

SUPPLEMENTARY COUNCIL SUMMONS

16 December 2004

8. (ii) RECOMMENDATIONS OF COMMITTEES

Corporate Management Committee – 2 December 2004

a) Grant Aid - Committee Responsibilities

The Committee considered future Committee responsibilities for dealing with grant aid. At their meetings on 3 November 2004 and 18 November 2004 respectively, the Housing and Community Services Committee and Leisure and Environment Committee had considered the way in which grant aid was administered at Committee level and whether the responsibility for grant aid should be brought together under one Committee to enable a strategic approach to grant aid to be taken. Until a review of the departmental and service groupings in March 2002, grants to voluntary organisations had been the responsibility of the Corporate Management Committee and its predecessors. Thereafter Housing and Community Services Committee had assumed responsibility for the funding of health and social care type organisations, while grants to cultural and sporting organisations had come under the auspices of the Leisure and Environment Committee. Both Committees considered that the Corporate Management Committee would be the most appropriate body to deal with grant aid, to ensure that the support given was consistent with Council policy and to provide a global, corporate perspective when determining grant support for organisations. The Corporate Management Committee concurred with this view.

RECOMMEND that –

grant support to leisure related voluntary organisations and health and social care organisations be administered centrally by the Corporate Management Committee with immediate effect.

b) Determination of The Council's Tax Base for 2005/06

The Committee noted that under Section 84 of the Local Government Act 2003, a full Council meeting was no longer required to adopt the Council Tax base that was used when setting Council Taxes. The determination could now be delegated by the Authority in accordance with section 101 of the Local Government Act 1972. Earlier in the meeting the Committee had resolved that the Council exercise its discretion to reduce Council Tax discounts on second homes from 50% to 10% with effect from 1 April 2005 provided that both Surrey County Council and Surrey Police agreed to their share of the income which would be generated from this reduction being transferred to Runnymede Borough Council. The outcome of this would affect the calculation of the Council tax base. The Committee accordingly agreed to recommend that the tax base be determined by the Director of Finance in future with a report being made to an appropriate meeting of the Committee for information. This would allow the Director of Finance to adjust the Council's tax base figure to take account of whether or not the aforementioned agreement had been obtained.

RECOMMEND that -

the Director of Finance be authorised to determine the Council's tax base in future for report to an appropriate meeting of the Corporate Management Committee as a matter for information.

- c) Annual Investment Strategy
(Ref: Minutes of Corporate Management Committee, February 2004, page 1224, para. 684, and page 1226, para. 685)

As part of an Agenda item on Fund Manager Arrangements and Revision of The Treasury Management and Annual Investment Strategies, the Committee considered a revised Annual Investment Strategy for 2004/05. The Government had issued statutory guidance to local authorities advising that local authorities should invest prudently with priority given to security and liquidity rather than yield. This approach was inherent in the Council's current treasury management strategy.

The guidance required local authorities to approve their credit ratings for specified Investments (those offering high security and high liquidity) and include monitoring arrangements and policies for non-specified Investments and long term investments in their Annual Investment Strategy. Investments made with other local authorities or the Government automatically counted as specified investments. In addition, investments with counter parties that had high credit ratings would count as specified investments. It was for each authority to determine the credit ratings that were appropriate. All specified investments had to be made in sterling and with a maturity of no more than one year. Non-specified investments were all other types of investments apart from specified investments. For Runnymede, in-house managed investments that would fall under non-specified investments category were those made with certain building societies and those which were occasional long-term investments. Not all building societies had obtained credit ratings. However, because the building society sector was highly regulated and well supervised by the Building Societies Commission, it was prudent to invest with those organisations.

Long term investments were those with a duration over 364 days. The authority was required to set out its procedures for determining the maximum periods for which investments could be made. This requirement was intended to make the Council fully aware of the risks of investing funds over longer periods, particularly of the liquidity (how quickly they could be recalled and at what cost) of such investments. The guidance also required the authority to decide on the proportion (or amount) of investments that were held short-term. The Annual Investment Strategy also applied to investments made by external fund managers and, therefore, the investment parameters agreed with fund managers had been drafted so that they were consistent with the Strategy.

The Annual Investment Strategy included a new power to invest in "Floating Rate Notes" (FRNs). The Council's newly appointed external fund managers, Alliance Capital, who were due to take over in the New Year, had recommended that these instruments be made available to be used in the correct circumstances to enable returns to be enhanced commensurate with the minimisation of risk. However, under the current Government rules, FRNs counted as capital expenditure. This meant that these transactions would have to be accounted for as capital payments and (when repaid) as capital receipts. The Director of Finance would monitor the use of FRNs to ensure that the Council had sufficient capital resources (i.e. capital receipts) to avoid the need to use revenue resources or prudential borrowing to cover investments made in FRNs. Accounting for investments in FRNs as a capital item would also lead to a rather peculiar look to the Council's accounts if turnover in these instruments was high.

The Committee noted that the revisions to the Annual Investment Strategy included reference to new investment facilities and opportunities (e.g. forward lending), and investments that constituted capital expenditure (e.g. Floating Rate Notes) and a new policy regarding accounting for possible credit losses (if any were to arise). There were also amendments to recognise the appointment of Alliance Capital as fund managers and to up-date the terminology and completeness of the Strategy. At the time when Alliance Capital took over from Invesco and Investec as external fund managers, the document would be amended to reflect that change.

RECOMMEND that –

the revised Annual Investment Strategy for 2004/05 as set out in Appendix ‘1’ be approved.

d) Calendar of Meetings 2005/2006

The Committee considered the proposed Calendar of Meetings for the Municipal Year 2005/2006 and a full list of Licensing Sub-Committee dates. A return had been made to the usual May – May Municipal Year on the assumption that if a General Election was called it would be on the same day as the County Council Election in 2005 or Borough Election in 2006. 65 meetings of Licensing Sub-Committee had been programmed from 21 March 2005 – 29 July 2005, to be held on Monday (2 pm – 5 pm), Wednesday (10 am – 1 pm) and Friday (10 am – 1 pm). The volume of licensing workload was uncertain at this stage but it was likely to be heavy during the initial 4 months of operation. Other dates might need to be added from August onward, hopefully not on the same frequency, but Officers and Members would be in a better position to judge this once the new licensing regime had started. A suitable date in June for Members Training was discussed and the date for this was fixed for 14 June 2005.

RECOMMEND that –

the Calendar of Meetings for the Municipal Year 2005/2006 and schedule of Licensing Sub-Committee meetings, as set out in Appendix ‘2’ be approved.