

Runnymede Borough Council

CORPORATE MANAGEMENT COMMITTEE

Thursday 5 February 2004, at 7.30 p.m.

in the Council Chamber

at the Civic Offices, Addlestone



Members of the Committee

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

and all other Members for information

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.
- 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.

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(No reports to be considered under this heading)

1. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

2. MINUTES

To confirm and sign as a correct record the Minutes of the meeting of the Committee held on 8 January 2004, attached at Appendix 'A' (to follow).

3. APOLOGIES FOR ABSENCE

4. 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, or refrain from voting, as may be appropriate according to the nature of the interest.

5. PRELIMINARY CONSIDERATION OF MAYORAL SELECTION (DAL)

(Ref: Minutes of Corporate Management Committee, February 2003, page 1050, para. 595)

In accordance with Standing Order 7, the following procedures apply for the selection of the Mayor and Deputy Mayor:

- i) preliminary consideration of candidates for the office of Mayor and Deputy Mayor will be undertaken by the Corporate Management Committee before the end of February in each calendar year;
- ii) the Corporate Management Committee will recommend a nomination for the office of Mayor and a nomination for the office of Deputy Mayor to the first Ordinary meeting of the Council in each calendar year; and
- iii) subject to such nominations being duly approved by the Council in accordance with paragraph ii) above, the nominees shall be put forward as candidates for the respective offices at the Annual Meeting in the following Municipal Year, provided they are still Members of the Council.

The Committee is therefore asked to consider candidates for the office of Mayor and Deputy Mayor and recommend a nomination for each office for 2004/2005 to the next Ordinary meeting of the Council.

(TO RECOMMEND)

Background Papers

Standing Orders of Runnymede Borough Council

6. 2004/05 BUDGET AND COUNCIL TAX (COMT)

To follow.

7. BEST VALUE PERFORMANCE INDICATORS 2004/05 (CEO)

1. Purpose of Report

- 1.1 **To outline the proposed additions and changes in the set of Best Value Performance Indicators (BVPs) for 2004/2005 and to agree a response to the ODPM on this issue.**

2. Background Information
- 2.2 Each year, the Government prescribes a set of Performance Indicators (PIs) that each Local Authority is required to collect. This is part of the Best Value regime and should feed into each Local Authority's performance management framework.
3. Report
- 3.1 The Office of the Deputy Prime Minister (ODPM) is currently in consultation with other key Government Departments, the Local Government Association (LGA) and the Audit Commission to agree a set of performance indicators in the light of the initial Comprehensive Performance Assessment (CPA) findings in District Councils.
- 3.2 This has resulted in a delay in the normal consultation period for PIs. At present, the ODPM are currently proposing changes to a small number of PIs, whilst a larger consultation will be released in the next couple months, to coincide with a Government review of Best Value.
- 3.3 At the present time, there are a number of changes being proposed. Separate consultations will follow, but it is expected that authorities will start collecting information on them from 1 October 2004. It is also worth noting that authorities are encouraged to collect these on a voluntary basis from 1 April (before the consultations on many of them are finalised and before they are enforced by Order in Parliament).
- 3.4 The changes are outlined below and suggested responses are set out in italic text:
- 3.4.1 Amended PIs
- BV 166 - Score against checklist of enforcement best practice for environmental health/trading standards
Various changes were outlined in the consultation paper at: <http://www.dti.gov.uk/ccp/consultpdf/performcon.pdf>. The changes highlighted once again make year-on-year comparisons impossible. This renders performance improvement very difficult for the local authority.
- BV 82(b)- Percentage of the total tonnage of household waste arising which have been sent for composting
The Department for the Environment, Food and Rural Affairs is consulting on changes for authorities to treat anaerobic digestion as towards composting and energy recovery (the paper is outlined at: <http://www.defra.gov.uk/corporate/consult/anaerobic-digestion/consultation.pdf> Further changes to this PI are not welcomed and again make like-for-like comparison impossible.
- 3.4.2 Deleted PIs
- BV 78c - The percentage of benefit renewal claims processed on time
It is welcomed that this will no longer apply from 1 April 2004.
- BV107 - Planning cost per head of population.
It is agreed that this figure can be distorted through expenditure of planning delivery grant. It also contains a number of elements not expected of planning services and its deletion is supported.
- BV188 % of delegated decisions.
The deletion of this is also supported.
- 3.4.3 New PIs
- BV (x1) - - % of appeals allowed against the authority's decision to refuse. (see Appendix 'B' for details).
This is seen as a clear and worthwhile indicator and is supported.

- BV (x2) - Quality of Service Checklist. (see Appendix 'B' for details).
This is similar to a previous planning quality checklist. The concern is that to achieve a "yes" score, Councils have to comply with a number of elements - in fact to achieve a 100% score, (6 out of 6), 23 criteria have to be satisfied. If the Council fails one of these criteria, it cannot answer "yes" to that section. So, for example, it is possible to satisfy 17 out of 23 criteria but still register a zero percent return.

For example, under section 6, Runnymede is far more advanced than other authorities in relation to an electronic planning service, but does not satisfy the last bullet point, so receives no credit for what has been done. It is considered to be better to have a fewer number of criteria, and give credit to the achievement of each.

Number 5 needs greater clarification. This relates to "a development team approach to major planning applications". What is meant by a team - does it mean a formally set up separate team which deals only with this proposal? How is a major planning application defined?

In reality, such teams would only be set up to deal with exceptional schemes such as a complete town centre redevelopment, which may happen every ten or twenty years. Many authorities would never have a planning application of such scale to ever justify setting up such a team.

Does the criteria mean that the Council has such a team in place, or that an authority would set one up if a sufficiently large planning application was submitted? If the latter, then the Council could say "yes". As demonstrated by these questions there are a number of unresolved issues remaining.

3.4.4 General Comment

3.4.4.1 *It is generally welcomed that a full review of the Best Value Performance Indicators is being undertaken in the near future. However, once again, this Council does not welcome the constant changes in the prescribed set of PIs. It does not aid medium-term planning or performance management, both of which are assessed in the CPA. It also does not aid year-on-year comparisons and makes some PIs meaningless.*

3.4.4.2 *The 2004/05 PIs have been made even more confusing by the fact that some of the proposed changes will not take statutory effect until 1 October 2004. This convoluted process inevitably causes confusion among staff and makes effective corporate planning (through the Best Value Performance Plan (BVPP)) very difficult. It would have been better to delay all proposed changes until the review of Best Value Performance Indicators had been completed and fed into the CPA process. This is now the basis on which the BVPPs are being linked, so it would have made more sense to have absorbed the PIs consultation into that process.*

4. Council Policy

4.1 The Council's Best Value Performance Plan is the vehicle through which the PIs are eventually reported and audited by the Audit Commission.

4.2 In the last year, Service Plans have been created as part of a revised performance management framework. Any changes to PIs will be reflected in these documents which are reported to the various policy committees every quarter /cycle.

5. Resource Implications

5.1 These continue to be additional opportunity costs placed on existing resource provisions.

6. Legal Implications

6.1 Any changes in the Best Value Performance Indicators will be given statutory backing through an Order which will come into force on 1 October 2004.

7. Planning & Technical Considerations

7.1 The only Planning considerations are made clear in section 3 where specific PI changes apply to that specific service area.

OFFICER'S RECOMMENDATION that -

the text highlighted in italics in section 3 be submitted to the ODPM in response to the consultation on BVPIs for 2004/05.

(TO RESOLVE)

Background Papers

Best Value Performance Indicators for 2004/05 letter issued by ODPM

8. TREASURY MANAGEMENT STRATEGY FOR 2004/05 (DF)

1. Purpose of Report

- 1.1 i). **To seek approval for the Council's treasury management strategy for 2004/05; and**
- ii). **To explain the implications for complying with the Government's draft guidance on local authority investments.**

2. Background Information

2.1 Treasury management is defined as:

"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with those risks".

2.2 The Council's Treasury Policy Statement requires the Director of Finance to report to this Committee on the proposed strategy for treasury management prior to the start of each financial year.

2.3 The Council has no long-term debt. Treasury management is concerned mainly with the management of the Council's investments and day-to-day cash management. The Council's investment portfolio comprises funds earmarked for longer-term investment, and short-term investments sufficient to meet cash flow requirements without recourse to borrowing.

2.4 Sterling Consultancy Services were appointed as the Council's treasury management consultants for a three-year period from October 2001.

2.5 The Base Rate in 2003 commenced at 4.0% until a 0.25% cut to 3.75% was made on 6 February 2003. A further cut to 3.5% was made on 10 July. The Base Rate was increased back to 3.75% on 6 November.

2.6 The Government published draft guidance on local government investments on 15 December 2003, requiring comments on the draft by 30 January 2004. The intention of the draft guidance is to encourage authorities to develop prudent investment strategies without the detailed prescriptive regulation of the present regulatory regime. This guidance is intended to apply from 1 April 2004.

2.7 A full report on Treasury activity and performance in 2003/04 will be made in June 2004.

3. Investment Income Estimate for 2004/05

3.1 Investment income is a major provider of the revenue resources that are needed to maintain services and keep the Council Tax at a low level. The Financial Forecast based investment income on an average interest rate of 4% for 2004/05 and 4.5% in the following years. Based on the projections used at that time, this was estimated to produce investment income of £900,000 for 2004/05.

3.2 An updated estimate of investment income can now be made. A summary of the estimate for 2004/05 is set out in Table 1 below:

Table 1 Investment Income 2004/05 Estimate	
Source	£
Externally Managed Cash Funds	1,000,000
Internally managed money market investments	75,000
<i>Gross External Earnings</i>	1,075,000
Interest payable on HRA balances	(66,000)
Interest payable on deposits and to other funds	(9,000)
Investment Income Estimate for 2004/05	1,000,000

3.3 The estimate of investment income is based on the level of revenue and capital reserves for 2004/05 that is consistent with the Council's latest capital and revenue budgets. The average interest rate assumed for 2004/05 remains at 4.0% for in-house investments and 4.5% for external fund earnings.

3.4 The increase in investment income from the forecast is explained principally by changes in forecast capital expenditure. In particular the Civic Offices re-provision project, including the new Community Centre, is now re-scheduled. The major spending commitments for the Community Centre project now move to the 2004/05 year (they were split between 2003/04 and 2004/05), and the main building works for the new Civic Offices are now forecast to commence in 2005/06 (was 2004/05). A number of other schemes have also been rescheduled compared to the capital programme compiled in September. Furthermore, the capital receipt for the sale of the Painsfield site (£2m) has now been received earlier than forecast. Taken together these changes increase cash balances both in this year and next, hence increasing investment income.

4. Cash Reserves and Balances in 2004/05

4.1 In addition to the year-end level of reserves and balances the Council also has strong positive cash flows. These primarily result from collecting local taxes in a 10 month cycle from April to January – whilst expenditure is from April to March – and from the tendency for the Council's spending to be weighted towards the later parts of the financial year. Together, the reserves and positive cash flows provide the cash funds to invest and generate investment income.

4.2 Total cash balances in 2004/05 are estimated to range from a high of £30m, reducing to £20.5m at the end of the financial year. The majority of this will be invested with the Council's Fund Managers with about £22.250m in April 2004 rising to £23.250m by March 2005. This will leave a maximum of around £8m invested in house. For March 2005 there is forecast to be an in-house temporary borrowing requirement of £2.75m assuming that funds are not withdrawn from the fund managers (this will revert back to a position of net investments once Council Tax and Business Rate instalments are received in April 2005).

4.3 These cash forecasts are particularly dependent on capital receipts being realised in accordance with the expected programme. There are also large sums in the capital programme – in particular for the Chertsey allotments and related Housing scheme, Action Addlestone, Community Centre re-provision (as the initial stage in the Civic

Offices re-provision), and IT infrastructure – and the timing of these spending commitments will also significantly impact on the level of cash reserves.

- 4.4 The cash flow projections factor in the Government's decision to introduce pooling of certain housing capital receipts from 1 April 2004.

5 Externally Managed Cash Funds

- 5.1 The Council appointed two external fund managers following the meeting of the Contracts Sub-Committee on 8 February 1999:

- INVESCO Asset Management Limited, and
- INVESTEC Guinness Flight Investment Management Limited

- 5.2 Each Fund Manager was allocated £10m on 1 April 1999 to manage. INVESCO was a new appointment. INVESTEC had been fund managers for the Council since 1994.

- 5.3 Interest earnings are traditionally allowed to accumulate in the Funds under external management. This is to allow the fund managers to tailor investments to market conditions rather than repayment requirements. However, in March 2003 there was a requirement for cash of £1.5m from each Fund to be transferred. This was primarily because of the need to replenish cash balances following the lump sum payment of £5.7m to the Pension Fund earlier in the 2002/03 financial year. The amount under external management was £21.640m at 1 April 2003.

- 5.4 The high proportion of the Council's cash resources currently with the Fund managers means that a further withdrawal may need to be made in early 2005 if the Council's expenditure or income (especially capital payments and receipts) do not meet expectations. To avoid the need for the fund managers to make forced sales of investments (at what might be an inopportune time), any withdrawals will be carefully planned.

- 5.5 The fund managers explain their treasury strategy in their quarterly reports to the Council (notified in the Members Bulletin and placed in the Members Room). Both fund managers also make a presentation to the Corporate Management Committee twice a year to explain their performance and future strategy.

- 5.6 Early in 2003 both fund managers reported that there would be little opportunity to achieve returns in excess of the benchmark in 2003/04. However, even this modest target will not be achieved. Income from both the Funds in 2003/04 is likely to be disappointing. Both Funds look for long-term performance and taking single years in isolation can be misleading. For instance, the performance of the managers in 2001/02 was also disappointing, but performance in 2002/03 was good. It is overall long term performance that is important. The arrangements for review and scrutiny at both Officer and Member level are designed to constantly monitor fund manager performance and identify problems at as early a stage as possible.

- 5.7 The Fund Managers made presentations to the Corporate Management Committee in January. Officers plan to report to this Committee in March on the options for using fund managers. The report will take into account the performance of the Managers this year, what the Managers reported to the Committee in January, options for reviewing the number of managers and market testing, and the long term sums that the Council has available for investment.

- 5.8 Income from the external funds in 2004/05 is based on the achievement of an average return of 4.5%.

6. Internally Managed Money Market Investments

- 6.1 In house money market investments are managed to achieve optimum returns within the constraints of the Council's short-term cash flow requirements. In particular, care is taken to ensure that adequate monies are available to pay precepts, major capital scheme payments, and transfer business rates and housing capital receipts to the

respective Government pools. Recourse to short-term borrowing is used only as a last resort.

- 6.2 Cash flow forecasts for 2004/05 indicate that the sum held internally for investment will peak at £8.0m during summer 2004. However, there will be a temporary borrowing requirement of £2.75m in March 2005, assuming that funds are not withdrawn from the external funds. The income estimate for 2004/05 is based on average returns of 4.0%.

7. Interest Rate Forecasts

- 7.1 The Council's long term financial forecast is now based on achieving an average return of 4% (4.5% from fund managers) for 2004/05 and 4.5% in the following years.

- 7.2 The latest set of interest rate forecasts received from Sterling Consultancy Services is set out below:

Table 2 - Forecast Interest Rates provided by Sterling Consultancy Services (December 2004)					
	Base	1-Month	3-Month	12-Month	5-Year
	%	%	%	%	%
March-2004	4.00	4.25	4.30	4.75	4.75
June-2004	4.50	4.50	4.75	4.75	4.75
September- 2004	4.75	4.75	4.80	5.00	5.00
December-2004	4.75	4.75	4.80	5.00	5.00
June-2005	5.00	5.00	5.00	5.00	4.90
December-2005	5.00	5.00	5.00	5.00	4.90

- 7.3 The forecast predicts both short and long-term interest rates increasing slowly over the next twelve months. On the basis of this forecast, the best policy would appear to be to keep current investments for short periods only in the expectation that better rates can be achieved later in the year. It should be remembered that forecasts are just guesses of what future rates might be. This time last year, Sterling were predicting short term interest rates being at around 4.25% by this time, with longer term yields of 4.75%. In common with most market commentators, Sterling guessed the market incorrectly for short-term rates (but their prediction for long term rates was better than most commentators). There of course is no certainty that interest rates will increase from their current levels.

8. Other Investment Options

- 8.1 The Council has a limited option of investing in local commercial property, but only to the extent that is commensurate with its legal powers (mainly connected with planning implementation). This route replaces investment income by rental income and the potential for capital appreciation (and of course capital loss). These opportunities tend to be either opportunistic, or as a result of significant town centre developments. However, this approach does not form part of a treasury management strategy and is outside the scope of this report.

9. Internal Funds

- 9.1 The Council holds a number of small balances and deposits on behalf of third parties (e.g. charitable bodies when acting as a trustee). Interest payable on these is included in the estimate for 2004/05.

10. Prudential Code Limits

- 10.1 The Prudential Code sets out the series of Prudential Indicators that is required to be calculated by authorities. A number relate to the treasury management function. These

indicators are set out in the report on the Prudential Code in this Agenda. They are consistent with the treasury strategy proposed in this report.

11. Draft Guidance on Local Government Investment

- 11.1 The intention of the draft guidance is to encourage authorities to develop prudent investment strategies without the detailed prescriptive regulation of the present regulatory regime. This guidance is intended to apply from 1 April 2004.
- 11.2 The guidance requires authorities to draw up an "Annual Investment Strategy" for the following financial year. The strategy is to be approved by full Council. This strategy may be combined with the current treasury management strategy, but the Government expects the parts dealing with the guidance should be made explicitly.
- 11.3 The draft guidance is based on the policy objective that local authorities should invest prudently. This means that priority is to be given to security and liquidity rather than yield. Authorities should seek the best interest rate consistent with the proper levels of security and yield. This approach is inherent in the Council's current treasury management strategy.
- 11.4 The draft guidance requires local authorities to approve the following items in their Annual Investment Strategy:
1. The credit ratings the authority sets for "Specified Investments" and how it intends to monitor these.
 2. The policy the authority adopts for "Non-specified Investments", and
 3. The policy of the authority towards long-term investments.

These requirements apply to both in-house and externally managed funds.

- 11.5 The idea of specified investments is to identify investments offering high security and high liquidity. Investments made with other local authorities or the Government automatically count as specified investments. In addition, investments with counter parties that have "high" credit ratings will count as specified investments. It will be for each authority to determine the credit ratings that are appropriate. These requirements are very similar to those that exist in the Council's current investment rules.
- 11.6 Non-specified investments are all other investments. For Runnymede the only investments that would fall under this category are those made with certain building societies and Sovereign banks. Not all building societies have obtained credit ratings. However, because the building society sector is highly regulated and well supervised by the Building Societies Commission, it is prudent to invest with these organisations. Sovereign banks are considered safe because of their high status.
- 11.7 Long term investments are those over 364 days. The authority is required to set out its procedures for determining the maximum periods for which investments can be made. This requirement is intended to make the Council fully aware of the risks of investing funds over longer periods, particularly of the liquidity (how quickly they can be recalled and at what cost) of such investments. The guidance also requires the authority to decide on the proportion (or amount) of investments that are held short-term. The Council's Fund managers do use securities that mature over one year from the date of purchase. These are primarily investments in Government stock (gilts). The maturity limits set out in the agreements with the fund managers are set out in Annex '1' and Annex '2' to the proposed Annual Investment Strategy. At times there may be no long term investment in the Fund Managers' portfolios if market conditions are unfavourable for long term investments. There are no plans for Runnymede to make long term investments in 2004/05 and therefore 100% of funds will be invested in short-term investments.
- 11.8 The Council's current policy on investments is set out in TREASURY MANAGEMENT SCHEDULE 4 "Approved instruments, methods and techniques". This is reproduced in Appendix "C". To explicitly comply with the draft guidance a new statement based on this existing policy is produced at Appendix 'D'. Although the Government guidance is at a draft stage, the Committee is requested to approve this statement for onward submission to the

Council meeting for 9 March 2004. Any changes arising from the final version of the guidance will be reported to full Council as appropriate.

12. Legal Implications

- 12.1 The powers for a local authority to borrow and invest are governed by the Local Government Act 2003 and associated Regulations (The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003). The Regulations also specify that authorities should have regard to the Treasury Management Code (published by CIPFA) when carrying out their treasury management functions. This Code covers good practice on the administration of debt, investments and related aspects of financial management.
- 12.2 Section 15 of the Local Government Act 2003 provides the power for the Government to issue guidance about investments to which authorities are to have regard. This report is based on the draft guidance issued by the Government. The draft requires the full Council to set the investment parameters set out in the Annual Investment Strategy. This requirement is, of course, subject to confirmation on receipt of the formal Government guidance.

13. Council Policy

- 13.1 This is set out in the Treasury Management Policy Statement and associated Practices and Schedules. These will be updated to reflect decisions made by the Committee and will also be redrafted to take account of the changes in the legal environment from 1 April 2004.

14. Conclusions

- 14.1 The fundamental approach of the treasury strategy for 2004/05 will follow that of previous years. The wide mix of investments will allow the Council to optimise returns from changes in interest rates whilst maintaining the security of capital and not becoming over dependent on one type of investment instrument.
- 14.2 The estimate for 2004/05 is based on short-term interest rates of 4.0% for in-house and 4.5% for externally managed funds.
- 14.3 Options for longer-term investments and for alternative vehicles for investing the Council's funds will be kept under review.

OFFICERS' RECOMMENDATION that -

- i) the Treasury Management Strategy for 2004/05 as set out in this report be approved;**
- ii) a report on the use of Fund Managers be submitted to this Committee in March 2004;**
- iii) the proposed "Annual Investment Strategy" be submitted to the full Council meeting on 9 March 2004 as amended (if appropriate) to take into account any changes arising from the receipt of the formal guidance on local government investments from the Government; and**
- iv) the Council's Treasury Policy Schedules be amended to reflect the strategy for 2004/05 and for drafting amendments to take into account the new legal framework from 1 April 2004.**

(TO RESOLVE)

Background Papers

1. Local Government Act 2003
2. Quarterly Economic Review, December 2003, Sterling Consultancy Services (DoF)
3. Letter & draft guidance on Local Government Investments from the ODPM dated 15 December 2003

4. Letter from Investec Asset Management dated 16 January 2004 on forecast returns for 2003/04 and 2004/05.

9. PRUDENTIAL INDICATORS FOR 2004/05 (DF)
(Ref: Minutes of Corporate Management Committee, October 2003, page 729, para. 376)

1. **Purpose of Report**

- 1.1 1) **To update the Committee on the introduction of the new prudential system of capital finance.**
- 2) **To explain the implications of the “Prudential Code for Capital Finance in Local Authorities” for the Council.**
- 3) **To recommend the Council’s Prudential Indicators for 2004/05.**

2. **Background Information**

- 2.1 The new system for controlling local government capital finance – the prudential capital finance system - comes into operation on 1 April 2004. It will replace the present regulatory framework. This is a major change in local authority finance and will enable authorities to take greater control of their investment in the fixed assets that are central to the delivery of quality services. With the new freedoms comes greater responsibility.
- 2.2 The Committee received a report on the new prudential system of capital finance at its meeting on 2 October 2003.
- 2.3 The new system will be one based on self-regulation by local authorities. At the heart of this will be the compliance with a “Prudential Code for Capital Finance in Local Authorities” published by CIPFA. CIPFA has developed the Prudential Code to support local authorities in taking these decisions. Key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.
- 2.4 Provided that the Government does not use its long stop powers to control future capital investment, local government will in future be able to choose between revenue intensive and capital intensive options for service delivery, undertake ‘spend to save’ capital schemes and undertake additional self-funded capital investment where they can afford to do so.
- 2.5 The full potential of the new system for service delivery will, however, only be realised if, in addition to the changes now announced, other key elements of the system move forward. For example, if Government support for capital investment continues to be linked to particular forms of investment, it will skew decision-making.
- 2.6 A copy of The Prudential Code has been placed in the Members Room. More information about the Prudential Code can be found on the CIPFA website at www.cipfa.org.uk/pt/prudential_framework.cfm. CIPFA has also published guidance on the application of the Prudential Code and the experience of undertaking trials of the Code with local authorities. The Local Government Association have published a useful booklet on the implications of the Local Government Act 2003 (a copy is available in the Members Room).

3. **Prudential Capital Finance System**

- 3.1 Under the prudential capital finance system local authorities will be free to borrow and take out finance leases without Government consent – provided they can afford these commitments without extra Government support. Authorities’ decisions will therefore need to be based on **affordability**.
- 3.2 In these contexts, the term affordability has a natural and unrestricted interpretation. Affordability simply means that the Council will be able to meet the costs from

anticipated revenues over the lifetime of the commitments undertaken. Decisions have also to be prudent.

- 3.3 This is current practice in Runnymede. The Council has traditionally received minimal Government support for non-housing capital expenditure and has had to finance capital projects from within locally generated resources. There will be no change in this position.
- 3.4 Under the old system the capital controls required authorities to have sufficient capital resources to pay for capital expenditure. For Runnymede, these capital resources were mainly capital receipts in hand. However, the test under the new prudential system will not be based on available capital resources, but on affordability. This means that the impact of capital spending on the Council Tax (the “bottom line”) must be assessed. The impact includes the cost of borrowing (or reduced investment income) and the operating costs of the new scheme.
- 3.5 The Council already has a methodology in place – the Financial Forecast - that carries out this test of affordability. The Financial Forecast looks at the impact of all the Council’s policy decisions (capital and revenue) over a 5-year timescale. The issue of affordability is central to this exercise. Quite simply, if an authority’s capital programme places too great a call on local taxpayers, it is not affordable and needs to be changed.
- 3.6 As expected, the Government has confirmed in legislation the requirement for local authorities to pay a proportion of their housing capital receipts to a government “pool”. The implications of this have been factored into the Council’s forecast and capital and revenue budgets.

4. Prudential Code

- 4.1 The Prudential Code acts as a professional code of practice to support local authorities in taking their decisions about capital investment. The key objectives of the Code are to ensure, within a clear framework, that:
- Capital investment plans are affordable, prudent and sustainable.
 - All external borrowings and other long-term liabilities are within prudent and sustainable levels.
 - Treasury management decisions are taken in accordance with good practice and in a manner that supports prudence, affordability and sustainability.
 - The local authority is accountable for decisions made.
 - Local strategic planning, local asset management planning and proper option appraisal are supported.
- 4.2 To demonstrate that these objectives are being fulfilled, the Prudential Code sets out a series of indicators that must be used and the factors that must be taken into account.
- 4.3 The Code deals with all three of the following elements of capital finance:
- Capital expenditure plans
 - External debt
 - Treasury Management
- 4.4 Regrettably, the Code introduces a whole new layer of jargon into local government finance. Many of the indicators are of greater relevance to authorities that have net borrowings (Runnymede has large investments) and are difficult to set in the context of smaller district Councils.

5. Prudential Indicators

- 5.1 Prudential Indicators are designed to support and record local decision making. They are not performance indicators and are not comparable between authorities.
- 5.2 In setting Prudential Indicators the local authority is required to have regard to the following matters:
- Affordability (i.e. on Council Tax and rents).
 - Prudence and sustainability.
 - Value for money (option appraisal).
 - Stewardship of assets (asset management planning).
 - Service objectives (strategic planning).
 - Practicality (achievability of the plan).
- 5.3 The Prudential Indicators take information from the published Statement of Accounts and use definitions that are consistent with the accounts.
- 5.4 There are 15 different Prudential Indicators, of which 7 also apply to the Housing Revenue Account (HRA). The indicators are set out in Appendix 'E' and they are a mix of estimated and actual figures, ratios, and limits. The Prudential Code sets definitions for the terms used and the method of calculating the indicators. Appendix 'E' explains how they are calculated and interprets the meaning of the calculation and any trends.
- 5.5 The data used to compile the indicators for 2003/04 and 2004/05 is derived from the revenue and capital budgets set before the Committee. Data for 2002/03 is derived from the Statement of Accounts. Data used for indicators from 2005/06 onwards is derived from the Council's approved financial forecast updated as appropriate to take into account known variations.
- 5.6 A number of Prudential Indicators relate to the treasury management function. These indicators are consistent with the report on treasury strategy in this Agenda.

6. Resource Implications

- 6.1 The prudential system does not alter the amount or method of Government support for capital investment. For 2004/05 the method of government support for capital investment is very similar to previous years. An allowance for "supported borrowing" is added to the Formula Grant entitlement. Authorities are free to use this element of overall general Government support as they see fit.
- 6.2 For Runnymede, there is no additional resource. This is because Runnymede's actual Formula Grant is currently greater than the entitlement that the Formula suggests. The Council is protected against grant loss by the "floor" mechanism which means that the Council receives only an inflation allowance each year.
- 6.3 In future years it is hoped that the Government will move away from this complicated methodology and provide cash capital support to local authorities. This is, however, by no means assured.
- 6.4 The calculation, monitoring and performance of the performance indicators represents a further burden on the workload of the Finance Department. Although the work required to establish procedures to capture the necessary information and set it in context will not need to be repeated, there will be an ongoing requirement to monitor and report on performance. The Prudential Code has been developed to cater for all authorities, including those with large and active debt portfolios. However, for authorities with more simple treasury and capital programmes (like Runnymede) some of the requirements of

the Code lack relative importance. It is hoped that, as central Government develop trust in the new capital system, that some of the requirements of the Code can be relaxed.

7. Legal Implications

- 7.1 Part 1 of the Local Government Act 2003 (LGA 2003) brings in the legislative framework for the new capital finance system for local authorities.
- 7.2 The LGA 2003 requires each Council to set an affordable borrowing limit. The full Council must carry out this duty; it cannot be delegated. Having set this limit the Council may not exceed it, except for specified temporary purposes. However, the Council can make a new limit at any time.
- 7.3 Regulation 2 of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require local authorities to have regard to The Prudential Code when carrying out their duties under Part 1 of The Local Government Act 2003. The Code requires that all prudential indicators are set, and revised, only by the full Council. This is because the need for Members to approve prudential indicators for capital finance is regarded as an important part of the corporate governance responsibilities of a local authority.
- 7.4 The LGA 2003 provides the Government with reserve powers to set borrowing limits for local authorities that override their locally determined limits. This could be in the form of a national limit – this can only be imposed for national economic reasons – or a specific limit to prevent an individual authority borrowing more than it could afford.
- 7.5 The Government has stated that it will set out the methodology for the calculation of prudential indicators relating to the Housing Revenue Account in statutory guidance, but has not yet done so. The indicators published in this report are based on the methodology proposed in the consultation paper “Future Housing Capital Financing Arrangements” published in August 2003.

8. Council Policy

- 8.1 The Leader’s Position Paper states that we will “Maintain rigorous financial control of the Council’s affairs to ensure that we keep to a minimum any additional call upon our Council Taxpayers”. Members will be aware that the Council has a medium term financial strategy based on savings of £1 million a year being achieved by 2004/05 together with stepped increases in Council Tax. This strategy includes the control of capital spending and treasury management decisions. The indicators proposed in this report are consistent with the Council’s strategies and plans.

9. Conclusions

- 9.1 The new system of capital finance will bring welcome flexibility to local authority decision making on capital schemes. With the new flexibility comes more responsibility. The Council’s current financial planning systems are sufficient to demonstrate the affordability of the capital programme.
- 9.2 The Prudential Code will undoubtedly be developed as experience of the new capital system is gained and improvements to practice identified. It is hoped that the Code will become more relevant to the needs of district councils, especially those without debt.

OFFICERS’ RECOMMENDATION that -

- i) the authorised limit for external borrowing by the Council in 2004/05 be set at £3,000,000 (this being the statutory limit determined under Section 3 (1) of the Local Government Act 2003); and**
- i) the prudential indicators set out in Appendix “E” be adopted and incorporated into the Budget for 2004/05.**

(TO RECOMMEND)

Background Papers

1. Local Government Act 2003 & the Local Authorities (Capital Finance and Accounting (England) Regulations 2003.
2. "The Prudential Code for Capital Finance in Local Authorities", published by CIPFA, 2003.
3. "The Prudential Code; Interim Guidance Notes", published by CIPFA, 2003.
4. Publication entitled "Get in on the Act", Local Government Association, December 2003.
5. "Future Housing Capital Financing Arrangements" published in August 2003
6. Letter from ODPM dated 10 December 2003 entitled "Prudential Capital Finance System"

10. TOURIST INFORMATION CENTRE – THORPE PARK (DAL)

1. Purpose of Report

- 1.1 **To consider the purchase of an interactive kiosk and the provision of web-page design which will form an intrinsic part of the proposed Tourist Information Centre at Thorpe Park.**

2. Background Information

- 2.1 In the course of the development of the Tourism Forum for Runnymede and Spelthorne, the Director of Development at Thorpe Park offered the Park's annual pass facility as a Tourist Information Point. The facility is staffed on a full-time basis and currently responds to enquiries about local accommodation, events and public transport.
- 2.2 A report on the Economic Impact of Tourism in Runnymede borough in 2001 was produced by Tourism South East (then the South East of England Tourist Board) in March 2003 and presented to Members and local tourism businesses at a workshop at the Runnymede Hotel. It was also reported to the Leisure and Environment Committee on 19 June 2003. The key findings were that:
- 222,000 staying trips were undertaken by tourists in Runnymede in 2001 (equating to about 8% of the total for Surrey).
 - These trips generated £38.1 million of direct tourist expenditure into the local economy and represented 4% of total trips but 26% of total visitor expenditure.
 - Runnymede also received over 2 million day visitors, generating £57.5 million to the local economy. The sectors that benefit most from tourist expenditure are the retail and catering sectors, each accruing in the region of £22 million.
- 2.3 Tourist Information Centres (TICs) are widely recognised by visitors as being places where information is available and accommodation can be booked. There is a service standard for TIC's, which has to be met in order to display the recognised "TIC" logo. Officers have been in discussion with Tourism South East and with Thorpe Park in order to ensure these standards will be met and maintained. It is therefore hoped that the Centre will have a full TIC designation when it opens.

3. Report

- 3.1 The proposed TIC will be open in time for when Thorpe Park re-opens for the new season on 20 March 2004. The primary purpose of the TIC is not to encourage additional visitors to the Borough, but to make it easier for those visitors who are already in the Borough to visit local places of interest. The TIC will therefore provide a valuable place for local accommodation providers and attractions to display their publicity. For those accommodation providers who are inspected and have the facility, the TIC will also enable visitors to book accommodation directly. Thorpe Park staff will be available to answer questions about local transport services, accommodation and events.

- 3.2 The other advantage of the TIC is that it may encourage visitors to extend their stay and visit local places of interest. This would be of direct benefit to the local economy and would not necessarily increase the number of tourism related journeys.

Staffing and training

- 3.3 The facility will be staffed by Thorpe Park employees who will undertake a training course, approved by Tourism South East. It is proposed that this will be funded from this Council's existing tourism budget and, if extended to other local facilities, may be joint funded with Surrey Tourism.

Interactive kiosk

- 3.4 It is proposed that the Council will provide the kiosk and web-page design. The intention is that visitors will be able to access defined internet sites from the kiosk, with the purpose of finding information about events and booking accommodation, where required. The sites proposed for the home page are:

www.runnymede.gov.uk	Information about places to visit in Runnymede, links to VisitSurrey.com (for booking registered accommodation), information about Runnymede Borough Council services.
www.spelthorne.gov.uk	Information about places to visit in Spelthorne and information about Council services in Spelthorne.
www.thorpepark.co.uk	Information about Thorpe Park's events and facilities, along with links to Chessington World of Adventures and other Tussauds attractions
www.southeastengland.uk.com	This is Tourism South East's web-site. It includes a destination management system for the whole of the south east (including the ability to book inspected accommodation), so visitors can plan their trips.
www.visitsurrey.com	Surrey tourism's destination management system, giving information about events and places to visit across Surrey, itineraries and inspected accommodation. Visitors can book accommodation from the site.
www.visitbritain.com	
www.visitthames.co.uk	This is the Environment Agency's site and encourages visitors (boaters, walkers, day-trippers, cyclists) to the Thames. It is linked into the Runnymede website already (through the parks and open spaces link under "Leisure") and gives lots of useful information about places to park, visit, stop and stay along the non-tidal Thames.
www.windsor.gov.uk	Windsor is clearly a strong link for tourism in Runnymede, with the Royal link to Magna Carta and the River Thames link.
www.crownestate.co.uk	
www.thenationaltrust.org.uk	
www.savillgarden.co.uk	
www.traveline.org.uk	This site gives information about public transport services.

- 3.5 It will also be possible to put in links to local attractions (such as Chertsey Museum) and accommodation providers, subject to their meeting Tourism South East's criteria.

4. Council Policy

- 4.1 Provision of the kiosk will comply with Council policy in a number of ways set out below.

Leader's Position Statement: 2004-05

4.2 *Corporate Management Committee – Improve the Quality of Life*

“We will continue to work with adjacent boroughs to achieve better service delivery targets and to share best practice for the benefit of residents.” (5.3.1)

“We will seek to make further improvements in the way we work with partners to deliver services in the Borough. We will develop and be informed by the Borough Community Strategy through the established Local Strategic Partnership to maximise partnership working and deliver on those areas for which we are accountable.” (5.3.3)

4.3 *Leisure & Environment Committee – Achieve Economic Prosperity*

“In partnership with the neighbouring Borough of Spelthorne, the establishment of a Tourism Forum will be progressed with the participation of those directly affected in the tourism industry ...”

4.4 *Economic Development Committee*

“We shall seek to maintain and improve the current economic prosperity of Runnymede by working closely with business and those wishing to locate or expand in the Borough.”

Community Strategy

4.5 *Economic prosperity*

“Encourage economic development of retail areas in villages and parades such as Englefield Green, Ottershaw and Pooley Green.”

4.6 *Leisure & Culture*

“Encourage visitors to local attractions to also visit local towns and villages.”

“Develop projects based around the River Thames, that encourage the use of sustainable transport... to enable residents and visitors to gain more enjoyment from the River Thames.”

5. Resource Implications

5.1 The Council is being asked to provide the interactive kiosk and staff training, to ensure that the existing staff meet Tourism South East’s requirements for a TIC service. Whilst the kiosk would be a one off cost, there may be a need to provide additional training in the future. The staff training cost can be met from the existing Tourism budget. However, should the Council agree to the provision of a kiosk, a supplementary revenue estimate would be required. Thorpe Park will continue to pay for staff costs and will pay for the installation of an ISDN line and networking costs.

5.2 The purchase of an interactive kiosk is in line with the Council’s e-government strategy and was originally earmarked for IEG monies. However, the cost is too low to treat in this way. A supplementary revenue estimate is therefore required. The Council’s web-team will design the home-page having liaised with Tussaud’s public relations section.

6. Legal Implications

6.1 Thorpe Park remains responsible for the employment of the staff.

7. Planning & Technical Considerations

7.1 Planning permission will not be required.

8. Environmental Implications

- 8.1 It is preferable to encourage visitors to extend their stay, and visit places of local interest that they have identified via the TIC, rather than encouraging additional tourists to visit the area, thereby generating additional car journeys through the Borough.

OFFICERS' RECOMMENDATION that -

- i) the principle of a TIC at Thorpe Park be welcomed as of benefit to local residents and the local tourism economy; and**
- ii) a supplementary revenue estimate in the sum of £5,000 be agreed for the purchase of an interactive kiosk.**

(TO RESOLVE)

Background Papers

Leisure files: 13.2 and 13.6

11. RUNNYMEDE COMMUNITY STRATEGY – VISIONING FORUM (CEO)

1. Purpose of Report

- 1.1 **To present the results from the Visioning Forum consultation on the Community Strategy**

2. Background Information

- 2.1 The Local Government Act 2000 outlines the statutory obligation for all Local Authorities to prepare a Community Strategy for their area. Members were informed of the statutory duty and implications of it at the 4 October 2001 Corporate Management Committee meeting.
- 2.2 The Local Government Act Member Working Group amended the original timetable for implementation and subsequently recommended the use of consultants for the main consultation event. The Corporate Management Committee agreed the recommendations of the Member Working Group of the timetable for developing and implementing the Strategy at its 8 November 2001 meeting.
- 2.3 Members also received a briefing during the winter of 2001 to outline in more detail the process of developing the Strategy.
- 2.4 A progress report was submitted to the Corporate Management Committee for information on 30 May 2002 and the draft strategy was approved, with minor amendments agreed, at the 3 October 2002 meeting. The Strategy was formally launched in December 2003.
- 2.5 Since the Strategy was launched, the Corporate Management Committee has received regular reports updating it on the progress of the Task Groups and targets.

3. Report

- 3.1 Attached at Appendix 'F' is a report which outlines the main results from the consultation which was undertaken at the Visioning Forum.
- 3.2 The implications of the report for the Community Strategy will be considered at the next Local Strategic Partnership (LSP) meeting to be held in February.
- 3.3 A number of issues were raised in the report which may affect partner organisations and it will be for the LSP to fully develop the issues which arose, and to ensure that anything additional both reflects the results of the consultation and remains deliverable.
- 3.4 The direction which the LSP will take following this review will be reported to the Corporate Management Committee in due course.

4. Council Policy

4.1 The Leaders' Position Statement 2004/05 states that: "We will seek to make further improvements in the way we work with partners to deliver services in the Borough. We will develop and be informed by the Borough Community Strategy through the established Local Strategic Partnership to maximise partnership working and deliver on those areas for which we are accountable".

5. Resource Implications

5.1 These continue to be additional opportunity costs placed on existing resource provisions.

6. Legal Implications

6.1 Provisions for Community Strategies are contained in Part I of the Local Government Act 2000, which came into force for England on 18 October 2000. The Statutory Instrument bringing it into force was (SI No. 2836 (c82)).

7. Planning & Technical Considerations

7.1 The ODPM have made clear that there needs to be a clear link between the new Local Development Framework (LDF) and the Council's Community Strategy. In essence, the LDF will become the spatial expression of the Strategy.

OFFICERS' RECOMMENDATION that -

the report attached at Appendix 'F' be noted for information.

(TO RESOLVE)

Background Papers

None

12. LEISURE COMPUTERISED BOOKING SYSTEM (DAL)
(Ref: Minutes of Corporate Management Committee, 4 December 2003, page 1119, para, 567 b))

1. Purpose of Report

1.1 **To seek approval for the purchase of a new booking system for the summer and half term Playschemes.**

2. Background Information

2.1 At its meeting in November 2001 the Leisure and Environment Committee agreed that Officers report options for a new booking system for the Playschemes to the Corporate Management Committee, having noted that a new software package to ease administration and facilitate bookings was necessary.

2.2 A subsequent review of the criteria required has resulted in a system that will cost £14,500. The resource implications are set out in paragraph 5 of this report.

3. Report

3.1 The existing Booking system consists of two Access Databases that were developed in-house by a member of staff who has now left the Council. One of these databases holds information on Playschemes and the other contains details on Splash.

3.2 Both systems together hold over 2,000 records (Parent name, Childrens name, dates of birth, medical details and activities booked), which increase annually and both contain activity details. The database is critical in terms of the accuracy of children's contact and medical details and in order to ensure that trip registers are up to date and all activities are paid for. The databases have been adapted many times by different members of staff over

the past 10 years, causing anomalies to occur, some of which restrict the efficiency of the booking process.

3.3 The scope of the databases is summarised below:

Number of records on Playscheme database			Number of places used Playscheme (2003)	Number of activities booked for Playscheme (2003)	Income from Playscheme (2003)
2001	2002	2003			
1232	1710	1883	2000	2214	£50,000

Number of records on Splash database			Number of places used Splash (2003)	Number of activities booked for Splash (2003)	Income from Splash (2003)
2001	2002	2003			
827	959	1131	248	1529	£25,000

3.4 The results from the questionnaires that have been sent out after each scheme show that there is a large demand for Internet / Credit Card booking facilities. This is not possible on the current Microsoft Access Database.

3.5 The present system also has the following shortcomings, in terms of usability and problem fixing:-

- i) no link between bookings and income (meaning no automatic audit trail, so additional and paper based manual controls are therefore necessary);
- ii) overbooking on some activities – again meaning time consuming checks;
- iii) the databases have developed on a piecemeal basis since the originator left, meaning that it is difficult to trace errors and anomalies.

3.6 As the table at paragraph 3.3 above shows, the number of records on the system has grown over the last three years. Runnymede Active Zones (RAZ) is currently being booked on a copy of the Playscheme database, in order to reduce the complexity of the main database. In some cases this means repetition of information. The current RAZ database has approximately 1370 records on it. These records will be incorporated into one main system with a new, more robust database.

3.7 Tenders for the provision of suitable software have been sought. Three tenders were received. Two companies were able to match the specification issued and of these, the system recommended from MCPC - Reserve 4 Sports was less than one third the cost of the other compliant system. The results of this exercise and the subsequent investigations can be seen in Exempt Appendix '1'.

4. Council Policy

4.1 This proposal complies both with achieving the objectives stated in the Leader's Statement 2004-2005 and with the procurement practices specified in the Information and Communications Procurement Strategy. Details are set out below.

A. Leader's Position Statement 2004/05
Section 2 Corporate Standards

- "Ensuring we provide a customer – focused quality service delivery to residents and businesses."
- "Engaging with and being responsive to public opinion through consultation on important issues, ensuring clear communication of our policies."

Section 5 Corporate Management Committee
Paragraph 5.1.1

"We want to ensure that we deliver 21st Century Services via the most modern work processes through implementing e-government. We will continue to invest in smart systems that will improve Council processes, help us stop doing repetitive low value tasks and help free people to provide excellent customer services".

Section 8 Leisure and Environment Committee
Key Roles:

- i) "We will further the interests and facilities for the youth of our Borough in partnership with other agencies involved in this field."
- ii) "We will continue to progress the availability of Sports activities in our area with a focus on our Sports Centres and with a particular interest in provision in the south of the Borough."

Paragraph 8.6.3

"The popular Play and Splash Schemes operated in our parks and elsewhere will continue and we will work in partnership with Sponsors, in order to ensure adequate funding is in place. Investigation of extended provision will continue."

B. Information And Communications Procurement Strategy

The present Access databases are in-house developments that can no longer be supported. The Council policy is that in these circumstances package solutions fully supported by the supplier and compatible with existing hardware and software should be used to support front line services.

5. Resource Implications

- 5.1 The total cost of the system is £14,500. There is currently a capital provision of £10,000 for the booking system and revenue savings of £10,000 set aside for this purpose by the Corporate Management Committee at its meeting in December 2003.
- 5.2 The on-going maintenance costs of the system are set out in the Capital Project Appraisal Form at Appendix ' G'. Whilst the capital charges have already been included in the annual estimates for 2004/05, the annual maintenance charges will need additional budgetary provision. It is proposed that in the first year these additional costs will be met from the balance of the £10,000 revenue savings highlighted above, with the remainder being financed from virements from the Youth and Play budget.

6. Legal Implications

- 6.1 The existing databases are covered by the Council's Data Protection notification under the 1998 Act. Acquisition of any of the proposed solutions would not require any change to this notification.

7. Planning & Technical Considerations

- 7.1 The booking system specification has been confirmed with the Information Systems Manager.

OFFICERS' RECOMMENDATION that -

- i) the MCPC - Reserve 4 sports system be purchased for a sum of £14,500 from the sum already allocated in the capital programme for this purpose; and**

- ii) the financial implications for future years be noted.**

(TO RESOLVE)

Background Papers

None stated

13. SURREY E-PARTNERSHIP WORKING (CEO)

1. **Purpose of Report**

1.1 **To inform Members of the latest position with regard to electronic government partnership working in Surrey and proposals for the future and seek guidance on the degree of participation desired in future projects.**

2. Background Information

2.1 The eGovernment initiatives promoted by central Government have prompted an accelerated adoption of new technologies in all areas of government but particularly at a local government level. A target of having all government services available for delivery electronically by the end of 2005 was set by the Office of the Deputy Prime Minister's (ODPM) predecessor department in 2001 and movement towards this objective has been encouraged at local government level by the request made by the ODPM in the past three years to submit an Implementing eGovernment Strategy (IEG). Ring fenced funding has been linked to submission of a successful IEG Strategy statement although submission is not actually mandatory.

2.2 One of the perceived benefits of delivery of services electronically has been the ability to "join up" service delivery between the different layers of government and also with other public sector organisations whose work complements or supplements Government provision. All of the guidance material issued to assist with formulating and delivering the eGovernment strategies stress that joint working between these organisations is to be encouraged and constitutes best practice.

2.3 In Surrey specific groupings have taken up promotion of cross agency working and the delivery of "joined up" Government and services. These include:

1. Surrey Chief Executive Officers - the Chief Executives of 11 Districts/Boroughs in Surrey and the Chief Executive of Surrey County Council.

2. Information Age Champions (IAC) - the designated Information Age Champion Officer from each of the Surrey Councils.

3. 2010 Group - a forum with representatives from most public sector organisations in Surrey, including the Surrey Chief Executives Group, the police service, national health service, ambulance service and higher education institutions.

4. Surrey IT Managers (SITM) - all IT managers in Surrey Districts/Boroughs and Surrey County Council.

5. eGovernment Partnership - the authorities represented by the above groups.

2.4 The Surrey partnership through the IAC has initiated a number of projects using the SITM to provide technical support and the Surrey Chief Executives and 2010 Group provide strategic guidance. A complete list of the projects currently under way is attached in Appendix 'H' - Outline Business Case for Joint Service Integration on page 31. To date these have been largely funded from ODPM funds made available to promote eGovernment and allocated on a competitive basis. The approach has the advantage that the set up and implementation costs are mostly covered by the grant won, but these payments are on a one off capital basis, responsibility for subsequent running costs being picked up locally.

2.5 A certain amount of funding has been necessary to support the preparation of bids for funding and other incidental costs but these have been comparatively modest when divided between the 11 Districts and the County Council, which has picked up a share of the costs that reflects its relative size.

3. Report

- 3.1 There has been some concern at Surrey Chief Executives and at local level as to the process of determining priorities adopted by the IAC. Clearly the group has been highly successful at generating funding from the ODPM schemes set up to promote eGovernment but equally clearly the process is driven more by external funding availability than by a strong business case dictating the need for the project. There have been projects that have yielded positive benefits to Runnymede, most notably E-recruitment and Retention (SurreyJobs) which is providing clear business advantages in the Council's recruitment processes. Others show potential that has not to date been fully realised, such as SurreyAlert and SurreyOnline. Other work is very much "behind the scenes" and will not show an immediate benefit but is necessary to put in place the infrastructure for further co-operative working such as the work towards a common e-Gif standard to be adopted by all Councils in Surrey and the definition of the middleware that would be necessary for Councils to readily share information that is presented locally through differing Customer Relations Management (CRM) systems.
- 3.2 By and large, all Councils have been party to the projects carried through to date. However, the group is now reaching a crossroads for two reasons:
1. The revenue costs of the earlier schemes will increasingly start coming on-stream and will have an impact on existing budgets. Some of the projects are more concerned with service improvement than revenue savings but the business cases were made at a high level to be generally applicable to all Councils and therefore are unclear on local deliverables or cost savings. For this reason costs will tend to be in addition to existing expenditure and not a replacement. This is also driven by the fact that electronic service delivery is rarely being offered as a replacement for existing forms of communication or delivery, but as an alternative giving the resident more choice.
 2. The initial sums of money identified by the ODPM have largely been allocated. Some has been set aside in future years, but the scale is reducing. ODPM has been assisting Councils in implementing their IEG Strategy by linking a successful submission to a grant of £200,000, to be spent specifically on expenditure that facilitates delivery of the strategy, but this money is not guaranteed in future years and may well be rolled up into mainstream funding in future, which would seriously disadvantage Runnymede.
- 3.3 The eGovernment Partnership is therefore requesting a formal commitment from all members to support the future programme of work and to the funding this requires. The cost of the work planned can be seen on pages 35 to 38 in Appendix 'H' which shows the breakdown project by project. The summary table on page 41 shows the commitment required over the 4 year period. For all Districts/Boroughs, this totals £788,000, which would represent £71,700 for each of these Councils, if all Surrey Districts/Boroughs participate.
- 3.4 At present an invoice for £8,000 has been issued to each District/Borough Council which will pay for the balance of the work carried out in 2003/04, since the payment of £3,000 was made last year. The latter was funded from existing budgets.
- 3.5 Next year full participation in the partnership will require a contribution of £20,490, if all partners remain committed.
- 3.6 Partnership working in general is well established in the Council and takes place in many areas of service delivery. Clearly this needs to be matched by an IT infrastructure that will support the provision of information that matches the needs of each organisation working in partnership service delivery. The question is how can this be best achieved. Is participation in all the Surrey ePartnership Projects as requested by the Partnership the route that the Council should pursue?
- 3.7 Full participation in the partnership has many advantages:
1. Runnymede would play a full part in decision making concerning all projects under consideration.

2. In terms of IEG Statements, a significant participation in partnership working of some kind is clearly mandatory. The Surrey ePartnership is clearly one of the reasons that all Surrey Councils have had no problems in having their IEG statements accepted by the ODPM. The latest guidance on the Comprehensive Performance Assessment (CPA) process makes it clear that it would be impossible to gain credible ratings if partnership working in all significant areas cannot be demonstrated. Furthermore, some of the targets in the IEG process that are likely to become mandatory by 2005 will be very difficult to achieve by working alone.
 3. As a member of the partnership, each Authority can specialise in working on the areas of interest that best fit their needs while receiving the benefits of all projects undertaken by the Group.
- 3.8 On the negative side there are problems with the method of working adopted to date:
1. As described above, the process of selecting projects is led by the availability of external funding, rather than a detailed business case.
 2. Because of this the match of projects to Runnymede's own priorities will be patchy.
 3. Control of expenditure will be difficult.
- 3.9 On balance, the advantages of participating in the partnership should out-weigh the disadvantages, as long as Runnymede keeps a close watch on the levels of expenditure being taken on as commitments by the partnership and only devotes significant Officer time to projects that are of a clear advantage to this Council. Based on this assumption, the Officer recommendation below is to provide a written commitment to the partnership for the coming year and creation of a budget to cover expenditure on partnership working at its present level, i.e. £8,000. Additional expenditure up to the projected total of £20,490 would have to be justified on the basis of the benefits or savings that each additional project was bringing to the Council.
4. Council Policy
- 4.1 It is the Council's policy to provide high levels of service appropriate to the needs of Runnymede residents and businesses. A cost effective method of assisting in the provision of these services with production of electronically stored and transmitted data fits well with this ambition, as long as the linkage between requirements and the deliverables achieved by the Partnership can be aligned.
5. Resource Implications
- 5.1 As indicated above the project costs can be seen in Appendix 'H'. In theory, there should be a degree of savings to offset this additional expenditure, but given the present method of constructing the business case for each project, this is difficult to quantify.
6. Legal Implications
- 6.1 There are no additional legal implications of partnership working through the ePartnership.

OFFICERS' RECOMMENDATION that -

- i) the Council provide a written commitment to a further year of working with the partnership, with the commitment qualified by a statement emphasising the need for projects to be business driven and expenditure closely monitored;**
- ii) the sum of £8,000 be allocated as a contribution to partnership working to date and a supplementary revenue estimate be approved for this purpose;**
- iii) a further sum of £8,000 be provided for partnership working during 2004/2005 and an additional sum be provided in the 2004/05 Estimates for this purpose; and**

- iv) **the commitment to working within the partnership be reviewed in 12 months time.**

(TO RESOLVE)

Background Papers

None stated.

14. APPOINTMENT TO OUTSIDE BODY (DAL)
Holy Family R.C. Primary School

Since 1 September 2003 District Councils no longer have the right to appoint School Governors as a "Minor Authority". School Governing Bodies are required to re-constitute themselves under the Education Act 2002, and in so doing may allow a District Council to appoint a "Community Governor". It is understood that Holy Family intends to re-constitute later this year.

Holy Family R.C. Primary School have a Runnymede appointed Governor, Mr. Hubert Blackmore, (19 Oak Hill Road, Addlestone), whose term of office expires at the end of February 2004. The School would like Mr. Blackmore to be re-appointed until such time as the Governing Body is re-constituted. Mr Blackmore is willing to be re-appointed.

OFFICERS' RECOMMENDATION that -

Mr H. Blackmore be re-appointed as a Governor of Holy Family R.C. Primary School, until such time as the school re-constitutes its Governing Body in accordance with the Education Act 2002.

(TO RESOLVE)

Background Papers

Letter from Director of Administration and Leisure to the School, 14 January 2004, and reply by e-mail on 15 January 2004.

15. REFERENCES FROM OTHER COMMITTEES

Housing and Community Services Committee – 14 January 2004

Affordable Housing Programme

At its meeting on 14 January 2004, the Housing and Community Services Committee agreed to recommend that an amount of £330,000 should be allocated to the Thames Valley Housing Association (TVHA) to provide 10 units of affordable housing at Vicarage Road, Egham.

At the meeting the Committee was advised that Thames Valley could provide shared ownership units at the Vicarage Road site without any grant. However, with a contribution of £330,000 from the Council, the Housing Association would be able to make five of these units available to rent. The Committee accordingly agreed that the requested amount should be allocated to the TVHA scheme as this would enable some of the units to be offered to people on lower incomes.

The Council has made a provision of £500,000 in the housing capital programme each year for new affordable housing schemes to be financed from capital receipts. Furthermore, under the new rules governing housing capital receipts, which take effect from 1 April 2004, the Council is required to pay 75% of its DIYSO and 50% of its housing land receipts to a national pool unless this money is used to pay for housing capital schemes. For the next three years the Council is also able to retain a proportion of capital receipts from the sale of Council houses it would otherwise pay to the national pool. It is proposed to use these pooled housing receipts to finance the Vicarage Road scheme.

OFFICERS' RECOMMENDATION that –

an amount of £330,000 taken from pooled housing receipts within the Housing Capital Programme be allocated towards the Thames Valley Housing Association scheme to provide 10 units of Affordable Housing at Vicarage Road, Egham.

(TO RESOLVE)

Background Papers

Relevant papers on Director of Housing and Community Services' Housing Corporation file.

16. WRITE-OFFS

Council Tax

Set out at Appendix 'I' is a schedule containing 7 cases, totalling £7,028.54 that have proven to be irrecoverable for the reasons shown. Authority is sought to have the debts written off.

OFFICERS' RECOMMENDATION that -

the Council Tax arrears totalling £7,028.54 as detailed in Appendix 'I', be written off as irrecoverable.

17. 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, 9 and 11 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

		<u>Para(s)</u>
a)	<u>Exempt Information</u>	
18.	CONTENT MANAGEMENT SYSTEM	9
19.	SURREY COUNTY COUNCIL STREET LIGHTING MAINTENANCE CONTRACT	9
20.	ANNUAL PERSONNEL REPORT	1 and 11

b) Confidential Information

(No reports to be considered under this heading)