b>
<b>Total Capital Income 2004/05</b>	<b>8,013</b>

8.2 The sale of the final block of land in Chertsey Town Centre was completed in 2004/05 with a total sale price of £3.6m. In March 2004, the Economic Development Committee approved deferred payment terms of 6 equal instalments from 2004/05 to 2006/07. One instalment was received in 2004/05, leaving a balance outstanding of £3m at 31 March 2005.

8.3 The timing and amount of capital receipts is notoriously difficult to forecast. This is the case for both demand led receipts (sale of Council houses, DIYSO receipts) and general property sales. At the time of preparing the 2004/05 budget the total forecast cash receipts were £6m (this excludes the sale of land in the Chertsey Revitalisation zone). The variance between this and the comparable cash receipts of £5m are a mix of items. The Economic Development Committee receives regular reports on schemes and Members will recognise that it is not always possible to achieve sales on favourable terms that are exactly in line in with projections. In some cases better terms can be agreed by deferring receipts.

8.4 Capital receipts are the main source of funding for the Council's capital expenditure plans. Table 6 shows the use of capital receipts in 2004/05, including the change in financing certain items from capital receipts instead of the specific revenue reserves as proposed in section 6 of this report.

<b>Table 6 - Usable Capital Receipts in 2004/05</b>		
	£000	£000
Balance at 1 April 2004		12,445
Receipts in 2004/05 – Table 5		8,013
Payment of housing receipts to the government (para 8.5)		(410)
Adjustment – introduction of Prudential System (para 8.6)		1,401
Purchase of investments treated as capital expenditure (para 8.7)		(4,144)
Used to finance Capital Expenditure in 2004/05		
Housing capital programme	(657)	
General Fund programme:	(3,464)	
Equipment renewals	(207)	(4,328)
<b>Usable Capital Receipts at 31 March 2005</b>		<b>12,977</b>

8.5 Pooling of certain housing capital receipts was introduced in April 2004. The total amount payable to the Government pool for 2004/05 is £410,000.

8.6 The prudential system of capital finance was introduced on 1 April 2004. An accounting adjustment is required to unravel some of the control features of the old capital finance system. This results in a transfer to usable receipts from other capital reserves. Regrettably this does not represent real extra money, it is merely an accounting adjustment.

- 8.7 The Council awarded its new fund manager - Alliance Capital - authority to invest in "Floating Rate Notes" (FRNs). These instruments enable returns to be enhanced commensurate with the minimisation of risk. However, under the current Government rules, FRNs count as capital expenditure. This means that these transactions have to be accounted for as capital payments and financed from available capital resources (i.e. usable capital receipts). When the FRNs are repaid, they are treated as capital receipts thereby replenishing the amount of capital receipts (plus or minus gains or losses in capital value). The need to treat investments in FRNs as capital items leads to a rather peculiar look to the Council's accounts and a regrettably opaque set of accounting entries. Once the investments are sold, the sale proceeds will replenish the usable capital receipts reserve (all things being equal, to £17.158m).

9. Contributions and Grants

Capital Grants and Contributions

- 9.1 Grants or contributions received from third parties form an important part in funding new capital initiatives and the scale of receipts in 2004/05 reflects the success in attracting Government and other third party support. The table below lists the grants and contributions so used in 2004/05:

<b>Table 7 - Capital Grants and Contributions Received in 2004/05</b>		
<b>Scheme</b>	<b>£</b>	<b>Details</b>
New housing: Grants to Registered Social Landlords	113,760	Funded from developer contributions via Section 106 agreements
House Renovation Grants	208,000	Government subsidy towards Disabled Facilities Grants made
Green Waste Recycling Initiative	196,487	Government grant (DEFRA) from the Recycling Fund
CCTV Schemes	21,607	Funded from developer contributions via Section 106 agreements
Walton Leigh Recreation Ground	50,543	ENTRUST funding received via AIR.
Warwick Avenue play area	37,391	Funded from developer contributions via Section 106 agreements
Action Addlestone	25,000	Funded from developer (Tesco) contributions via Section 106 agreements
Aviator Park	41,735	Funded from developer contributions via Section 106 agreements
Various information technology schemes	316,665	Government (IEG) Grant
<b>Total</b>	<b>1,011,188</b>	

Revenue Grants and Contributions

- 9.2 The amount of one-off or short-term Government grants and other third party support for revenue expenditure is also a feature of the Council's operations. The table below lists the significant contributions in the 2004/05 accounts.

<b>Table 8: One-off and short term revenue grants and contributions in 2004/05</b>		
<b>Scheme</b>	<b>£</b>	<b>Details</b>
Home improvement service	29,600	Supporting People funding
Housing Advice	15,300	Health authority contribution towards cost of the resettlement officer post.
Homelessness service	35,900	Specific Government grant
Community Services: Day centres and meals on wheels service.	59,500	Surrey County Council (CC) contribution towards care service costs

Community Services: Dial-a-Ride Scheme	78,100	Surrey CC Transport Unit contribution (£30,600), Surrey CC Social Services contribution (£26,000), Joint Finance (£11,500), and Primary Care Trust contribution (£10,000)
Community Services: Careline service	72,900	Supporting People funding
Play and Youth Activities	11,000	Sponsorship - Proctor and Gamble
Chertsey Museum	77,900	Contributions by the Olive Matthews Trust
Recycling Initiatives	24,700	DEFRA revenue contribution to recycling services
Safer Runnymede	164,100	Home Office funding (see footnote)
• Building Safer Communities	42,500	Tripartite funding from Surrey CC and Surrey Police
• Crime and Disorder	30,000	Surrey Police funding
• Monitoring Centre costs		
Planning Services	154,000	Use of Planning Delivery Grant in 2004/05
Travel Initiative: Yellow Bus Scheme	147,100	Use of Section 106 contributions (£142,100) and sponsorship (£5,000)
Travel Initiative: Bus layby schemes	31,900	Use of Section 106 contributions
Runnymede Business Partnership	21,000	Sponsorship (in kind) from various sources towards this initiative
<b>Total</b>	<b>995,500</b>	

The Home Office contributions for the Safer Runnymede scheme formally comes to the tripartite partnership (Runnymede, Surrey CC, and Surrey Police) for which Runnymede acts as the lead partner.

- 9.3 Grants and contributions are of course welcome in that they ease the burden on the Council and ultimately the local taxpayer on paying for services. However, there are some policy issues about the dependency on this sort of income that need to be recognised. The Council may be influenced towards providing services because of the availability of grant income rather than explicit local need or policy direction. Furthermore, grant income can be insecure and providers may taper out grants (either deliberately or through less than inflation increases) or stop providing grant support altogether. This leaves the Council with the ultimate service and financial risks. These important risks need to be carefully considered given the financial challenges the Council faces over the following years.
- 9.4 A great deal of Officer time can also be spent on generating third party funding. Government funding often involves making bids in competition (known as "challenge funding") with other public sector organisations. Unsuccessful bids can be especially frustrating given the resources used in compiling applications.
- 10 Direct Service Organisation (DSO) Accounts
- 10.1 The Council maintains separate DSO trading accounts as a management discipline and accounting control tool. The accounts for 2004/05 have been maintained on a similar basis to previous years, except that the Car Parks DSO account was closed on 31 March 2004.
- 10.2 The dissolution of the Highways DSO took place in March 2002 although the DSO continued to operate the Winter Maintenance schedule on behalf of Surrey County Council until March 2003 and continues to manage street lighting on their behalf.
- 10.3 The DSO has suffered from severe cost pressures over a number of years. Increases in local labour rates and other costs have often been greater than allowed for in the original tender prices bid by the DSO. The Council has previously recognised these in approving extra sums for fuel costs and wages for the Refuse Collection DSO. However, the DSO accounts have otherwise had to bear the brunt of these cost pressures.

- 10.4 The statement below summarises the performance of the Council's Direct Service Organisation trading accounts in 2004/05.

<b>Table 9 - Direct Service Organisations – Trading Accounts</b>				
2003/04 Surplus (Deficit)	Activity	2004/05		
		Income	Expenditure	Surplus (Deficit)
£		£	£	£
43,505	Street Lighting	401,227	298,203	103,024
32,936	Street Cleansing and Gullies	458,125	468,324	(10,199)
(41,175)	Refuse Collection	1,033,397	1,110,808	(77,411)
9,220	Car Parks	-	-	-
44,486	<b>Total - Depot Based DSO's</b>	1,892,749	1,877,335	15,414
	<b>Other DSO's</b>			
(157,517)	Egham Leisure Centre	821,275	1,131,844	(310,569)
<b>(113,031)</b>	<b>Totals for the year</b>	<b>2,714,024</b>	<b>3,009,179</b>	<b>(295,155)</b>

- 10.5 DSO expenditure includes relevant capital charges for the use of assets (charged at 3.5% in 2004/05) and, in the case of the Egham Leisure Centre, the 'contractual' payment to the Client side account of £245,400.
- 10.6 The deficits on the Refuse Collection and Street Cleansing activities have been charged to the respective service accounts.
- 10.7 The performance of the Egham Leisure Centre has been the subject of detailed reports to the Leisure and Environment Committee during the year. Management actions are being taken in line with Member approvals to recover the financial performance of the Centre.
- 10.8 The following statement shows the movement in general DSO Reserves:

<b>Table 10 - Direct Service Organisation – General Reserves</b>		
2003/04 £		2004/05 £
152,217	At the beginning of the year	171,523
(113,031)	Surplus / (Deficit) for the year	(295,155)
	Deficits transferred to General Fund revenue accounts:	
85,955	Egham Leisure Centre	310,569
41,175	Refuse Collection	77,411
-	Street Cleansing	10,199
-	Use of reserves to finance capital purchases	(8,350)
5,207	Transfer from the Egham Leisure Centre Equipment Reserve	0
<b>171,523</b>	<b>At the end of the year</b>	<b>266,197</b>

- 10.9 Since April 2004, these balances represent accumulated surpluses entirely on the Depot based DSO's. There is no balance in hand on the Egham Leisure Centre trading account.
- 10.10 In January 2005 the Leisure and Environment Committee agreed to close the arrangements for the separate accounting of both the Refuse and Street Cleansing DSO's on 31 March 2005. From April 2005 the only separate DSO trading accounts being kept are for the Street Lighting and Egham Sports Centre DSO's.
11. General Fund Reserves
- 11.1 The Committee received a report on the disposition of the Council's revenue reserves with the budget report for 2005/06. The table below shows the actual movements in revenue reserves in 2004/05:

<b>Table 11 - General Fund Revenue Reserves in 2004/05</b>				
Reserve	Balance 31 March 2004	Increase (Decrease) 2004/05	Additional Transfers 2004/05	Balance 31 March 2005
	£000s	£000s	£000s	£000s
General Fund Contingency	3,771	0	207	3,978
General Fund Working Balance	2,387	(1,399)	0	988
IT Renewals Reserve	999	105	(153)	951

Direct Service Organisations	172	103	(8)	267
Egham Leisure Centre Equipment Reserve	37	0	0	37
Car Park Machines Replacement Reserve	88	12	0	100
Community Transport Reserve	25	(25)	0	0
Safer Runnymede Reserve	82	129	(46)	165
Museum Purchases Fund	25	1	0	26
Maintenance of Graves	2	0	0	2
<b>Total General Fund Reserves</b>	<b>7,588</b>	<b>(1,074)</b>	<b>0</b>	<b>6,514</b>

11.2 The forecast reserves and balances statement presented to the Council in February (with the Budget for 2005/06) estimated that revenue balances would be £5.201m at 31 March 2005. The increased level of balances is primarily the result of the General Fund planned under-spends, increased income, and cost savings explained earlier in this report. The additional flexibility that this increase affords the Council is very welcome given the challenges to be faced over the next few years.

11.3 The Council currently has what appears to be substantial revenue balances. However, the approved General Fund budget for 2005/06 alone estimates the use of £2.541m of these balances to support service spending and the current level of local tax. The Council's medium term financial strategy is based on revenue reserves being used to finance service spending whilst a combination of savings (of £2m) and stepped increases in Council Tax bring income and expenditure into balance.

## 12. Conclusion

12.1 The report discloses the management information that Members have traditionally received. The agenda item on the Statement of Accounts deals with the Council's formal financial accounting and corporate governance statements.

12.2 The Council has a record of maintaining strict financial control whilst developing and improving services. The approved financial forecast recognises that there are a number of important challenges that the Council faces in continuing this success.

12.3 The strategy to meet these challenges will be formally considered later this year when the Council considers the financial forecast. The strategy will reflect the progress made and further developments necessary to implement the Council's financial and operational strategy over the coming years.

### **OFFICERS' RECOMMENDATION that -**

- i) the methods of financing capital expenditure in 2004/05 be as set out in Appendix 'F' to this report; and;**
- ii) the capital expenditure in 2004/05 that was to be met from revenue reserves (as set out in paragraph 6.4 of the report) now be financed from capital receipts in hand; and**
- iii) the disposition of the General Fund reserves be approved.**

### **(TO RECOMMEND)**

#### Background Papers

To be added.

8. STATEMENT OF ACCOUNTS 2004/05 (DF)  
(Ref: Minutes of Corporate Management Committee June 2003, page 27, para 52)

#### 1. Purpose of Report

- 1.1 **The purpose of this report is to approve the Statement of Accounts for the 2004/05 financial year.**

## 2. Background Information

- 2.1 The Accounts and Audit Regulations 2003 (the Regulations) came into effect from 1 April 2003. The implications of the Regulations were reported to the Corporate Management Committee in June 2003.
- 2.2 The Regulations introduced a number of new requirements for the preparation and approval and audit of local authority accounts. In particular the Regulations require:
- Authorities to approve and publish their Statement of Accounts by 30 June and 30 September respectively (phased in over 3 years).
  - The inclusion of a statement of internal control with the Statement of Accounts.
  - The Statement to be signed by the Chairman of the Committee that approves the Statement to signify formally the completion of the Council's approval process of the accounts.
- 2.3 The Regulations significantly reduce the time available for the Council to approve and publish the Statement of Accounts. The deadlines over the three year implementation period are set out in Table 1:

<b>Accounting Year</b>	<b>Approval deadline</b>	<b>Publication deadline</b>
2002/03	30 September 2003	31 December 2003
2003/04	31 August 2004	30 November 2004
2004/05	31 July 2005	31 October 2005
Subsequent years	30 June	30 September

- 2.4 This is a significant reduction in the amount of time previously available to close the accounts and comply with the Committee reporting requirements. The plan for closing the accounts focuses on streamlining the processes used in preparing the year-end figures and uses a timetable as the key tool in ensuring that information is available when it is required. It is pleasing to report that most Budget Managers have provided the information required in accordance with the timetable. Further consideration will be given to the significant problems areas identified and the actions needed to improve the process in future years.
- 2.5 It is accepted as good governance for Members to be presented with the statement of accounts as soon as possible after the year-end, so that they can:
- Receive assurance that accounting systems have operated adequately and have been closed down satisfactorily
  - Have confidence that the budget for 2005/06 has a secure foundation
  - Understand the corporate financial performance during the year and the position at 31 March 2005.
- 2.6 A comprehensive report on the final accounts for 2004/05 is presented to this Committee in a separate agenda item. The Statement of Accounts reports the same position but presents it in the form required by statute and recommended accounting practice.

## 3. Report

- 3.1 The Statement of Accounts is set out at Appendix 'H'. The document has the following main sections:
- A financial review of 2004/05 by the Director of Finance
  - Statement of Responsibilities
  - Statement of Internal Control
  - Auditor's Report (only in draft at this point in time; it is assumed that the Auditor will have no qualifications to make)
  - Main accounting policies used
  - The main accounting statements
  - Notes to the accounts

- Summaries of Trust Fund accounts administered by the Council
- 3.2 The statement follows the *Code of Practice for Local Authority Accounting* (the Code) and associated guidance. It meets the legal requirement imposed on local authorities.
- 3.3 The statutory arrangements for the external audit of local authority accounts have not been aligned with the timetable for approval set out in the Regulations. Therefore the Committee will have to approve the Statement of Accounts without an audit opinion in this and future years. The external auditors will commence their examination of the accounts in August.
- 3.4 The Statement of Accounts includes new features this year in respect of the introduction of the prudential capital finance system, and the pooling of housing capital receipts. A number of other changes required by the Code are also incorporated into the Statements.

#### Pension Fund Accounting

- 3.5 Local authorities are required to prepare their formal Statement of Accounts using the accounting standard *FRS 17: Retirement Benefits*. FRS 17 sets out the principles of accounting for retirement benefits. FRS 17 is a complex accounting standard, but is based on a simple principle i.e. that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. The objectives of FRS 17 are that financial statements set out at fair value the assets and liabilities of the organisation relating to retirement. The Statement of Accounts includes the full set of disclosures required by FRS 17.
- 3.6 It must be emphasised that the accounting entries required by FRS 17 do not impact on the Council's tax or rent setting decisions. Regulations require FRS 17 entries to be reversed out of the accounts to achieve this. This is carried out by way of compensating entries to and from the "Pensions Reserve" in the accounts. The net charges in respect of pensions to be borne by taxpayers and tenants therefore remain those set by the Pension Fund actuary in his statutory triennial review of the Fund.
- 3.7 The Surrey Pension Fund actuary, Hymans Robinson, has provided the figures for the FRS 17 accounting entries. In his report the actuary is at pains to emphasise that the figures must only be used for FRS 17 accounting purposes. He has also set out the basis on which he has calculated the figures and the limitations that this imposes.
- 3.8 The actuary recently carried out his full statutory triennial valuation of the fund (with a valuation date of 31 March 2004). This was reported to this Committee in December 2004. This valuation established the required level of Council pension contributions payable to the Fund for the 3-year period starting in 2005/06.
- 3.9 The consolidated balance sheet and related notes to the accounts summarise the position of the Runnymede element of the Pension Fund – based on a set of actuarial assumptions – as at 31 March 2005. Under the set of actuarial assumptions used to make the FRS 17 calculations, the position of the Runnymede element of the Fund as at 31 March 2005 is a deficit of £14.7 million. This is a considerable increase on the deficit at March 2004 of £6.6 million. The main reason for this deterioration is simply that the discount rate for measuring the scheme liabilities has changed from 6.5% in 2003/04 to 5.4% for 2004/05.
- 3.10 The notes to the statements give detailed disclosures on the assets and liabilities of the Pension Fund.
- 3.11 The deficit is a very significant amount for Runnymede. However, care needs to be taken in interpreting these figures. It is important to see pensions for what they are; that is long-term assets and liabilities. The accounting requirements of FRS 17 do disclose the position of a Pension Fund at a point in time, but it must be recognised that pensions for current employees will not become payable, in some instances, for a long time into the future. Therefore it is the long-term position of the Fund that is important.

### Statement of Internal Control

- 3.12 Corporate governance extends beyond financial probity to include all aspects of the conduct of an authority's business. However, governance issues relating to internal controls are particularly pertinent to the preparation and publication of the statement of accounts.
- 3.13 Regulation 4 of the Accounts and Audit Regulations 2003 require a "Statement of Internal Control" (SIC) to be published with the Statement of Accounts. The Council is also required to carry out an annual review of the effectiveness of its system of internal control. Guidance has been issued on the required contents of the SIC and the process for establishing and maintaining a system of internal control and the annual review process. The Guidance requires the SIC to be signed by the Chief Executive Officer and the most senior Member of the Council (the Leader).
- 3.14 The Standards and Audit Committee reviewed the internal control framework of the Council and the proposed SIC at its meeting on 15 February 2005. The Committee was content to support the SIC and was satisfied that it had been presented with reliable evidence to support the Statement.

### Audit Considerations

- 3.15 The Statement of Auditing Standard (SAS) 610 *Communication of Audit Matters to those Charged with Corporate Governance* requires auditors to report to Members all misstatements that have been advised to Officers but not adjusted for. There are no such adjustments notified by the auditors at this stage.

### Accounting Issues

- 3.16 Some of the entries in the accounts are very technical. This is particularly the case for capital accounts. Entries here often relate to the statutory capital financing system for local authorities and the interaction of this with the system for accounting for capital. The result can seem confusing, even to practitioners. However, the entries are necessary to give effect to the rules affecting local authorities and to allow, in particular, fixed assets to be shown on the balance sheet in accordance with accepted valuation principles.

### Status of the Statement of Accounts

- 3.17 The statements are substantially in their final form. There will inevitably be a number of drafting and minor amendments. However, there is no intention to make any further significant changes, therefore avoiding the need for re-submission to this Committee.

### 4. The Statements

- 4.1 The Financial Review gives a brief explanation of the financial activities of the Council in 2004/05. An explanation of the purpose of the main accounting statements is given at the head of each statement. The statements are supported by a multitude of notes and supporting information.
- 4.2 The net cost of services in the Consolidated Revenue Account is different to that reported in the General Fund Summary reported separately to this Committee. The differences are the result of the approaches the Council has traditionally adopted in setting and managing its budgets, compared to the formal requirements of preparing consolidated final accounts. A reconciliation of the two statements is given in Appendix 'J'.

### 5. Legal Implications

- 5.1 The Accounts and Audit Regulations 2003 came into force on 1 April 2003. The Regulations require Members to approve the Statement of Accounts by a resolution of a Committee or full Council as soon as is reasonably practical. The deadline for this approval is 31 July 2005 for the 2004/05 Statement of Accounts. This deadline will be brought forward to 30 June for the 2005/06 Statement of Accounts. In future years it will be necessary to schedule a meeting of this Committee for late June in order to carry out this duty.

- 5.2 The Regulations require the Member presiding at the meeting to sign and date the Statement of Accounts to indicate the Committee's approval (see page 19 of the Statement).
- 5.3 The Regulations also require the Director of Finance to sign and date the Statement of Accounts to certify that it presents fairly the financial position of the Council at the end of the year and its income and expenditure (also on page 19).
- 5.4 Authorities are required to publish a Statement of Accounts as soon as reasonably possible after the audit is concluded. In any event the Statement for 2004/05 must be published by 31 October 2005 (this date moves forward to 30 September for the 2005/06 Statement of Accounts), even if the audit has not been concluded. The Regulations do not define what constitutes publication but the intention is to have a stock of printed copies (including a copy at libraries in the Borough) and a copy on the Council web site.
- 5.5 The Statement of Accounts has to be published with the audit certificate and opinion and a copy of any advisory notices issued. If publication takes place before the conclusion of the audit (as it invariably will because of the time taken to complete the external audit) there must be a declaration and explanation of the fact that an opinion had not been given at the date of publication.
- 5.6 The Regulations require authorities to advertise that the audit has been concluded and that the Statement of Accounts is available for inspection by electors. If the auditor has required a material amendment to the Statement of Accounts since their initial publication, an explanation of the required amendments must accompany the audited Statement.
- 5.7 The Regulations also set out the arrangements for advertising the rights of electors to question auditors and inspect the accounts and supporting documents.

6. Resource Implications

- 6.1 In recent years there has been a large number of additional statutory and profession-led disclosures and explanations required to support the Statement of Accounts. The statement for 2004/05 runs to 72 pages. Six years ago (1999/2000) it ran to only 48 pages. The additional disclosures and explanations primarily relate to accounting of assets, supporting information for the HRA, pension fund accounting, and the statement on internal control.
- 6.2 The advanced production timetable for the approval and publication of the Statement of Accounts adds a great deal of concentrated work within the Accountancy Section. The Section has managed to cope with this additional workload by planning the production process and bringing forward the dates that information is required from Budget Managers. It should be recognised that this has led to an intensive three-month period of work for the Accountancy Section, in not only closing and preparing the accounts, but managing their day to day workloads. Without the benefit of the current stable and experienced staffing complement in the Section, there is no doubt that more resources would have been required to meet the workload and timetable demands.

**OFFICERS' RECOMMENDATION that -**

**the Statement of Accounts for the financial year 2004/05 be approved.**

**(TO RESOLVE)**

Background Papers

1. Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA).
2. Accounts and Audit Regulations 2003 – Statutory Instrument and Guidance Circular; ODPM Circular 04/2003

9. SERVICE PLAN - 2005/06 (CEO)

1. **Purpose of Report**

1.1 **To seek approval for specific targets and actions, interpreted by Officers for the Committee's Service Plan for 2005/06 taken from the various approved strategies and plans, including the new Strategic Plan.**

2. **Background Information**

2.1 In recent years, because of the plethora of plans, strategies and performance indicators, Members have been keen to have a single control document which sets out the policy and service priorities on a Committee basis, so that careful scrutiny and review as to progress and potential impediments, is understood and reported effectively. This has proved particularly useful in achieving high levels of outcomes and continuous improvement in Best Value Service Reviews, Improvement Plans and national Best Value Performance Indicators.

3. **Report**

3.1 Following recent approval of the Strategic Plan (2005-2010), the review of the Comprehensive Performance Assessment (CPA) Improvement Plan and other initiatives, it is necessary to recast the content and format of the Service Plan for the current year.

3.2 The suggested Service Plan for 2005/06 is attached at Appendix 'I' for Members' detailed consideration and, if felt appropriate, approval.

3.3 Officers intend to bring reports forward detailing progress and, where appropriate, recovery strategies to regular meetings of this Committee of this Committee or, in the case of the CPA Improvement Plan, via the Local Government Act Member Working Group.

4. **Policy and Resource Implications**

4.1 Officers have sought to interpret, for the purpose of achieving targets and focused outcomes, the various approved policies, strategies and plans for the Council.

4.2 The Five Year Financial Forecast and Capital Programme seeks to reflect the policies and service priorities and any additional resource requirements that may be necessary to underpin recovery action.

**OFFICERS' RECOMMENDATION that -**

- i) the Service Plan for 2005/06 detailed at Appendix 'I' be approved; and**
- ii) Officers bring reports forward detailing progress.**

**(TO RESOLVE)**

Background Papers

CEO's - CPA Improvement Plan File  
CEO's - Strategic Plan File  
CEO's - Corporate Management Service Plan File

10. ANNUAL EFFICIENCY STATEMENT - BACKWARD LOOK 2004/05 (DF)  
(Ref: Minutes of Corporate Management Committee, March 2005, page 971, para. 636)

1. **Purpose of Report**

1.1 **To report the submission of an annual efficiency statement for the 2004/05 financial year to the Office of the Deputy Prime Minister.**

## 2. Background Information

- 2.1 The Government's spending review, announced by the Chancellor of the Exchequer in July 2004, included a target for efficiency gains in local government of 2.5% per annum. This is expected to deliver £6.45 billion in savings by 2007/08.
- 2.2 The main source of information on efficiency gains will be an annual efficiency statement which has to be completed by each Council. The statement has to be signed by the Leader of the Council, the Chief Executive and the Chief Financial Officer.
- 2.3 Councils were required to submit details of their planned efficiency gains for 2005/06 by 15 April 2005. The ODPM also asked Councils to submit a further statement on efficiency gains that were actually achieved in 2004/05 by 16 June 2005. Any efficiencies in this statement can count towards the three year target from 2005/06 to 2007/08 provided that the savings will continue to roll over into the target three year period. Councils had the option of submitting a nil return.
- 2.4 Each Council has been set a target for achieving efficiencies that is based on its original 2004/05 budget. Runnymede's target for 2005/06 is £420,000. The Council will be expected to produce similar savings in 2006/07 and 2007/08, to be treated cumulatively. The efficiencies are to be calculated on both revenue and capital spending and the ODPM guidance expects Councils to derive savings from four sorts of activity:
- (i) reducing inputs (money, people, assets, etc) for the same outputs;
  - (ii) reducing prices (procurement, labour costs, etc) for the same outputs;
  - (iii) getting greater outputs or improved quality (extra service, productivity, etc) for the same inputs; or
  - (iv) getting more outputs or improved quality in return for an increase in resources that is proportionately less than the increase in output or quality.  
(Source: *Efficiency Technical Note For Local Government, page 6*)
- 2.5 The ODPM guidance also makes it clear that certain types of activity cannot be counted as efficiency gains:
- re-labelling of activities;
  - cuts that result in poorer services for the public; or
  - increased income purely from higher prices in fees and charges to the public.
- 2.6 The Council's reports of efficiency gains will be audited by the District Auditor.

## 3. Report

- 3.1 The Annual Efficiency Statement (AES) of this Council's efficiency gains for the 2004/05 financial year is set out at Appendix 'J'. Like the AES for 2005/06 reported to this Committee on 31 March, the format of this statement is based on a template that has been published by the ODPM. It includes quality indicators for each service area that are designed to demonstrate over time that quality has remained constant (and therefore that the claimed efficiencies are not simply cuts in services).
- 3.2 Officers have attempted to select an indicator that is relevant and that relates to criteria that the Council is already using to measure improvement in its Strategic Plan. Indicators are not required for each individual efficiency that has been identified: the latest guidance from the ODPM is that "*only each row of the AES will have an applicable quality cross-check. Detailed quality crosschecks are not required for each activity*".
- 3.3 The indicators that have been selected are shown in the following table. Where no efficiencies have been claimed for 2004/05, the quality cross check has been left blank.

Service	Quality Cross Check Selected
Adult Social Services	Local indicator: Increased use of day centres out of hours for community/educational use
Environmental Services	Percentage sum of household waste arisings that have been:(a) sent by the Authority for recycling (BV82a i & BV82a ii); (b) sent by the Authority for composting or treatment by anaerobic digestion (BV82b i & BV82b ii); and (c) used to recover heat, power and other energy sources (BV82c i & BV82c ii)
LA Social Housing	Percentage of homes made decent
Supporting People	Local indicator: Percentage of private sector homes that meet the decent homes standard
Corporate Services	Local indicator: Reducing central costs through new methods of working
Productive Time	Working days lost to sickness absence (BV12)
Miscellaneous	Local indicator: Enhancement in service provision associated with the disposal of underutilised assets.

- 3.4 The choice of each quality cross-check is important. The Council's success in delivering these outcomes will be used as evidence in the next Comprehensive Performance Assessment (CPA) to assess the Council's performance. Performance against these measures will be reported as part of the service plan monitoring process.
- 3.5 The figures reported in the 2004/05 Annual Efficiency Statement are different from the underspendings shown in the report on the 2004/05 Final Accounts because most of these savings are either non-recurring or planned underspendings that will increase 2005/06 budgets. In other words, they do not satisfy the criteria for inclusion in the AES.
4. Council Policy
- 4.1 This efficiency statement has been prepared in the light of the policy guidance on the revenue reduction exercise set out by the Leader of the Council and also the Council's agreed Procurement Strategy.
5. Legal Implications
- 5.1 Councils are required by the Government to submit details of their planned efficiency gains.

**(FOR INFORMATION)**

Background Papers

Delivering Efficiency In Local Services – Further Guidance for Local Authorities, ODPM, January 2005.

Efficiency Technical Note for Local Government, ODPM, January 2005.

Measuring Efficiency Gains, ODPM, 16 May 2005

11. CUSTOMER RELATIONSHIP MANAGEMENT (CRM) OPTIONS (CEO)

1. Purpose of Report

1.1 **To inform Members of the options available in implementing Customer Relationship Management (CRM) with a view to providing a means of answering a high proportion of enquiries to the Council at first point of contact and thus achieve the Office of the Deputy Prime Ministers (ODPM) Priority Target.**

2. Background Information

2.1 A key element of the ODPM Outcomes agenda is the requirement placed on all arms of Government to utilise electronic means to both improve the choice given to the public in the access channels they use to communicate with Government and to aid in the resolution of contacts at the first point of contact.

- 2.2 This is explicitly stated in Outcome R14 “Making it easy for citizens to do business with the Council” where the requirement is to put “Systems ... in place to ensure effective customer relationship management” and to “provide a ‘first time fix’ for customer enquiries, i.e. using a common database, which holds customer’s records, to deliver services across different channels, and enabling joined-up and automated service delivery”.
- 2.3 Achieving these objectives should be viewed in the context of the planned move to the new Civic Offices in 2007 where the new environment will be utilised to improve both ways of working within the Council and the way the Council works with its citizens, local businesses and partners in delivering services.
- 2.4 Key to the introduction of new systems to assist in delivering these objectives is the use of the IEG money provided by the ODPM to assist in delivering government electronically. This has been made available for financial years 2004/5 and 2005/6 after which there is no commitment from the ODPM to make further funds available specifically for this purpose.
3. What is CRM?
- 3.1 CRM, Citizen or Customer Relationship Management, is a complex mixture of organisational strategy, technology and users. Users can be citizens, customers, suppliers, strategic partners and staff.
- 3.2 Within the public sector, the concept of CRM revolves around improving services to the public, from improved responses to enquiries through to better information and an improved experience when dealing with the local authority. A key element to delivering this in the public sector is taking data often buried within departmental silos and managing it at an organisational level.
- 3.3 CRM provides an organization with the ability to capture and comprehend every customer interaction independently from who was involved or when or where the activity occurred. CRM includes both process and technology to enable consistent communication across multiple touch-points throughout the organisation. CRM provides a means whereby organisations can associate disparate information, such as two distinct accounts.
- 3.4 There are major differences between the focus of private and public sector requirements for CRM. The major driver for CRM in the private sector is to increase sales. However, in a local authority many of the services are not revenue generating and it may not be possible to readily increase the volume of services to match increased demand. It is therefore essential that the changes in the demand for services generated by the introduction of CRM be effectively managed at a corporate level.
- 3.5 The impetus of the e-Government agenda potentially pushes the Council into considering how services can be delivered electronically. The 2005 deadline whereby 100% of interactions between citizens and local and central government should be capable of being handled in this way. CRM is a contributing factor to the overall e-Government agenda.
- 3.6 The high level strategy that encompasses a corporate approach to document management and workflow has been a valuable first step and has to be extended to dealing with information corporately by multiple access channels.
- 3.7 The key points in extending the strategy of corporate management of data should be:
- data collection and storage must further cut across departmental, sectional and directorate silos
  - further strategic analysis must identify new key areas that will benefit and can be incorporated into the overall plan. The strategy should work towards a variety of goals at different timescales
  - all stakeholders should be identified and included, be they staff, citizens or strategic partners
  - a robust project plan with measurable targets needs should be developed with appropriate change control
  - a balanced scorecard of benefits should be established including the hard returns on investment (service efficiency), additional service delivery (electronic access

channels) and the performance of the Council (how co-ordinated and efficient its services are)

- CRM within local government must understand the needs of the citizen. Without proper analysis of citizen needs it would be easy to implement a highly technical solution that does not meet any useful objectives.

#### 4. CRM Options

4.1 The Manchester Business School (MBS) has categorised local authorities use of CRM in terms of:

- breadth - the number of services that use CRM
- depth - how integrated the front office (e.g. call centre) systems are.

4.2 Usually Councils embarking on CRM implement a broad and shallow approach. The benefits of this course of action are:

- access is immediately provided to a wide range of council services at a single point say reception or on the telephone
- implementation has the potential of being faster and more straightforward in that services and information are viewed at a high level
- this will not require adaptation of existing back office systems

4.3 It is this type of implementation that is being recommended in this instance.

4.4 However, in the long term the full benefits of CRM will be realised by moving to a broad and deep implementation as with this:

- Council staff have comprehensive access to detailed information across a wide range of services
- large range of services available to the customer through a single point of contact
- efficient end to end processes can be put in place across most or all Council services

4.5 It is vital that the work carried out in phase I lays the foundation of a progressive move to the broad and deep implementation over time as integration with the back office databases is implemented. It is also essential that the CRM can fully integrate with the corporate workflow as it is here that the business processes are being created and implemented.

#### 5. Ways of moving forward for the Council

5.1 Two companies have been identified that are the market leaders in providing CRM to Local Government in general and District Councils in particular and are able to offer an “off the shelf” broad and shallow implementation that can be scaled to a broad and deep configuration over time. These are:

- Northgate
- Lagan

5.2 Both would allow integration with the existing products on-site most notably the Sx3 applications (Revenues, Benefits, NNDR and Housing), MVM software (Development and Building Control) and the Vignette products (Document Management and Content Management). In Northgate’s case they have acquired Sx3 and MVM this year and so have direct access to their software. Lagan have experience of integrating with Sx3 and MVM software in a District Council environment.

5.3 Other routes considered involved purchasing the CRM solution from the supplier of the database, in this case Sx3. This company supplies two solutions, one from Oracle and the second from Onyx. However the cost of either of these was more than double the cost of a Northgate/Lagan solution and so they were discounted on cost grounds.

5.4 Some local authorities have adopted fully integrated solutions from Siebel, Oracle (PeopleSoft/JD Edwards) or SAP but the cost of these are disproportionate for an organisation of Runnymede’s size and so they were not investigated in depth.

5.5 A further approach considered was the development of the CRM interface using the products already procured by the Council. This is attractive in that any such development can be sensitive to the Council's needs and focus on the areas of need identified as the project develops. However, such a bespoke approach has a number of drawbacks not least of which is the time and resources needed to specify the requirement. This work is to some extent "re-inventing the wheel" i.e. duplicating work by existing authorities and it is difficult to predict the total costs of such a project. For these reasons this option was not pursued further.

6. Business Case

6.1 The starting point for selecting the route the Council should take is clearly the business requirements of this authority. These can be categorised under a number of headings:

- Model of service delivery

As the technology available to the Council evolves clearly the Council will be continually reviewing the situation to see if there are ways to more effectively and efficiently deliver the right services to the right client groups. Opportunities to broaden the choice of access channels are becoming available as is the means to integrate the information already collected by the Council so that a coordinated approach to service delivery can be achieved.

- BVPI

One of the ways of monitoring the delivery of services is through the BVPI indicators and so a clear objective in the introduction of new applications will be to help improve BVPI indicator scores.

- eGovernment

Implementing the eGovernment agenda is important for the Council as it provides access to ODPM funding to implement systems of the Council's choice.

- Existing legislation

This defines a body of work that must be performed by the Council and so it is vital the service delivery is facilitated in these areas as an absolute minimum.

- New Building

Moving to the new building provides a time frame for implementing changes that can unlock the potential of new purpose built premises. It is vital that changes are fully implemented and tested before the move is made as the relocation of staff, implementation of new working practices and the use of new systems would be too much to take on simultaneously.

6.2 Unfortunately the timescales for the various funding and implementation strands are not a convenient match. Work on implementing eGovernment needs to be in place and paid for before the end of 2005 to qualify for ODPM funding while work on the model of service delivery and the change management required to prepare for the new building will not come to substantial fruition until the following year.

7. Financial implications

7.1 Northgate and Lagan offer similar solutions for similar costs. These would consist of:

Licensing	£50,000	20 -30 concurrent users
Implementation	£50,000	Services
Integration Software	£30,000	Integration into 4 other systems
Total	£130,000	

- 7.2 In addition implementation of either solution would require the provision of hardware and additional operating system and database licences. These could be accommodated within reorganisation of the present distribution of software across servers and as part of the server replacement programme.
- 7.3 Maintenance on the system would cost £16,000 per annum which would be an additional revenue cost, commencing in the current financial year. A supplementary revenue estimate of £8,000 to cover the cost for 6 months will be required.
- 7.4 It is proposed that this money be funded from the IEG allocation as this will assist the Council in achieving its Priority Outcomes target.
8. Recommendations
- 8.1 The recommendations are made below in order to achieve progress in the adoption of a suitable system to permit the Council to embark on a CRM route to improve working with the public, make the best use of existing data and improve internal efficiencies.

**OFFICERS' RECOMMENDATION that -**

- i) the Council opens negotiations with both Northgate and Lagan and procures the most cost effective solution for the above software and procures a broad and shallow CRM solution for a sum not exceeding £130,000;**
- ii) this capital expenditure be met from IEG funding; and**
- iii) provision be made for annual maintenance costs on the software of £16,000 per annum and a supplementary revenue estimate of £8,000 be approved to meet 6 months costs in the current financial year.**

**(TO RESOLVE)**

Background Papers

None stated

12. SINGLE ACCOUNT FOR WEB USERS (CEO)

1. Purpose of Report

- 1.1 **To inform Members of the options available for implementing a single business/user account for Web users and to recommend a way forward.**

2. Background Information

- 2.1 A key element of the Office of the Deputy Prime Minister (ODPM) Priority Outcomes is the requirement placed on all arms of government to utilise electronic means to provide the "*establishment of a single account for citizens and business*".

This is explicitly stated in Outcome R14 "Making it easy for citizens to do business with the Council".

- 2.2 The Council has already received a grant of £350,000 to enable it to achieve the Priority Outcomes and will be reporting to the ODPM in December 2005 on the extent to which all Outcomes have been achieved. A further £150,000 will be paid by the ODPM this year.

- 2.3 Achieving this requires progress on two aspects of the service currently provided by the Council. Firstly, there is a need to provide an individual or business with an authenticated means of accessing the site so that a person, but only that person, can view their own confidential information, and secondly, there is a need to provide a means of extracting the necessary information and presenting it in such a way that it is of use to the person or business.

### 3. Options for the Council

- 3.1 The new Website will have as part of its implementation the ability to provide a registered login for users of the site. However this will only ensure the person or business has registered with the site and provided an email address that can be used for correspondence. A system of registration that matches the details provided online with a postal address is necessary in order to provide details of a confidential nature on accounts held with the Council. It is therefore envisaged that a system of registration with an activation code and PIN number being sent to postal address will be put in place.
- 3.2 There are two approaches to providing this authentication. Firstly the Council could procure and implement the necessary software to carry out the task itself or secondly it could buy into a service already in place.
- 3.3 In the medium to long term it is clear that the ODPM sees the preferred way forward as all public sector organisations using the Government Connection (formerly the Government Gateway) for this purpose. For the member of the public or a business there would be one registration that would give them access to all Government agencies and associates. It is clear that in future years each arm of government that chooses not to use the Government Connection will have to justify this decision and establish why a different means of authentication is appropriate in their case.
- 3.4 For this reason, and as the Government Connection has been relaunched to make costs more predictable, it is recommended that the Council implements the Government Connection in the first instance.
- 3.5 There are essentially three choices on how the information should be stored and managed:
- 3.5.1 This task can be provided as a managed service, with the Council providing data to a third party who accepts connections from authorised users of the Council Web site and reveals the information through a transparent link.
- 3.5.2 The Council can extract the information to be presented onto a server separated from the main production servers and give authenticated users access to this information.
- 3.5.3 The Council can give authenticated user controlled access to the information directly from the production databases either through the CRM software or directly.
- 3.6 The recommendation that the first of these options should be adopted is governed by three factors
- Security concerns
  - Cost predictability
  - Time availability for implementation
- 3.7 In the medium to long term when the Council will reach the position of having a stable CRM in place that draws information from a number of sources, eg Staffware workflows, DMS images and production databases enabling staff able to deal with the public by providing information immediately for a high proportion of all queries. Presenting appropriate parts of this information directly to the single account will provide an effective, integrated solution to servicing the Council's business needs. In the short term, however, providing the public, albeit with the authentication process in place, direct access to reports from the production databases must be considered a security risk. Also the cost of developing the appropriate means of access would be unpredictable if carried out on a bespoke basis or expensive if purchased from the Council's current suppliers. Sx3, the provider of the key databases in the Revenues and Benefits and Housing areas would charge between £200,000 and £250,000 to implement their solution. Furthermore, given the timetable required to implement before the end of the calendar year putting anything other than packaged solution in place would not be practical.
- 3.8 It is therefore recommended that the Council implements a solution that combines authentication from the Government Connection with the provision of information as a managed service.

- 3.9 There are currently two pre-packaged solutions for implementing the Government Connection, one based on a Sun server running Solaris with software provided by Software AG and the second on an Intel server running Windows with software provided by Microsoft. It is recommended that the latter be implemented as this will fully integrate with the Council's Windows and Active Directory environment.
- 3.10 The information could be stored and presented on a payments portal such as that run by HSBC or Lloyds TSB. Here the public can gather their bills from a number of suppliers, view them, and make payments using one login and password.
- 3.11 This solution would limit the Council in the information that could be provided for the single account user and would lose the Runnymede branding of the service. Furthermore, this type of service has not, as yet, been integrated with the Government Connection and this could make the implementation process complex and unpredictable.
- 3.12 It is proposed to use a company named Gandlake to host the single account information. This requires the minimum of initial capital investment and does not commit the Council to a route forward for the predictable future. When the CRM has matured and new working practices are in place it will be possible to change the method of storing the data to be delivered and bring this on-site or externalise the whole function.

#### 4. Financial Considerations

##### 4.1 Government Connect:

- 4.1.1 Implementation costs of connecting to Government Connect are rolled up into the annual running costs. Payment is based on the number of households in an Authority and Runnymede would fall into the up to 15,000 to 85,000 households band attracting an annual running cost of £7,000 irrespective of usage.
- 4.1.2 Hardware: Provision of an Intel based server will cost £5,000.
- 4.1.3 Software and Services to complete the implementation will be £20,000.

##### 4.2 Gandlake:

- 4.2.1 Implementing the Gandlake solution will involve an initial capital cost of £17,000 to prepare all the interfaces and the integration into the S x 3 systems.
- 4.2.2 The annual running cost of the Gandlake solution is £14,000.
- 4.3 A supplementary revenue estimate of £10,500 will be required to meet 6 months costs of Government Connect and the Gandlake solution in the 2005/06 financial year.

#### 5. Conclusion

- 5.1 In order to progress the selection of a suitable system to permit the Council to provide the public with a single account through the Web site it is proposed that the following be implemented:-
- 1) Connection to the Government Connection using the Microsoft connectivity solution;
  - 2) Purchase of the Gandlake service for a period of two years to provide delivery of financial information through their servers.

#### **OFFICERS' RECOMMENDATION that -**

- i) the Council open negotiations with Microsoft and Software AG to procure the most cost cost effective connection to the Government Connect;**
- ii) the Council purchase the offsite on-line billing solution from Gandlake;**

- iii) **the set-up costs for the Government Connect solution of £25,000 and the Gandlake solution of £17,000 be met from IEG funding; and**
- iv) **provision be made for the annual running costs on Government Connect of £7,000 per annum and on the Gandlake solution of £14,000 per annum and a supplementary revenue estimate of £10,500 be approved to meet 6 months costs in 2005/06.**

**(TO RESOLVE)**

Background Papers

None stated

13. REPLACEMENT OF IT HARDWARE (CEO)

1. Purpose of Report

1.1 **To advise Members of the computer hardware that is scheduled for replacement during the year on the grounds that it is not able to carry out the tasks required of it or because it is becoming uneconomic to repair and to seek approval for procuring the identified hardware, software and licences.**

2. Background Information

- 2.1 As reported to the Committee in June 2004 the replacement schedule has been modified to allow for a longer life for the majority of equipment thus saving the Council £100,000 per annum.
- 2.2 PC's that last year had their life extended an additional year are now becoming extremely slow and so it is proposed that the remaining PC's with a lifespan older than 5 years are now replaced. Within departments these are distributed as shown in table 1 below.
- 2.3 The older monitors are proving very durable and so it is proposed that for the next 12 months only failing monitors are replaced. It is estimated that this will amount to 10 monitors over the course of the year.
- 2.4 Similarly the life of most printers can be extended for another year so it is proposed that only printers that fail terminally be replaced. Again the estimate of machines that will be required is 10.
- 2.5 In order to optimise performance on the network to accommodate increasing usage of DMS, GIS and the introduction of CRM, seven older non-Cisco switches more than 6 years old that do not have the full functionality delivered by the rest of the network will be replaced with four Cisco 2948 workgroup switches. These will not only be compatible with the rest of the network but will be portable to the new building as workgroup switches.
- 2.6 A number of older servers, all more than 6 years old, will be decommissioned and the miscellaneous applications they are running rationalised and consolidated onto 3 servers. This will not only save space but remove the more unreliable servers from the network.
- 2.7 Furthermore, as the storage needs of the Council increase rapidly the need for more disk space is becoming acute and so the SAN will be expanded by the addition of another tray of disks with the associated controllers.
- 2.8 The active directory lies at the heart of the efficient operation of the network. This is run on servers that are due for replacement so it is proposed that this takes place and the design of the active directory is reviewed and brought up-to-date. This will require the replacement of three servers and 5 days consultancy to assist with the redesign and implementation.

3. Equipment Details

3.1 It is proposed that the following equipment is used in the above replacements:

- The model of PC selected as the standard will be the same as last year, ie 2.8 GHz Pentium IV computer with 512MB of RAM, CD-ROM and industry standard 40GB hard disk. A degree of reorganisation will take place to ensure that the new PCs are located in areas where they are most needed.
- Monitors that are unserviceable will be replaced with 17" flat panel monitors.
- As before Hewlett Packard colour printers will be replaced with Deskjet 5850C printers, personal printers with Laserjet 2300dtn and group printers with Laserjet 4200dtn. All of these printers are network ready and are able to duplex, the latter facility allowing the Council to continue to save paper in line with its commitment to energy conservation.
- The operating system in use by the Council on the desktop will be Windows XP Professional service pack 2.
- Servers being replaced will use Windows 2003 Server.
- The programme of replacing Councillors older desktop PC's with laptops will continue.

#### 4. Equipment Identified

4.1 This year there is minimal provision for the upgrade of licences for the desktop. The current Microsoft licences permit the Council to run Windows XP and Office 2003 on all current machines in perpetuity. In 2006 the licensing situation will be reviewed and at that time it may be necessary to relicence the whole site if the Council wishes to move to a later version of either Windows or Office. Financial provision has been made for this eventuality.

#### 5. Financial Implications

5.1 The replacement costs for the above items are indicated in Table 2 below.

5.2 Suppliers for the equipment should be:

- Personal Computers and Servers – The lowest bid from three suppliers who are part of the Government Catalogue (GCAT) scheme. GCAT will carry out the tendering processes on behalf of the Council and ensure that best value is achieved.
- Monitors and printers - the best of at least three quotations.

5.3 It has been found to be financially most advantageous to purchase processors, monitors and printers from separate sources. This practice will continue.

5.4 The capital programme includes a sum of £192,000 in 2005/06 to provide for the replacement of equipment. Implementing the partial moratorium on replacing older equipment described above will result in a spend of over £100,000 less than planned this year in addition to the £100,000 per annum saved using the revised replacement schedule introduced last year. The £100,000 deferred spend will assist with the more demanding replacement requirements in 2006/7 and 2007/8.

**TABLE 1** *Departmental Breakdown*

Department	Item	No.	Usage
CEO	Servers	6	Consolidation
	PCs	3	CEO, IT
	Notebooks	10	Councillors
Housing	PCs	3	All Sections
Admin & Leisure		16	
Finance		9	
Technical Services.		11	
		Printers	
	Cisco Switches	4	
	SAN		
	Software		

**TABLE 2** **Cost Breakdown**

Item	Description	Unit Cost	No	Total	Notes
PC's	Standard	400	50	20,000	1
	Notebook	700	10	7,000	

Monitors	Flat Panel	140	10	1,400	
Servers	Processors	3/5,000	3+3	24,000	
	SAN Upgrade	10,000	1	10,000	
Printers		1,000	5	5,000	
Licences	MS Office	350	10	3,500	2
Upgrades	Memory/Disk	2,000	1	2,000	
Installation		10,000	1	10,000	
Consultancy	Active Directory	5,000	1	5,000	
				87,900	

Met from the following budgetary provision:

Hardware Replacement Programme £87,900

Notes:

1. This includes the associated costs of each PC such as ghosting, additional memory, delivery etc.
2. Licenses for additional users during the year.

**OFFICERS' RECOMMENDATION that -**

- i) the above software, hardware and licences be replaced or upgraded at a sum not exceeding £87,900; and**
- ii) this expenditure be met from the Hardware Replacement Programme.**

**(TO RESOLVE)**

Background Papers

None stated

14. 1<sup>st</sup> ENGLEFIELD GREEN SCOUTS - CAPITAL GRANT AID (DAL)

1. Purpose of Report

1.1 **The purpose of this report is to consider a request from the 1<sup>st</sup> Englefield Green Scout Group for additional capital grant aid in respect of the construction of a new headquarters building.**

2. Background Information

2.1 The 1st Englefield Green Scout Group's existing wooden hut in Kings Lane, which dates from 1939, is in a poor state of repair and offers no disabled access. A structural engineer's report suggests that the building is at the end of its design life. If it is not replaced the Scout Group has indicated that it would have to close since it is uneconomic to hire the venues and storage facilities on an ongoing basis.

2.2 Planning Consent (RU 02/117) has therefore been obtained for a new facility, on the same site, which meets modern Health and Safety, insulation and disabled access standards. As the premises will only be required by the Scouts for three evenings a week and one weekend a month, the building is to be shared with the Englefield Green Rainbows, Brownies and Guides and made available for use by other community groups on a not for profit basis. A number of local organisations have already expressed a firm interest in the facility for meetings, classes and other sporting, recreational and educational activities. The project is strongly supported by the Friends of Englefield Green Youth, an organisation established to counter anti-social behaviour in the area.

### 3. Report

- 3.1 Planning for the new premises is now at an advanced stage. Following some revisions to the original specification, the project has been costed at £150 - £155,000, including professional fees and contingency provision. The Scouts have now secured £140,000 towards this sum and hope to be able to commence construction in the near future. The cornerstone of the funding is a £45,321 grant from Biffaward, under the Landfill Tax Credit scheme, for internal partitions, fixtures and fittings and disabled access. The award was secured by a 10% "third party contribution" from the Council of £4,532, authorised by the Director of Administration and Leisure in consultation with the Chairman of the Leisure and Environment Committee (which was then responsible for such matters) under Standing Order 42 in October 2004. As the Council's annual ring-fenced provision for grant aid to scouts and guides amounts to £3,000, normally divided equally between the two movements, the award was partly met from the Scout's unused allocation of £1,500 carried forward from 2003/04 and the early draw down of the provision from the current financial year.
- 3.2 The Runnymede District Scout Council, which is managing the project on behalf of the Englefield Green Scout Group, has now approached the Council with a request for additional assistance in order to help close the remaining funding gap. This provides the opportunity to help secure the provision of what could become a key facility in Englefield Green. The new project will help meet the established need for enhanced facilities for young people in what is a relatively disadvantaged area, provide a valuable venue for local community activities and broaden the range of recreational opportunities for people with disabilities. It is recognised that much of the anti-social behaviour reported in the locality is committed by children who are unlikely to be directly involved in the activities of uniformed youth groups. Nevertheless, the new facilities will provide a substantial anchor for many young people in the Englefield Green area, potentially underpinning a range of community based initiatives and services. It is estimated that approximately 900 adults and young people will make use of the building each week, in addition to more than 100 scouts and guides. There is also a possibility that the premises could be utilised by the Council for play scheme activities and meetings of the Englefield Green Committee.
- 3.3 In view of the considerable merits of the project, Officers recommend that the Scout Group be awarded a further grant of £5,500, a sum sufficient to meet almost all of the professional fees likely to be incurred. This would take the Council's total package of support to £10,000, the normal maximum under the grant aid scheme. It is suggested that the funds be drawn, exceptionally, from the general capital grant aid provision rather than committing the entirety of the scouts and guides allocation to the project for the medium term. This would retain the flexibility to support smaller scale scout and guide projects elsewhere in the Borough in the normal way. No precedent would be set in respect of the funding of improvements to other scout/guide halls because it is unlikely that many, if any, other such projects would offer the same benefits to the wider community. It is suggested that the award of grant funding be conditional upon the agreement of the Scouts that the premises be made available to the Council at a discounted rate if it is utilised for the play schemes and other suitable local activities.

### 4. Council Policy

- 4.1 The project meets a range of targets in the Council's Strategic Plan 2005 - 2010, including the improvements of out of school facilities and the development of positive use of leisure time for young people, the improvement of access to community facilities for people with disabilities, the encouragement of leisure and recreational opportunities for all age groups and abilities and the development of location specific solutions to anti-social behaviour. The grant criteria specifically prioritises initiatives such as this which meets the needs of young people and residents with disabilities.
- 4.2 There is one respect in which the application is inconsistent with the grant criteria. Where projects involve the alteration or improvement of land or buildings and the Council does not hold the freehold or head lease, the applicant organisation is required to own a freehold or lease with at least 28 years unexpired, free of any mortgages or charges which might result in the use of the premises being terminated. In this instance the lease runs for another 22 years. Given the benefits outlined above, Officers recommend that the requirement be waived on this occasion.

5. Resource Implications

- 5.1 Total provision of £50,000 has been made for capital grants to voluntary organisations in 2005/06. Expenditure currently amounts to £22,264 while applications for a further £8,267 are under consideration. There are, therefore, sufficient funds within the budget to meet the Scout Group's request.

**OFFICERS' RECOMMENDATION that -**

**a capital grant of £5,500 be awarded to the 1st Englefield Green Scout Group in respect of professional fees arising from the construction of a new headquarters building, subject to the usual conditions set out in the grant aid criteria and agreement to the premises being made available at a discounted rate for appropriate Council services and activities.**

**(TO RESOLVE)**

Background Papers

Application form and correspondence with Runnymede District Scout Council on DAL's file 69.25.17(93).

15. EGHAM BAND - APPLICATION FOR DISCRETIONARY RATE RELIEF (DF)  
(Ref: Minutes of Corporate Management Committee, March 2005, page 835, para. 561)

1. Purpose of Report

- 1.1 **The purpose of this report is to consider an application for discretionary business rate relief received from the Egham Band.**

2. Background Information

- 2.1 The Committee last reviewed the policy guidelines on the determination of discretionary business rate relief on 3 March 2005. A copy of these guidelines is reproduced at Appendix 'K'.

- 2.2 The Egham Band is not entitled to receive Mandatory Relief and therefore their application falls within Guideline 2 of the Council's policy guidelines, which require the matter to be determined by this Committee.

- 2.3 The Egham Band used to receive discretionary business rate relief until 31 March 2000. They did not renew their application at that date so their entitlement lapsed.

3. Report

- 3.1 The application for discretionary relief is in respect of the band's premises in Band Lane, Egham. This hall is used primarily by the Egham Band and the Egham Junior Brass for rehearsal purposes.

- 3.2 The objectives of the organisation are to foster and promote the brass band tradition within the local community, providing facilities for players of all ages and abilities. There are 28 senior members of the band, over half of whom live within the Runnymede area. In addition, about 90% of the 40 strong youth band are local residents, most of whom are pupils at either Egham Hythe or Magna Carta schools. The last available accounts for the year ended 31 December 2003 show that the band had a net deficit on its activities for the year of £139 on a turnover of £7,375.

- 3.3 Their rate liability in the 2005/06 financial year is £840.38 (net of small business rate relief). There is a small bar on the premises and in previous cases when the Committee has decided to award discretionary relief to an organisation with a bar, relief has been awarded at the rate of 25%. If this principle is applied in this case, the amount of relief will be £210. Officers recommend this approach.

- 3.4 The Committee also have the discretion to backdate discretionary relief to the previous financial year. If the Committee wish to exercise this discretion, then the relief for 2004/05 will amount to £462, based on 25% relief. The reason that this is more than 2005/06 is because small business rate relief did not come into force until 1 April 2005.

4. Resource Implications

- 4.1 The following table shows the cost of awarding discretionary rate relief for 2004/05 and 2005/06:-

	2004/05	2005/06
	£	£
Gross rate liability	1,846.80	1,680.75
Less small business rate relief		-840.38
Net rate liability	1,846.80	840.37
Percentage discretionary rate relief awarded	x 25%	x 25%
Amount of discretionary rate relief awarded	461.70	210.09
Percentage borne by the General Fund	x 25%	x 25%
Amount borne by the General Fund	£115.43	£52.52

- 4.2 If the Committee decide to award 25% relief and backdate this to 2004/05, the total cost to the General Fund will be £168. This can be met from within the 2005/06 budgetary provision.

5. Council Policy

- 5.1 Council policy in relation to the determination of relief is set out in the appended guidelines.
- 5.2 The organisation does not fall neatly into any of the categories described in the Council's policy guidelines. The closest description would be "Community Association".
- 5.3 For the sake of consistency it is proposed that, if Members are minded to grant relief, then it should be awarded for the expected life of the new Rating List or until 31 March 2010, whichever is the shorter period, or until there is a material change in the use of the premises or the circumstances of the organisation, whichever is the sooner.

6. Legal Implications

- 6.1 Discretionary rating relief can only be backdated to the previous financial year if it is awarded by 30 September in the current financial year.

**OFFICERS' RECOMMENDATION that -**

**discretionary rate relief be granted to the Egham Band at the rate of 25% from 1 April 2004 until 31 March 2010, or until there is a material change in the use of the premises or the circumstances of the organisation, whichever is the sooner.**

**(TO RESOLVE)**

Background Papers

Director of Finance's Egham Band file.

16. NHS SCRUTINY IN SURREY - APPOINTMENT TO ROYAL BOROUGH OF WINDSOR AND MAIDENHEAD NHS SCRUTINY COMMITTEE (DAL)

1. Purpose of Report

- 1.1 **To re-appoint a Council Member to serve on this NHS Scrutiny Committee for a two year term of office.**

2. Background Information

- 2.1 At its meeting on 3 April 2003, the Corporate Management Committee was advised of the new arrangements for NHS Scrutiny in Surrey.

- 2.2 As Englefield Green is within the Windsor, Ascot and Maidenhead Primary Care Trust Area the scrutiny of health services in Englefield Green is the responsibility of the Royal Borough of Windsor and Maidenhead. The Royal Borough established a NHS Scrutiny Committee, during 2003, and the Corporate Management Committee agreed that a Runnymede Councillor should be co-opted to serve on the Scrutiny Committee for a two year term. Accordingly, Councillor J.E. Haas was appointed as the Council's representative.

3. Report

- 3.1 The initial two year term of appointment ended on 31 May 2005. The Council has been invited to re-appoint a representative for a similar term of office. Councillor Haas has indicated that he would be prepared to serve again in this capacity.

**OFFICERS' RECOMMENDATION that -**

**Councillor J.E. Haas be re- appointed to serve as the Runnymede Borough Council Representative on the Royal Borough of Windsor and Maidenhead NHS Scrutiny Committee for a two year term.**

**(TO RESOLVE)**

Background Papers

None

17. REFERENCES FROM OTHER COMMITTEES (DAL)

(a) HOUSING AND COMMUNITY SERVICES COMMITTEE - 15 JUNE 2005

Housing Capital Programme - New Affordable Housing

At its meeting on 15 June 2005, the Housing Community Services Committee considered a report from the Director of Finance which explained developments in Government funding policy for new affordable housing and the main sources of funding now available, updated the part of the Housing Capital Programme that relates to new affordable housing and recommended that the Council top-up the "Capital Allowance" to enable housing capital receipts to be retained locally for housing purposes rather than being paid into the Government pool.

It is now necessary, because Capital Allowance must be set out in advance, to pass a further resolution to increase the capital allowance to ensure that the maximum sum of capital receipts is retained locally rather than paid to the Government pool. The large receipt for the sale of Roakes Avenue site is scheduled for the 2005/06 financial year. It is therefore prudent to make provision for the poolable proportion of this receipt, as well as other receipts in 2005/06. It is therefore recommended that the capital allowance be topped up by £4.5m.

The programme for 2005/06 also includes £150,000 for DIYSO/Homebuy purchases and £40,000 for making grants to tenants under the assisted private purchase scheme. The budget for the DIYSO/Homebuy scheme has previously been set at £500,000 per annum. However, a smaller budget of £150,000 is more appropriate given the number of new build shared ownership social housing units completions in 2005/06.

**HOUSING AND COMMUNITY SERVICES COMMITTEE'S RECOMMENDATION that -**

- i) the Capital Allowance be increased by £4,500,000 to ensure that the maximum sum of housing capital receipts is retained locally rather than passed to the government pool,**
- ii) a capital estimate of £150,000 be approved for the purpose of making grants to Registered Social Landlords in respect of the purchase of properties for Homebuy and DIYSO in 2005/06; and**

- iii) a capital estimate of £40,000 be approved for the purpose of making grants to tenants under the assisted private purchase scheme in 2005/06.

**(TO RESOLVE)**

Background Papers

1. Letter from SE Regional Housing Board dated 15 December 2004 on Housing Capital Allocations 2005/06.
2. Letter from Housing Corporation dated 26 March 2004 on the 2004-2006 affordable housing programme.
3. Letter from Housing Corporation dated 20 January 2005 on the transfer of the 2005/06 SCE to the Housing Corporation,
4. Guidance published by the OPPM on the Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 SI No 2004/534.
5. "Sustainable communities: building for the future" ("the Communities Plan") published by the ODPM on 5 February 2003.

(b) LEISURE AND ENVIRONMENT COMMITTEE - 16 JUNE 2005

Frank Muir Memorial Field - Environmental Improvements

At its meeting on 16 June 2005, Leisure and Environment Committee approved a request to this Committee to make provision for a Capital Estimate for environmental improvements at the Frank Muir Memorial Field in Thorpe as set out below:-

	<u>Budget</u>
Works to improve the wooded areas by removing weed Sycamores and making safe any dead or dying wood.	£3,000
The planting of a bank of native trees and shrubs along the boundary with the Thorpe by-pass.	£5,000
The planting of additional trees and shrubs to fill gaps in existing hedgerows.	£2,000
The planting of new hedgerows to screen unsightly boundaries.	£2,000
The provision of additional benches, with associated litter bins, at suitable points around the field.	£3,700
The construction of a timber boardwalk where a path crosses a particularly wet area.	£2,000
Levelling and improving the surface of the football pitch.	£3,600
Installing a land drainage system to a particularly wet part of the field.	£34,000
Installing various bye-law and anti dog fouling signs.	£1,500
A new stile and steps to be installed at a well used access point.	£500
<b>TOTAL</b>	<b>£57,300</b>

The Committee noted that although funding for the project was being sought from BIFFA through the Association for the Improvement of Runnymede (AIR), the Council's financial regulations required provision to be made in the Capital programme showing receipt and release of the funds. As the sum is in excess of £50,000, this Committee is asked to recommend approval of the provision to full Council.

**LEISURE AND ENVIRONMENT COMMITTEE'S RECOMMENDATION that -**

**a supplementary Capital Estimate in the sum of £57,300 for the above scheme be approved subject to grant funding being available.**

**(TO RECOMMEND)**

Background Papers

Relevant papers on Leisure Services file 7.10 and 7.10.1

18. APPOINTMENTS TO OUTSIDE BODIES - AIR TRAINING CORPS CIVILIAN COMMITTEE (DAL)

1. The External Appointments Committee at its meeting on 1 June 2005 deferred an appointment to the Civilian Committee of the Air Training Corps (A.T.C.) (398 Squadron).
2. This was because the representative appointed by the Council in July 2004 stated that no contact had been made with her during 2004/05.
3. Enquiries have shown that the person believed to be the Secretary had actually vacated this position some years ago, without advising the Council. However, contact has now been made with the Commanding Officer who would welcome Council representation.
4. The Council has been represented on the A.T.C. since at least 1990, former Councillor Rundell being followed by Mr Michael Fuller who was the representative for several years until he stepped down in 2004. In 1992 the Squadron was allocated £500 from the Mayor's Charity towards the cost of a mini-bus.
5. This is an annual appointment, and the representative does not have to be a Member of the Council. The next meeting will be held at 8 pm at Pond Road, Egham on Monday 12 September.

**OFFICERS' RECOMMENDATION that -**

**the Committee consider the appointment to the A.T.C. Civilian Committee deferred from the External Appointments Sub-Committee on 1 June.**

**(TO RESOLVE)**

Background Papers

DAL unnumbered file  
Letter from Fl.Lt. Hoskins (RAFVR) dated 21 June 2005.

19. EQUALITY STANDARD - RACE EQUALITY AND DIVERSITY (CEO)

Circulated separately.

20. CHERTSEY MUSEUM - RELEASE OF PART OF CAPITAL ESTIMATE FOR RUNNYMEDE ROOM (DAL)

To follow.

21. EXCLUSION OF PRESS AND PUBLIC

**OFFICERS' RECOMMENDATION that -**

**the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in paragraphs 1, 7, 8, 9 and 10 of Part I of Schedule 12A of the Act.**

**(TO RESOLVE)**

**PART II**

**Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection**

<b>a) <u>Exempt Information</u></b>	<b><u>Para</u></b>
22. REFERENCES FROM OTHER COMMITTEES	7, 8, 9 and 10
23. HOME IMPROVEMENT AGENCY STAFFING	1
24. NON-DOMESTIC RATES - APPLICATIONS FOR HARDSHIP RELIEF	7
25. WRITE-OFFS	7

**b) Confidential Information**

(No reports to be considered under this heading)