

Runnymede Borough Council  
CORPORATE MANAGEMENT COMMITTEE

Thursday, 2 October 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

## **A G E N D A**

Notes:

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

## **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  
(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 meeting of the Committee held on 4 September 2003 at Appendix 'A' (to follow).

3. APOLOGIES FOR ABSENCE

4. DECLARATIONS OF INTEREST

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

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

5. LEADER'S POSITION STATEMENT

To follow.

6. COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - THE AUTHORITY'S SELF ASSESSMENT (CEO)

1. Purpose of Report

1.1 **To seek approval for the Corporate Self Assessment document required by the Audit Commission as part of the CPA Inspection later in the year.**

2. Background Information

2.1 Members have received various reports on the legislative requirements for all authorities to be subjected to a CPA Assessment. This is being undertaken by the Audit Commission and a whole range of criteria are being applied to arrive at a final score for each authority. As part of the assessment framework, the Council is obliged to complete a Corporate Self Assessment and three diagnostics (two for housing and one for public spaces), as well as furnishing the inspection team with a whole raft of additional background material, published reports, strategies and financial data.

2.2 As part of the required preparation process, the Council has also had a Peer Review undertaken by an Audit Commission accredited consultancy (SOLACE Enterprises). The report and findings have been the subject of briefings to Councillors and staff, and detailed follow up action has been considered by the cross party Local Government Act Member Working Group at its meeting on 22 September. A minute of their discussion is at Appendix 'B' (separately circulated).

2.3 The Council is obliged to submit the Self Assessment document and diagnostics to the CPA Inspection Team by 20 October.

3. Report

3.1 The form and length of the Corporate Self Assessment is prescribed by guidance from the Audit Commission. The document proposed for submission is attached at Appendix 'C' (separately circulated). It covers all the requisite themes identified by the Audit Commission.

3.2 A working draft of the Self Assessment document has been circulated to Members and staff, as well as external stakeholders (including the Chief Constable of Surrey Police, the County Council Chief Executive, the Director of the Government Office for the South East, Runnymede Association of Voluntary Services, Members of the Local Strategic Partnership and others). The intention has been to ensure that the Corporate Self Assessment is a fair and balanced document, and that it has been produced in as inclusive a fashion as possible.

3.3 The observations and recommendations from the Peer Review Team form an important part of the Improvement Plan detailed at the end of the Assessment document.

4. Policy Implications

4.1 The Leader's Position Statement 2003/04 states at page 7, paragraph 12, "We will work to achieve a high rating in the Comprehensive Performance Assessment .....".

5. Summary

5.1 A very considerable amount of Member and Officer time has been spent on this CPA process and the preparation of the various written material. The opportunity costs have therefore been considerable. Everyone involved has been anxious to make sure that it is a worthwhile exercise in its own right, with real opportunities for learning and the potential for making a useful contribution in driving the continued improvement in services.

5.2 The public spaces and housing diagnostics have been considered by the appropriate Committees in this cycle and are attached at Appendices 'D', 'E' and 'F'. The Committee is asked to recommend these, as well as the Corporate Self Assessment document, for approval at the Council Meeting on 16 October.

**OFFICERS' RECOMMENDATION that –**

**the Corporate Self Assessment, outlined in Appendix 'C' and the three diagnostics, outlined in Appendices 'D', 'E' and 'F' of this report be approved and the Chief Executive Officer, in consultation with the Chairman, be authorised to make appropriate drafting amendments before submission to the CPA Inspection Team.**

**(TO RECOMMEND)**

Background Papers

CEO's Comprehensive Performance Assessment file No 61.15.17

7. COMMUNICATIONS STRATEGY (DAL)

1. Purpose of Report

1.1 **To commend to the Committee for adoption a draft Communications Strategy for the Authority, following advice and recommendation from external consultants.**

2. Background Information

2.1 Members will be well aware of the increasing service demands on local authorities, the variety of internal and external communication methods available, and the increasing demand and appetite from the public, local organisations, and local businesses, as well as news media, for information about the Council's services and activities. The development of a coherent structure to handle these communication needs and demands is more important than it once was.

2.2 In addition, the Audit Commission Inspectorate will examine the authority's Communications Strategy, if it has one, during the process of Comprehensive Performance Assessment.

3. Report

3.1 Members will be aware that the Council has no dedicated public relations or communications staff. External consultants (Messrs Luther Pendragon of London EC4) were commissioned to examine the Council's current situation and to present a draft strategy covering both internal and external communications.

3.2 The consultants held a series of interviews with both Members and staff during this process. They also consulted members of the public, local businesses, and other local organisations.

- 3.3 The consultants have produced a comprehensive report and a suggested draft Strategy. The entire report runs to some 64 pages and a copy will be placed in the Members' Room. There is appended to this Agenda an executive summary of the findings and recommendations, together with the suggested strategy, at Appendix 'G'.
- 3.4 The consultants have presented the draft Strategy on the basis that this is the action that they would suggest to build a basis for a longer term approach which will need development, with or without consultancy help, over the medium term. Members will note that much of the Strategy requires consideration of the various recommendations put forward elsewhere in the Report, but adoption of the Strategy does not commit the Council to a specific decision on those recommendations.
- 3.5 Consideration of the detailed report, and a decision on the various elements of the Strategy, will require some detailed work and Officers suggest that a Member/Officer Working Group be established to consider the full report and advise this Committee as to its views. Five or six Members, sitting with appropriate Officers, would give about the right size of group. It is suggested that the Working Group be constituted with both majority and minority group representation.
4. Resource Implications
- 4.1 The cost of the consultancy advice has been met from existing resources. The Strategy recommends review of a number of possibilities some of which would carry resourcing implications. However, adoption of the Strategy itself commits the Council only to consideration of these matters, and the resourcing implications of any which may be recommended for approval will be reported at the appropriate time.

**OFFICERS' RECOMMENDATION that -**

- i) the draft Communications Strategy attached at Appendix 'G' be adopted; and**
- ii) a Working Group of six Members (nominated by political group leaders in a proportion to be determined by the Council) be constituted to examine the report in detail with appropriate Officers and to report back on the action recommended.**

**(TO RECOMMEND)**

Background Paper

Report on a Communications Strategy for Runnymede presented by Messrs Luther Pendragon on DAL file 61.20.18.

8. PERSONNEL STRATEGY (CEO)

The Personnel function was introduced in Runnymede in 1979. Since that time a myriad of policies and procedures have been developed in order to meet the needs of the Authority.

At the recent Comprehensive Performance Assessment peer review it was suggested that whilst much of the Authority's Personnel policies and procedures represent best practice, there needs to be sharper focus and a more obvious link with the Council's main aims and objectives.

The draft Personnel Strategy has been prepared for consideration by Members.

Unison have been consulted on the Personnel Strategy and their views have been taken into consideration in the document. Unison consider the Strategy to be a fair reflection of the role of Personnel.

**OFFICERS' RECOMMENDATION that -**

**the Personnel Strategy at Appendix 'H' be adopted by this Authority.**

**(TO RECOMMEND)**

Background Papers

None stated

9. DISCIPLINARY, CAPABILITY AND GRIEVANCE PROCEDURES (CEO)

Revised procedures that take into account the latest advice from the Advisory Conciliation and Arbitration Service (ACAS) are shown at Appendices 'I', 'J' and 'K'.

The procedures have been the subject of consultation with Unison whose response is as follows:

*'Unison is broadly happy with the updating of the procedures for Grievances, Capability and Disciplinary matters, which it is hoped will clarify the position for both staff and management. We are also pleased that most of our suggestions have been incorporated into the final documents.'*

*With regard to the Capability Procedure, Management should only act upon option c) if there really was no other option and they could demonstrate that options a) and b) were not realistic. However, the right of appeal and new structure should minimise the risk of option c) being invoked and Unison will continue to defend our Members' rights in this area of employment.*

*We would also ask that if a member of staff was 'promoted beyond their capabilities', the decision to promote them would be scrutinised to prevent such a situation re-occurring.'*

**OFFICERS' RECOMMENDATION that -**

**the revised Disciplinary, Capability and Grievance procedures shown at Appendices 'I', 'J' and 'K' be adopted.**

**(TO RESOLVE)**

Background Papers

None stated

10. STAFF TURNOVER (CEO)

Staff turnover for the period 1 January to 31 August 2003 stands at an annualised figure of 13.4%. This figure is average for Surrey Districts and compares with a figure of 17% for 2002. It is pleasing to note that staff turnover figures are now within acceptable limits. The Authority has been able to fill most vacant posts with high quality candidates, even in areas of skills shortages such as Environmental Health and Building Control.

**(FOR INFORMATION)**

Background Papers

None stated

11. IMPLEMENTING ELECTRONIC GOVERNMENT RETURN 2003 (IEG3) (CEO)

1. The Council is required to make returns to the Government on its progress in Implementing Electronic Government (IEG).
2. Attached at Appendix 'L' is the proforma for the third of these returns (IEG3), along with the suggested responses from the Council. The Information Strategy Member Working Group considered this item at its meeting on 2 September and made contributions which have been

included in the attached draft. The deadline for submission of the return is 10 November 2003.

**OFFICERS' RECOMMENDATION that –**

**the return as set out at Appendix 'L' be made to the Government.**

**(TO RECOMMEND)**

Background Papers

None stated

12. FINANCIAL FORECAST (COMT)

To consider the updated financial forecast covering the period up to the 2008/09 financial year and to recommend a target budget for 2004/05, as set out in the Financial Forecast at Appendix 'M' circulated separately with this Agenda. The Committee may find it useful to refer to an estimated breakdown of the 2003/04 budget between statutory and discretionary spending and this is attached at Appendix 'N'.

**(TO RECOMMEND)**

Background Papers

None

13. PRUDENTIAL SYSTEM OF LOCAL GOVERNMENT CAPITAL FINANCE (DF)

1. Purpose of Report

1.1 **To report on the changes in the capital controls proposed in the Local Government Bill, and in particular on the proposed Prudential System of local government capital finance.**

1.2 **To make a response to the consultation on the draft Capital Finance and Accounting regulations issued by the ODPM for the new system.**

1.3 **To ratify a response made to the Consultation Paper on Support for Local Authority Capital Investment issued by the ODPM.**

1.4 **To make a response to the Consultation Paper on Future Housing Capital Financing Arrangements issued by the ODPM.**

2. Background Information

2.1 The regulations under which local authorities are currently required to account for and finance capital expenditure have been made under powers conferred by the Local Government and Housing Act 1989. This has placed tight control over local authorities' ability to borrow. In outline, the main features of the present system are

- Credit approvals are issued by the Government which permit local authorities to enter into "credit arrangements" (i.e. including borrowing and finance leases) up to the amount approved;
- Those authorities with debt are required to use a proportion of their capital receipts to repay debt;
- Authorities like Runnymede who are debt free may use all their capital receipts to finance capital expenditure;
- Capital expenditure must be financed from available credit approvals, usable capital receipts, grants and contributions, and revenue reserves.

2.2 The current system serves to control the amount of capital expenditure by local authorities by limiting the amount that can be borrowed. It has become increasingly complex over the

years as Government has sought to adapt it to changing circumstances and new policy initiatives.

### 3. Prudential System of Capital Finance

#### Local Government Bill – The Prudential System

- 3.1 The Local Government Bill currently before Parliament contains provisions that will replace the current capital finance system. It empowers local authorities to borrow for the “prudent management of its financial affairs” and places a duty on them to “keep under review how much money it can afford to borrow”. This new system is known as “The Prudential System”. The Bill makes provision for local authorities to have regard to specified codes of practice when discharging these duties.
- 3.2 The Prudential System has the following main features:
- It is a new way to deal with local authority borrowing and debt. It abolishes the current system of capital controls, borrowing approvals and credit ceilings.
  - Authorities have freedom to borrow what is prudent and affordable.
  - There is a concept of supported (by government subsidy) and unsupported debt (what local authorities choose to pay for themselves).
  - It is designed for future flexibility and long term planning for capital expenditure.
  - Local authorities must have regard to a “Prudential Code”.
- 3.3 The draft regulations (see section 4 of this report) state that local authorities must have regard to a prudential code. The code has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in consultation with the Government and local authority associations. CIPFA has published a draft of the Prudential Code and an executive summary is reproduced at Appendix ‘O’. The prudential code will require local authorities to consider the short and medium term affordability, and the long term sustainability of their capital investment. Assuming that the Local Government Bill receives royal assent, these arrangements are expected to operate with effect from 1 April 2004.
- 3.4 Under this new framework, it will be for each local authority to make its own decisions on capital investment. This system of self-regulation will introduce new responsibilities as well as freedoms: the Council will be required to take the decisions; and the Director of Finance will be required to ensure that all matters the Code requires to be taken into account are reported and to monitor compliance with the limits the authority has set.
- 3.5 When setting or revising its prudential indicators, the Council is required to have regard to the following matters:
- Affordability, e.g. implications for Council Tax
  - Prudence and sustainability, e.g. implications for external borrowing
  - Value for money, e.g. option appraisal
  - Stewardship of assets, e.g. asset management planning
  - Service objectives, e.g. strategic planning for the authority
  - Practicality, e.g. achievability of the forward plan.
- 3.6 The Code states that affordability is ultimately determined by a judgement about acceptable Council Tax levels and, for the Housing Revenue Account (HRA), acceptable rent levels. In the case of the HRA this means working within the overall financial resources, as the Government effectively sets rent levels through the rent restructuring system.
- 3.7 There are requirements in the Code that are already good practice and have been adopted at Runnymede (for example, reporting a capital programme for at least the next three years). In some cases there will be additional reporting requirements (for example, when reporting the impact of new proposals on the General Fund or the Housing Revenue Account, it will be necessary to express this in terms of the effect on Council Tax or rents).

- 3.8 The tables below summarise the indicators that will have to be reported and monitored as part of the Code.

<b>Indicators of Affordability</b>
<ul style="list-style-type: none"> <li>• Estimates of ratio of financing costs to net revenue stream (for both the General Fund and the HRA).</li> <li>• Actual ratio of financing costs to net revenue stream.</li> <li>• Estimates of the impact of capital investment decisions on the Council Tax and housing rents/resources.</li> <li>• Actual impact of capital investment decisions on the Council Tax and rents at budget setting time.</li> </ul>

<b>Indicators of Prudence</b>
<ul style="list-style-type: none"> <li>• Setting a "Capital Financing Requirement" (a measure of debt for the whole authority) and ensuring that net external borrowing does not exceed the limit set.</li> <li>• Treasury management is carried out in accordance with good professional practice.</li> <li>• Estimates of planned capital expenditure during the forthcoming financial year and at least the following two financial years (distinguishing between HRA and non-HRA related expenditure).</li> <li>• Actual capital expenditure incurred (the outturn).</li> <li>• Estimated and actual capital financing requirement.</li> </ul>

- 3.9 In addition, the Council will be required to set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt. This prudential indicator will be referred to as the authorised limit and will require reporting and monitoring along with the other indicators.

- 3.10 A further indicator will be known as the operational boundary. This will be set by the Council for the forthcoming financial year and the following two financial years and will represent the maximum external debt that the Council will need to borrow to finance its overall operations. In other words, this will be an aggregate of its long term borrowing to finance capital expenditure and its short term borrowing to manage its cash flow requirements.

Action Required

- 3.11 The Council will need to consider its authorised limit and operational boundary when the Government has announced how it proposes to take the new system into account in the Formula Grant and Housing Subsidy calculations. It is anticipated that this information will not be available until November and therefore a further report will be brought to this Committee during the January cycle of meetings.

- 3.12 Officers will review the format of scheme appraisals, the capital programme and outturn report to ensure that these incorporate a clear reference to the indicators required in the new Code.

4. Draft Capital Finance and Accounting Regulations

- 4.1 The ODPM have prepared draft 'Capital Finance and Accounting Regulations' that cover the more detailed legislative requirement of the new system. Comments on the draft regulations are required by 29 October.

- 4.2 A copy of the draft regulations has been placed in the Members Room, together with an informal commentary on the regulations prepared by the ODPM.

- 4.3 Secondary legislation (these and other regulations) will form an integral part of the overall system. Some of the regulations are not controversial and simply give effect to definitions used within the system. Other regulations will give effect to significant policy issues being considered by the Government.

4.4 The draft regulations contain the following items:

- The CIPFA Prudential Code for Capital Finance is specified as the Code of Practice that local authorities must have regard to when setting their affordable borrowing limit.
- Sums to be treated as capital receipts: It is made clear that repayments of loans, selling Council housing mortgage portfolios, and shared ownership receipts are to be treated as capital receipts.
- The regulations give effect to the pooling of capital receipts from disposal of housing dwellings and assets (see paragraph 4.5 below).
- For treasury management purposes the regulations specify that authorities must have regard to the CIPFA Treasury Management Code when making decisions on the administration of debt, investment and other related aspects of financial management. This Council has already adopted the CIPFA code.
- The regulations allow expenditure on computer software, and on grants or loans for capital items made to other bodies, to be treated as capital expenditure. Otherwise, capital expenditure is to be interpreted in accordance with proper accounting practices.
- Proposals to require local authorities to repay at least 4% each year of the amount outstanding by way of borrowing for General Fund assets. This mirrors a similar requirement in the existing system.

4.5 The regulations confirm the Government's intentions to require a proportion of housing capital receipt to be pooled. These were reported in detail to the Housing and Community Services Committee in June and to this Committee in July. The regulations confirm the following:

- Pooling will be for new receipts after 1 April 2004 (i.e. it is not retrospective).
- For sales of dwellings under the Right to Buy, 75% of the receipt will be pooled. There will be a transitional scheme for the first 3 years that will allow authorities to retain a proportion of those receipts.
- Other housing receipts will not need to be pooled if they are used for capital expenditure on affordable housing or regeneration. Otherwise, the pooling rate will be 75% for dwellings and 50% for other HRA assets.

4.6 The regulations specify the detailed rules about paying money to the pool, allowances that can be offset against the receipt, some specific exemptions, and definitions of terms used.

4.7 Given the Council's previous strenuous objections to the proposals to pool housing capital receipts, a recommendation has been included in this report to repeat those objections.

4.8 Officers will be making a technical response on some items in the draft regulations in order to assist in issues such as clarity and completeness.

## 5 Support for Local Authority Capital Investment - Consultation

5.1 The consultation paper deals with how local authority capital projects will be supported under the Prudential System. In particular, the paper asks whether Government support for capital investment by local authorities should be based on capital grants, or instead continue with the current method of recognising the financing costs in revenue support grant (called "supported borrowing"). Looking towards the longer term, the paper considers whether and how capital expenditure can be supported by depreciation based funding.

- 5.2 A copy of the consultation paper has been placed in the Members Room. Responses were required by 19 September. A preliminary response has been made by Officers and any other comments required by Members will be forwarded to the ODPM.

#### Current Arrangements

- 5.3 Government support for local authorities capital investment is at present funded through the following mechanisms:
- Revenue Support Grant - an allowance is made by the Government for the cost of historic and new borrowing that it is prepared to support.
  - HRA Subsidy - an allowance is made for the cost of historic and new borrowing.
  - Capital Grants and Advances (e.g. Improvement Grant Subsidy, Implementing Electronic Government grant).

This system has evolved over time and does not serve any particular design.

- 5.4 The consultation paper outlines the merits of the two approaches (i.e. supported borrowing and capital grants), the impact on the Prudential System, and a longer term proposal to move to a 'depreciation' method of funding assets.

#### Capital Grant

- 5.5 For Runnymede there is a strong case for supporting the proposal for Government support for capital investment to be made by way of capital grants. This system has the advantage of clarity and simplicity. At present capital grants are ringfenced for specific purposes (e.g. Recycling Fund) but there are powers in the Local Government Bill that allow Ministers to pay grants to authorities in a non ringfenced form. This would allow greater flexibility in line with the Government's modernisation and reform agenda.
- 5.6 For Runnymede, a large proportion of any Government support for capital investment is likely to be for housing purposes. The Housing Strategy assumes that capital grant of £650,000 will be received from 2004/05 onwards and that this will be applied to the Council's 'Homes First' (affordable housing) policies.

#### Supported Borrowing

- 5.7 Government funds for Supported Borrowing would be delivered through the same mechanisms as for the current credit approval based system, i.e. through Revenue Support Grant (RSG). Under this system, the RSG entitlement of local authorities is increased by the financing costs (interest plus a 4% repayment provision) of the amount of the supported borrowing.
- 5.8 This has a significant drawback for the Council. Runnymede's current RSG entitlement is protected by the 'floor' arrangement. The floor ensures that authorities receive at least a minimum increase in RSG which for 2003/04 is worth £335,350 of the Council's total RSG entitlement (i.e. without the protection, Runnymede would receive £335,350 less than it does). If supported borrowing continues under the new system, then the Council would receive no corresponding additional RSG. This is because, while the underlying entitlement would increase the RSG protection would reduce, so there would be no additional resources available to the Council.
- 5.9 The supported borrowing method has other disadvantages of complexity and lack of transparency. In particular, the changes in formula and variables used (e.g. population) and scaling factors applied to the RSG system can mask any grant increase for supported borrowing. This makes the capital grants route more attractive in terms of certainty and stability.

### Other Issues

- 5.10 The consultation paper also asks which type of support best assists partnership working. Given that most Government support for Runnymede will be for housing purposes - carried out in partnership with Registered Social Landlords (RSL)s - the capital grant approach will assist the Council in this policy aim.
- 5.11 For these reasons, Officers have responded to the consultation paper stating that capital grants - either non-ringfenced, or ringfenced to service blocks (i.e. housing, other services) - are the preferred method of grant support.

### 6. Future Housing Capital Financing Arrangements – Consultation

- 6.1 The consultation paper sets out the ODPM views on the arrangements that will be needed to deliver changes in housing capital financing. It mainly deals with changes needed within the HRA to reflect the prudential system. A number of the proposals will achieve a similar impact to those in the current system and need no further comment. There is however a whole new set of jargon to learn.
- 6.2 A copy of the consultation paper has been placed in the Members Room. Responses are required by 10 October 2003. Officers have made a technical response on some items in order to assist in issues such as clarity and completeness, as well as stating that capital grants are the preferred method of grant support (see paragraph 5.11 above).

### Supported Borrowing in the HRA

- 6.3 The paper assumes that some form of supported borrowing will continue and acknowledges that further amendments will be necessary if support is given instead solely through capital grant.
- 6.4 The impact for Runnymede of many of the changes will be limited. This is because Runnymede has paid off all HRA debt many years ago and receives no allowances for capital finance within HRA Subsidy.

### Prudential Borrowing in the HRA

- 6.5 The paper explains the mechanism for allowing prudential borrowing (including that not supported by government subsidy) within the HRA. The key principle of affordability remains and therefore authorities must assure themselves that there will be sufficient resources available within the HRA to meet the costs of borrowing. The HRA Business Plan does not foresee the need for any borrowing to finance major repair or improvement works to the housing stock. However, the new system will give the Council further flexibility in determining the timing of such works; for instance, by bringing forward necessary major works and paying off the associated borrowing from savings made in future years.

### Appropriation of Assets to and from the HRA

- 6.6 The proposals also require adjustments to be made to the HRA and to HRA Subsidy for assets appropriated in or out of the HRA. These entries are linked to the capital receipt pooling arrangements and would curtail any potential avoidance schemes that seek to avoid the pooling requirement by appropriating assets to and from the HRA.

### Major Repairs Reserve Funding

- 6.7 The Major Repairs Reserve forms part of the HRA resource accounting arrangements. A sum equivalent to the Major Repairs Allowance (a component of HRA Subsidy) must be transferred to the Major Repairs Reserve. The Reserve can only be used to finance capital works to the existing HRA stock.

- 6.8 The consultation paper asks whether the purposes for which the funds in the Major Repairs Reserve can be applied should also include improvement and enhancement works (as well as major repairs). Officers suggest that this change should be supported. The inclusion of a wide definition of capital works will help avoid an inherent difficulty in differentiating between these types of work (for instance, at what stage does new central heating stop becoming a replacement, and start becoming an enhancement) and thereby requiring an arbitrary split of such works. The change would also increase flexibility and would be in line with Government policy of extending local discretion and responsibility.

#### Housing Prudential Indicators

- 6.9 The consultation paper refers to the need for separate housing prudential indicators for the following:

1. A Housing Capital Financing Requirement (need to borrow)
2. Level of financing costs to the HRA net revenue stream (broadly the income to the HRA)
3. Total capital expenditure

- 6.10 These indicators will need to be monitored in the same way as for the Council's overall prudential indicators.

#### 7. Resource implications

- 7.1 The new freedom for the Council to determine its own borrowing requirement is welcome. Whether or not the Council will wish to borrow in future will depend upon the cost of borrowing compared with other sources of finance (particularly capital receipts), the availability of capital receipts, the impact on Council Tax or rents and the extent to which any borrowing might attract grant or subsidy support.

- 7.2 The Government's proposals on pooling housing capital receipts have, in effect, been confirmed by their inclusion in the draft regulations. The impact of pooling capital receipts has been factored into the Council's financial forecast and the Housing Strategy.

#### 8. Legal Implications

- 8.1 The introduction of the new capital finance system is dependent on the passing of the Local Government Bill and associated secondary legislation. The Government expects the new prudential system to be implemented on 1 April 2004, but a later start date cannot be ruled out.

#### **OFFICERS' RECOMMENDATION that –**

- i) in responding to the ODPM consultation paper on the draft Capital Finance and Accounting Regulations, the Council confirms its objections to the proposals for pooling of housing capital receipts,**
- ii) the Officer response made to the ODPM consultation paper on Support for Local Authority Capital Investment, stating that capital grants are the preferred method of government capital support for new local authority investment, be ratified; and**
- iii) in responding to the ODPM consultation paper on the Future Housing Capital Financing Arrangements, the Council suggests that improvement and enhancement works to Council dwellings be included in the uses to which the Major Repairs Reserve can be put.**

**(TO RESOLVE)**

## Background Papers

1. Letter and consultation paper from the ODPM on the New System of Local Government Capital Finance dated 29 July 2003.
2. Letter and consultation paper from the ODPM on (i) Support for Local Government Capital Finance and (ii) Future Housing Capital Financing Arrangements dated 8 August 2003.

## 14. LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES (DF)

### 1. Purpose of Report

#### 1.1 **To report the publication of a consultation paper on Business Growth Incentives by the Office of the Deputy Prime Minister and propose a response.**

### 2. Background information

- 2.1 Since 1990, Business Rates (also known as Non-Domestic Rates) have been set by the Government. The rates are collected by the Council from the 2,200 business ratepayers in the Borough and the money is paid over to a national pool administered by the Office of the Deputy Prime Minister (ODPM). The national pool is then redistributed to all local authorities on a population based formula.
- 2.2 Rateable values are revalued by the Valuation Office (a Government agency) every five years. The next revaluation will take effect from 1 April 2005.
- 2.3 In the 2003/04 financial year, the Council will collect approximately £37.5 million in business rates. The amount redistributed to the Council from the national pool in 2003/04 will be £2.7 million (see page 9 of the Budget Book). A distribution is also made to Surrey County Council and Surrey Police.
- 2.4 The Local Government Bill makes provision for local authorities to retain part of the growth in business rates in their area. The Government issued a consultation paper in July which describes the ways in which the scheme will be implemented and invites comments on the options discussed. The Government expects to launch the final scheme on 1 April 2005.
- 2.5 Responses to the consultation paper have been requested by 31 October 2003.
- 2.6 A copy of the executive summary is reproduced at Appendix 'P' and the complete consultation paper has been placed in the Members' Room. It can also be viewed on the ODPM website at <http://www.local.odpm.gov.uk/finance/labgi.htm>.

### 3. Report

- 3.1 The consultation paper opens by setting out the Government's objective of achieving high and stable levels of growth and employment. The paper observes that at a local level there is a mismatch between the costs of economic development and the benefits that accrue from it. The Government believe that this scheme will create incentives for local authorities to work in partnership with business and key players to maximise economic growth in their area.
- 3.2 The paper examines ways in which the scheme could operate to benefit local authorities that have acted to assist economic growth. The Government intends the arrangements to produce additional revenue for successful local authorities and has given three important assurances:
  - the revenues will not be ring-fenced;
  - there will be no compensating reduction in Revenue Support Grant and Redistributed Business Rates;
  - it will not increase the rate burden of business ratepayers.
- 3.3 The key features of the scheme are

- establishing a trend growth for each local authority based on the eight years from 1995/96 to 2002/03;
- treating a reduction in empty properties as growth as well as new developments;
- adopting one of five possible models to determine a “baseline” for each local authority, based on the trend growth;
- using the “baseline” to project anticipated growth and calculate the comparator against which actual performance is evaluated to determine if the target has been exceeded;
- introducing floors, scaling factors and ceilings into the calculation in order to increase the number of local authorities that can benefit from the scheme;
- sharing the benefits between different tiers of local government but excluding Police and Fire Authorities from the scheme.

3.4 The ODPM calculate that the average growth in business rates in Runnymede has been 3.8% between 1995/96 and 1999/2000 and an estimated 4.1% between 2000/01 and 2002/03. The scheme looks to reward the future performance of local authorities related to past performance. This means that good performance in absolute terms will not guarantee a local authority any income from the scheme.

3.5 Arguably the most important feature of the scheme will be the way the “baseline” is calculated. The Government has identified five different ways of grouping local authorities for determining the baseline. These are:

	<i>Effect on Runnymede's baseline target</i>
• National model: All local authorities grouped together with a single national baseline.	2.5%
• Regional model: Local authorities grouped according to the nine English Government Office Regions.	2.8%
• National Historic Growth model: Local authorities grouped into five groups of roughly even numbers according to historic growth i.e. those with historic growth in the bottom 20% appear in the bottom group, second 20% are in the second group, etc.	4.4%
• Sub Regional model: A combination of the Regional and National Historic Growth models with local authorities first placed into regions and then subdivided into three groups of roughly even numbers according to historic growth.	4.1%
• Local Authority model: Each local authority is treated individually and against its own historic average growth.	3.9%

3.6 The Government expresses a preference in the consultation paper for adopting either the National Historic Growth model or the Sub Regional model. Both these options would set Runnymede a high target because of past growth.

3.7 The consultation paper asks respondees for their views on the proposed operation of the scheme. The questions are set out in the following paragraphs together with Officers' suggested response.

**Question 1: Do you agree with the principles for the scheme?**

Response: Runnymede Borough Council welcomes the proposal to allow local authorities to share the proceeds from the growth in business rates. The Council has worked strenuously to stimulate economic growth in the Borough through its local plan, town centre redevelopment and its partnership with the business community. However, by using past trends to establish future targets that the Council has to achieve before it can benefit from a share in business rate income, there is a concern that its past success will give it a harder target than those authorities who have been less proactive. Moreover, business growth creates demands for additional services (for example, managing traffic congestion through the Yellow Bus scheme, or affordable housing). The scheme ought to provide a source of additional income to help the Council to meet these needs. For this reason, the Council is persuaded that a national or regional benchmark should be

used, rather than individual assessments that give high targets to those areas that have experienced high growth in the past.

**Question 2: Do you agree with using an eight year period for setting the trend?**

Response: Yes, if this is applied to the National or Regional benchmarks. If it is applied to the other models, it has the effect of penalising past good performance by setting high targets for the future.

**Question 3: Are there models for setting the baseline that the Government has not considered that need to be considered?**

Response: No comment.

**Question 4: Which of the baseline models is your preferred option and why?**

Response: It will be important to select an approach which is intelligible. One of the problems when trying to engage the local community, business and partners is that the funding of local government is Byzantine in its complexity. The distributional objectives of the scheme make all the options over-complicated. The response to question 1 expressed a preference for the national baseline. This is also the most intelligible model.

**Question 5: Which of the two preferred options for floors and scaling factors (high/high and medium/medium) do you think provides the best balance between financial support and financial incentive?**

Response: There seems little point in introducing a scheme of this complexity if most authorities stand to gain. Under these circumstances it would be more simple if more resources were redistributed via the national business rates pool. Therefore the Council favours the high floor, high scaling factor option which will make the growth targets harder to achieve, but will distribute more to those authorities that achieve them.

**Question 6: Do you agree with using formula spending shares as the measure for determining ceilings? Do you agree that a 1% ceiling in year one of the scheme rising in line with the scheme (i.e. reaching 3% in year three) provides an adequate balance of incentive and cap on gains?**

Comment: If potential benefits are to be capped, formula spending shares would be a fair means of calculating the ceiling. For Runnymede, 1% of its formula spending share is £104,000.

Response: Yes.

**Question 7: How do you think that benefits should be shared between different tiers of local government?**

Response: The consultation paper makes the point that if the benefits were to be shared on the basis of relative economic development spend, then shire districts would receive 85% and shire counties 15%. The Council supports this approach. There is a further issue the Council would like the Government to consider: economic growth can be uneven across county areas. By allowing shire districts to gain most of the benefit from this scheme, it will ensure that the additional income will be used to resource initiatives in the area where the growth is taking place.

**Question 8: (If you represent a local authority) Would you like to volunteer to be part of the administrative dry run?**

Response: Yes. The Council would be keen to participate in the administrative dry run.

#### 4. Resource Implications

4.1 In the consultation paper, the Government expresses a preference for using one of the following four options to determine the way the scheme will operate:-

- A National Historic Growth model with a high floor and high scaling factor;
- A National Historic Growth model with a medium floor and medium scaling factor;
- A Sub Regional model with a high floor and high scaling factor;
- A Sub Regional model with a medium floor and medium scaling factor.

- 4.2 Appendix "Q" sets out some worked examples of how the scheme might operate from April 2005. It only examines two of proposed baselines. However, the results for the National baseline will be similar for the Regional model and the results for the Sub-Regional model will be similar for the National Historic Growth model and the Local Authority model. The Appendix shows that if the Government decides to adopt the Sub-Regional baseline, Runnymede will need to achieve growth close to past trends, before it benefits from the scheme.

**OFFICERS' RECOMMENDATION that –**

- i) **the responses set out in this report be submitted to the Office of the Deputy Prime Minister as this Council's response to the consultation paper; and**  
 ii) **the Committee indicates whether or not it wishes to submit any additional comments.**

**(TO RESOLVE)**

Background Papers

Office of the Deputy Prime Minister, "Local Authority Business Growth Initiatives: A Consultation Paper", June 2003.

15. CAPITAL OVERSPENDING (DF)

1. Purpose of Report

1.1 **To report reasons for an overspending on two capital projects.**

2. Background Information

2.1 Financial regulations require overspending on capital schemes to be reported to the Corporate Management Committee where the cost exceeds the estimate by 10%. There is a further obligation to report under Standing Order C18.5 as the cost exceeds £30,000 and the contract overspend exceeds 5%.

3. Report

3.1 Overspendings have been incurred on two software purchases for the Cash Receipting System in the Finance Department. The details are as follows:

	Capital Estimate £	Actual Expenditure £	Overspending £
Purchase of core system	32,700	41,106	8,406
Voice Recognition System	7,500	11,356	3,856

3.2 Purchase of core system

Details of the expenditure on the core system are set out below together with notes explaining the reasons for the additional expenditure:-

	£	
Contract payments	32,700	
Writing interfaces	4,250	Note 1
Firewall consultancy	850	Note 2
New bank interfaces	1,500	Note 3
ISDN connection	249	Note 4
Consultants' travelling/subsistence	1,557	Note 5
	<u>£41,106</u>	

*Note 1* The main reason for the overspend is because the original estimate assumed that the interfaces between the Cash Receipting System and the Council's other systems could be written in-house without the need for consultancy support. In the event, it was necessary to request the supplier of the Cash Receipting System, ITS, to write

these interfaces. This added £4,250 to the cost.

- Note 2* Establishing dial-up links with the bank required new firewall protocols on which specialist advice was sought.
- Note 3* The change in bankers last year also required the interfaces to be re-written at a cost of £1,500.
- Note 4* A new ISDN line was required at a cost of £249 and this was overlooked when the budget was compiled.
- Note 5* These payments were not taken into account when the original budget was compiled.

3.3 The decision to purchase the ITS Cash Receipting System was the subject of a report to the former Executive Committee on 7 February 2001 and was based on an assessment of both price and functionality. It would have been necessary to incur most of the additional costs that were not taken into account in the original capital estimate irrespective of which system had been selected. This applies to the expenditure covered by notes 1 to 4 in the previous paragraph. Excluding these costs, the amended cost of the purchasing and implementing the system was £34,257. If this figure had been used in the original cost comparisons of the three tenders, it would have produced a total cost over five years for the ITS product of £44,832, compared with £46,570 and £59,780 for the other two systems.

3.4 *Voice Recognition System*

The overspend on the Voice Recognition System is because the original budget was based on an out of date quotation. The system is an enhancement of the Cash Receipting System supplied by ITS. The supplier quoted a price for supplying the system and a heavily discounted rate for supplying and installing it at the same time as the main system. Unfortunately, it was the discounted rate that was used when approval was sought for the capital estimate, even though the main system had already been installed.

4. Resource Implications

- 4.1 It is regrettable that the original estimates for these two projects were incorrect. Details of the overspending are set out in paragraph 3.1.
- 4.2 Expenditure on the purchase of the core system has been financed from capital receipts. The voice recognition system has been financed from the Government's IEG grant.

**(FOR INFORMATION)**

Background Papers

None stated.

16. SURREY COMMUNITY ACTION – FUNDING CONTRIBUTION (DAL)

1. Purpose of Report

- 1.1 **To inform the Committee of a request by Surrey Community Action (SCA) for an annual contribution towards the salary costs of a part time Village and Community Halls Advisor over a three year period.**
- 1.2 **The report would normally be a matter for the Housing and Community Services Committee, but as the SCA has asked for a response prior to the next meeting, the Chairman of that Committee has agreed that an item be placed on this Agenda for decision.**

2. Background Information

- 2.1 Surrey Community Action (SCA), formerly Surrey Voluntary Services Council, is an independent registered charity, based in Burpham, which provides support, advice and training to voluntary organisations in local communities across the county.

- 2.2 The organisation's staff includes a Village and Community Halls Advisor who is employed on a part time basis (3 days a week) specifically to provide advice to the 150 independently managed village and community halls in Surrey. The main duties of the post are to:
- promote, administer and monitor the Community Building Grants Scheme (more commonly referred to as the Tripartite scheme) funded jointly by Surrey County Council and the eleven district Councils.
  - provide ongoing training and briefings on topical subjects to groups of trustees.
  - provide one to one advice and support to individual halls, including helping them access alternative sources of funding.
3. Report
- 3.1 Until the current financial year, the Community Halls post was largely funded from the Countryside Agencies annual grant to SCA. However, following changes in the national funding formula this support was reduced by 10,000, to £46,000, in 2003/04. In accordance with Countryside Agency criteria the majority of this sum has been used to protect SCA's "Vital Villages" programme. As a consequence, SCA claims that there is now a shortfall of £16,940 on the cost of the Community Halls post. This apparent discrepancy between the amount of the reduction in funding and the claimed shortfall is due to SCA seeking to pass on a deficit on the post which it has previously managed to absorb internally. A full breakdown of the financial position can be found at Exempt Appendix 'A'. Members will note that the cost of the post, quoted at £23,940, includes a significant element of internal recharges which SCA states it is unable to recover by other means.
- 3.2 Surrey County Council has provided interim funding to the end of this financial year in order to allow SCA time to seek a longer term solution. However, SCA has been unable to identify an alternative source of funding. It has therefore asked whether the County Council and eleven District Councils would be prepared to jointly cover the deficit for a 3 year period from 2004/05. The County Council has agreed to a contribution of £8,470 per annum (50%) on this basis. The balance amounts to an annual commitment of £770 per district. Contributions would be fixed for the period of the agreement with SCA funding inflationary increases from reserves.
- 3.3 SCA has given notice that without this support it will be forced to withdraw its advisory service to village halls and the administration of the Community Buildings Grants Scheme. While it is possible that the County Council, or another agency, might be prepared to assume responsibility for these functions, the more likely outcome would be the cessation of the advisory service and the closure of the Tripartite grants programme.
- 3.4 The impact of such a loss is difficult to assess. Community halls provide a focus for a range of services essential to a healthy and vibrant community. There is relatively little external funding provision for the ongoing capital and revenue investment needed to maintain them and comply with the requirements of new legislation. It usually falls to individual trustees, many of whom have no prior experience, to fund and manage the maintenance programme and run the facility. The tripartite grant scheme co-ordinates County/District funding to good effect, maximising the benefits to the applicant organisation and reducing the call both on District Councils' grant funds and Officer time. It is not known whether the loss of the scheme would lead to the withdrawal of the County Council's £125,000 annual contribution to community hall improvements across Surrey.
- 3.5 It is, however, several years since a Runnymede scheme came forward for tripartite funding – the last project to benefit being the redevelopment of the Lyne Village Hall, which attracted a total of £60,000 in grant aid from this authority and the County Council in 1997. This can partly be explained by the local cycle of maintenance and new build. There is, however, also considerable pressure on the tripartite scheme from the more rural parts of the county and the programme is usually heavily oversubscribed. This, together with the inevitable delays entailed by a single annual funding round, tends to encourage local organisations to apply directly to this Council for assistance from capital grant budgets in order to secure a speedy response. The disadvantage of this approach is that the costs are shared between two parties rather than three.

3.6 Officers understand that it is possible one or more Surrey Districts might decline to contribute to the project. SCA has asked that in this eventuality contributing authorities increase their support proportionately to meet the funding gap (for example, a sum of £1,058 would be required if only 8 of the 11 authorities contributed). This would entail either an effective subsidy of non contributing authorities to maintain the Surrey wide nature of the initiative, or the operation of a patchwork scheme whereby the advisory service and grants programme was made available only to community halls in those districts offering financial support. Neither option is satisfactory.

4. Conclusion

4.1 The tripartite grant scheme has not benefitted community halls in Runnymede in recent years. It is, however, possible that the evolution of the maintenance cycle will lead to an increase in local interest at some point in the future. In the meantime, Runnymede halls continue to receive the support of the advisory element of the service.

4.2 Balancing the potential benefit to community halls against the relatively modest cost, it is therefore recommended that the Council meets the request for a contribution of £770 per annum over a 3 year period, provided that the integrity of the scheme can be maintained through equivalent contributions by each of the Surrey Districts. A single grant aided project in this time is likely to more than off-set the Council's contribution. Members should, however, be aware that there is no suggestion that SCA will seek alternative funding streams during the life of the proposed agreement. It must therefore be assumed that the contribution is likely to develop into a long term commitment.

**OFFICERS' RECOMMENDATION that –**

**a contribution of £770 per annum towards the salary costs of Surrey Community Action's part time Village and Community Halls Advisor be agreed for a 3 year period commencing in 2004/05, on the basis that an equivalent contribution is made by each of the Surrey District Councils, and if this does not prove to be the case then Officers seek further instructions.**

**(TO RESOLVE)**

Background Papers

Email from Surrey Community Action dated 28 July 2003 and responses to internal memorandum dated 1 August 2003 (on DAL's file 69.25.17 (92) ).

17. REFERENCES FROM OTHER COMMITTEES (DAL)

a) HOUSING AND COMMUNITY SERVICES COMMITTEE – 10 SEPTEMBER 2003

(i) Disability Advice and Information for Runnymede and Spelthorne (DAIRS) – Grant Aid and Grant Agreement (DHCS)

At its meeting on 10 September 2003 the Housing and Community Services Committee considered a report recommending an increase in the level of grant aid awarded to DAIRS for the next three financial years.

Members of the Committee noted that DAIRS' existing grant aid funding and 3 year service level agreement with the Council were due to expire on 31 March 2004. Since DAIRS had made their last application for grant aid, they had experienced a 30% increase in enquiries. This growth in demand for DAIRS' services had led to considerable workload pressures, and the organisation were now looking for additional volunteers, which would add to their expenses. DAIRS were accordingly seeking an increase in their grant from £6,050 per annum to £7,500, plus inflation, for the next 3 years, in order to meet their growing costs.

In view of the valuable service provided by DAIRS and the significant growth in their casework over the last three years, the Housing and Community Services Committee agreed that the Council's grant aid funding should be raised to the level requested by DAIRS. This Committee is accordingly asked to note this increase in DAIRS' annual grant aid.

It is anticipated that Spelthorne Borough Council and the North Surrey Primary Care Trust (PCT) will match the £7,500 contribution from Runnymede Borough Council. However, if the funding for Spelthorne is not forthcoming, then the service for the Spelthorne area will be reduced. The service to Runnymede will not be affected.

**OFFICERS' RECOMMENDATION that –**

**the increase in DAIRS' level of annual grant aid to £7,500 plus inflation for the following 3 years be noted.**

**(TO RESOLVE)**

Background Papers

None stated

- ii) Housing Strategy Statement and Business Plan 2003 (DHCS)  
(Ref: Minutes of Housing and Community Services Committee, July 2002, page 368, para. 194)

At the same meeting, the Housing and Community Services Committee received, reviewed the Council's Housing Strategy Statement and HRA Business Plan. Both these documents are due to be considered for final approval by Full Council before they are submitted to the Government Office for the South East.

A number of important revisions have been made to the Strategy and Business Plan this year in order to reflect the Government's changes to the funding mechanisms for affordable housing and also to include new Council led initiatives, such as the Runnymede Renewal Strategy. Of particular importance to this Committee are the changes to the Housing Capital Programme which is attached to this Agenda at Appendix 'R' for Members' consideration.

The Housing Capital Programme has had to be extensively reviewed to take account of:-

- i) The ending of Local Authority Social Housing Grant (LASHG) and the associated transitional funding arrangements.
- ii) Proposals affecting Housing Finance within the Local Government Bill (e.g. capital receipts pooling, the proposed prudential system for capital finance, removal of rent rebates from the HRA).
- iii) The new arrangements for funding new affordable housing via the Regional Housing Boards.
- iv) The latest plans for improving the Council housing stock.
- v) Approved budgets for the Runnymede Renewal Strategy.

A significant proportion of the Council's Affordable Housing programme is dependent on Government funding via the new Regional Housing Boards/Housing Corporation. Runnymede's contribution towards the overall programme is contained within the Strategy.

These local funds will be met from developers' contributions, general capital receipts, transitional offsets (capital receipts from the sale of Council housing that the Council is allowed to retain during the 3 year transitional period), and offsets from housing land sales that the Council can also use for affordable housing rather than pass to the Government pool. The receipts from land sales can be significant but there is also a risk that they may not be achievable or will realise less than estimated.

The Do It Yourself Shared Ownership (DIYSO) Scheme in partnership with Thames Valley Housing Association was previously financed through LASHG and it has, therefore, been a victim of the changes. It is, however, a very useful contribution to the Affordable Housing programme as it reduces the demand from people with moderate incomes for rented accommodation. It is also not reliant on new sites and helps new households move into

home ownership. It is, therefore, proposed that a proportion of the above funds be used to continue funding a modest DIYSO programme.

This Committee is accordingly asked to note the above-mentioned changes to the Council's Housing Capital Programme and to give its approval to the revised programme as attached at Appendix 'R'.

**OFFICERS' RECOMMENDATION that -**

**the revised Housing Capital Programme, attached at Appendix 'R', be approved.**

**(TO RESOLVE)**

Background Papers

None stated.

Background Papers

None

b) LEISURE AND ENVIRONMENT COMMITTEE - 18 SEPTEMBER 2003

i) Beomonds Allotments, Chertsey, Capital Scheme – Remediation and Clearance

At its meeting on 18 September 2003, the Leisure and Environment Committee approved a scheme to remediate and clear the Beomonds Allotment site, wherein contaminants had been found earlier this year. Under Part IIA of the Environmental Protection Act 1990 (as amended), the Council as landlord was under a duty to remediate contaminated land. A Capital Estimate was sought from this Committee for remediation and clearance at an estimated cost of £80,000. In addition, a further £3,700 would finance the full year revenue costs of the scheme. The completed scheme would require a maintenance programme, whose costs could not be ascertained until a decision on the future use of the site had been made.

The remediation and clearance scheme should be completed by the end of 2003, and Officers will seek external funding from the Department for Environment, Food and Rural Affairs (DEFRA) to minimise the financial burden on the Council.

**OFFICERS' RECOMMENDATION that –**

**i) approval be given to a Capital Estimate in the sum of £80,000 accordingly; and**

**ii) the full year revenue costs of financing the scheme (£3,700) and the potential for further running costs of managing the site be noted.**

**(TO RECOMMEND)**

Background Papers

None.

ii) Thorpe Green – Capital Scheme – Essential Road Repairs

At the same meeting, the Leisure and Environment Committee recommended approval of a Capital Scheme to repair the access roads onto Thorpe Green that would benefit both residents and regular users of the open green space.

As landlord, the Council was responsible for maintaining the access roads across Thorpe Green in such a condition that they were safe and fit for the purpose for which they are used. Their current state was inadequate and might, if not repaired, leave the Council vulnerable to claims, although none had been made to date.

The Committee considered two options to bring the roads up to standard. The first option costed £140,000 and would make good the roads through the addition of concrete edgings or kerbs which would last approximately 10 years. The second and preferred option costed £55,000 and would also be expected to last 10 years. This involved providing a pressure treated timber edging and laying a 30 mm thick tarmac wearing course over the existing road surface. The Committee agreed that the second option was the more appropriate given the rural nature of the area and the relatively light usage of the access roads. The cost of this option (£55,000), together with associated Capital Charges of £2,500, would be £57,500 for which approval of a Capital Estimate and supplementary revenue estimate respectively is sought, from this Committee.

**OFFICERS' RECOMMENDATION that –**

- i) a Capital Estimate in the sum of £55,000 for the repair and improvement works necessary to bring the access roads up to standard, be approved; and**
- ii) a supplementary revenue estimate in the sum of £2,500 for the associated Capital Charges, be approved.**

**(TO RECOMMEND)**

Background Papers

None

iii) Runnymede Active Zones (RAZ)

At the same meeting, the Leisure and Environment Committee considered a report on the pilot year of the Runnymede Active Zones.

When Members approved the scheme in November 2002, it was envisaged that the scheme would be self-financing. Although the schemes had been successful, offering a range of activities, it had become apparent that additional funding in the sum of £6,000 was needed, specifically to cover printing and promotion costs.

This year, the additional costs had been met by a virement from the Play and Youth Budget and the Splash and Playschemes which made savings in the year 2002/03. The Committee agreed that the Runnymede Active Zones should continue despite the additional costs and that the Chairman of the Leisure and Environment Committee would discuss with the Leader of the Council the possibility of funding from the budget allocated to Leader's Position Statement initiatives. This Committee is asked for its views on the financial implications.

**THE COMMITTEE IS ASKED –**

**whether the future funding of the Runnymede Active Zones (RAZ) should be funded from the monies made available for the Leader's Position Statement initiatives, or other sources.**

**(TO RESOLVE)**

18. ANTI FRAUD AND CORRUPTION POLICY (DAL)

**1. Purpose of Report**

**To review the Council's Anti-Fraud and Corruption Policy.**

**2. Background Information**

- 2.1 The Anti-Fraud and Corruption Policy was approved in October 1998 and is currently available on the Council's website.

- 2.2 The Council should periodically review the policy for adequacy.
3. Report
- 3.1 An amended policy is shown at Appendix 'S'. The updates reflect only changes in job titles. Officers consider that in other respects the policy remains satisfactory.
- 3.2 At its meeting on 16 September 2003, the Standards and Audit Committee received a report on the policy, and recommend its continuation with the updating amendments.
- 3.3 When Internal Audit reviewed the operation of the policy last year, it was felt that it should be given greater publicity amongst new staff. Information was circulated to all staff some two years ago but in view of staff turnover since then, there will be some staff who may be unaware of the Council's policy. Subject to this Committee approving it, the policy will therefore be e-mailed to all staff and Members.

**OFFICERS' RECOMMENDATION that -**

**the Anti Fraud and Corruption Policy set out at Appendix 'S' be agreed.**

**(TO RECOMMEND)**

Background Papers

None stated.

19. LICENSING ACT 2003 - STAFFING AND FINANCIAL IMPLICATIONS (DTS/DAL)

To follow.

20. ESTABLISHMENT OF A LICENSING COMMITTEE (DAL)

To follow

21. APPOINTMENTS TO OUTSIDE BODIES (DAL)

Community Governor - Christchurch C of E Junior School

This item stands deferred from the meeting of this Committee held on 4 September 2003, when Members noted that the Council's representative had resigned on this School Governing Body and the school had asked for more time to nominate a potential representative. Since 1 September 2003 District Councils no longer have the right to appoint a Governor as a "Minor Authority," but schools have the right to accept a "Community Governor" nomination from their District Council if they so wish. Christchurch School is prepared to seek such a nomination in this case.

Mrs Chrissie Lomas resigned as a Governor on 4 June 2003. The school now ask the Council to approve the appointment of Mrs Olivia Towie of Ottershaw Park, Ottershaw as a Community Governor, and have submitted the following background information:

"Mrs Towie, previously a local GP, currently works for the NHS in a training/consultancy role. An active member of the local community, Mrs Towie is also a member of Ottershaw Church and has resided in the village for a number of years. She has three teenage children, two of whom have attended the School. Supportive of many village initiatives and activities, Mrs Towie also has considerable expertise in Special Needs, an area in which the School requires an increasing amount of support."

**THE COMMITTEE IS ASKED -**

**to appoint a Governor (Member or Non-Member) to serve on the Governing Body of the Christchurch C of E Junior School for a four year period.**

**(TO RESOLVE)**

Background Papers

E-mails dated 4 July 2003 and 10 September 2003.

22. EXCLUSION OF PRESS AND PUBLIC

If Members are minded to consider any of the foregoing items in private, it is the

**OFFICERS' RECOMMENDATION that -**

**where appropriate the press and public be excluded from the meeting during discussion of the reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in the appropriate paragraphs 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) Exempt Information

(No reports to be considered under this heading)

b) Confidential Information

(No reports to be considered under this heading)