

Runnymede Borough Council
CORPORATE MANAGEMENT COMMITTEE

Thursday, 5 June 2003, at 7.30 p.m.

in the Council Chamber
at the Civic Offices, Addlestone



Members of the Committee

Councillors R.K. Habgood (Chairman), J.M. Edwards (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. G. Marson, Administration and Leisure Department, Committee Section, Civic Offices, Station Road, Addlestone (Tel. Direct Line: 01932 425625). (Email: gary.marson@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.

COMMITTEE SECTION



LIST OF MATTERS FOR CONSIDERATION

PART I

Matters in respect of which reports have been made available for public inspection

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PART II

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

- a) Exempt Information
20. INSURANCE PREMIUMS (TO FOLLOW)
(No reports to be considered under this heading)
- b) Confidential Information
(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 meetings of the Committee held on 3 April and 15 May 2003, attached at Appendices 'A' and 'B' respectively.

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. AIMS AND TARGETS 2002/03 - OUTTURN (CEO)

The outturn report setting out performance against the corporate Aims and Targets in the period from 1 April 2002 to 31 March 2003 is attached at Appendix 'C'.

(FOR INFORMATION)

Background Papers

Leaders Position Statement 2002/03

6. BEST VALUE PERFORMANCE PLAN 2003/04 (CEO)

1. **Purpose of Report**

1.1 **The purpose of this report is to recommend approval of the Council's annual Best Value Performance Plan (BVPP) for 2003/04.**

2. Background Information

2.1 The Plan, which will follow under separate cover as Appendix 'D' and is subject to some final drafting amendments, has been produced in accordance with the requirements of the Local Government Act 1999 and the Council's Corporate Best Value Strategy, approved by the Policy and Resources Committee on 13 January 2000.

3. Plan Content

3.1 The Council's fourth Plan has been put together with the emphasis on Runnymede's own set of Corporate and Service based targets for the coming year. These are based on current policies, the Leader's Position Statement and the Aims and Targets derived from it. They form a clear set of targets against which residents can measure the Council's performance. A financial statement as to how the services and initiatives will be delivered and Runnymede's general service improvements over the last three years are also included.

3.2 Full year outturn figures for 2002/03 against the national Best Value Performance Indicators have to be set alongside the local targets. Targets for the coming year are also outlined.

3.3 The performance against the indicators will continue to be monitored quarterly as agreed in the Council's response to the District Auditor's Action Plan following the audit of the 2000/01 BVPP.

3.4 The 'five year rule' where authorities were required to review all functions within a 5-year cycle has been revoked under the statutory instrument 2002/305. The timetable for the Best

Value review process is, however, still included in the plan and now includes joint reviews where appropriate.

3.5 The design of the document will be discussed with the printers but will not be too dissimilar from the style and format of the 2002/03 edition.

4. Resource Implications

4.1 The printing and distribution costs of the full plan document and the summary pamphlet element within the Annual Report are likely to be in the order of £5,000. Approved estimate provision exists for this expenditure.

OFFICERS' RECOMMENDATION that -

i) the Best Value Performance Plan 2003/04, attached at Appendix 'D', be approved; and

ii) the Chief Executive Officer be authorised to make any necessary editorial drafting changes, in consultation with the Chairman of the Committee, before final publication.

(TO RECOMMEND)

Background Papers

None stated

7. FLOODING IN RUNNYMEDE 2002/03 (DTS)
(Ref: Minutes of Services Review Board, February 2002, page 824, para. 549)

1. Purpose of Report

1.1 **The purpose of this report is to confirm to Members details of the recent flooding events, the action taken and the proposals for future response, including the establishment of Flood Risk Advisory Groups by the Environment Agency.**

2. Background Information

2.1 Following flooding at the end of 2000 and press criticism of the Council, the Services Review Board scrutinised the Council's flood response at a meeting on 18 January 2001. The Board came to the opinion that the Council had successfully fulfilled its duties towards Runnymede residents in its response to the flooding incident. It did, however, agree a series of recommendations for future action.

2.2 Progress on this follow-up action was reported to the Services Review Board at its meeting in February 2002, where the action taken was endorsed and it was agreed that matters had been taken as far as they could be at the time.

2.3 In response to the flooding in Chertsey and Thorpe caused by the River Bourne in 2000, the Environment Agency commissioned consultants to undertake a pre-feasibility study to determine possible options for potential flood alleviation works. A copy of this study was forwarded to the Council for technical observations in January 2003.

3. 2002/03 Flooding

3.1 In the three month period October to December 2002 the Thames Region received nearly 180% of the average rainfall for this period. This was the fourth wettest October-December period since 1882. In December the region received 115 mm of rain, which is 162% of the average rainfall, and it was the 13th wettest December since 1882. From 21 December to 31 December 86 mm fell on the region, which is more than the average for the whole of December. A 24 hour total of 43.6mm was recorded at How Green on the River Wandle. January 2003 also started off wet with an average of 19.5mm over the region falling on 1 - 2 January, which represents 30% of the average rainfall for the month.

- 3.2 The flooding in Runnymede, which is the subject of this report, took place in two distinct phases. The first was flooding in Chertsey from the River Bourne, followed by River Thames flooding.
- 3.3 Between 1 December 2002 and 3 January 2003, 152mm of rain fell in Chertsey, compared to the long-term average for December of 63mm. In the five days alone from 29 December to 3 January, 62mm of rain fell in Chertsey, when river levels were already above normal.
- 3.4 Although the rainfall was less than recorded in October/November 2000, the Environment Agency has pointed out that the main differences were the time period over which the rain fell, and prevailing river levels.
- 3.5 The Environment Agency issued a Flood Watch on 27 December, a Flood Warning on 31 December and a Severe Flood Warning on 2 January.
- 3.6 By the early hours of 2 January, flooding had affected property in Free Prae Road, Eastworth Road, and Fairway, with floodwater passing to Pound Road and houses downstream. By 4 January, water levels at Free Prae Road remained high. Properties in Free Prae Road, Fairway, Pound Road, Drill Hall Road, The Paddocks, Bramley Close, Fordwater Road, Fordwater Close and Eastworth Road experienced flooding. 128 properties were flooded from the Chertsey Bourne, and a number of other Chertsey properties were flooded from the Thames.
- 3.7 The Environment Agency's initial conclusions were that the flooding was caused by a combination of consistent, high levels of rainfall, insufficient channel capacity to carry high flows in both open channels and through bridge structures, and blockages caused by rubbish and debris washed in by the rain. In addition, heavy rainfall caused groundwater levels to rise which exacerbated the flooding.
- 3.8 In terms of the River Thames flooding, the Environment Agency issued a Flood Watch on 23 December, followed by a Flood Warning on 1 January and Severe Flood Warning on 4 January. The status was reduced to Flood Warning on 7 January, Flood Watch on 10 January and the All Clear was given on 12 January.
- 3.9 The River Thames had probably been flowing out of bank in low lying areas at the end of December. The first contact from Hamm Court was received on Tuesday 31 December. Access to Hamm Court became very difficult probably on the 1 or 2 January. The first contacts from Yard Mead, Mayfield Gardens and Bundys Way were received on Friday 3 January, during the day.
- 3.10 The Thames was observed to be flowing just out of bank in the late afternoon of 3 January. First reports of significant flooding in Bundys Way, Mayfield Gardens, Windsor Road, Yard Mead and Riverside were received in the early morning of Saturday 4 January. During the Saturday this flooding extended to Chertsey Lane, Timsway, Coopers Close, Ferry Avenue, Craigwell Close, Green Lane, Moorfields Close, Aymer Drive, Aymer Close, Alton Court, Clyve Way, Peket Close, Temple Gardens and Riverside, Blakett Close, Thorpeside Close, Mixnams Lane and Laleham Reach.
- 3.11 Norlands Lane was closed due to flooding from the Meadlake Ditch. The Fishing Temple and Penton Park caravan sites were also affected. Windsor Road, Yard Mead and Riverside became inaccessible by midday on 4 January. By that evening access to Bundys Way and Mayfield Gardens was extremely difficult. It was no longer possible to gain access to Laleham Reach. Vicarage Road, Vicarage Crescent, Green Lane and Albany Place also started to flood. Some properties on Bridge Road and Chaseside Gardens started to be threatened with flooding from the Abbey River.
- 3.12 The Thames continued to rise to a peak on Monday 6 January. During the night of 5/6 Ayebridges Avenue started to flood. Many of the roads to the east of Thorpe Road and Thorpe Lea Road were flooded but other than Farm Close, there was no real threat to property in this area.

4. Runnymede's Response

- 4.1 Throughout this period, the Council's Safer Runnymede 24-hour control room acted as a call centre for the public and other agencies involved alike. Additional staff were brought in to cope with the demand of telephone calls, which numbered around 6,000 in total.
- 4.2 Safer Runnymede is also responsible for up-dating information on the emergency event website, SurreyAlert.
- 4.3 Engineering drainage staff were called in from leave on 30 December to monitor river levels in response to Environment Agency warnings. Engineering staff continued to work in shifts around the clock to monitor water levels and advise on priorities for sandbag distribution.
- 4.4 The Chertsey Depot was also invaluable as a 24-hour operational base. DSO depot staff provided overnight cover throughout the emergency. They also filled and distributed some 9,000 sandbags to priority areas. They were assisted by contractors and County Council staff. In addition, over 70 chemical toilets were deployed and emptied upon request. The Council's private mobile radio system proved to be an invaluable tool in aiding communications between staff at the depot, Safer Runnymede and on site.
- 4.5 The Eileen Tozer Day Centre in Addlestone was opened on a 24 hour basis from 2 January to 6 January, although it closed on one night where there were no visitors. It remained staffed during this time, and was visited by 20 households (45 people) and dealt with 10 additional households over the telephone. A further two households that had returned from holiday were dealt with on the weekend of 11 January by the out-of-hours homeless service. During the day, the day centre also acted as a focal point to provide information for residents. Community transport was provided to pick people up from evacuation areas and bring them to the centre or take them to relatives in the Borough.
- 4.6 Throughout this period, a co-ordination and liaison group consisting of Borough and County Council staff, Police, Fire and Rescue and Social Services colleagues met at least daily to share information and agree and review action. The group was chaired by the Borough's Chief Executive Officer (CEO).
- 4.7 Similarly, Engineering staff maintained close liaison with the Environment Agency and Thames Water Authority.
- 4.8 Substantial numbers of information leaflets were distributed to properties that had suffered flooding and were delivered by volunteers from Council staff using waders. There were at least two deliveries, one initially with emergency contact numbers, then a subsequent leaflet giving information about clean up, advice points etc.
- 4.9 The Emergency Plan Media Team implemented the Major Incident Media Plan on the afternoon of Thursday 2 January. This saw the dedicated phones and workspace set aside in the Safer Runnymede Control Centre manned by two Officers plus (volunteer) staff from the Committee Section from early on Friday 3 January until Monday afternoon, 6 January. On Tuesday 7 January these lines were closed but media calls continued to be taken on the Officers' normal lines for the remainder of the week.
- 4.10 During this period logbooks were kept, and calls were received from numerous media agencies including; BBC News (TV), London Tonight (ITV), Radio 5 Live, Southern Counties Radio, Eagle Radio, County Sound, the Press Association, Daily Telegraph, and the local press. Most of these calls were requests for information or interviews, and the Media Team facilitated these. Liaison was also maintained with Surrey Police, the Environment Agency, and Thames Valley Water. The Media Team also proactively sought information at the request of the CEO in order to facilitate Press Releases and help with enquiries.
- 4.11 The Media Team drafted all Press Releases which were issued after clearance by the CEO. The first Press Release ("Runnymede on Flood Alert") was issued on the afternoon of Thursday 2 January, and Press Releases were issued daily over the weekend, culminating in a "sweeping up" Press Release on the evening of Monday 6 January (seven in all). A final comprehensive Press Release was issued on Friday 17 January.

- 4.12 The Media Team attempted to keep everyone informed by e-mailing these Press Releases to all Members and Council staff, and by faxing them to all press/radio contacts, including Surrey Police. They were also placed on the Council's Website. The Team also clerked the CEO's daily briefings, producing swift notes which were then e-mailed to all relevant agencies and used by the CEO in the compilation of his daily e-mail messages to all Members and staff.
- 4.13 When the water in Chertsey had subsided, Chertsey Hall was opened as an information centre (7 - 10 January, mornings), followed by the Literary Institute at Egham, (8 - 10 January, afternoons). Skips were set out in areas across the Borough which had suffered flooding for residents to dispose of flood damaged property. Special collections of such items were also arranged. Unfortunately, these skips were largely used by other residents as a free means of rubbish disposal.
- 4.14 After the flooding events, the Environment Agency organised two public surgeries – one for Chertsey and one for the Thames flooding, held on 20 and 23 January respectively. These were both attended by Runnymede Council staff.
- 4.15 The Borough Council also organised two public meetings – one in Chertsey Hall on 25 February and the second at the Hythe Social Centre on 27 February. These were attended by approximately 400 people in total, who listened to comments from the Environment Agency, Thames Water, the Borough and County Councils and the emergency services. Both meetings were chaired by Philip Hammond M.P.
- 4.16 It was clear from these meetings that there was much public mistrust of the explanations given by the various agencies (especially the Environment Agency) as to the causes of the flooding. However, agencies agreed on an open approach of information sharing.
- 4.17 Runnymede and Spelthorne jointly appointed JMP consultants to analyse reasons for the flooding, and the data to be provided by the Environment Agency. Latterly, Elmbridge and the Royal Borough of Windsor and Maidenhead have also asked this consultant to provide relevant data for their areas. Runnymede have also appointed an independent expert from Imperial College, London to validate these findings.

5. Flood Risk Action Groups

- 5.1 The Environment Agency (EA), is also in the process of setting up three Flood Risk Action Groups (FRAG's) with a single, independent, expert Chairman. These will be based on the Thames area immediately upstream of Runnymede, the Thames within Runnymede, and the Bourne in Chertsey.
- 5.2 The FRAGs aim to share data between representatives of interested parties, including the public, in an open manner, to try to gain a consensus regarding cause and effect, and the identification of potential flood alleviation measures to prevent future repetition of flooding events. It is proposed that two Runnymede Members, together with the Council's Principal Assistant Engineer (Drainage), sit on both the Thames (Wraysbury/Teddington) FRAG and the Bourne FRAG. (Full details of the Group's terms of reference and composition is attached at Appendix 'E'). The recommendation from the Majority Group is that the following Members be appointed :
- a) Thames - Councillors B.J. Relph and G.B. Woodger
 - b) Bourne - Councillors C.J. Norman and one other Chertsey Member.

The Labour Group has proposed Councillors R.J. Ray and P.A. Greenwood respectively and the Committee will need to settle this matter.

- 5.3 Potential flood alleviation depends firstly on what can be practically done, but secondly on funding. The funding priorities will be based on a comparison of other events both nationally and regionally, and also an economic impact study, which will compare costs of damage to costs of flood alleviation works.
- 5.4 In addition to the Council's participation in the EA's FRAGs, and in view of their limited size and opportunity for significant residents representations, Officers propose to create a parallel 'liaison group' (comprising residents' and amenity group representatives and Borough and

County Ward Councillors). This will ensure a broader group can be kept up to date with developments in the FRAGs and feed concerns, comments and information to them.

6. Lessons Learnt

- 6.1 The investigation into the cause of the flooding is unlikely to lead to direct action on behalf of the Council. If it transpires that the event was simply due to the sustained rainfall, then there is little that can be done other than to ensure that flood alleviation measures are pursued as soon as possible.
- 6.2 Whilst there were public suggestions that the granting of planning permission in the floodplain had been a cause of the flooding, which was exacerbated by lack of maintenance to those watercourses for which the Council has responsibility, there is little evidence of this. It has been exceptional for the Council to ignore Environment Agency advice on any major development in the floodplain – a fact acknowledged by the Agency. The Council also pursues a regime of maintenance considerably greater than many other local authorities.
- 6.3 If any factually based criticism of these matters emerges from any of the work being done however, then the Council will need to address this.
- 6.4 Once again, the value of the Safer Runnymede Control Centre was demonstrated by this emergency. Although extra staff were brought in to cope with the number of telephone calls, there was no criticism that the public had been unable to get through or speak to an operator within a reasonable period of time.
- 6.5 Where flooded areas were near camera locations, they were monitored from the centre, and engineering staff were based in the unit, which was also a communications centre with the emergency services.
- 6.6 It was clear that despite the Environment Agency annually distributing leaflets giving out helpful information and telephone numbers, most local residents did not have these to hand, or denied having received them. Sending Borough staff out wading through floodwater to deliver information leaflets may have been helpful, but could have been dangerous. Despite having waders, staff were instructed not to enter water above knee depth.
- 6.7 It is considered that the Council should attempt to produce and distribute details of useful telephone numbers, perhaps in the Autumn. This might be of credit card size, which might be more easily retained for future use.
- 6.8 Distribution of sandbags was not as easy as it might have been. Despite the fact that the Council has no express duty to provide them, many thousands were filled and distributed. Distribution was prioritised to those residents in imminent danger of flooding. Businesses were excluded, as were those houses where inspection revealed that flood water was still some way from affecting them. Sandbags were not offered to protect garages or outbuildings.
- 6.9 The depot in Chertsey has a sandbag filling machine and at no time during the event did the Council run short of either bags or sand. Supplies of both have been replenished and will be available in quantity if needed for another emergency.
- 6.10 Distribution of sandbags was, however, a problem. Since the demise of the Highways DSO, the Council no longer has a lorry which can distribute large quantities at once. In the event, transit sized vans therefore had to make many journeys with a small payload.
- 6.11 Unfortunately, staff were often overrun by the public on the streets, who simply took the sandbags as soon as they arrived, with no concern for neighbours who might have been in more immediate need. It is also clear that a number of sandbags were later stolen and offered for sale.
- 6.12 Certain areas of the Borough proved impossible to reach safely, where properties were not yet flooded, but access roads had become impassable.
- 6.13 In response to these difficulties, it would seem prudent to acquire an 18 tonne lorry, fitted with a 'Hiab' mounted crane, which could deliver a large quantity of sandbags at once. The cost of this is likely to be in the order of £58,000. If depreciated over 10 years, this would

attract a depreciation, capital and revenue charge of around £10,000 per annum. This would, however, be partly offset by the release of a smaller leased vehicle, saving around £5,000 per annum.

- 6.14 During the year, such a vehicle could be used to remove and dispose of fly-tipping, which has become an increasing problem. It might also be used to remove abandoned vehicles, which could provide a more prompt and cost-effective service than the current contractors.
- 6.15 Secondly, it may be possible to deliver sandbags to vulnerable locations in advance of any flooding. However, residents would either have to accept them for storing or they would have to be stored in accessible locations. The problem with the latter option is that it can be unsightly, and will be vulnerable to theft or vandalism.
- 6.16 It is important to ensure that the Council's vehicles are clearly marked - including where they belong to contractors working on the Authority's behalf. There is evidence that some of the public were not aware that the response was from the Borough (some thought it the County Council) because of the lack of clear identification.
- 6.17 Mention has been made of the value of the Council's radio network. Radios are now available with Global Positioning tracking systems, which would enable greater control and information over staff deployment, and would also be a very helpful device for staff safety. These units cost approximately £650 each, and it is recommended that three be purchased for use.
- 6.18 Clearly these were severe flooding events and followed a period of intense rainfall. However, the area was fortunate that the rain ceased and was followed by a prolonged dry spell which enabled the flood water to recede. Had rainfall continued, then the flooding of properties would have been far greater.
- 6.19 This was also a significant factor for Runnymede staff. Many staff were involved in the response - in Safer Runnymede answering telephones, engineers monitoring water levels and liaising with other agencies, depot staff filling and distributing sandbags, housing staff giving advice and staffing day centre accommodation, Administration staff providing information to the media, and volunteer staff from across the Council delivering leaflets.
- 6.20 Although staff worked in shifts, long hours were worked, often in very trying circumstances. The limited number of staff who had the appropriate skills and the need for rest and compliance with health and safety requirements, meant that had the emergency been more prolonged, then the Council's ability to provide the continued level of service would have been severely compromised.

7. Financial Implications

- 7.1 The Council has incurred expenditure of £111,985 as a result of the flooding.
- 7.2 The Government has announced that it is prepared to provide financial assistance towards the costs of dealing with the emergency under the arrangements known as the Bellwin Scheme. Costs of £81,681 have been identified that should be eligible for reimbursement under the scheme rules, although the Council will have to bear £19,000 of this expenditure. Details are still awaited of the final terms of the scheme, which the Government intends to make a local scheme, i.e. unique to Runnymede.
- 7.3 Most of the remaining expenditure of £30,304 (of which £29,178 falls on the General Fund and £1,126 on the HRA) relates to cleaning costs in the aftermath of the floods. This is not eligible for financial assistance from the Government.
- 7.4 The table below summarises the financial position.

	Total £	Estimated Recovery from Government £	Net cost Bourne by General Fund £	Net Cost Bourne by HRA £
Emergency response	81,681	62,681	19,000	
Clearance and remedial works to Parks and Open Spaces	13,049		13,049	
Additional road cleaning	5,782		5,782	
Reallocation of DSO staff time	4,486		4,486	
Public meetings	562		562	
Hire of Skips	5,299		5,299	
Repairs to lift at Beomonds	1,126			1,126
	<u>£111,985</u>	<u>£62,681</u>	<u>£48,178</u>	<u>£1,126</u>

7.5 The Committee approved a General Fund budgetary provision of £25,000 in the 2002/03 probable outturn for the flooding emergency and a further £25,000 in the 2003/04 estimate. In view of the overspending in 2002/03, the Committee may want to consider if it wishes to reduce the provision in 2003/04. However, approximately £18,700 of the 2003/04 provision has already been committed to meet the costs of a consultant to report on the flooding, together with the costs of a land survey.

8. Conclusion

8.1 As Members will know, the Council's duties in relation to such an event lie solely in the provision of emergency accommodation for the homeless, as required. Nevertheless, the Council provided a wider range of services in maintaining a 24 hour call centre facility, 24 hour operational depot, delivery of sandbags, monitoring of water levels and liaison with a range of other agencies.

8.2 Although the Environment Agency maintain that the flooding was a natural climatic event, details of the full investigation into causes is awaited, as is the need to determine any future action based on those findings.

8.3 The Council will continue to press for early implementation of appropriate flood alleviation measures through the FRAGs.

OFFICERS' RECOMMENDATION that -

- i) the Council endorses the composition of, and agrees to participate in, the Thames (Wraysbury/Teddington) and the Bourne Flood Risk Action Groups and presses for early implementation of appropriate flood alleviation measures;**
- ii) information leaflets/cards be produced as set out in paragraph 6.7 above in, liaison with appropriate agencies, for distribution to flood risk areas;**

(TO RESOLVE)

- iii) advance distribution of sandbags to appropriate locations be investigated.**

- iv) **capital programme provision and a capital estimate of £58,000 be approved in order to acquire an 18 tonne HGV equipped with mounted crane;**
- v) **capital programme provision and a capital estimate of £2,000 be approved for the purchase of three radios with GPS tracking system;**

(TO RECOMMEND)

THE COMMITTEE IS ASKED -

if (i) above is approved, to appoint two Members to serve on each of the two Flood Risk Action Groups for the Municipal Year 2003/04;

(TO RESOLVE)

Background Papers

None

8. FINANCIAL REGULATIONS - REVISIONS (DF)
(Ref: Minutes of Policy and Resources Committee, April 2000, page 1161, para. 768)

1. Purpose of Report

- 1.1 **The purpose of this report is to propose amendments to the Council's Financial Regulations.**

2. Background Information

- 2.1 Financial Regulations determine the procedures by which the Council's financial affairs are conducted. They are complementary to the Council's Standing Orders for Contracts.
- 2.2 The Council's Financial Regulations were last subject to a comprehensive review at the March 2000 meeting of the Policy and Resources Committee (Minute 768, page 1161, April 2000). Since then they have been incorporated in the Council's Constitution and amendments have been made to reflect changes in Committee structure and responsibilities when this has been updated each year. The current version of Financial Regulations can be found on page 161 of the Constitution of the Council. It can also be viewed on the Council's web-site.

3. Report

Format of the Regulations

- 3.1 When the Financial Regulations were last reviewed in March 2000, detailed procedural guidance was removed from the main Regulations and published in a separate "Budget Managers Rule Book". The objective of the Rule Book was to provide a working document for staff, making it clear what their duties and responsibilities are, to help them comply with Financial Regulations in their day to day tasks.
- 3.2 This approach has been continued and the Rule Book has been redesignated "The Finance Rule Book". A copy of the new version of the Finance Rule Book has been placed in the Members' Room.

Proposed Changes to the Regulations

- 3.3 A copy of the proposed Financial Regulations is reproduced at Appendix 'F'. For comparison purposes, Members are requested to refer to page 161 of the Constitution for the current set of Financial Regulations.
- 3.4 The contents of the Regulations have been reordered so that the subjects can be grouped under four main headings:-

Financial Management
Financial Planning
Risk Management and Control of Resources
Systems and Procedures.

- 3.5 The Regulations have been updated to reflect the requirements of the Accounts and Audit Regulations 2003. These are reported elsewhere on this agenda.
- 3.6 References to the Council's Revenue Forecast have been changed to read "Financial Forecast" because the Council uses the Forecast to review both its revenue and capital plans. Last October, the Forecast extended the forward financial plan from three years to five years and this new timescale has been incorporated in Regulation 3.8.
- 3.7 Section 7 on Risk Management is new and reflects the emphasis that has been placed on this activity by the new Accounts and Audit Regulations.

4. Legal Implications

- 4.1 Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs.
- 4.2 The making of a proper set of Financial Regulations, and their regular review, is of fundamental help to the authority in complying with this duty.

OFFICERS' RECOMMENDATION that -

the Financial Regulations shown in Appendix 'F' be adopted, with effect from 17 July 2003.

(TO RECOMMEND)

Background Papers

None stated

9. ACCOUNTS AND AUDIT REGULATIONS 2003 (DF)

1. Purpose of Report

- 1.1 **The Government has issued new Accounts and Audit Regulations and the purpose of this report is to explain their impact on this Authority.**

2. Background Information

- 2.1 The conduct of the Council's financial affairs is regulated by statute. The main legislative provisions regulating the Council's accounting and audit activities are contained in:-
- The Local Government Act 1972, which requires local authorities to appoint an Officer with responsibility for the administration of their financial affairs (section 151);
 - The Local Government Finance Act 1988, which strengthened the provisions of the 1972 Act and required all s151 Officers to be properly qualified (i.e. members of one of the six UK accounting bodies); it also gives the s151 Officer duties to raise reports and requires the authority to take action if unlawful expenditure or certain other financial irregularities are likely to arise.
 - The Local Government and Housing Act 1989, which requires that proper practices are used by authorities in preparing their accounts. Accounting standards and codes of practice are given statutory backing by virtue of this phrase.
 - The Audit Commission Act 1998, which is the enabling legislation under which the Accounts and Audit Regulations are issued.
- 2.2 The 2003 Regulations supersede the Accounts and Audit Regulations 1996 (as amended). Some of the regulations relate solely to Parish Councils and are therefore ignored for the purposes of this report. The remaining provisions are summarised in section 3.

- 2.3 The Regulations are not a comprehensive accounting or auditing manual. However, they do provide a statutory background to the financial practices adopted by local authorities, the publication of certain accounting statements, the internal audit process and the external audit of the statement of accounts. They can be viewed at and downloaded from the website of the Office of the Deputy Prime Minister at www.local.dtlr.gov.uk/audit.htm.
- 2.4 The Regulations took effect from 1 April 2003.
3. Report
- 3.1 Responsibility for Financial Management
- 3.1.1 Regulation 4 imposes a new requirement on local authorities to ensure that the Council's financial management is adequate and effective and that there is a sound system of internal control. Members are required to review this at least once a year and the Regulations specify that a statement of internal control shall be published with the Statement of Accounts.
- 3.1.2 This requirement sets the tone for the new Regulations in that it spells out in greater clarity the duties that Officers are required to perform and the role of Members in reviewing and scrutinising the internal arrangements. The recent revision to the terms of reference of the Standards and Audit Committee fits well with the requirements of the 2003 Regulations.
- 3.1.3 For the first time, the Regulations refer explicitly to risk management, making it clear that the review of the Authority's internal arrangements must include this important area, although elements of it go beyond the ambit of financial management.
- 3.2 Accounting Records and Control Systems
- 3.2.1 The wording of Regulation 5 is similar to the previous Regulations and perpetuates the existing arrangements. It places an obligation on the responsible financial officer to determine the authority's accounting records and accounting control systems and to ensure that the accounting records are "maintained in accordance with proper practices and kept up to date".
- 3.2.2 A new requirement in this section is for the responsible financial officer to determine "measures to ensure that risk is appropriately managed".
- 3.3 Internal audit
- 3.3.1 The Authority has a duty to maintain "an adequate and effective system of internal audit", in keeping with the requirement introduced by the 1996 Regulations. However, whereas the previous Regulations talked in terms of the internal audit of accounting records and control systems, Regulation 6 now refers to a responsibility for an audit "of its accounting records and of its system of internal control in accordance with the proper internal audit practices".
- 3.3.2 The Council's Financial Regulations already make clear the rights and responsibilities of internal audit and it is not considered necessary to strengthen the wording in the light of the new Regulations. On the face of it, Regulation 6 now widens the disclosure obligation (which will override statutory personal data protection) to documents required for non-financial audits. This would overrule the objection to disclosure of personal data for non-financial audits which arose last year. The protocol drafted to cover disclosure of personal data will be modified accordingly.
- 3.4 Statement of accounts
- 3.4.1 Local Authorities are required to prepare an annual statement of accounts, in accordance with "proper practices". The supplementary guidance issued by the Office of the Deputy Prime Minister (ODPM) states that proper practices may be found in the "Code of Practice on Local Authority Accounting in the United Kingdom; A Statement of Recommended Practice", published by the Chartered Institute of Public Finance Accountancy (CIPFA). This includes compliance with all relevant financial reporting standards. The Council already complies with these requirements.

3.4.2 The ODPM guidance also recommends that if there is a significant difference between the statement of accounts and the financial summary published in the Best Value Performance Plan, the difference ought to be explained in the statement of accounts.

3.5 Disclosure of remuneration of senior staff

3.5.1 The notes to the accounts must include a statement of the number of employees whose remuneration exceeds £50,000 in the year, analysed in bands of £10,000. The threshold has been increased from £40,000 in the 1996 Regulations.

3.5.2 The ODPM guidance comments that while these Regulations do not refer to Members' Allowances, there is a duty to report on allowances paid to Members in "separate Regulations" (this is a reference to the Members' Allowances Regulations 2003, reported elsewhere on this agenda). It recommends that best practice will be for the statement of accounts to include a note indicating where the information on Members' Allowances can be found.

3.6 Signing and approval of the statement of accounts

3.6.1 The Regulations require the responsible financial officer to sign the statement of accounts and to certify that it presents fairly the financial position of the Authority prior to its approval by the Authority. The statement of accounts can be approved by either a Committee of the Council or full Council and must then be signed by "the person presiding at the committee or meeting at which that approval was given".

3.6.2 The requirement for a Member to sign the statement of accounts is new. The ODPM guidance explains the reason for this:-

"The intention behind the new requirement for the chair of the committee or meeting to sign and date the statement of accounts, or other accounting statement, as appropriate, is that the chair's signature should formally represent the completion of the council's approval process of the accounts. The requirement for the chair to sign does not relate to the role of the responsible financial officer in certifying that the statement of accounts or other accounting statement is a proper reflection of the body's financial position under the terms of Regulation 10(2), or to any determination made by the responsible financial officer under any other Regulation." (paragraph 12, ODPM Circular 04/2003)

3.6.3 The Council's Constitution places the responsibility for approving the Statement of Accounts with the Corporate Management Committee. Henceforth the Chairman will need to sign the Statement after it has been approved by the Committee.

3.6.4 The deadline for approving the statement of accounts is to be brought forward to 30 June by the time the Council considers the 2005/06 accounts. The present deadline is 30 September. This is a significant reduction in the amount of time available to close the accounts and comply with the Committee reporting requirements. Similarly, the deadline for publication of the statement of accounts is to be brought forward from 31 December to 30 September. Both deadlines are to be advanced over the next three years as follows:-

<u>Year</u>	<u>Approval deadline</u>	<u>Publication deadline</u>
Year ending 31 March 2003	30 September 2003	31 December 2003
Year ending 31 March 2004	31 August 2004	30 November 2004
Year ending 31 March 2005	31 July 2005	31 October 2005
Subsequent years	30 June	30 September

3.6.5 These deadlines will lead to a more concentrated period of work in order to prepare the Statement in time for consideration by Committee. It may be necessary to adopt more flexible working arrangements in future years to manage this concentrated workload and this will be an issue that will be considered in next year's Annual Personnel Report. In the meantime, preparations will be made to streamline further the process of preparing the year-end accounts.

3.6.6 The new deadlines may also require the Committee timetable to be adjusted to accommodate the approval deadline after this year.

3.6.7 Regulation 12 states that publication of the statement of accounts has to be by means other than through the agenda of a Committee or Council. The ODPM guidance amplifies this by stating “*we recommend as good practice that the requirement to ‘publish’ the statement or the income and expenditure account should not mean merely providing copies to enquirers on demand. Good practice might include: putting a copy on a noticeboard, copying onto a website, publishing as a separate leaflet, or publication in a newspaper or as part of a newsletter*” (paragraph 13, ODPM Circular 04/2003).

3.6.8 If the external auditor requires any material amendment to be made to the accounts, the Director of Finance will be required to report those amendments back to the Committee which approved the accounts originally. This continues the requirements of the 1996 Regulations.

3.7 Public inspection of accounts

3.7.1 The 2003 Regulations increase the number of days that the accounts have to be available for public inspection prior to audit from 15 to 20 days.

3.8 Other provisions

3.8.1 Other matters with which the Regulations deal include objections to the accounts, external audit and the advertising of any extraordinary audit. These provisions differ little from the previous arrangements.

3.8.2 Regulation 19 requires the Authority to publish its annual audit letter “as soon as reasonably possible after it is received”. This requirement did not feature in the 1996 Regulations. However, this practice is already followed by the Council.

4. Financial Regulations

4.1 The Council’s Financial Regulations currently refer to the Accounts and Audit Regulations 1996 and so these references need to be updated. A separate report elsewhere on the agenda considers revisions to Financial Regulations as a whole and amendments arising from the Accounts and Audit Regulations 2003 form part of that report.

OFFICERS’ RECOMMENDATION that -

a meeting of the Corporate Management Committee be scheduled each year at a suitable date to comply with the deadline for approval of the Statement of Accounts set out in the Regulations.

(TO RESOLVE)

Background Papers

Letter from the Office of the Deputy Prime Minister dated 12 March 2003.

S.I. 2003 No.533, The Accounts and Audit Regulations 2003, 6 March 2003.

Guidance on the Accounts and Audit Regulations 2003, ODPM Circular 04/2003

10. TREASURY MANAGEMENT AND INVESTMENT STRATEGY - ANNUAL REPORT 2002/03 (DF)
(Ref: Minutes of Corporate Management Committee, March 2002, page 862, para. 585)

1. Purpose of Report

1.1 **This is a report on treasury management activity and performance during the 2002/03 financial year.**

2. Council Policy

2.1 Council policy is to remain free of long term external debt and to undertake treasury management in accordance with the approved Treasury Policy Statement.

3. Background Information

- 3.1 The Council repaid all its long term external borrowings in 1992/93 and since then has remained free of long term debt. The conduct of treasury management has therefore revolved around the management of the Council's investments. The Council's investment portfolio comprises monies earmarked for longer term investment, and short term investments sufficient to meet day to day cash flow requirements without recourse to long term borrowing. Investment income forms a key part of the Council's medium term financial strategy and helps support spending on services whilst keeping local taxation at a low level.
- 3.2 Sterling Consultancy Services were appointed as the Council's treasury management consultants for three years from October 2001.
- 3.3 In April 1999 the Council appointed Invesco Asset Management Ltd (Invesco) as an additional fund manager with an initial portfolio of £10m to manage. Investec Asset Management (Investec) were re-appointed and an additional £1.8m was transferred to bring this fund up to approximately £10m at 1 April 1999.
- 3.4 The external investment funds are managed under parameters approved by the Council. The Fund Managers provide quarterly statements that show investment activity and performance for the three months period and give a commentary on the reasons for their investment decisions and a forecast of future activity. The latest copies of the Managers' quarterly statements are placed in the Member's Room. Members may also request a copy direct from the Director of Finance if so required.
- 3.5 This Committee considered treasury policy for 2002/03 at its meeting on 7 March 2002. At that meeting the Committee recommended, and the Council subsequently approved, that money market funds and the Debt Management Office deposit facility be added to the list of permitted investments from April 2002.
- 3.6 The Council's long-term investment income forecasts have traditionally been based on an interest rate of 6%. The falls in interest rates during the last two years have meant that lower rates of interest were assumed in the 2002/03 estimates (5% for fund managers, 4.5% for in-house funds), 2002/03 probable budget (4.5%) and the 2003/04 estimates (4%).

4. Investment Activity and Commentary 2002/03 - General

- 4.1 The management of the Council's investments in 2002/03 has been conducted within the policy guidelines approved in the Treasury Policy Statement.
- 4.2 Treasury management activity in the year was carried out in accordance with statutory requirements and CIPFA's "Code for Treasury Management in Local Authorities."
- 4.3 Short term interest rates (as measured by the Bank of England minimum lending rate) were 4.00% at 1 April 2002. The rate remained at 4.0% until 6 February 2003 when they were reduced to 3.75%. The average base rate for 2002/03 of 3.96% was less than the interest rate assumptions used to compile the original estimate.

Date of change of base rate	%
Start of year	4.00
6 February 2003	3.75

- 4.4 A summary of the Council's overall investment portfolio at the start and end of 2002/03 is set out in Table 2:

Table 2 – Overall Investment Portfolio		
	At 1 April 2002	At 31 March 2003
	£	£
Cash Funds:		
Investec	11,683,489	10,864,808
Invesco	11,730,894	10,775,672
In House Investments	7,000,000	1,120,000
Total Investment Portfolio	30,414,383	22,760,480

The main reasons for the reduction in the amount invested were the lump sum payment of £5.7m to the Pension Fund and the use of around £2m of reserves to support General Fund revenue spending. Both Fund Managers were requested to repay £1.5m in March 2003 to meet the shortfall in in-house cash reserves.

- 4.5 Interest earned on balances is derived mainly from external investments, adjusted for internal transfers and miscellaneous items as necessary. Table 3 shows the original, revised and actual calculations of General Fund investment income in 2002/03:

Table 3 - General Fund Investment Income 2002/03			
Source of Income	Original Estimate £000	Revised Estimate £000	Actual £000
Externally Managed Cash Funds	1,170	1,185	1,206
Short term in-house investments	350	335	348
Gross External Investment Income	1,520	1,520	1,554
Interest on Housing Revenue Account balance	-50	-50	-82
Interest paid on Deposits and Balances	-20	-20	-7
Total Net Investment Income	1,450	1,450	1,465

- 4.6 The original estimate for investment income for 2002/03 assumed that the Council's Fund Managers would achieve an overall performance of 5.0%. This was expected to produce £1,170,000 in investment income. The Fund Managers outperformed this target in 2002/03 to produce income of £1,206,000 and their performance is further explained in section 6 of this report.

5. In-House Investment Activity and Performance in 2002/03

- 5.1 The table below summarises short term in-house investment activity during the course of 2002/03.

Table 4 - Short Term In-House Investment Activity in 2002/03				
	Opening Balance	New Investment	Investments Recalled	Closing Balance
	£000	£000	£000	£000
Banking Sector	3,000	26,150	28,030	1,120
Building Societies	4,000	34,800	38,800	-
Debt Management Office	-	5,850	5,850	-
Totals	7,000	66,800	72,680	1,120

- 5.2 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 funds are available to pay precepts to Surrey County Council and Surrey Police, major capital scheme payments and transfer business rates collected to the Government's national pool. Recourse to short term borrowing is used only as a last resort and no such borrowing was made in 2002/03.
- 5.3 The Debt Management Office is an Executive Agency of HM Treasury and provides a Deposit Facility (DMADF) where small deposits can be invested. The Local Authority Investment Regulations were amended to permit local authorities to use the DMADF with effect from 1 April 2002 on a phased basis. Runnymede successfully applied to join the scheme in November 2002 and it has proved very useful for depositing the smaller amounts of money that the traditional institutions refuse.

- 5.4 The annualised rate of return of in-house managed investments was 3.96% in 2002/03 and the total earnings were £348,100. The interest rate earned was below the budget assumption for in house investments of 4.5%, mainly due to a drop in interest rates. However, the total earnings were only marginally lower than the initial budget assumption of £350,000. The increased in-house investment earnings were generated from the following factors:
- Higher reserves and balances brought forward into 2002/03
 - Some slippage on capital projects and major housing repair and improvement works.
- 5.5 Returns from in-house investments can be measured against external benchmarks. Because in-house investments are lent only for periods commensurate with the Council's short term cash flow obligations, an appropriate comparison is a short term index. Table 5 illustrates simple comparisons of in-house performance against average short term indices for 2002/03:

Index	Annualised Return %
Local authority 7 day index weekly average - simple	3.67
Local authority 7 day index weekly average - compound	3.76
Return on in house managed investments	3.96

6. Fund Managers Performance

6.1 General

- 6.1.1 The performance of both external fund managers has been good and is in contrast to their disappointing results in 2001/02. This followed a good year for both managers in 2000/01 and another year of disappointing results in 1999/2000.
- 6.1.2 Sterling Consultancy Services have supplied a report that comments on their performance in absolute terms and relative to other cash fund managers. A copy of this report has been placed in the Members Room.
- 6.1.3 The fund managers give presentations every six months to explain their performance and future strategy to the Corporate Management Committee. The next presentation has been arranged for the meeting on 3 July 2003 when Members will have the opportunity to question both the fund managers directly.
- 6.1.4 Traditionally, interest earnings have been 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. By the end of January 2003 the balance held by the fund managers had grown to £24.4m.
- 6.1.5 However, in March 2003 £1.5m was withdrawn from each fund to meet the shortfall in in-house cash reserves following the lump sum contribution payment of £5.7m to the Pension Fund made in the autumn of 2002.
- 6.1.6 The high proportion of the Council's cash resources currently in the Cash Funds means that a further withdrawal may need to be made in 2003 if the Council's payments or receipts (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.
- 6.1.7 The cash returns generated by the Council's two managers is summarised in the table below

	Investec £000	Invesco £000
Fund Manager's Valuation at 31 March 2003	10,865	10,775
Fund Manager's Valuation at 1 April 2002	11,683	11,731
Change in fund valuation in 2002/03	(818)	(956)
Add back Repayment of Capital	1,500	1,500
Adjustment for Managers' fees	3	(23)
Net Gain in 2002/03	685	521

- 6.1.8 The adjustment for Managers' fees line is necessary because of the difference in the way that the fees are treated. Investec deduct their fees direct from the Fund whereas Invesco send an invoice for payment. The small adjustment for Investec is for the recovery of the VAT element of fees deducted from their Fund.
- 6.1.9 During the first half of the year Investec had significant holdings in Gilts. This is traditionally seen as a more aggressive market stance. By comparison Invesco held considerably more of their portfolio in shorter dated Certificates of Deposit. Invesco also used gilts in the year but for relatively shorter periods. Invesco have also reduced their modest holding in Eurosterling Bonds.
- 6.1.10 The following paragraphs discuss their performance in more detail.

6.2 Investec Investment Management Ltd

- 6.2.1 This fund was established in 1994 with an initial sum of £5 million. An additional £960,000 was deposited with Investec in February 1997 following the sale of the in-house gilt holdings and a further £1.8 m in March 1999 to bring the fund up to approximately £10m. Interest earnings accumulate in the fund to allow the fund managers to tailor investments to market conditions rather than repayment requirements.
- 6.2.2 Investec's asset allocation during the year is illustrated in Table 7 below:

Asset Type	Start of Year	30 June 2002	30 Sept. 2002	31 Dec. 2002	31 March 2003
	£000	£000	£000	£000	£000
Fixed Interest - Gilts	6,900	3,458	0	1,783	1,597
Certificates of Deposit	4,449	8,252	11,969	10,379	9,160
Cash	334	173	110	43	108
Valuation	11,683	11,883	12,079	12,206	10,865

- 6.2.3 The net rate of return on the fund in 2002/03 of 5.83% was significantly higher than the three month LIBID (London Inter Bank Bid Rate) of 3.88%. The trading profits generated by the significant level of holdings in gilts early in the year (see above) has been the dominant reason for Investec's performance in 2002/03. This fund is designed to take a long term view and the long term performance since the inception of the fund shows a return of 6.65% against the LIBID benchmark return of 5.83%.
- 6.2.4 Investec are regarded as a relatively aggressive fund manager and this is borne out by the volatility of their performance over recent years. Sterling Consultancy Services report that Investec were the top performing cash fund manager in 2002/03.

6.3 Invesco Investment Management Ltd

- 6.3.1 This fund was established on 1 April 1999 with an initial sum of £10 million. Interest earnings accumulate in the fund to allow the fund managers to tailor investments to market conditions rather than repayment requirements.
- 6.3.2 Invesco's asset allocation during the year is illustrated in Table 8 below:

Asset Type	Start of Year	30 June 2002	30 Sept. 2002	31 Dec. 2002	31 March 2003
	£000	£000	£000	£000	£000
Fixed Interest - Gilts	1,684	1,187	0	0	1,513
Fixed Interest - Eurosterling Bonds	535	198	203	194	197
Certificates of Deposit	10,728	11,599	11,787	11,936	7,241
Cash	-1,216	-1,105	44	33	1,824
Valuation	11,731	11,879	12,035	12,163	10,775

- 6.3.3 The performance benchmark for the Invesco fund is the 3 month LIBID rate compounded monthly. The way that Invesco calculate this benchmark is different from the Investec method, hence the slight difference in the rate. Their target is to exceed this benchmark rate by 0.5% a year. The net

rate of return on the fund in 2002/03 of 4.45% is 0.55% points greater than the benchmark rate of 3.90% (and marginally above the target rate of 4.40%).

- 6.3.4 Invesco have had much smaller holdings in fixed interest stock than Investec during the year and instead have taken a significant position in one year Certificates of Deposits (CD's), highlighting their slightly less aggressive nature.
- 6.3.5 The Invesco fund was established in April 1999. Over the four year life of the Invesco fund the net return is 5.05% compared to the benchmark for the period of 5.11%. The poor performance of the fund in 1999/2000 along with the recent uncertainty in the markets explains this shortfall. Undoubtedly Invesco will look to improve the long term performance of the fund over the coming years. However, they ranked a commendable third in the performance of cash fund managers in 2002/03.
7. Prospects
- 7.1 Investment performance was very good in 2002/03. This was achieved through strong in-house cash flows and the good performance of the Fund Managers.
- 7.2 However, both Managers have expressed caution for 2003/04. Investment income in 2003/04 is unlikely to match the Budget because of the recent reductions in short term interest rates. An overall shortfall of around £100,000 is likely. The impact of this on the Council's medium term financial strategy will need to be considered when the next financial forecast is prepared during the summer.
- 7.3 The opportunity to question the Fund Managers at the next meeting of this Committee will allow Members to assess their performance in detail.

(FOR INFORMATION)

Background Papers

2002/03 final accounts working papers number F1, F3 and F15 (DF)
Quarterly report from Investec for the quarter ending 31 March 2003 (DF)
Quarterly report from Invesco for the quarter ending 31 March 2003 (DF)
Letter and enclosures from Investec dated 23 April 2002 (DF)
Letter and report from Sterling Consultancy Services dated 23 April 2002 (DF's file 183) - exempt

11. MEMBERS' ALLOWANCES (DAL)

1. Purpose of Report

- 1.1 **The purpose of this item is to report the Local Authorities (Members' Allowances) (England) Regulations 2003 and inform Members of the implications.**
- 1.2 **For the avoidance of doubt, and in order to comply with the time limit for making a new scheme, the Chairman is asked to treat the decisions as urgent within paragraph 1.3 of the Scheme of Delegation on page 27 of the Constitution, thus allowing all the immediate matters arising to be determined at this meeting.**

2. Background Information

- 2.1 The legal framework governing the payment of Members' allowances has seen a number of changes over the years. The old system of attendance allowance under the Local Government Act 1972 was replaced in 1989 by a framework of basic and/or special responsibility allowances. These were initially subject to maximum limits, but those limits were abolished in association with the introduction of new Council structures in 2000 which resulted in significant changes in the ways Members performed their roles, particularly in authorities which adopted executive arrangements.
- 2.2 Parallel with the system of allowances, up to now travelling and subsistence allowances and similar payments have been governed by separate provisions in the 1972 legislation. However the Local Government Act 2000 allows the Secretary of State to make a single set of regulations covering all forms of allowance. This he has now done. The Local Authorities

(Members' Allowances) (England) Regulations 2003 came into force on 1 May 2003. The key features of the framework are set out in section 3 below.

3. The 2003 Regulations

- 3.1 Schemes made under the previous regulations will cease to have effect on 30 September 2003. All authorities covered by the regulations must make a new scheme of Members' allowances by that date. The new scheme may take effect as if it had been made on 1 May 2003.
- 3.2 As with the existing regulations, an authority can only make a new scheme of Members' allowances after considering a report from an Independent Remuneration Panel. This is dealt with in more detail below.
- 3.3 Many features of the new regulations are the same as in the existing framework, but all significant points are set out below for completeness.
- 3.4 The authority must make a scheme providing for basic and other allowances, and may only pay Members' allowances in accordance with the scheme.
- 3.5 The scheme will govern allowances paid each "year", which initially means 1 May 2003 to 31 March 2004 and subsequently 1 April in one year to 31 March in the next. A scheme can be amended at any time but may only be revoked at the end of a completed year. However, an annual indexation adjustment, provided it is written into the scheme, does not count as an amendment or revocation.
- 3.6 Where a scheme is subject to annual adjustment by reference to an index, a maximum of four years is allowed before the Independent Remuneration Panel must report further on the application of the index.
- 3.7 If a scheme is amended mid year, the authority may provide for the amendment to have effect from the beginning of the year.

Basic Allowance

- 3.8 The basic allowance is payable to all Members and must be the same for each one.

Special Responsibility Allowances

- 3.9 In addition an authority may pay a special responsibility allowance to Leaders and Deputy Leaders of political groups, Members of the authority's executive (where applicable) Members with chairing duties, Members representing the authority on other bodies, Members of Committees or Sub-Committees which meet with exceptional frequency or for exceptionally long periods, political group spokesmen on a Committee or Sub-Committee, Members of Licensing or Regulatory Committees and Sub-Committees, and Members who have responsibilities which require them to expend a comparable level of time and effort to any of the foregoing.
- 3.10 Different levels can be set for different special responsibility allowances and if there is more than one political group on the authority at least one Member of a Minority Group must receive a special responsibility allowance. Special responsibility allowances may also be allocated pro rata if a Member only exercises those responsibilities for part of a year.

Dependants' Carers' Allowance

- 3.11 The Council may pay a "dependants' carers' allowance" towards the cost of arranging for care of children or dependants in order to perform specified duties.

Travelling and Subsistence Allowances

- 3.12 The scheme may provide for travelling and subsistence allowances (including allowances for bicycle or other non-motorised forms of transport) for attendance at specified meetings and duties. The authority is free to fix the level of these allowances; previously maximum levels have been set by the Secretary of State.

Co-Optees' Allowance

- 3.13 A co-optees' allowance may be paid to a Member of a Committee or Sub-Committee who is not an elected Member of the authority. This is a new provision.

Pensionable Payments

- 3.14 The authority may decide that some or all Members are eligible for pensions under the Local Government Pension Scheme. The Council must define which, if any, Members of the authority are to be entitled to pensions and whether the pension provisions will operate on the basic allowance or the special responsibility allowance or both (note: as well as entitling the Members in question to pension benefits, this would also mean that the appropriate proportion of the allowance will need to be taken as their contribution towards the pension scheme).

Option to forgo Allowances

- 3.15 Any Councillor may elect to forego some or all of his or her entitlement to allowances.

Time limits for Claims

- 3.16 The scheme must specify a time limit for claims for dependants' carers' allowance, travelling and subsistence allowance, and co-optees' allowance, although the authority will have a discretion to pay late claims. The scheme may also specify the dates on which any or all allowances are to be paid.

Publicity

- 3.17 The authority must keep appropriate records of allowances paid and every year it must publish the total sum paid to each Member for each category of allowance. It must also make its scheme of allowances available for public inspection and publicise this fact along with other information.

Independent Remuneration Panels

- 3.18 It remains the case that before a new scheme is made, or an existing scheme is amended, the authority must receive and have regard to recommendations made by an Independent Remuneration Panel. Independent Remuneration Panels may be constituted for a single authority or jointly by several authorities. Panels must have a minimum of three Members, none of whom may be a Member of an authority to which it makes recommendations, or disqualified from being a Member.
- 3.19 An authority may pay the expenses incurred by a Panel and may pay allowances and expenses to Panel Members as the authority sees fit.
- 3.20 The Panel must make recommendations as to which responsibilities or duties should carry an entitlement to special responsibility allowance, travelling and subsistence allowance, and co-optees' allowance. It must recommend the amount of such allowances and the amount of basic allowance. It should also make recommendations as to whether dependants' carers' allowance should be payable and the amount.
- 3.21 The Panel must also recommend whether any amended allowances are to be backdated and, if allowances are to be indexed linked, which index is to be used and for how long. Finally, the Panel must recommend which if any Members are to be entitled to pensions and whether the pension should operate on basic allowance or special responsibility allowance or both.
- 3.22 The authority must make the report of an Independent Remuneration Panel available for public inspection and give publicity to its recommendations. It must have regard to the recommendations in making its scheme, but is not obliged to adopt them.

4. Implications for Runnymede

4.1 In general the new regulations are an improvement on the old framework as they are more comprehensive, allow all allowances to be determined locally instead of by reference to national limits, and clear up uncertainties about indexation and backdating.

4.2 However it will be necessary to make a new scheme, and in order to meet the 30 September deadline this will have to be approved by Council on 17 July. An Independent Remuneration Panel will need to be appointed in order to report to that meeting. Officers will endeavour to arrange the Panel's work so that it may be considered by Corporate Management Committee on 3 July, although this will obviously depend on the level of detail examined and the commitments of the individuals involved.

5. Constitution of the Independent Remuneration Panel

5.1 The Panel whose recommendations were considered in making the current scheme comprised Mr A Birkby, Mr C Fisher, and Mr C. Tutt. These individuals were chosen so that the authority had the advantage of representatives from the voluntary sector, a residents' association, and local business, and the mix of representation was generally deemed satisfactorily. The Panel complies with the new regulations and it may continue to act. Officers are seeking to establish whether all the members remain willing and able to serve. Subject to this, it is recommended that the Panel continues in being for the new review.

6. Resource Implications

6.1 The current scheme of Members' allowances is set out in the 2003 Council Constitution and was also circulated to all Members for information by the Director of Finance shortly before the Annual Meeting. The full cost of the scheme for the 2003/2004 Municipal Year, assuming full membership throughout the year, will be £104,904, and provision for payment at this level has been made in the budget and the revenue forecast. Any new scheme may have different financial implications which will need to be provided for accordingly.

6.2 As noted above, the Council is able to pay allowances and expenses to Members of the Independent Remuneration Panel and it is recommended that the allowance level be set at a single fee of £500.

OFFICERS' RECOMMENDATION that -

- i) subject to all its members remaining willing and able to serve, the Independent Remuneration Panel established for the existing scheme continue in being in order to make recommendations in respect of the scheme of Members' allowances required under the Local Authorities (Members' Allowances) (England) Regulations 2003;**
- ii) the members of the Panel receive a single allowance of £500 and the authority meet the reasonable expenses of the Panel and of its members in performing their duties.**

(TO RESOLVE)

Background Papers

None

12. REVIEW OF SALARIES 2003 (CEO)

1. Purpose of Report

1.1 **The purpose of this report is to recommend the level of adjustment to salaries of staff subject to the Runnymede pay scales with effect from 1 July 2003.**

2. Background Information

- 2.1 In 1987 Runnymede established its own salaries and conditions of service together with a strategic aim 'to achieve upper bracket limits that are in the upper quartile of salaries paid by employers of comparable size and in comparable market segments in the West London Counties'. In order to facilitate the transfer of staff to the new local conditions, the Council gave the assurance that 'the annual adjustment of salary grades will, subject to individual satisfactory performance, be no less than the level of NJC and JNC awards'. This is incorporated in individual contracts of employment.
- 2.2 During 1996 a Members' Working Group reviewed the Runnymede employment package and, inter alia, recommended reaffirmation of the commitment to the strategic aim originally set in the 1987 salary policy.
- 2.3 Staff turnover during the period May 2002 to April 2003 was 16.86% representing a slight reduction on the figure reported in the Annual Personnel Report for 2002 of 17%. However, the annualised figure based on the period January - April 2003 is 10.7%. The quality and quantity of applicants remains good in most cases but with high housing costs the catchment area is restricted generally to those living within commuting distance of the Borough. Certain posts in areas of national skills shortage remain difficult to fill.
3. Report
- 3.1 The Surrey Districts' twice yearly comparison of a basket of mid range posts shows that those posts included in the survey are currently in the upper quartile (January 2003).
- 3.2 The South East Employers Pay and Benefits Survey (March 2003) shows Runnymede as being in the upper quartile for most posts surveyed.
- 3.3 The National Management Salary Survey 2003 places Runnymede salary scales for Management posts in the upper quartile.
- 3.4 The National Local Government final pay award for 2003 is 3.5%. This award was part of a two year settlement agreed in 2002.
- 3.5 Surrey Local Authorities on local conditions have so far agreed awards for 2003 between 3% and 4%. The current headline settlement for Local Authorities in the South East on local pay stands at an average of 3.45%.
- 3.6 Median settlements in the whole economy in the period up to February 2003 range between 2.9% and 3.1% (source Local Government Employers Organisation).
- 3.7 The increase in the Retail Price Index for March 2003 is 3.1% compared to March 2002.
- 3.8 An adjustment of at least the level of the National award is required in order to comply with the Authority's policy and contractual requirement to pay no less than the National award. Taking into account the various indices and survey data, there is no justification for a local award to exceed the current National award of 3.5% for 2003.
- 3.9 The analysis above deals solely with base salaries. The Personnel Officer is arranging for a Country-wide survey to be introduced covering the whole benefits package. The results of this survey together with appropriate recommendations will be reported to Members as soon as possible.
- 3.10 For information, detailed research and consultation is being undertaken in preparation for a report to Members following the request by the Standards Committee for consideration to be given to the introduction of a job evaluation scheme.
- 3.11 The local branch of UNISON has been shown this report and accepts the 3.5% pay award increase on behalf of its members, but continues to be concerned by the high percentage turnover of staff.
- 3.12 UNISON considers that the Council's current Grading structure together with the performance related pay (PRP) system disadvantages a significant number of staff at lower levels within the organisation and adds to the Council's overall problems with retention and recruitment.

4. Legal Implications

- 4.1 The Council in its Local Pay Policy (and in individual contracts of employment) states that 'the annual adjustment of salary grades will, subject to individual satisfactory performance, be no less than the level of NJC and JNC awards'. The local award of 3.5% meets this requirement.

5. Resource Implications

- 5.1 A 3.5% pay award in July will add £276,000 (including employer's costs) to the Council's expenditure in the 2003/4 financial year, of which £247,000 will fall on the General Fund and £29,000 on the Housing Revenue account. There is a provision in the budget to meet these costs.

OFFICERS' RECOMMENDATION that -

with effect from 1 July 2003, subject to the performance related criteria being met, individual salaries for staff on the local contract be adjusted by 3.5%.

(TO RESOLVE)

Background Papers

South East Employers' Pay and Benefits Survey
National Management Salary Survey
South East Employers' Pay and Trends Bulletin
Local Government Employment Digest
Surrey Districts Salary Survey

13. LICENSING BILL (DAL)

1. Purpose of Report

- 1.1 **The purpose of this report is to advise Members of the progress being made towards the enactment of the Licensing Bill and to raise awareness of the implications for this authority should the Bill become law.**

2. Background Information

- 2.1 Members will be aware that the Government has proposed a Licensing Bill to secure the modernisation of the legislation governing the sale and supply of alcohol and control of public entertainment. Responsibility for the licensing of personnel and premises will become the sole responsibility of the District, Borough and unitary authorities in England and Wales. It is likely that the Bill will become law in July 2003.
- 2.2 The potential effects of the Bill on this authority are very significant indeed.
- 2.3 Members are forewarned of the likelihood of the Government bringing forward reform of gambling regulation which will also have significant implications for this Authority should a Bill follow. It is likely that responsibilities for gambling regulation can link in with the new duties under the Licensing Bill.

3. Report

- 3.1 The intention of the Licensing Bill was to simplify legislation and reduce bureaucracy, red tape and cost. The draft Bill, however, contains 196 sections and 8 schedules - only a little less than the current Licensing Act. There is some simplification to be found. The reforms will amalgamate 6 licensing regimes - alcohol, public entertainment, cinemas, theatres, late night refreshment houses and night cafes.
- 3.2 The Bill as drafted provides that local authorities must carry out their licensing functions with a view to promoting the "licensing objectives". These concern:
- the prevention of crime and disorder

- public safety
- the prevention of public nuisance
- the protection of children from harm

It is not a licensing objective to restrict the issue of licenses to protect existing businesses.

- 3.3 Every local authority must publish a statement of its licensing policy every 3 years, having consulted on it with the police, fire authority, licensees, local businesses and residents. In carrying out its licensing functions the local authority must have regard to its licensing policy and any current guidance from the Secretary of State. It is worth noting that the guidance as currently drafted, but not yet seen, runs to some 190 plus paragraphs.
- 3.4 While allowing local authorities to regulate their own procedures in carrying out their licensing functions, the draft Bill nevertheless largely prescribes procedures on the large variety of applications possible. It envisages further regulations being made prescribing the form of any application or Notice, the manner in which it is to be made or given and any information and documents that must accompany it.
- 3.5 Local authorities will be allowed to charge a fee on applications made but it is of concern that the fees are likely to be fixed by Government regulation. It is not clear whether the fees are payable annually or once only on the application.
- 3.6 Highlights of the Bill are as follows:
- Liquor licensing and club licensing functions are transferred from Magistrates Courts to district and unitary Councils.
 - A whole new regime is established for the licensing of liquor sales (including in clubs), entertainment (including music, dancing, indoor sports, cinemas and theatres) and late night refreshment.
 - Councils will be under a duty to promote “licensing objectives”, namely the prevention of crime and disorder, public safety, the prevention of public nuisance and the protection of children from harm.
 - Every three years the Council will have to publish a statement of its licensing policy.
 - There will be separate licences for premises (“premises licences”) and those who provide the licensed activity (“personal licences”).
 - Transitional provisions provide that all existing liquor, public entertainment, theatres, cinemas, etc. licences must, if the premises are to remain licensed without interruption, on an application to the Council be replaced by premises licenses with the same conditions which existed beforehand. Applications for variations of those conditions can be made at the same time, taking advantage of the liberalisation of the hours.
 - Applications for new premises licences must be granted unless representations are made against them, in which case hearings may be held. Where there are objections, the application can be refused or additional conditions placed on the licence. It must be assumed that objections can come from Council departments as well as Councillors.
 - Certain mandatory conditions, including a requirement for there to be a “designated premises supervisor” are to be imposed on premises licences in cases where liquor is to be supplied.
 - Premises licences must not contain conditions which relate to the content or manner of performance of plays.
 - Premises licences can be open-ended in terms of their duration, and applications for their variation can be made. All the existing legislation limiting the hours of liquor licences is swept away.
 - Interested parties (including local residents) may apply for a review of a premises licence, and the authority must hold a hearing into the application. It can then take certain steps such as alter the conditions of the licence.
 - The licensing authority can charge application fees and annual fees for premises licences.
 - Club premises are subject to a separate but similar certification procedure.
 - Provision is made for temporary events (less than 72 hours in duration, with at least 24 hours between it and the last/following such event, and with no more than 499

people being allowed on the premises). Notice must be given to the licensing authority of such events, the police may object and the Council may serve a counter-notice, which would prohibit the event taking place.

- Individuals who wish to supply alcohol - i.e. sell by retail (not wholesale) or supply to a club member require a personal licence from the Council. Personal licences will be granted for periods of ten years unless revoked, forfeited or surrendered. They may also be suspended.
- There is no subjective "fit and proper person" criteria for the local authority to consider - they must issue a licence if the applicant is 18 or over, possesses a "licensing qualification or is a person of a prescribed description", has not had a licence forfeited in the previous 5 years and has no unspent convictions in relation to a list of certain offences. If the only ground which is unmet is previous convictions, the police must be invited to make representations, and if they do not object, the licence must be granted.
- Offences under the Bill broadly reflect offences under the current licensing regimes, including the unlicensed sale of liquor, provision of entertainment and provision of late night refreshment. Weights and measures authorities will be under a duty to enforce the offences of sale of alcohol to children.
- Magistrates Courts are given powers to close all licensed premises within a defined area if disorder in the area is expected and a senior police officer can close individual premises for similar reasons or if there is a nuisance from noise from the premises.
- There are special provisions for the relaxation of opening hours of all premises during "celebration periods".
- Provision is made for appeals against the Council's decisions to the Magistrates Court, but there is no onward appeal to the Crown Court.

3.7 The number of licensed premises in the Borough and applications dealt with by the Magistrates Court for the Borough in the year 2002/03 are as follows;

1 Licensed Club
64 Off Licences
106 On Licences
38 Restaurants
1 Beer cider and wine on
1 Residential
83 Occasional Permissions
52 Registered Clubs

3.8 It is intended that there be a transitional scheme effective from January 2004. Current licensees will be able to apply for "grandfather" licenses both as to premises and personal. If there is no change in what is being sought to what is already licensed then these licenses must be given. There is no discretion. However it is open to the current licensees to apply for variations. It is likely that there will be a rush of applications for variation in or about January 2004. Certainly, the trade is being advised to take advantage of the narrow window of opportunity open to it to swamp what will be largely unready local authorities. For this authority to determine any such application it must have in place its policy and sufficient resources to properly consider the applications as they come in and determine them. At this time it is not certain that Officer representation will be allowed to ensure a hearing and Ward Members and residents will need to be alert to the need to make representations on behalf of their constituency. The problem for this authority is that if there are a considerable number of applications for variation which genuinely raise issues of concern then there will need to be hearings of the applications. In default of a hearing and a decision there will be a deemed refusal and an appeal to the Magistrates Court with the workload and cost implications that entails.

3.9 The Council's policy must be an "evidence based" policy. That means that there must be broad consultation with not only the groups mentioned above but also residents and other persons having an interest.

3.10 Members will need to consider carefully what their policy should be.

3.11 A Licensing Committee comprising not less than 10 and not more than 15 Members will need to be established, although hearings can be conducted by three Member Sub-Committees.

3.12 There will be very real staffing and financial implications for this authority in putting in place a policy and administering the Act and this is not helped by the fact that the Bill is not yet law and will not be so until July and the detail of the guidance and the forms for application etc. have not yet even been seen.

4. Resource Implications

4.1 Members have previously been made aware that there are likely to be significant resource implications although it is not even now possible to quantify them. When the fees which authorities will be allowed to charge are known then it will be possible to assess what the likely fee income is going to be. However, unless fees are allowed to be charged year by year there is likely to be a significant fee income in year 1 which then tails off to a much lesser figure in subsequent years.

4.2 This authority will have to allow for additional staff resources. It is not known just what resources will be required but it must be assumed that at least one clerical post and additional legal and enforcement/inspection capability should be allowed for. There is also the cost of resourcing and supporting the newly created Licensing Committee and the sub-Committees of it. It should be noted that these sub-Committees will need to meet during office hours and it is possible that in February 2004 at least they will need to meet regularly to get through the number of opposed applications which can reasonably be expected.

4.3 It is known that other authorities are similarly unsure as to what the resource implications will be. However, sums of approximately £50,000 are being allowed to finance the introduction of the duty and it is suggested that a sum in the range of £40,000 - £75,000 will be required to be expended by Runnymede.

5. Conclusion

5.1 Officers are presently committed to meeting with the Magistrates Court and other authorities on 25 July to discuss arrangements for the handover of the duty and 21 May met with colleagues in Surrey authorities to discuss the implications of the Bill generally. Officers have attended a number of lectures, seminars and courses on the Licensing Bill already and will attend such further courses of instruction as is necessary.

5.2 Members will need to give careful consideration to their involvement with the Licensing Committee. There will need to be training of Members for this function and Members will need to take note of what could be the considerable time commitment to be made by them.

5.3 A report will be put before the Leisure and Environment Committee meeting on 19 June with a view to fleshing out what this authority's policy might be and the action required, but it will not be possible at that time to give a better picture of the financial and resource implications for this authority.

5.4 It is intended that a consultation period will follow, through June, July, and August with a draft policy coming back to the Leisure and Environment Committee on 27 September and Corporate Management Committee (or the Licensing Committee, if established by then) on 3 October. If the policy is approved it will be subject to formal consultation and endorsement by the Leisure and Environment (or Licensing) Committee on 21 November, this Committee on 5 December and the Council on 12 December 2003.

(FOR INFORMATION)

Background Papers

None stated

14. WATERING OF HANGING BASKETS IN ADDLESTONE (DTS)

1. Purpose of Report

1.1 **The purpose of this report is to seek Members' views as to whether a supplementary estimate should be approved for the watering of hanging baskets in Addlestone.**

1.2 **The matter would normally be the subject of an initial report to the Economic Development Committee with a recommendation, if appropriate, to this Committee for a supplementary estimate. However, in view of the need to determine the request as early in the summer season as possible, the Chairman of the Economic Development Committee has consented to this Committee assuming all the relevant functions.**

2. Background Information

2.1 In the Summer of 2002, local traders and the Addlestone Chamber of Commerce provided hanging baskets at first floor level above shop units throughout the town, these being over and above the floral troughs and bedding provided by the Council's Parks department.

2.2 The baskets provided by the Chamber of Commerce are the small domestic type, which are moss lined; their impact is relatively small. These have proved to be expensive to maintain, as they require watering every day, sometimes twice a day in very hot weather. Last year there were 93 such baskets in Addlestone. The Parks department have advised against the use of this type and recommended a smaller number of larger commercial baskets, as provided elsewhere in the Borough. These allow for bigger floral displays, which have a greater impact, and they include a water reservoir that allows for less frequent watering.

2.3 At the time, no provision for watering the smaller moss baskets had been made, and in order to prevent the display being spoiled, Officers arranged for a contractor to carry out daily watering, paid for from unallocated funds from the town centre maintenance budget.

2.4 The Chamber of Commerce is again looking to provide these hanging baskets this summer, and has asked for similar watering arrangements to be provided by the Council.

2.5 There are some concerns that the baskets are firmly secured to the buildings as one fell to the pavement last year. Property owners need to be aware of their health and safety obligations in this regard.

3. Financial Implications

3.1 The costs of watering by a contractor would be around £11,000, as only one of four was willing to give a quotation. However, the Chamber could undertake the work for £4,000.

3.2 Current budgets for Runnymede in Bloom and highway shrubs and flower beds are fully spent each year and funding from town centre maintenance budgets is being used to support the DSO Graffiti Team.

3.3 Funding to this level is not available within existing Leisure budgets. It should also be borne in mind that if such sums were made available to Addlestone, then equity would demand that a similar response should be given if an approach were to be received from the Chertsey and Egham Chambers.

THE COMMITTEE IS ASKED –

to determine whether a supplementary estimate is appropriate for this expenditure.

(TO RESOLVE)

Background Papers

None

15. THE DYSLEXIA INSTITUTE LTD - APPLICATION FOR DISCRETIONARY RATE RELIEF (DF)

1. Purpose of Report

1.1 **The purpose of this report is to consider an application for discretionary rate relief received from The Dyslexia Institute Ltd.**

2. Background Information

- 2.1 This application for discretionary relief is in respect of the administrative premises of The Dyslexia Institute Ltd. The organisation has already been granted mandatory relief for these premises, which reduces their rate bill by 80%. The cost of this relief is met entirely by the national pool.
- 2.2 The Council's Policy and Resources Committee meeting on 2 March 2000 reaffirmed the guidelines to be adopted when considering applications for discretionary rate relief for charities and non-profit making organisations. This is reproduced at Appendix "G".
- 2.3 Guideline 1 identifies four categories of organisation, eligible for mandatory relief, that will normally be granted discretionary rate relief for their remaining 20% rate liability. These are scout and guide organisations, community associations, village halls and day centres (including their administrative offices).
- 2.4 Determinations for the granting of relief in cases that fall within the scope of Guideline 1 are delegated to the Director of Finance. This application is reported for consideration by the Committee because the Dyslexia Institute does not fall into any of the categories described in Guideline 1.
- 2.5 All cases of discretionary relief approved by the Council have been for the period up to 31 March 2005. This is the duration of the current rating list.
- 2.6 Discretionary rating relief can only be backdated to the previous financial year if it is awarded by 30 September in the current financial year.

3. Application

- 3.1 The Dyslexia Institute Ltd is a registered charity. The main purpose of the organisation is to assess, counsel and teach dyslexic children and adults and those with specific learning difficulties.
- 3.2 In March, the organisation moved from premises in Staines to Wick Road in Englefield Green. The premises are used as offices and for training and the intention is to establish a national resource centre here to promote awareness and understanding of dyslexia. Further details can be found on the organisation's web site at www.dyslexia-inst.org.uk and an extract is reproduced at Appendix 'H'. This highlights the role the organisation plays in the local community.
- 3.3 At its old premises, the organisation received 80% mandatory and 20% discretionary relief from Spelthorne Borough Council and the Council has been requested to continue this arrangement for its new accommodation in Runnymede.
- 3.4 The application for relief is based on the present ratable value of £79,250. An application has been made to the Valuation Office for a revaluation of the premises because of the change of use of part of the building for training. It is not yet known to what extent this is likely to reduce the ratable value.

4. Financial Implications

- 4.1 If the Committee agrees to award discretionary rating relief for the organisation's remaining rate liability, this will amount to £417.48 in 2002/03 (commencing in March 2003) and £7,037.40 in 2003/04 based on the present ratable value. 75% of this sum will fall on the General Fund, namely £313 in 2002/03 and £5,278 in 2003/04. The remaining 25% will be met by the national rating pool.
- 4.2 There is no provision in the budget for meeting the cost of this relief. A decision to grant relief will require a supplementary estimate of £5,278 in the 2003/04 financial year.

5. Comparison with Council Criteria

- 5.1 The premises serve as a teaching centre and the head office of the Dyslexia Institute Ltd. This provides a community benefit, particularly with its work with young people, which is

consistent with the general objectives of the Council's guidelines even though it does not match the specific criteria.

THE COMMITTEE IS ASKED -

to decide whether to grant to The Dyslexia Institute Ltd 20% discretionary business rates relief from 10 March 2003 until 31 March 2005, or until there is a material change in the use of the premises or the circumstances of the Association, whichever is the sooner.

(TO RESOLVE)

Background Papers

Director of Finance's "Discretionary Rate Relief for Charities and Non-Profit Making Organisations" file

16. WRITE-OFFS (DF)

i) Council Tax

Set out at Appendix 'I' is a schedule containing details of a case of Council Tax arrears that is in excess of £1,000, totalling £1,168.89 that has proved to be irrecoverable for the reason shown. Authority is sought to have the debt written off.

ii) Non-Domestic Rates

Set out at Appendix 'J' is a schedule containing 2 cases of Non Domestic Rates arrears cases that are in excess of £1,000, totalling £2,400.05. These have proved to be irrecoverable for the reason shown. Authority is sought to have the debts written off.

OFFICERS' RECOMMENDATION that -

i) the Council Tax arrears, totalling £1,168.89 as detailed in Appendix 'I', be written off as irrecoverable.

ii) the non-domestic rate arrears, totalling £2,400.05 as detailed in Appendix 'J', be written off as irrecoverable.

(TO RESOLVE)

Background Papers

Borough Treasurer's Council Tax write-off file (exempt)
Borough Treasurer's Non-Domestic Rates write-off file (exempt)

17. LOCAL GOVERNMENT ACT MEMBER WORKING GROUP - MINUTES

The Minutes of the Local Government Act Member Working Group held on 17 March 2003 are attached at Appendix 'K'.

(FOR INFORMATION)

Background Papers

None

18. URGENT ACTION - STANDING ORDER 42 (DAL)

The following action has been taken after consultation with the Chairman of this Committee under Standing Order 42:

<u>Officer</u>	<u>Action Taken</u>	<u>Central Index No.</u>
Director of Technical Services	Authorisation to recruit additional post to support the Community Safety Officer with crime and disorder issues. The post is fully funded by Home Office monies.	527

(FOR INFORMATION)

Background Papers

Proforma dated 28 March 2003 on Head of Corporate Administration's file

19. EXCLUSION OF PRESS AND PUBLIC

OFFICERS' RECOMMENDATION that -

the press and public be excluded from the meeting during discussion of the following report under Section 100A(4) of the Local Government Act 1972 on the grounds that the report in question would be likely to involve disclosure of exempt information of the description specified in the appropriate paragraph 7 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

- | | | | |
|-----|--|--------------------|--------------------|
| a) | <u>Exempt Information</u> | | <u>Para</u> |
| 20. | INSURANCE PREMIUMS | (TO FOLLOW) | 7 |
| b) | <u>Confidential Information</u> | | |

(No reports to be considered under this heading)