

Committee: COMMUNITY & LEISURE
Date: 4 MARCH 2003
Agenda Item No: 9
Title: STAFFING – COMMUNITY & LEISURE SERVICES
Author: SARAH MCLAGAN (01799) 510560

Summary

- 1 This report provides Members with information on current work within Community & Leisure Services. It recommends that Members confirm a new Strategy Statement for Leisure & Cultural Services, recognise the impact on Leisure Services of the loss of the Leisure Officer post and confirm the consequential arrangements for service delivery.

Background

- 2 At the last meeting of this Committee the Best Value Final Report and Improvement Plan for Leisure & Cultural Services was agreed. One of the decisions was to examine the staffing structure of Community & Leisure Services, taking into account the principles outlined in the Final Report and the priorities and improvements identified for service delivery. A further decision required the staffing arrangements for monitoring of the PFI Leisure Contract to be considered.
- 3 At the same meeting the Committee confirmed its recommendations to Resources for its budget for 2003/04 which included staff savings as a result of the resignation of the Leisure Officer. It was agreed that the implications of not replacing the Leisure Officer would be reported to this meeting.

Existing Staffing Structure and Working Practices

- 4 Appendix 1 provides details of the current staffing structure in terms of a “family tree”.
- 5 The Community Development and Leisure Managers and Museum Curator are professionals in their fields and bring a wealth of experience to the day to day management and delivery of their respective services and their associated development. They provide the Head of Community & Leisure with support and advice to facilitate the strategic and corporate development of the services in line with approved Council plans, including statutory functions and customer requirements. These are the Uttlesford Community Safety Strategy,

Emergency Planning policies/practices, Car Parking and Resident Parking Polices, the Uttlesford Road Safety Plan, Grants Scheme, the Uttlesford Museum Service and SW Museum Strategic Plan and the Uttlesford Leisure & Cultural Strategy.

- 6 In addition to specific activities identified in such plans, e.g. Holiday sports and arts programmes for young people, officers promote and initiate other activities e.g. Active Sport, Essex Youth Games, Book Festival, to encourage further community participation. There is also a degree of reactive work that has to be managed, often satisfied by attending at community/parish meetings or holding advisory meetings with voluntary groups from a community which is involved in developing a project or has a concern about an issue.
- 7 The reactive work can often become a significant factor for officers and it is necessary for the Managers/Curator to ensure that their colleagues are able to cope with these demands whilst maintaining their work on agreed priorities.

Priorities and Improvements Identified for Service Delivery

- 8 The Best Value Review identified the fact that “there is no general strategy to define what is done and what the priorities ought to be” and recommended that “a Strategy Statement” be produced. The report suggested that the statement should take the following form:-

“The objective of the Council is to play its part in the promotion of a healthy lifestyle and the enjoyment of cultural and leisure activities by residents of Uttlesford through –

- The provision of leisure facilities of a high standard;
- Encouragement of voluntary clubs and organisations by way of assistance to them through grants and advice and the promotion of their activities;
- Work with young people to encourage in them an interest in, and enjoyment of, sporting leisure and cultural activities;
- The maintenance of Saffron Walden Museum as a first class museum, offering advice to voluntary museums and individuals in the District as well as conserving and displaying its collections;
- The promotion of tourism in Uttlesford, and the provision of information to enable both visitors and residents to enjoy the many things Uttlesford has to offer.”

- 9 The Strategy Statement updates the priorities of the existing Leisure and Cultural Strategy and, if accepted, it will be necessary to recast the Leisure and Cultural Strategy in line with these more focused priorities. Within these priorities there is scope for wide interpretation and a range of activities. However, the volume of activities under any one priority may vary. They do not, therefore, imply a fixed level of staff resource but do demand a range of expertise.

- 10 In addition, the BV Review has emphasised the need to ensure that the Council can effectively monitor the PFI Leisure Contract and recommends that the Community & Leisure and Resources Committee should consider and approve the Council's internal arrangements for monitoring the performance of the Leisure Contract.

Examination of Current Work Loads

- 11 Officers who will be most affected by the loss of the Leisure Officer post are those officers in the Leisure section together with the Community Development Officer and the Administrative/Grants Officer.
- 12 The main areas of work of the Leisure section are:-
- a. Services for Young People, e.g. Sports and Arts Holiday Programmes
Working with schools
 - b. Funding Advice e.g. on Lottery applications, Council grant schemes
 - c. Liaison with local organisations/groups e.g. to provide advice on development of initiatives, use of facilities,
 - d. Managing, review, monitoring and promoting the Leisure services
 - e. Leisure Centres Contract monitoring
 - f. Liaison with and advice to Town and Parish Councils.
 - g. Support to other initiatives and activities of Community & Leisure e.g. Community Safety's Crucial Crew
- 13 In order to deliver these services effectively, officers with a specialism in a particular area take the lead but call on the support of other professionals within the section for specific guidance on particular issues. Officers contribute to the work of the section as a whole through the support that they give to each other. For example, when the Leisure Officer was invited to provide Funding advice on a community project he would call on the Sports or Arts Development Officer to provide technical advice on a sport or arts aspect of the project.
- 14 It is clear from the list of work set out in paragraph 12 that officers are working to the broad priorities set out in the Strategy Statement in paragraph 8. An examination of the work suggests that officers are at or near capacity and have very little scope to take on more/new work.
- 15 The Leisure Officer undertook or was involved in all the activities outlined in paragraph 12. The highest proportion of the post holder's time was spent monitoring the Leisure Contract (40%). This involved regular and ad hoc meetings with the Contractor, fee/invoice verification, providing technical support and historical information to the Leisure Contractor and School, reactive support and troubleshooting.
- 16 The Leisure Officer also spent a high proportion of his time providing funding advice to town & parish councils, community groups and organisations (24%), for example, the Manuden Community Project Lottery Bid and the Great Chesterford Community Hall and Play area.

- 17 He was also involved in the development and management of the GP Referral Scheme, projects associated with the Youth Initiatives Working Group (YIWG), Motorwise, the Youth Forum, the Young Musician of the Year project, Healthwise, visits to Town & Parish Councils on youth provision, the Millennium Challenge project, Greenways Play area, giving play advice and guidance to Parish Councils and Countryside Initiatives.

Revised Arrangements for Service Delivery and Impact

- 18 Officers are working towards the Strategy Statement priorities identified in the BV Review. To accommodate the work of the Leisure Officer they will have to rearrange their working practices. It is necessary, therefore, to prioritise services and to allocate officers, as far as possible, to those services. Inevitably there will be service diminution as it will not be possible for officers to rearrange their work to take on all the Leisure Officer functions.

(a) PFI Leisure Contract Monitoring Arrangements

- 19 One of the most important priorities is that of monitoring the Leisure PFI Contract.
- 20 The Contract Monitoring arrangements for the new PFI Leisure Contract are different to those of the previous monitoring procedures that involved the Leisure Manager and Leisure Officer in detailed work, discussion and negotiation, in particular over technical issues and management practice, with the previous Leisure Contractor and School. Bearing in mind the new contractual arrangements which have been comprehensively developed, officers will apply the procedures described in Appendix 2, which were presented to and approved by the Leisure Board in January 2003.
- 21 The key roles for officers are
- The requirement to monitor the performance of the Leisure Contractor against approved plans. This will involve attending at any of the three Leisure Centres to check performance and investigate issues that arise
 - Attendance at and administrative support for monthly meetings with the Contractor to track progress against plans that are agreed annually
 - Administrative work associated with the Payment Mechanism which was not previously required.
- 22 Without a dedicated/specialist Leisure Officer, the Head of Community & Leisure and the Leisure Manager will have to take responsibility for these functions, given the need for a specialist, professional and senior approach to the work. The most significant impact will be on the time of the Leisure Manager. It is expected that the first 24 months of the Contract will be the most onerous.
- 23 This work will be supported by the Administrative/Grants Officer, e.g. minutes, agendas etc. for monthly meetings, as some capacity in this post is being

created by changes to the Grants Schemes, discussed previously on this agenda.

(b) Other Leisure Officer functions which are priorities

- 24 A number of the Leisure Officer functions are priority services which need to be accommodated where possible and practical. The table below describes these services and gives details of the proposed revised arrangements for management and delivery.

| LEISURE OFFICER ROLE | REVISED ARRANGEMENTS |
|---|--|
| <u>Monitoring of Leisure Contract</u> | Head of Community & Leisure and Leisure Manager to manage |
| <u>GP Referral Scheme</u> - Development and promotion | Leisure Manager will work in conjunction with UPCT & Leisure Contractor |
| <u>Youth Initiatives Working Group</u> – support to group and direct management of some initiatives | The work may or may not be redistributed amongst the representatives on the Working Group, depending on the capacity of the group members to carry it out The Leisure Manager will have to provide support to the Working Group |
| <u>Motorwise</u> – support to project and direct management of some activities, including applications for funding (delivered and supported by a number of officers from C&L) | The work will be redistributed amongst project team Other officers will be drawn into supporting the project |
| <u>The Young Musician of the Year</u> - support to project | Arts Development Officer to manage the project (refer to report on YMofY elsewhere on this Agenda) |
| <u>Healthwise</u> – Management and Development of the project (delivered and supported by Sports Development Officer and Administrative/Grants Officer) | Sports Development Officer to manage and develop the project; Administrative/Grants Officer to continue to deliver and support project, as appropriate |
| <u>Advice to Town & Parish Councils</u> - on youth provision | Community Development Officer to incorporate visits into existing work where already scheduled to meet with Town & Parish Councils on Drug awareness/advice provision |
| <u>The Millennium Challenge project</u> – support to project | The Leisure Manager will work with the Essex Association of Boys Clubs, which has been instrumental in operating the project, to see the project through to a conclusion in August this year. |

- 25 The consequence of officers accommodating these arrangements into their work schedule is that there will be a knock-on effect on the service available to the community in terms of :-

- Delays to /reduction in the time available/scope for involvement in projects with Town & Parish Councils, Community groups and organisations to help secure funding for projects with sports and/or Arts interests.
- A reduction in the time available to plan, manage, support, monitor and review all work,

- A potential deterioration in the standard of service provided as less qualitative time will be available to spend on all areas of work.

26 The actual impact on the community will not be truly apparent for several months. Equally, it is difficult to predict the impact on officers, particularly the Leisure Manager, who will be responsible for both managing and delivering a number of these tasks. It is proposed, therefore, that officers monitor the revised arrangements and, if necessary, report the details of the impact to a future meeting of this Committee.

(c) Other Leisure Officer functions/services that will cease

27 The table below describes the services that it is proposed to reduce/cease to provide due to lack of capacity and/or lack of expertise.

| SERVICE/FUNCTION TO REDUCE/CEASE | WHY CEASE? | IMPACT |
|---|--|--|
| <u>Funding Advice</u> – To Town & Parish Councils, community groups and organisations on all types of community, sports and arts projects | No other expertise/spare capacity in section on general community funding opportunities <i>Sports and Arts Development Officers will continue to provide advice on specific arts and sports projects during the application process</i> | Requests for assistance with non-sports and arts projects refused Reduction in the scope and number of projects that can be assisted due to increase in workload through loss of Leisure Officer post |
| <u>Youth Forum</u> – support to ECC Youth Service and Young People attending on Forum | No spare capacity to deal Youth Service function | No Council involvement in Youth Forum Reduced opportunity to work with, influence and involve Youth Forum/Young People in contributing to local issues and the democratic process. |
| Play Advice to Parish Councils | No other expertise in section | No Council support to Parish Councils on Play area development & safety issues Play areas left undeveloped/unsafe |
| <u>Demands for Countryside Initiatives</u> | No other expertise in section | No Council support to Countryside Initiatives |
| <u>Greenways</u> , Saffron Walden – Play Area (Section 106 Agreement) | No other expertise in section | Alternative arrangements will have to be made |
| <u>Advice to Town & Parish Councils</u> - on Youth provision (see entry on previous table) | No spare capacity to deal, unless Community Development Officer able to combine with scheduled visit | Requests for advice to Town & Parish Councils not scheduled a visit refused |

Conclusions

- 28 Essentially officers are working towards the priorities in the proposed Strategy Statement. The Strategy Statement updates the priorities of the existing Leisure and Cultural Strategy and, provides the basis upon which the Leisure and Cultural Strategy can be recast in line with these more focused priorities.
- 29 The work of the Leisure Officer met the priorities of the Strategy Statement and these, therefore, need to be prioritised and allocated to officers, as far as possible. Some initiatives will have to cease due to this lack of capacity or expertise within the section. Where services are allocated to officers, the effect is likely to be that they will be trying to manage too many initiatives to be able to continue to provide them at the same quality.
- 30 The communities and residents of Uttlesford will be affected as they will experience delays, diminutions and, in some areas, the deletion of services. Officers will obviously seek to minimise the impact as far as practicable.

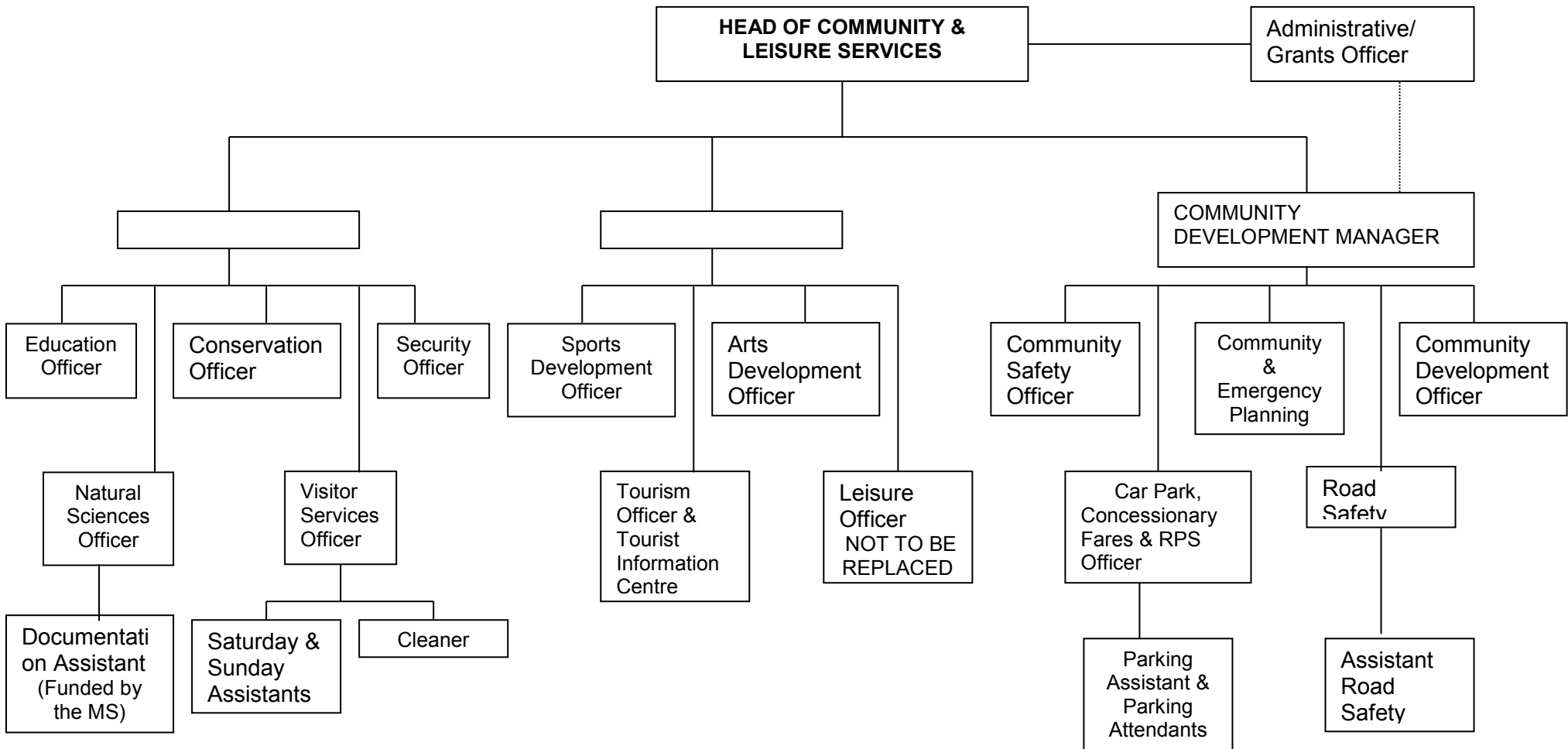
RECOMMENDED that

- 1 The Council confirms the Strategy Statement set out in paragraph 8 above and the rearrangement of work to meet these and the consequential loss of service in other areas
- 2 Officers recast the Leisure & Cultural Strategy on the basis of the Strategy Statement's priorities
- 3 The arrangements for monitoring the PFI Leisure Contract set out in paragraphs 21 to 23 and Appendix 2 of this report be approved and forwarded to the Resources Committee.

Background Papers: BV Review of Leisure & Cultural Services, PFI Leisure Contract

COMMUNITY & LEISURE SERVICES – CURRENT STAFFING STRUCTURE

APPENDIX 1



Monitoring Arrangements for the PFI Leisure Contract APPENDIX 2

- 1 Details of the relationships between the parties involved in the delivery of the Leisure Contract and the Council are set out in the contract documentation. Using this, Officers have established procedures to monitor the delivery of the Leisure Contract and the requirements of the other parties to fulfil their obligations.
- 2 The Leisure Contract has been written on the basis that Lintium Leisure, the IPS, the Leisure Contractor - Leisure Connection and their sub-contracted parties take the risk in all but a few aspects of the delivery of the leisure services at the three Leisure Centres. The Payment Mechanism is based on the contractor delivering the services to the required standard and reporting to the Council when it fails to do so i.e. by exception. However, it is incumbent on, and expected of the Council to be satisfied that the service provided meets the specified standards. Failure to meet the required standards set out in the Payment Mechanism will result in deductions being made by the Council to the payment it makes to the Leisure Contractor.
- 3 Consequently, officers have devised a variety of means by which they will monitor the service and provide the Council with relevant information about the performance of the Leisure Contractor.

Monitoring Procedures - Construction Phase

- 4 The development of the new facilities and refurbishment of the existing Lord Butler Fitness and Leisure Centre are being monitored by the Leisure PFI Project Manager in consultation with the Head of Community & Leisure. The Leisure PFI Project Manager attends all Site Meetings, provides information required by the Contractor and monitors the progress and quality of the building work. The statutory building control aspects of the project are being dealt with independently by the Council's Building Surveyors section.

Monitoring Procedures - Service Delivery

- 5 Essentially, officers have put in place procedures to monitor the delivery of the Leisure Contract on four different levels -
 - (a) Information provided by the Leisure Contractor about performance, which is checked for accuracy and also monitored by the IPS
 - (b) Receipt of plans, which are checked to show that they have been implemented
 - (c) Ad hoc/reactive measures to check performance
 - (d) Receipt of complaints or suggestions.
- 6 The above are to be dealt with through a variety of practical processes, which involve officers of the Community & Leisure and Finance sections, and are set out on the table below.
- 7 Six Monthly reports will be made on the Leisure Contract to Scrutiny 1 – Community & Housing. In addition, if requests are received for fundamental alterations to the Leisure Contract, it will be necessary to report to the relevant policy committee for a decision.

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| Level | Office Based Process | Practical Monitoring Process | Other indicators of Availability & Performance |
|--|--|--|--|
| <p>Information provided by the Leisure Contractor about performance which is checked for accuracy</p> | <ul style="list-style-type: none"> • Receive Monthly Report on Availability & Performance • Process payment if no evidence of inaccuracy • Apply default procedure if evidence of non- performance/ non-availability | <ul style="list-style-type: none"> • Accuracy of Reports are checked by cross-referencing information retained at each Centre e.g. checking of facilities sheets, Cleaning Rota sheets | <ul style="list-style-type: none"> • Complaints received • Ad hoc feedback • Ad hoc visits to Centres |
| <p>Receipt of plans which are checked to show that they have been implemented</p> | <ul style="list-style-type: none"> • Acknowledgement of receipt of plans in Minutes of relevant meeting with the Leisure Contractor. • Recording of discussions/ decisions made at Meetings with the Leisure Contractor | <ul style="list-style-type: none"> • Monthly, Quarterly and Annual meetings with the Leisure Contractor to receive, discuss, review and confirm plans. • Implementation of plans are checked by cross-referencing information retained at each Centre e.g. checking of training records, marketing | <ul style="list-style-type: none"> • Complaints received • Ad hoc feedback • Ad hoc visits to Centres |
| <p>Ad hoc/reactive measures to check performance</p> | <ul style="list-style-type: none"> • Following up where minutes of meetings with the Leisure Contractor show agreement to implement a particular service or procedure | <ul style="list-style-type: none"> • Ad hoc visits to Centres, particularly when following up a previously raised issue/concern | <ul style="list-style-type: none"> • Complaints received • Ad hoc feedback |
| <p>Receipt of complaints/ suggestions</p> | <ul style="list-style-type: none"> • Pass to the Leisure Contractor for dealing with and ensure kept informed of progress • Review survey responses carried out by the Leisure Contractor and agree means of addressing areas of concern/issues raised | <ul style="list-style-type: none"> • Review file detailing complaints received/dealt with • Consider and address any ongoing issues at monthly meetings | <ul style="list-style-type: none"> • Carry out Best Value Review and obtain feedback on services provided (2005) • Ad hoc feedback • Ad hoc visits to Centres |

Committee: Resources Committee
Date: 20 March 2003
Agenda Item No: 5
Title: Stansted Airport Campaign – Progress report and new Commitments
Author:

Report to follow

Committee: Resources
Date: 20 March 2003
Agenda Item No: 6
Title: Revenues Services Best Value Review 2003/2004
Author: Mike Brean (01799) 510330

Summary

- 1 This report seeks approval of the proposed Terms of Reference for the Revenues Services Best Value Review for 2003/2004.

Background

- 2 The Terms of Reference detailed in appendix 1 to this report have been agreed between the members of the Revenues Services Best Value Officer Core Team and the Director of Resources.
- 3 The Terms of Reference for the Housing Benefit Fraud Investigation Best Value Review have not been included in appendix 1. This review will take place when the Principal IT and Audit Officer finishes his secondment to the Financial Services Section later in 2003.
- 4 The Best Value Critical Friend has yet to be confirmed, but this will be actioned before the Member Reference Group is formed.
- 5 The progress of the Best Value Review will be reported on a regular basis to Scrutiny 2 Committee. An improvement plan will be submitted to Scrutiny 2 Committee in December 2003 and then Resources in January 2004.

RECOMMENDED that The Terms of Reference for the Revenues Services Best Value Review for 2003/2004 be approved.

REVENUES SERVICES
BEST VALUE REVIEW 2003/2004
TERMS OF REFERENCE

Areas to be reviewed

- Council Tax administration
 - Council Tax billing and collection
 - Council Tax recovery
- Business Rates administration
 - Business Rates billing and collection
 - Business Rates recovery
- Housing and Council Tax Benefit administration
 - Housing Benefit administration
 - Council Tax Benefit administration
 - Housing Benefit overpayment recovery

Scope

The review will consider whether the above areas of Revenues Services:

- Meet customer expectations
- Can be more effectively and efficiently provided
- Meet the standards of performance laid down by Central Government

The aim is to show what we are currently achieving and how we are going to improve in future.

The services

- The services and their costs will be briefly described.
- The reason(s) why the current services are being provided will be explained (including outlining the Council's statutory duties), eg how they relate to strategic objectives, Council policies and priorities.

Some fundamental general questions

- What is the Council wanting to achieve in the future in relation to these services?

- Does the Council have a statutory duty to provide these services?
- Are there any other specific obligations, eg contracts?
- Are there better alternative ways to deliver the services (in-house, partnership, outsourced)?

Some specific questions

- What external trends are likely to affect the services?
- What do Members/management etc think about the future of the services?
- What do our customers think about the services provided?
- Are our services easily accessible to our customers?
- What do our partners think about the services provided?
- How can we improve services to our customers?
- Where is performance currently weakest and strongest?
- What performance targets are of most importance?
- Are we making the best use of Information Technology?
- How can we make better use of Information Technology?
- How can costs be reduced most effectively?
- Are there any opportunities for maximising income?

How we will carry out the review

The answers to the **challenging** questions above will be assisted by

- **Comparing** where practical with service providers in similar Councils and, where appropriate, by probing questions as well as attempted statistical comparison.
- **Consulting** with service users and partners to supplement where necessary existing evidence.
- **Competing**, where appropriate, with other service providers.

The process

- The Member Reference Group will meet regularly with officers.
- There will be customer surveys covering all areas of the Best Value Review.

- There will be notes on the review progress to Members and staff.
- There will be reports to Scrutiny Committee.
- An improvement plan will be submitted to Scrutiny Committee in December 2003 and Resources in January 2004.

Membership of the Review Team

- Members Councillors x 3
- Officers Core Team of Mike Brean, Julian Sayer, Sue Ellis, Sheila Adams and Adrian Marsh plus individual representatives as required.
- Critical Friend To be advised (part of Core Team).

Committee: Resources Committee
Date: 20 March 2003
Agenda Item No: 7
Title: Capital Programme 2003-2004 (Update)
Author: Michael Dellow (01799) 510310
John Dickson (01799) 510300

Summary

- 1 This report outlines the latest known position on changes to the two key strands of this Council's capital funding strategy – Local Authority Social Housing Grant (LASHG) and the use of Right-to-Buy housing capital receipts. These are both current sources of significant cash income for the Council which are both set to be drastically reduced by Government action.
- 2 Because of these identified funding uncertainties, provisional projections only have been presented so far for the Capital Programme from April 2004 onwards. Any expenditure on the LASHG element of the Capital Programme for 2003-2004 is itself subject to this report.

Background

- 3 The Capital Programme report for 2003/04 was prepared in advance of its consideration by this Committee on 5 February, the same day that the ODPM published "Sustainable Communities: Building for the Future". Just before the Council was due to give final approval to the Capital Programme, officers received an e-mail from the ODPM with the simple message, "Please see attached". The attachment was a copy of an ODPM letter to the Housing Corporation dated 7 February containing the following:

"You will have seen from the Deputy Prime Minister's announcement on 5 February, and the publication of "Sustainable communities: building for the future", that as part of the reforms of local authority housing finance, LASHG is to be abolished to allow a more strategic use of the resources. This change will take effect from 1 April 2003."

- 4 At its meeting on 11 February the Council was informed of this development by the Director of Resources with the result that the Capital Programme was approved with the proviso that the LASHG programme from April 2003 be subject to this further report.

Uttlesford's immediate response to the ODPM on LASHG

- 5 An urgent letter of representation on this issue was sent on 14 February to the Minister for Local Government, by the Leader of the Council. This letter, attached as Appendix LASHG1, concluded with the request below:

“... this Council like the other debt-free authorities are devastated by this 11th hour change and trust that you will consider my comments and defer the date for abolishing LASHG.”

ODPM’s transitional proposals for debt-free authorities

- 6 On 12 February Go-East finally communicated directly with the Council on the subject, confirming the abolition of LASHG but clarifying arrangements for debt-free authorities such as Uttlesford:

“You will be pleased to know that the Office of the Deputy Prime Minister (ODPM), in recognition that the reform will have notable impact on authorities who have made commitments with RSL’s in their areas, has set aside funds for the next three years, to 2005/2006, to honour those existing schemes that have already received grant confirmation from the Housing Corporation. ODPM is currently working out the final details of how the transition will operate in practice.”

- 7 Information to assist their programme planning was requested by Go-East and this was subsequently provided on 18 February. This firmly established the Council’s agreed position with RSL’s as at that date as follows:

| Uttlesford LASHG Position | Confirmed but not processed (£) | Programmed but not confirmed (£) |
|----------------------------------|--|---|
| 2002-2003 | 2,334,477 | 1,455,600 |
| 2003-2004 | 682,037 | 1,697,900 |
| 2004-2005 | <u>550,000</u> | <u>-</u> |
| TOTAL | <u>3,566,514</u> | <u>3,153,500</u> |

- 8 In addition, information was also provided for a further £26.8 million in Social Housing schemes estimated to be coming forward by the end of 2005-2006. The funding envisaged for these schemes had been from a number of sources, LASHG being the primary means by which this Council itself could contribute in an enabling role.

The impact on those authorities with debt

- 9 The original 7 February letter from the ODPM contained the following assessment:

“Non-debt-free authorities may continue to fund housing associations from their own resources, for example their HIP allocation, but will not receive LASHG from the Housing Corporation to cover this. There will be no impact on their resources, as the returning receipt would up to now have been set aside in full as provision for credit liabilities.”

- 10 As well as being a sad commentary on the practical results of the ODPM’s failure to consult adequately before initiating such a drastic change, this assessment also highlighted a fundamental lack of understanding by the Government of the difference between HIP allocations (credit approvals) and

cash resources. LASHG has been a cash neutral initiative for **all** local authorities, both for those with debt as well as those without.

11 Any cash grant paid out to RSL's has always been fully reimbursed in cash by the Housing Corporation. Credit approvals are simply permission either to undertake new borrowing or to spend capital receipts statutorily set aside to repay debt. Any local authority giving cash support to housing associations without cash reimbursement can inevitably only do so by eating into the Council taxpayers' own cash resources.

12 A further copy ODPM letter was e-mailed to officers on 17 February, by which time it would appear that this message was beginning to get through. This letter was to Government Office Housing Team Leaders confirming that:

"Transitional arrangements are being developed that will protect schemes either underway or otherwise committed."

The letter also confirmed that similar information to that sought from debt-free authorities was now also required from the rest, because:

"Officials from Local Authority Housing Division met today with representatives from a number of both with-debt and debt-free authorities. We were pressed very strongly to include with-debt authorities in any transitional measures scheme."

Statement to the House of Commons

13 On 5 March, Tony McNulty MP confirmed to Parliament that transitional arrangements were being put in place for debt-free authorities, the money to be allocated by the Housing Corporation direct to the RSL. With-debt authorities, will be provided with revenue support to compensate them for the loss of investment income (at an interest rate of 4%) they would have expected on repayments from the Housing Corporation for schemes supported by their own resources paid through a special grant under section 88b of the Local Government Finance Act 1988.

"These arrangements will cover schemes which will have already started by 31 March 2003. We are also extending the deadline for submitting bids for new schemes to the Housing Corporation for 3 months to 30 June 2003, provided that schemes have planning permission, are approvable and are programmed to draw down the start-on-site tranche of grant by the end of January 2004. We do however need to ensure that the funding limits are not exceeded. If the total claims submitted by 30 June exceed the money available, the Housing Corporation will prioritise schemes with the Government Offices in terms of their contribution to the regional housing priorities."

Pooling of housing capital receipts

14 On 17 February officers received, through Sir Alan Haselhurst MP, yet another copy ODPM letter, this time from the Minister to MP's representing debt-free authorities, dated 10 February. This confirmed the previously

reported intention of Clause 11 of the Local Government Bill to pool a proportion of housing capital receipts from all local authorities in England. The letter outlined three year transitional arrangements for authorities, like Uttlesford, who are debt-free with housing stock when the new capital finance regime is introduced, expected to be April 2004.

“An authority in this category will receive up to 75%, 50%, or 25% (in years one, two and three respectively), subject to them using the resources for housing, of their share of the total capital receipts which we have estimated will be paid into the pool by debt-free authorities.”

- 15 However re-assuring this is intended to be, the information is still insufficient for this Council's practical forward planning purposes. It merely states that, from presumably 1 April 2004, there is the possibility that we may be allowed to spend some of the cash that the Government will be taking from the Uttlesford Council taxpayers, provided that it is ring-fenced for housing purposes. This compares with the current position where we are able to retain all housing capital receipts or use them to fund **any** capital expenditure in line with our own priorities.
- 16 We must await further clarification not just on the timing, the processes and the detailed rules, but also how these transitional measures for pooled receipts may link practically with the LASHG transitional and replacement arrangements. The Capital Receipts Group, to which this Council subscribes, is continuing to fight both issues on behalf of debt-free authorities.

Conclusions

- 17 There are three main conclusions to be drawn from the recent developments outlined above:
- There is an indication that at least 60%, possibly more, if progress can be made before 30 June, of the schemes included in our own LASHG programme for 2003/04 may be protected under the transitional arrangements being developed. However, it is now uncertain that this Council itself will have any involvement from 1 April in the cash flow between the Housing Corporation and an RSL.
 - The ODPM appears finally to have understood the cash impact on Council taxpayers of using capital receipts, but there is still no indication that there will be any compensation forthcoming for any receipts surrendered to the national pool.
 - The result of abolishing LASHG is to deprive the Council of the primary means we have had at our disposal to negotiate and enable for ourselves sufficient social housing to maintain a balanced local housing market. This is despite the fact that the ODPM itself identifies this area as one of high demand for additional low cost housing.
- 18 Representations have been made to the ODPM on the basis that this Council does not believe its local taxpayers should be expected to bear the cash burden of national / regional housing problems without the expectation of an assured income stream in return. If Members confirm that as their current position, it is assessed that the prime risk to be avoided at present is the

erosion of capital reserves with its consequent effects of either lost interest earnings or loss of future capital funding flexibility.

- 19 Despite considerable further clarification being awaited before the Council's capital strategy can be finally hardened up, it is nevertheless necessary to agree a practical way forward for officers to work to from 1 April as regards the LASHG Programme for 2003-2004.

RECOMMENDED that officers, to avoid the risk of eroding capital reserves:

- a) progress the housing schemes included in the presented 2003-2004 Capital Programme for LASHG but only to the extent that this will not diminish the Council's cash reserves.
- b) continue to make representations to ODPM that credit approvals are not a satisfactory substitute for nationally pooled cash receipts no longer available to produce an income stream for the Council taxpayer.

Background Papers:

- ODPM "Sustainable Communities: Building for the Future" 5 February 2003
- ODPM letter to the Housing Corporation 7 February 2003
- ODPM letter to MP's Representing Debt Free Authorities 10 February 2003
- Leader of the Council's letter to Nick Raynsford MP 14 February 2003
- Go-East letter to the Chief Housing Officer Uttlesford DC 12 February 2003
- ODPM letter to Government Office Housing Team Leaders 17 February
- Uttlesford LASHG data sent in response to Go-East 18 February
- Statement by Tony McNulty MP to the House of Commons 5 March

Nick Raynsford MP
Minister for Local Government
Office of the Deputy Prime Minister
Eland House
Bressenden Place
LONDON
SW1E 5DU

14 February 2003

Our ref: JBD/SJW

Please ask for Cllr Robert Chambers on 01799 510405
email: cllrchambers@uttlesford.gov.uk

Dear Minister

LOCAL AUTHORITY SOCIAL HOUSING GRANT

I am writing to you in order to express my huge concern with the attached letter dated 7 February addressed to the Housing Corporation. The letter was only copied via e-mail to debt-free authorities on 10 February after this Council had agreed its Revenue Budget and Capital Programme for 2003/4.

The Council anticipated some changes following last year's consultation paper and the current Local Government Bill but it was understood that any changes would only take place when the new capital finance system comes into place in 2004. Therefore an allowance has been made from 2004/5 onwards but no change was anticipated from 1 April 2003, which is only six weeks away! I am sure your officials appreciate that the Council Tax has to be set and budgets agreed at this time of year. Through this lateness, my authority has set an unsustainable budget and will be criticised under the CPA regime.

The immediate concern is the impact on our existing planned LASHG programme and our commitments to RSL partners. There is little re-assurance in the stated intention to guarantee funding for schemes that have already received grant confirmation from the Housing Corporation. In our particular local circumstances the current portfolio of schemes has taken several years to bring to their current stage. Grant confirmation in practice occurs only very late on in the process after a series of difficult hurdles have been overcome along the way. In consequence we have a significant proportion of current projects actively in the pipeline for which expectations about funding arrangements are now totally uncertain. These commitments currently total £3,153,800.

Longer term concerns relate to the sustainability of a balanced housing market in this area and of our future budgets, both capital and revenue. To our way of thinking, LASHG has been the means by which we have done our best to regain the social housing provision lost locally as a result of right-to-buy sales; in effect, one national initiative compensating for the impact of another. The process has been essentially neutral in its effect on the Council taxpayers' equity.

Just before the 5 February announcement it was projected that our future capital programmes would need an annual injection of additional revenue resources to remain

sustainable overall in the longer term. This took account of the loss of a proportion of future right-to-buy cash receipts but did assume that LASHG would continue - £2,379,940 being forecast for 2003-04. Without LASHG any sustainable programme for replacing social housing is difficult to envisage,

Credit approvals cannot substitute for the loss of LASHG cash for an authority with no set-aside cash receipts to use them against. Use of taxpayers' capital reserves or even borrowing by this Council is not seen as prudent option for replacing LASHG funding. Our local taxpayers should not lose interest earnings or be paying the mortgage for someone else's properties, without the expectation of an ongoing income stream in return.

We in Uttlesford are therefore looking at a situation in which the ODPM in its "Sustainable communities: building for the future " highlights our north Essex / south Cambridgeshire area as an area of high demand for low cost housing, yet at the same time appears to be pulling the plug on the one means we have had as a Council to contain the situation locally as best we can.

In conclusion this Council like the other debt-free authorities are devastated by this 11th hour change and trust that you will consider my comments and defer the date for abolishing LASHG.

We look forward to hearing from you favourably in the near future and would be delighted to give you further information if required.

Yours faithfully

Councillor Robert Chambers
Leader of the Council

Committee: Environment and Transport; Development Control and Licensing; Resources
Date: 20 March 2003
Agenda Item No: 8
Title: The Planning Delivery Grant
Author: John Mitchell (01799) 510450

Summary

- 1 On 10th February 2003 the distribution of the Planning Delivery Grant (PDG) was announced in the House of Commons. The Government is making an additional £350 million available to local authorities over the period 2003-2006. Uttlesford has been awarded a grant of £246, 261 for 2003-2004. Of 362 qualifying authorities only 33 obtained a higher sum.
- 2 This report explains the background to the grant and suggests means of applying it in furtherance of both local and national priorities. It is a joint report to Environment & Transport, Development Control and Licensing and Resources Committees.

Background

- 3 On 10th February 2003 the distribution of the Planning Delivery Grant was announced in the House of Commons. The Government is making an additional £350 million available to local authorities over the period 2003-2006. The grant is being paid out of additional resources from Spending Review 2002 for planning and is to help ensure delivery of the Government's Communities Plan objectives. The grant is also to help deliver the ODPM's Public Service Agreement 6 which requires all local authorities to have local development frameworks in place by 2006 and meet the Best Value Development Control targets by the end of 2006/7. The grant will also assist the ODPM's Public Service agreement 5 to achieve a better balance between housing availability and demand.
- 4 The amount of grant distributed in 2003/4 is £50 million, and is being paid to local planning authorities, regional planning bodies and the Greater London Authority. It is not being paid to County Councils. It is a performance reward grant, targeted towards authorities' improvement towards and achievement of Best Value Development Control targets during the period June 2001 - June 2002. The allocation is enhanced for those local authorities within the high housing demand and growth areas. The minimum grant is £75,000. Uttlesford has been awarded a grant of £246,261. This comprises £190,000 for Development Control performance improvement, £34,000 as a result of the District's location in regard to meeting housing demands in the south east and £26,000 because of the District's location within the Communities Plan growth areas. An adjustment for weighting purposes results in a £5,000

deletion. 362 local authorities qualify for the grant - the highest being Westminster at £465,000. Only 33 out of the 362 local authorities obtained higher grant than Uttlesford.

5 The grant is not ring fenced to planning. It has however been allocated on the basis that it will drive up performance, both directly and indirectly, in the delivery of planning services both in respect of Development Control and plan making. The ODPM's office suggests that the following areas could be the subject of additional expenditure by local authorities:

- Regional Planning Guidance
- Future Regional Spatial Strategies
- Completing current reviews of existing development plans
- Preparing for the new systems of local development frameworks
- Better resourcing of IT systems
- Assistance from Consultants
- Outsourcing of certain planning services
- Increasing staffing levels
- Training for staff and councillors
- Supporting mediation services
- Encouraging a more diverse planning workforce
- Bursaries for employees to gain planning qualifications
- More use of technical staff

6 It is stressed that there will not be a minimum award in future years and that authorities will have to continue to secure improvements in performance to receive money in future years.

Officer Comment

7 The Planning Service is going through a period of considerable change. It has recently moved from Great Dunmow to Saffron Walden, which in itself is a considerable upheaval. A major structural change is also being implemented, involving the removal of a tier of management and its replacement with a simplified structure. A Best Value Review was commenced in April 2002 but progress was deferred because of high staff turnover in Development Control from April onwards, brought about by a combination of serious illness and career moves. Further staff losses arose from the office move, which have yet to be replaced. Simultaneously operating two Planning Information Desks, one in Saffron Walden and the other in Great Dunmow, has placed further strain on already stretched resources. In all the service remains in a state of flux.

8 The improvements in DC performance on which the grant was based have not been sustained. The period used for assessment - June 2001 to June 2002 - is unusual as it is usually the financial year that is used. Between June 2001 and June 2002 the Development Control service improved its performance of handling planning applications in 8 weeks from 50% to 70%. This improvement arose from significant changes to systems following an internal review in Autumn 2001, coupled with a relatively stable period of staffing up until April 2002. Given stability in terms of staffing and office location then the

systems are in place for high performance in Development Control. The current Development Control performance from 1st April 2002 is as follows:

| Performance Indicator | Govt. Target | UDC Performance |
|--|---------------------|------------------------|
| % Major applications determined in 13 weeks | 60% | 30% |
| % Minor applications determined in 8 weeks | 65% | 42% |
| % All other applications determined in 8 weeks | 80% | 61% |

The overall determination rate from 1st April 2002 is 60% in 8 weeks. In January 2003 69% of all applications were determined in 8 weeks.

- 9 Development Control performance is stressed because on this will depend the allocation of future grant. Current problems in DC do not arise from vacancies in professional planners posts but from vacancies in administrative posts, which result in a slow throughput of applications.
- 10 In terms of planning policy, there has been stability for some years. The Local Plan is progressing towards inquiry commencing on 13th May 2003. Because of its advanced stage it will not need to be abandoned and replaced by a Local Development Document on enactment of the Planning Bill currently before Parliament, although the preparation of an LDD may prove necessary if Regional Guidance promotes the District as part of a growth area. Other initiatives, such as transport, conservation and landscape, are sound.
- 11 Regard should be had to the ODPM's suggested priorities, set against this background

| Government Suggestion | Current Progress and Possible Action |
|---|--|
| Preparation of Regional Planning Guidance | Not a function of UDC, but robust input will be continued |
| Preparation of future Regional Spatial Strategies | Not a function of UDC but robust input will be provided as and when necessary |
| Completing current reviews of existing development plans | Resources allocated and deposit Local Plan progressing to adoption |
| Preparing for the new systems of local development frameworks | Will be phased after adoption of the local plan and depending on outcome of Regional Guidance and Spatial Strategy |
| Better resourcing of IT systems | Document Imaging being introduced within budgeted resources, but good use could be made of additional resources. Website close to completion. Training could be offered to Planning and Office Service staff to enable more efficient use of the planning applications management system, thus enabling corporate use of the |

| | |
|---|---|
| | grant. |
| Assistance from Consultants | <p>Officers consider that the Best Value Review of Planning Services, and any resultant change management programme, could be carried out by consultants. This would have the dual benefit of freeing staff time to run the service while allowing an independent overview of the Service and areas for improvement.</p> <p>Consultants have been used for planning hearings and inquiries when necessary. This resource has been deleted from the current budget but could usefully be reinstated, again freeing staff time.</p> |
| Outsourcing of certain planning services | Consideration is being given to this. For example, the London Borough of Sutton outsources all householder planning applications with a high degree of performance and customer satisfaction |
| Increasing staffing levels | Temporary staff have been taken on to cover administrative vacancies. It is difficult to take on additional staff on the basis of a single year's grant other than on a temporary or contract basis. The use of temporary staff will continue. The restructuring involves the appointment of two additional planning officers. |
| Training for staff and councillors | This is under consideration for Councillors and will be progressed after the May elections. Areas where staff training could be useful involve customer care, management and presentation skills. |
| Supporting mediation services | This is considered a low risk area and not a priority of the Service given the limited resources available |
| Encouraging a more diverse planning workforce | This will be encouraged through the normal recruitment systems |
| Bursaries for employees to gain planning qualifications | One member of staff is already on a day release course to obtain a planning qualification. Further training would be encouraged for all staff to gain relevant qualifications. |
| More use of technical staff | The restructuring of the department envisages more technical staff. |

- 12 Planning Officers are in short supply nationally and the job market is very competitive. This sudden injection of cash will not increase the number of professional planners seeking employment: consequently officers do not consider that the grant should be targeted at new staff in the first instance. Officers consider that the governing principle for use of this additional

resource should be to establish the systems and procedures to enable the sustained improvement of service delivery, while at the same time creating the right conditions for staff to develop their skills and job satisfaction. This would be through training and development, better use of IT and the use of temporary staff or Consultants to address short term "pressure points" in service delivery. The appointment of consultants to carry out the Best Value Review is considered a high priority, as this would give the framework for sustained improvement while at the same time freeing staff time to continue to deliver an improving service.

Overall Financial Implications

- 13 Apart from the future implications for the district of the housing demand and growth elements of the grant, this is exceptionally good news for the Council financially. As well as making resources available for development control improvements, the PDG also frees up financial resources that would otherwise have to be made available for preparing for the new systems of local development frameworks (LDFs). An additional sum of £171,500 earmarked for LDF related purposes (including legal support) was finally approved by Council on the same day that officers first learned of the award of the PDG.
- 14 By the time the accounts are being closed in early May it will be necessary to prepare a costed action plan for development control improvements prepared in light of an assessment of likely future costs of the LDF over the next few years. This will allow any grant not identified for service improvements to be earmarked for LDF purposes in addition to the £60,000 PDG elements for housing demand and growth. This will reduce the need to tie up other resources of the Council.
- 15 As has been made very clear, future PDG entitlement will depend on how much improvement is delivered in practice. In recognition of this and to maximise the chances of receiving further PDG in future, it is recognised that new improvement targets will need to be agreed. Officers do not yet feel in a position to propose either firm targets or a fully worked up and costed action plan. It is intended to prepare a report covering these matters for the next cycle of Committee meetings when supplementary budget approval will be sought.

Conclusion

- 16 Officers consider at this stage that the priorities to improve service delivery are:
 - The appointment of independent consultants to carry out the Best Value Review of Planning Services
 - Bringing forward the appointment of new staff following the approved restructuring of Planning Services
 - Funding the appointment of temporary staff to reduce "pressure points" in workload
 - Improvements in IT
 - Staff and Member training

- Outsourcing handling of planning appeals and consideration of outsourcing certain categories of planning applications
- Technical and administrative support for the Enforcement Service

17 Members are asked to consider any further areas where use of the grant may improve performance and service delivery.

RECOMMENDED that officers prepare a costed improvement and delivery plan for implementing the priorities in paragraph 17 of the report to take maximum advantage of the grant resources available

Background Papers: letter dated 10th February 2003 and enclosures from Tony McNulty MP, Parliamentary Under Secretary of State, Office of the Deputy Prime Minister

Committee: Resources Committee

Date: 20 March 2003

Agenda Item No: 9

Title: Local Government Improvement Programme

Author: CMT (01799) 510401

Summary

1 This report summarises progress and planned action with respect to the recent report from the Improvement & Development Agency and seeks endorsement of the proposed approach.

Background

2 The first stage of the Local Government improvement Programme in Uttlesford took place in October 2000 when the Improvement & Development Agency peer review team made an initial visit and report on the Council. This assessed the Council against the benchmark of an ideal authority drawn up by the IDeA.

3 This initial visit was followed up in Autumn 2001 by a further visit and report which addressed progress with the original recommendations. A third and final visit was made in November 2002. This visit comprised a workshop of members, officers, partners and local people and discussions with leading members and officers. The report arising from this visit was circulated to all members in December 2002. Broadly, it stated that progress had been made on all principal original recommendations and identified some remaining challenges.

4 The attached table summarises action in relation to these identified key challenges. Scrutiny 2 Committee has also requested discussion on this item

at its meeting on 2 April 2003. The report and progress will be reflected in this year's Best Value Performance Plan.

RECOMMENDED that Members endorse the actions identified in Appendix 1 to the report.

Background Papers: Reports by IDeA 2000,2001,2002

IDeA Report 2002 – Summary of Identified Challenges and Proposed Actions

| Challenge | Action/Comment |
|--|--|
| Prioritising existing priorities to establish strong direction for the authority | Progress has continued on establishing clear priorities for the Council; these should be further reviewed following the election in May 2003 |
| Ensuring corporate priorities are widely communicated and understood and inform service plans and personal targets | Council priorities have been communicated to staff through briefings and are reflected in service plans. Appraisals are currently proceeding and provide opportunity to set personal targets for officers. |
| Establishing links between corporate and service priorities and budget and using priorities to inform budget choices | Progress has been made on this. Explicit links between priorities and budgets should be developed further in planning for 2004/05 budget |
| Reviewing current position on member/officer relationships and build on existing protocol | Revised draft protocol produced and member/officer workshops held. New protocol to be recommended to Council on 15 April |
| Re-establishing corporate capacity by establishing additional posts and by combining CMT/SMT to broaden officer leadership base | Posts of Performance Manager and Assistant established but loss of capacity expected from pressures arising from forthcoming retirement. Roles and agendas of CMT and SMT have been reviewed |
| Researching preparation needed for CPA from those with first-hand experience | Member workshop held with Leader of pathfinder authority. Officers continue to be briefed through personal contacts and attendance at relevant events |
| Considering commitment to whole-authority Investors in People accreditation to provide framework for further work on performance management, service planning and human resources policies and practices | Continued conscious development of IIP themes eg through new appraisal scheme and corporate training. Position to be reviewed in Autumn 2003. |

Committee: Resources Committee
Date: 20 March 2003
Agenda Item No: 10
Title: Corporate Governance
Author: John Dickson (01799) 510300

Summary

- 1 All local authorities now have to adopt a Code of Corporate Governance and keep it under periodic review. This report explains the background to that requirement and proposes an initial Code of Corporate Governance and how it should be kept under review.

Background

- 2 All authorities have to adopt a Code of Corporate Governance. Reference was made to this in District Audit's Annual Management Letter which was considered by the Council at its meeting on 17 December 2002. The Chartered Institute of Public Finance and Accounting (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) have published joint guidance on Corporate Governance in a document entitled "Corporate Governance in Local Government: A keystone for community governance." Attached in Appendix 1 is the proposed initial Code for this Council and also how it should be kept under review. Officers appreciate that Members may not think this document is strictly a code containing as it does elements of commentary. However it follows the approach recommended in the joint guidance and uses the same terminology.

Corporate Governance

- 3 According to the Audit Commission, "Governance" is the system by which local authorities direct and control their functions and relate to their communities. It is the way in which organisations arrange their business, determine strategy and objectives and go about achieving those objectives.
- 4 The aim of good Corporate Governance Arrangements should be to instil confidence in the Council in parties with whom it must deal.
- 5 This means confidence in a Council's:
 - Honesty and probity
 - Internal Financial Controls
 - Decision-making processes

- Sustainability
- 6 Confidence in a Council's Honesty and Probity is supported by:
- Codes of Conduct for Members and Officers.
 - Openness, accessibility and transparency in the way the Council conducts its business
 - Effective systems by which people can seek redress
 - Effective independent review
- 7 Confidence in a Council's Internal Financial Controls is supported by:
- Adherence to proper accounting practices
 - Publication of accounts etc in accordance therewith
 - The existence of a Medium Term Financial plan
 - Effective independent review
- 8 Confidence in a Council's Decision-making Process is supported by:
- Clarity as to who is responsible for taking what decision
 - Clear procedure rules for decision-taking
 - The existence of a policy framework which ensures that decisions are not arbitrary
 - A sound performance management system which informs the Council and its stakeholders how the Council is doing
 - Effective independent review
- 9 Confidence in a Council's Sustainability is supported by sound financial management, and:
- Developing a longer term planning structure
 - Developing sound human resource management policies and practices
 - Effective risk management

Monitoring and Review

- 10 Once a Council has adopted a Code of Corporate Governance, it needs to ensure that:
- (a) the principles and practices in that Code are adhered to, and
 - (b) the code is periodically reviewed, to ensure that it continues to remain up to date and relevant.

- 11 Such a process of review needs to be clearly set out as the responsibility of a constituted body of the Council. It is suggested that Scrutiny Committee 2 would be the appropriate body to draw together the key elements of corporate governance. This would logically give it three roles:
- (a) Oversight of the Council's Corporate Governance Arrangements, namely:
 - development of the Code of Corporate Governance
 - annual assessment of the Council's adherence to its policy
 - (b) Oversight of risk management issues, namely:
 - development of Council policy on risk – including the degree to which the Council is willing to accept risk
 - (c) Oversight of Audit, namely:
 - monitoring of Audit arrangements (internal and external)
 - monitoring of implementation of agreed audit recommendations
- 12 It is proposed that Scrutiny Committee 2 be asked to consider the appropriateness of the roles set out in paragraph 11 above when formulating its work programme at its meeting on 2 April 2003. This Resources Committee meeting will therefore need to recommend a consequential amendment to the Constitution direct to Council, adding the roles set out in sub-paragraphs 11(a) – (c) above to the remit of the Scrutiny Committee 2.
- 13 Under the Code, the Council's Chief Executive and Leader have to make an annual "Statement of Assurance" giving their position on whether the corporate governance arrangements are adequate and are operating effectively. This statement has to be included in the statutory Statement of Accounts which are subject to external audit. For this year the statement must be produced by 1 September relating to 2002/3.

RECOMMENDED that:

- (a) Council at its meeting on 15 April adopts the Code of Corporate Governance set out at Appendix 1 to this report.
- (b) Council at its meeting on 15 April approves the monitoring and oversight role for the Scrutiny Committee 2 set out in paragraphs 10 to 12 of this report and that the Council's Constitution be amended accordingly.
- (c) The Committee refers this report to Scrutiny Committee 2 for consideration when formulating its future work programme.

Background Papers: CIPFA/SOLACE Publication – Corporate Governance in Local Government – A Keystone for Community Governance

CODE OF CORPORATE GOVERNANCE

Uttlesford District Council's approach to ensuring effective Corporate Governance comprises seven key elements:

- 1 A corporate commitment to effective corporate governance
- 2 Effective planning and performance management processes
- 3 A commitment to openness and accessibility
- 4 Effective processes to ensure that the Council is accountable to its communities
- 5 Adequate arrangements for independent review
- 6 High standards of ethics and probity
- 7 Sound risk management practices

This code offers particulars of how these elements are realised and details those areas where it believes that more work is required.

1 Corporate Commitment

The Council expressly and explicitly commits itself to the adoption of policies, practices and procedures which ensure openness in all its dealings, subject only to the need to preserve confidentiality where it is proper and appropriate to do so.

The Council commits itself to articulating a Vision for its communities, consistent with the district's Community Plan and to working towards the delivery of that Vision through:

- The Council's own strategies and programmes
- Partnerships with other agencies and organisations
- Articulating and promoting that Vision to other agencies and organisations
- Assisting others to deliver that Vision

Clarity of Role and Purpose

The Council believes that a necessary prerequisite of effective governance is clarity in the roles of the various elements of the Council.

Full Council – meets five times a year – its core roles being:

- a) to agree the Council's Budget and Policy Framework; and
- b) to debate major issues affecting the district.

Four Policy Committees – meet five times a year to discharge their key roles in specified service areas of providing strategic leadership to the authority, and of ensuring that the authority successfully discharges its responsibilities.

Two Overview and Scrutiny Committees – These two Overview and Scrutiny Committees also meet five times a year to scrutinise the Policy Committees' decisions, to monitor performance, and to develop policy.

One Regulatory Committee – The Development Control and Licensing Committee discharges the Council's key (non-policy) regulatory functions. The Committee meets every three weeks to consider development control matters and has five meetings a year scheduled for licensing issues.

A Schedule of Meetings is agreed each year, usually in February for the coming civic year, and is published on the Council's website, www.Uttlesford.gov.uk

The Council's Constitution clearly sets out the respective roles of full Council, Policy Committees, the Overview and Scrutiny Committees, the regulatory committee and officers.

The Constitution also:

- i) sets out clear processes and procedures for policy development; decision-making; reporting of decisions; scrutiny and call-in of decisions.
- ii) contains procedure rules governing the conduct of the Council's business
- iii) refers to financial regulations and procedure rules governing management of the Council's finances and contracting for goods and services
- iv) sets out the roles and powers of the Head of Paid Service, Chief Financial Officer and Monitoring Officer, and their statutory duties with regard to the operation and management, financial management and ethical behaviour of the Council and its officers
- v) includes a Protocol which sets out expectations of the relationship between elected members and officers, and
- vi) contains a Scheme setting out allowances and expenses payable to elected members in the discharge of their functions.

The Constitution sets out detailed schemes of delegation which clearly identify those matters which the Council has delegated to officers.

Complete and up-to-date Job Descriptions and Person specifications are in place for all the Council's staff, setting out, *inter alia*, the purpose and key responsibilities of each employee. Also Job Descriptions have been agreed for the roles of Councillor, Leader of the Council and Committee Chairmen.

The staff remuneration is in accordance with a pay structure approved by the Council. The placing of individual posts on that structure is governed by job evaluation. The Council is working towards full implementation of the "*Single Status Agreement*", and as part of that will review its existing Job Evaluation Scheme. The current Scheme dates back to 1989, and is therefore in need of updating and modernisation; this will also provide the opportunity to ensure that it meets equal pay criteria. It is not anticipated that this update will necessitate wholesale re-evaluation of existing posts, but some benchmarking may be undertaken on agreed key posts

An Independent Remuneration Panel reviews Members' allowances annually and makes recommendations on the appropriate level of allowances. It is also proposed that in future the Panel will make recommendations on travelling and subsistence rates.

The Council is developing a Corporate Training Programme. Roles of senior staff have been defined and a management development programme is being progressed. A series of training programmes for team leaders and supervisors has been held.

Induction training is also provided to all new recruits to the Council's employment.

A significant budget for elected member training has recently been agreed with particular reference to CPA and the Government's modernising agenda. Previously an extensive programme of IT training for Members was undertaken for the provision of remote-access IT links. There is also an annual programme of member workshops on topical issues.

2 **Planning and Performance Management Processes**

Vision

The Council has set out its Vision for the District. A Local Strategic Partnership, Uttlesford Futures, has been established comprising representatives from the public sector, business community and voluntary sector to develop a Community Strategy for the district which will be published in June 2003. This Strategy will not be restricted to the services the Council provides or is responsible for, but is intended to assist, encourage and influence all relevant agencies to take appropriate actions to realise that Vision.

Planning

The Council annually adopts a Best Value Performance Plan setting out its corporate strategy relating to its own activities and functions, and reviews the continuing relevance of its strategies each year.

The Council conducts an annual review of the major pressures impinging upon and issues affecting the district and the Council's services.

Service Plans (which form the core of the annual Best Value Performance Plan) are prepared each year for each of its areas of service, which reflect the priorities identified in the BVPP and which relate to the Council's annual Revenue Budget and Capital programme.

The BVPP, Revenue Budget and Capital Programme are publicly available, and will be published on the Council's website.

The annual Service Plans and Budgets should inform every employee's Appraisal and Performance Development and Review which demonstrate each employee's contribution to the achievement of the Council's Vision. The Council has gained accreditation in Investors In People covering certain services and is planning to apply for Council-wide accreditation during 2004.

The Performance Development and Reviews also identify other development needs and contribute towards the formulation of the Council's Corporate Training Programme.

Performance Management

Service Plans contain performance information and targets. These comprise both nationally stipulated and locally developed performance indicators.

Service managers are expected to take responsibility for the regular monitoring of their services and to report any particular concerns.

The Council's Corporate Management Team monitors the key indicators on a quarterly basis.

The two Overview and Scrutiny Committees monitor performance against indicators on an annual basis and carry out six-monthly monitoring of selected, key indicators.

In January 2003 the Council agreed the new post of a Performance Manager who will coordinate performance management activities across the Council.

Partnership

The Council's Best Value Performance Plan contains a Procurement Strategy which helps the Council when reviewing services to determine whether it is appropriate for total or partial

outsourcing of a given service to be explored. The Council has recently entered into a PFI contract for the construction of two new leisure centres and a major refurbishment of the Lord Butler Fitness and Leisure Centre in Saffron Walden.

The Council also has a commitment to working in partnership with other local authorities and relevant agencies where such partnership working will improve services and/or deliver greater financial efficiency. To this end, the Council has recently entered into agreements with two other District Councils for the provision respectively of payroll facilities and the establishment of an internal audit partnership facility.

Best Value

The Council's Best Value Review programme ensures that the Council's functions are subject to periodic, in-depth review.

3 Openness and Accessibility

Agendas, Reports and Minutes

UDC complies with the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985, and Regulations made thereunder.

As a minimum, this provides *inter alia* that all meetings of the Council and Committees at which key decisions are taken will be held in public. The Council has agreed that, except where exempt or confidential information (as defined in the Act) is being considered, all meetings at which decisions are taken will be held in public. Moreover, the Council will construe the definition of "exempt or confidential information" tightly, so that the public will only be excluded from meetings from the minimum number of items.

Agendas for all formal Council member-level bodies will be posted on the Council's website www.Uttlesford.gov.uk

Where decisions are based on officer reports, these reports (except where they include exempt or confidential information) will be posted on the Council's website so as to be as widely available for inspection as possible.

External Communications

No-one, however, can get an accurate picture of what the Council is doing merely from access to agendas, reports and minutes.

Accordingly, the District Council every month publishes a Council page covering Council issues in a group of local newspapers.

Consultation

The Council will comply with the following principles when consulting the public on proposals.

Consultation by the Council with its citizens will be:

- (i) Representative – so that the views of those consulted really do represent those of the wider community
- (ii) Reliable – so that findings from consultation can be relied on within certain limits of confidence

- (iii) Sensitive to trends – so that the Council will know whether or not it is improving over time and responding to the community's aspirations.
- (iv) Actionable – so that the Council has a chance to make the changes or improvements that residents want to see.

The aim and purpose of the Uttlesford Futures Partnership is to encourage extensive participation by key stakeholders in shaping a Vision for the district and in influencing the future strategy of the District Council and its partner organisations.

In addition, the Overview and Scrutiny Committees have the power to seek the views of, take evidence from and co-opt members of the public/stakeholders when carrying out investigations, policy reviews etc.

Essex County Council and other core partners have established a county wide citizens panel. Uttlesford has been negotiating with the County Council and will be able to make use of the panel on an ad hoc basis subject to paying the costs incurred.

Consultation is also a key element of the Best Value Review process to which the Council's functions are subject.

During November and December 2002 the Council arranged for a joint budget consultation exercise with Essex County Council which was undertaken by MORI. This assisted in formulating Council Tax levels and service spending priorities.

Liaison

The Council liaises with the various Chambers of Commerce and major employers to ascertain the views of the business community in the district on the Council's activities, and annual service and financial proposals. Additional meetings are held from time to time with representative bodies or individual businesses in key employment sectors, to discuss issues of concern and priorities.

The Council also undertakes regular liaison with representatives of service users. These include welfare agencies in connection with both housing and housing benefit services. The Council facilitates five meetings a year of the Uttlesford Benefits Forum when representatives of voluntary organisations meet the Council to discuss mutual issues.

Periodic meetings are held of Uttlesford Local Agenda 21 to ascertain views on sustainability.

The Council co-ordinates of service focused forums for transport, arts, sport and tourism. There is regular liaison with the voluntary sector.

During 2002/3 District Open Meetings were held with members of the public in four locations throughout the district to discuss and to get feedback on Council policies. It is planned to hold these meetings annually.

Public Accessibility/Participation

Members of the public are encouraged to contact their local councillor on any matter concerning the District Council's activities or any other matter affecting the district.

After giving advance notice members of the public are permitted to speak at the start of any formal meeting of the Council or its Committees. They are also allowed to make representations on planning applications at meetings of the Development Control and Licensing Committee.

The Council's website also has a facility where citizens can make their views known.

4 Accountability

Access to Information

The cornerstone of the Council's accountability is its commitment to ensuring that citizens are aware of its activities, and have access to information about the decisions which the Council is taking – see under "Openness and Accessibility" above.

The Council's Performance

The Council is committed to ensuring that its citizens are aware of its performance.

Every year, the Council publishes a comprehensive Best Value Performance Plan (BVPP) which contains information about the Council's activities, its performance against a number of key performance indicators and estimates of how it will perform in the coming year.

A summary of the BVPP is published each year with the Budget Information Leaflet which accompanies Council Tax demand notices.

The council also publishes a comprehensive Statement of Accounts every year. This is prepared in accordance with accounting rules and practices agreed by the Chartered Institute of Public Finance and Accountancy and endorsed by the Audit Commission. The Statement is posted on the Council's website.

Complaints

Citizens have the right to complain to:

- (i) the Council itself under its complaints procedure (a copy of which can be obtained from the Council Offices during normal office hours).
- (ii) the Ombudsman if not satisfied with the outcome of using the Council's own complaints scheme;
- (iii) the Standards Board for England about a breach of the Councillor's Code of Conduct.

5 Independent Review

Internal Audit

In October 2002, the Council established an audit partnership with Stevenage Borough Council. It is charged with independently monitoring both Councils' activities; to review and report on compliance with policies, plans and procedures; to ensure good standards of financial management; the soundness of accounting and other internal controls; the safeguarding of the Council's assets; and the prevention and detection of fraud.

The audit team is responsible to a Joint Committee of Members from the two authorities. The Director of Resources is the nominated contact officer for UDC. Copies of audit reports are issued to relevant Officers and Members for action and information and internal audit reports are made twice yearly to both Overview and Scrutiny Committees.

External audit (see below) reports annually on the adequacy of internal audit arrangements.

External Audit

The Council's activities are also monitored by auditors appointed by the Audit Commission for England and Wales. Their responsibilities are set out in the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission (www.audit-commission.gov.uk)

The Audit Commission (Operations Directorate), who are the Council's External Auditors, audit the BVPP to ensure accuracy and compliance with Best Value legislation, and to monitor the effectiveness of the Council's service and financial planning and performance management processes and practices.

They annually review the Council's financial standing, legality of financial transactions, systems of internal financial control, standards of financial conduct and the prevention and detection of fraud and corruption. They also audit and give an opinion on the Council's financial statements, and certify grant claims to Government.

They also issue periodic reports on matters which they have considered, and also publish an annual Audit Letter which is issued to all members of the Council and discussed at a Council meeting and is posted on the Council's website.

All external audit findings are drawn to the attention of and recommendations agreed with, relevant staff, and, where appropriate, members. The implementation of agreed recommendations is monitored during the following audit.

Inspection

Since 2000/1, some services, which have been the subject of Best Value Reviews, have received an independent inspection from the Best Value Inspectorate. Inspection reports are summarised in the BVPP, and are publicly available.

With effect from financial year 2002/03, the Council, along with all other principal local authorities, will be subject to Comprehensive Performance Assessment, undertaken principally by the Audit Commission. This will endeavour to give the public an overall view of the Council's performance and ability to improve, and will influence other audit and inspection regimes.

The Department of Work and Pensions and its Benefit Fraud Inspectorate also carry out periodic reviews of the accuracy of the Council's Housing and Council Tax Benefit processing, and the effectiveness of measures in place to prevent and detect benefit fraud. Major inspection reports will be publicly available.

The Food Standards Agency undertakes inspections of local authority food enforcement services. Inspection reports are publicly available. The Council has not yet been inspected.

The Food and Veterinary Office of the European Commission carries out regular inspections on the control of imported animal products at Stansted Airport. It has recently started a programme of inspections on the control of imported food of non-animal origin. Such an inspection of Uttlesford Port Health controls has not yet been undertaken. Inspection reports are publicly available.

6 Ethics and Probity

The Council's Standards Committee, which comprises members of the Council, independent persons, and representatives of parish councils in the district, has overall responsibility for promoting high standards of ethics and probity in the Council.

It does so by promoting awareness and understanding of codes of conduct for both district and parish/town councillors.

The Council also has in place a Fraud and Corruption Policy aimed at ensuring adherence to the highest standards of ethics and probity, and a Confidential Reporting Code which encourages officers to report any action which they consider to be improper or unethical.

In order to ensure that members and officers understand and respect each others' roles, the Council has also introduced a Member-Officer Protocol which it is currently updating and which forms part of the Council's Constitution.

The Assistant Chief Executive currently holds the role of "Monitoring Officer" but from May 2003, it is expected that the position will transfer to the Council's Head of Legal Services. He has the task of advising the Council should it propose to do anything which is illegal, improper, unethical, contrary to any code of practice or would amount to maladministration.

7 Risk management

Uttlesford District Council adopts a risk-averse approach to the management of the public money within its control. It also takes all reasonable steps to minimise the risk of loss, damage or injury to its staff and to members of the public visiting its buildings and other property.

The Council recognises that it needs to maintain a high level of public confidence in its decisions and its role as a provider of services.

To facilitate this it:

- Will maintain high standards of public accountability and openness;
- Comply with legal requirements;
- Safeguard public and staff health and safety, so far as is reasonably practicable and;
- Maintain systems to identify acts or omissions which would increase the Council's risks

However, a totally risk-averse approach is not appropriate if the authority wishes to deliver efficient and effective services to its public and to exercise proper community leadership of the District. Accordingly, where the adoption of a risk-averse approach is not relevant, the Council will include in its decision-making processes an assessment of the nature, probability and impact of potential risks, and weigh them against the potential benefits of alternative courses of action.

It also seeks to manage such risks. Such management may include:

- controlling them through seeking specialist advice or adopting rigorous controls;
- transferring risk (eg by insurance);
- sharing the risk (eg by entering into partnership arrangements); and
- manage or mitigate the risk through internal controls.

Internal Controls and Procedures

- The Council maintains rigorous and effective systems to monitor financial transactions. Clear and effective Financial Regulations and Procedure Rules are referred to in the Council's Constitution and are available on the Council's website.
- It takes a medium-term view of its financial planning to ensure that resources are likely to be available to meet future demands.

- It ensures that policies and procedures are in place so as to secure, so far as possible, a safe and healthy working environment for its staff.
- It maintains a culture of compliance with legal requirements, and the Legal Services Section has the express role of ensuring that the Council is aware of its legal obligations.
- It endeavours to be open, accessible and accountable in all its dealings and it maintains and publicises procedures so that individuals feel secure in reporting perceived wrongdoing.
- It maintains codes of ethical conduct and offers guidance to members and staff on standards of good behaviour.
- It ensures, so far as is practicable, that its policies and decisions are publicised.
- It adopts standards for the maintenance of its buildings, property, plant and equipment and vehicles which ensure that they are as safe as is reasonably practicable.
- It uses the Service Plan and Appraisal Development procedures to attempt to ensure that adequate staff resources are available to deliver the Council's programme and that those staff are adequately supported and trained.
- It maintains effective Emergency Planning arrangements, and exercises and trains its staff in responding to potential civil emergencies, so as to ensure that the authority has the capacity to assist its communities to cope with and recover from disaster.

8 Areas for Future Action

Equality Issues

The Council has policies and procedures in place to ensure equality of opportunity in all aspects of its employment processes.

However, some further work is required to ensure that the Council's services are reasonably and equally available to all sectors of the communities which the Council exists to serve. In this connection, the Council will have regard to the Local Government Equality Standard.

Ethics and Probity

The Council already has a code of conduct for Members and is reviewing the Member/Officer Protocol. As yet the Council does not have a code of conduct for Officers, though a national code is expected in the near future which will be written into contracts of employment.

Member Training

While an annual training programme is agreed in respect of officer training, a more *ad hoc* approach has hitherto been taken to member training. The increasing pace of change has meant this issue needs formalising.

This will be particularly relevant in 2003, when the next ordinary elections of District Councillors will be held. The Council will organise Induction Training for new members as in previous election years, but the magnitude of recent changes means that a more formal approach to induction will need to be adopted including covering CPA and other modernising issues.

Financial Planning

The Council's Best Value Performance Plan includes a medium-term financial plan. This includes a three-year projection of its revenue budget and capital investment plans. However, this is based upon broad assumptions about the impact of certain classes of actions upon the Council's future spending and financial resource needs. This needs to be developed towards a

service-based forecast which better reflects the specific pressures the Council expects to face in the future linked to its service priorities.

Communication

A Communications Strategy has been agreed by the Council but has yet to be fully implemented.

Risk Management

The processes referred to above for managing risk are already adopted.

- Examples of where the Council has minimised risk through seeking specialist advice include the employment of external advisers to assist with the recent PFI scheme.
- The Council has also sought to mitigate risk through contractual arrangements.
- In addition, it has used a risk -based approach to assessing the environmental and crime and disorder-related implications of its activities.
- The annual audit plan is based on a risk matrix to assist in identifying higher risk areas.

However risk management will be updated in the following areas:

- The Officer Risk Management Group will be reconstituted and the terms of reference revised.
- A training needs analysis will be produced to identify any gaps in the Group's capability.
- A revised Risk Management Policy will be produced to reflect best practice and be adapted to reflect the needs of the Council.
- Inter-relationships will be identified and considered as part of the Service Plan process.
- All Council Officers involved in the risk assessment process will be briefed and the role of risk management will be communicated to all employees.
- All risks will be identified, recorded and assessed as to their impact and likelihood.
- An ongoing process will be introduced against which the risks can be monitored and reported.

Committee: Resources Committee
Date: 20 March 2003
Agenda Item No: 11
Title: Local Government Pensions Scheme
Author: John Dickson (01799) 510300

Summary

- 1 During Autumn 2002, the Office of the Deputy Prime Minister (ODPM) issued a discussion paper, a copy of which is available in the Members' Room, outlining several ways in which the current benefit package of the Local Government Pension Scheme (LGPS) could be modernised, extended or developed particularly for new members. Comments and observations were invited by no later than 17 April 2003. The discussion paper is part of the ODPM's stocktake exercise of the LGPS and other discussion papers are planned as a basis to generate discussion and comment.
- 2 The Local Government Pensions Committee (LGPC) which is part of the Employers' Organisation for Local Government has circulated a draft response, a copy of which is available in the Members' Room, including responses to specific questions raised in the discussion paper. In order to ensure that the Employers Organisation gives as comprehensive a view as possible, a questionnaire has been sent to all authorities to help in gauging employers' reaction to the key points made in the draft response to the ODPM discussion paper on the retirement benefit package options for the LGPC. The questionnaire has to be returned to the Employers Organisation by 11 April 2003. Suggested answers have been inserted in the questionnaire by officers and Members are asked to endorse or amend as necessary.

Summary of the Employers Organisation Proposed Response

- 3 The LGPC welcomes the Government's stocktake of the LGPS and agrees with the set of policy principles which the ODPM has suggested should underpin the LGPS benefit provision. Namely they should be:
 - adequate for their policy and regulatory purposes;
 - comprehensive in their provision;
 - flexible and responsive to the needs of employees and employers;
 - equitable to scheme members, employers and taxpayers in terms of the balance between provision and cost;
 - efficient and cost-effective in their delivery;
 - fully transferable; and
 - secure enough to achieve the long-term statutory-based pension promise.

- 4 It is timely to review the benefit package options and scheme design because it fits with the current wider national debate about the future of pension provision. The key themes in the debate - the security of the pension promise, the appropriate balance between state and private provision and the right level at which to set current contributions in order to provide an adequate pension in retirement, are all highly relevant to the LGPS review.
- 5 The Employers' Organisation's approach to the review has been to assess the validity of the policy aims employers seek to achieve through the scheme and where possible, to draw upon empirical evidence in testing its fitness and purpose.
- 6 The Employers Organisation believes that the basic structure of the scheme - national in character with statutory backing for the pension promise and yet funded and administered locally - is fundamentally sound and properly reflects the reality of partnership between central and local Government in the provision of public services.
- 7 The scheme itself, although originally designed to reflect working patterns which belong to a bygone era, still has considerable strengths. The Employers Organisation found that, despite its historical roots, the scheme has not remained static. Over the years it has evolved and it now has built into it a considerable degree of flexibility.
- 8 Whilst there is scope for further modernisation of the scheme, it remains an important and highly valued element in the remuneration offer and is a very good example of a high quality occupational pension scheme. Further modernisation should build on the considerable strengths of the current scheme.
- 9 In the draft response the Employers Organisation comment on the national context for the LGPS, describe its policy value, assess its suitability for contemporary lifestyle and consider whether in view of recent increases in employers' contribution costs, the scheme is financially sustainable in the longer term. The Employers Organisation main conclusions are that the LGPS:
 - still, to a large degree, meets the needs of the majority of the workforce (although the introduction of partner's pensions into the LGPS needs to be addressed and there will continue to be some low paid part-time employees for whom membership of the scheme, even if it were modified, will not be appropriate);
 - is best placed to deliver the security of the pension promise by remaining a final salary scheme;
 - already includes a considerable degree of flexibility;
 - is an important and highly valued element of the remuneration package, is an important recruitment and retention tool and, albeit at cost to the employer, is a useful management aid in facilitating change;
 - has a role both in delivering the Government's objective of ensuring individuals have a reasonable income in retirement and in contributing to the delivery of local authorities' social and economic well-being strategies; and
 - is sustainable in the long term provided a number of changes are made to mitigate the cost of future service in the scheme.

- 10 It is, of course, important that the Government ensures there is a stable long-term pensions policy within which occupational pension schemes, including the LGPS, play their part and that there is a simple and stable tax regime governing pension schemes. The Employers Organisation are, therefore, fully supportive of the significant tax simplification proposals set out in the Government's consultation paper "Simplifying the taxation of pensions: increasing choice and flexibility for all".
- 11 A number of the proposals in the Government's Green Paper on pensions have implications for the future design of the LGPS and these have been taken into account in preparing the LGPC's proposed response to the ODPM's discussion paper.

Conclusion

- 12 In the discussion paper the ODPM concludes that the current LGPS pension benefit package is targeted at a specific employment group of public sector career officers who expect to retire after a lifetime in local government, in all probability at the peak of their earnings. This traditional expectation is no longer comprehensively relevant, even though the long established merits of the current LGPS arrangements are sound, well respected and should continue to be protected.
- 13 For the future, the LGPS and its benefits structure in particular needs to be in a position from which to respond to the ever-changing nature of local authority employment and policy initiatives linked to service delivery. If not undertaken the fundamental attractiveness of the Scheme could diminish as liabilities mature leading to adverse long term resource effects on the Scheme.

RECOMMENDED that Members consider the issues raised and agree the response to the Employers Organisation questionnaire in Appendix 1.

Background Papers: None.

Stocktake of the LGPS – Retirement Benefit Package Options Discussion Paper

Summary of the key points in the LGPC's draft response

The purpose of this questionnaire is to gauge employers' reaction to the key points being made in the Local Government Pensions Committee's (LGPC) draft response to the Office of the Deputy Prime Minister's (ODPM) discussion paper on the retirement benefits package options for the LGPS.

It would be helpful if, having considered the evidence presented in the draft response (see Appendix 2), employers could complete and return this questionnaire to the Local Government Pensions Committee, Employers' Organisation for local government, Layden House, 76-86 Turnmill Street, London, EC1m 5LG by **11 April 2003**.

| Based on the findings presented in Appendix 2 do you agree with the key points being made in the LGPC draft response to the ODPM's discussion paper? | | |
|---|-------------|----|
| | Please tick | |
| | Yes | No |
| <p style="text-align: center;">The national framework for pensions</p> <p><i>Key points:</i></p> | | |
| <ul style="list-style-type: none"> • The LGPS, like any other occupational pension scheme, does not exist in isolation from the national pensions framework; | ✓ | |
| <ul style="list-style-type: none"> • some of the issues raised in the Stocktake discussion paper, particularly in relation to the low paid, cannot be resolved by the LGPS within the current national pensions framework; | ✓ | |
| <ul style="list-style-type: none"> • we support the NAPF in believing that the State should provide a reasonable level of pension benefit to all and move away from the current system that will leave many reliant on means tested benefits. This would overcome the difficult question of compulsory scheme membership since any additional pension benefits that people chose to save towards would simply sit on top of the State benefit, thereby avoiding the current situation in which people can save themselves into the so-called means tested pensions 'poverty trap'. | ✓ | |

| <i>Key points:</i> | <u>The role of the LGPS</u> | Yes | No |
|---|-----------------------------|---|----|
| <ul style="list-style-type: none"> • we believe that, from an employer perspective, the LGPS is <ul style="list-style-type: none"> ➤ an important element of the remuneration package; ➤ an important recruitment and retention tool; ➤ and, albeit at cost to the employer, is a useful management aid in facilitating change; | | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | |
| <ul style="list-style-type: none"> • the LGPS should remain as attractive to prospective and current employees as the other main comparator public sector pension schemes; | | <input checked="" type="checkbox"/> | |
| <ul style="list-style-type: none"> • as the future size and nature of local government and its workforce is uncertain it is important that the Scheme should continue to be available to all employers with staff undertaking local government related work; | | <input checked="" type="checkbox"/> | |
| <ul style="list-style-type: none"> • we believe that, from a wider perspective, the LGPS has a role to play <ul style="list-style-type: none"> ➤ in delivering the Government's objective of providing people with a reasonable retirement income; and ➤ in contributing to the delivery of authorities' social and economic well-being responsibilities / policies; | | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | |
| <ul style="list-style-type: none"> • any worsening of the LGPS benefit provisions could have a knock-on effect in other areas e.g. (a) an increased reliance on State (means tested) welfare benefits, on the NHS (as there is a correlation between poor income and poor health) and on those welfare services which local government provides; (b) an impact on the numbers claiming rent and rate rebates; (c) an increase in the incidence of social exclusion caused by, amongst other things, low incomes. | | <input checked="" type="checkbox"/> | |

| Does the LGPS meet the needs of the workforce? <i>Key points:</i> | Yes | No |
|---|---|---|
| <ul style="list-style-type: none"> the LGPS does, for the most part, meet the needs of much of the workforce; | ✓ | |
| <ul style="list-style-type: none"> more could be done to explain the LGPS to the workforce thereby increasing understanding of the Scheme and the take up rate amongst employees¹; | ✓ | |
| <ul style="list-style-type: none"> the issue of non-provision of a partner's pension needs to be addressed; | ✓ | |
| <ul style="list-style-type: none"> existing flexibilities in the Scheme have not been greatly used and offering further flexibilities would increase the complexity of the Scheme. We do, however: <ul style="list-style-type: none"> ➤ support the Government's proposals to permit partial retirement, and ➤ would be happy to explore with the ODPM areas where it can be shown that additional flexibilities would be beneficial; | <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> <div style="text-align: center;">✓</div> <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> <div style="text-align: center;">✓</div> <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> | <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> <div style="background-color: #cccccc; height: 15px; width: 100%;"></div> |
| <ul style="list-style-type: none"> although the Stocktake paper asserts that the LGPS is not well designed to meet the needs of part-timers, etc we believe no other type of pension arrangement meets their needs any better than a final salary scheme; | ✓ | |
| <ul style="list-style-type: none"> whilst the Government retains its current policy of providing means tested State benefits it is not possible for, nor is it the role of, the LGPS to resolve the issue of pension provision for the low paid, (e.g. by redesigning the scheme to attract the low paid). Many, by joining, could simply be saving for benefits that the State would otherwise provide; | ✓ | |
| <ul style="list-style-type: none"> there should be no compulsion to join the LGPS (nor a discretion for LGPS employers to make membership of the LGPS compulsory) whilst the means tested 'poverty trap' remains. | ✓ | |

¹ The LGPC has already agreed a course of action to further 'promote' the LGPS.

| <p style="text-align: center;">Costs and sustainability of the LGPS</p> <p><i>Key points:</i></p> | Yes | No |
|---|-----|----|
| <p>For a number of reasons, employers' contribution rates and the cost of the LGPS have been rising and the 2004 valuations will, in all likelihood, result in further increases. It is important to recognise, however, that there are two elements to an employer's contribution rate. Firstly, there is the cost of providing benefits in respect of service already accrued (past service) and secondly there is the cost of future service. The element of the employer's contribution rate in respect of past service is inescapable. Even if the Scheme were amended in respect of future service, the past service cost would still have to be met. The current average cost of future service in the LGPS (net of employee contributions) based on the 2001 valuations was typically of the order of 11% to 12% and is projected to increase by around 2% of pensionable payroll. Therefore, in order to mitigate the increase in cost for future service the LGPC believes that the following actions should be taken to ensure the ongoing sustainability of the Scheme:</p> | | |
| <ul style="list-style-type: none"> ➤ in recognition of the increase in longevity since the 6% rate was set in 1939, increase the employee's contribution rate for new joiners to 7% (inclusive of partner's pensions) | ✓ | |
| <ul style="list-style-type: none"> ➤ remove, as soon as possible, the '85 year rule' for new members and in respect of future service for existing members (as proposed in the Government's Green Paper on pensions) thereby ensuring the Scheme has a Normal Retirement Age of 65². This would act to reduce the typical future service contribution rate for schemes by up to 1.5% of pensionable payroll | ✓ | |
| <ul style="list-style-type: none"> ➤ increase the earliest age at which benefits can be taken (on grounds other than ill health) from 50 to 55 as proposed in the Green Paper | ✓ | |
| <ul style="list-style-type: none"> ➤ remove the right to automatic unreduced benefits at age 50 (or 55) upon redundancy / efficiency retirement (subject to consideration being given to the protection of accrued rights of existing members). Instead, such benefits could be paid with a full actuarial reduction, which could be waived in full or in part if the employer chose to do so (possibly in accordance with guidelines concerning the exercise of the discretion). In conjunction with such a change, employers should be provided with greater flexibility to improve upon the current 66 weeks compensation provisions. | ✓ | |

² Age 70 for coroners, Justices' Clerks and eligible councillors.

| | | |
|--|--|--|
| | | |
|--|--|--|

Committee: Resources

Date: 20 March 2003

Agenda Item No: 12

Title: Treasury Management

Author: Nick Harris (01799) 510313

Summary

- 1 To report treasury management matters as required by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector ("The Code").
- 2 To seek the Committee's approval of proposals regarding the Council's borrowing limits and interest exposure for 2003-04.

Background

- 3 At its meeting on 21 March 2002 this Committee formally adopted The Code. It is a requirement of The Code that the Council formulates a Treasury Management Strategy for the forthcoming year. The following paragraphs outline the strategy.

Current Treasury Position

- 4 **Investments**
At 7 March the Council had £19.3m invested in a number of Building Societies and Banks. All of these counterparties met the Council's approved lending criteria.
- 5 **Borrowings**
All long term borrowing was repaid by 31 March 1996. To date this year the Council has undertaken no short term borrowing.

Borrowing Limits

- 6 Under the provisions of Section 45 of the Local government and Housing Act 1989 the Council must determine each financial year:
- a. An overall borrowing limit for the year.
 - b. A short term borrowing limit which within the overall borrowing limit is the maximum amount which may be outstanding by way of short term borrowing
 - c. A limit on the proportion of the total amount of interest payable by the Council which is at a rate or rates which can be varied by the lender or by reference to external factors.

As noted above the Council has no long term debt. Further long term borrowing would be incompatible with the Council's debt free status for 2003-04.

Although the Council has no short term borrowing (less than one year), it is considered prudent to maintain a temporary borrowing requirement at its present level.

As the Council's long term debt has been repaid, there is no requirement to convert fixed interest loans to variable rate. It is therefore recommended that no interest will be paid at variable rates.

It is recommended that the limits as required by Section 45 be:

- a. £5 million
- b. £5 million
- c. 0%

The Prospects for Interest Rates

- 7 The Bank of England's base rate set by its Monetary Policy Committee (MPC) is currently 3.75%. Actual interest rates available to investors whilst being influenced by the current base rate also reflect the financial markets' views on what the base rate will be in the future particularly when investing over longer periods is being considered.
- 8 The financial markets current sentiment is dominated by the uncertainty surrounding the situation in Iraq and some forecasters are suggesting that the base rate will be 3% by the year end. The Council's treasury advisors believe that this view is too pessimistic but nevertheless they are forecasting that the base rate will fall to 3.5% by December 2003 before picking up to 4.25% by December 2004. Rates currently available for investment durations of up to one year suggest that the financial markets believe that the base rate will continue its downward trend.

The strategy for Investments

- 9 The Code states that the overriding aim is the effective identification, monitoring and control of risk. The principal risks that this Council will address in its investment strategy are liquidity risk (ensuring that cash is available to meet the Council's obligations and objectives) and credit and counterparty risk (the risk of financial loss arising from a third party's failure to meet its contractual obligations to the Council).

Within these broad objectives the Council will manage its investments to maximise investment income. Officers will monitor investment rates and investigate opportunities to maximise returns.

It is RECOMMENDED that

The borrowing and interest rate exposure limits set out in Paragraph 6 of this report be approved.

The Treasury Management Strategy detailed in paragraph 9 of this report be approved.

Background Papers: Treasury Management Report to Resources Committee
21 March 2002

Committee: RESOURCES COMMITTEE
Date: 20 March 2003
Agenda Item No: 13
Title: RADWINTER ROAD ALLOTMENT LAND
Author: David Demery (01799) 510520

Summary

- 1 This report recommends approval to the transfer of ownership of a strip of land adjacent to the cemetery that provided access to the former allotments at Radwinter Road, Saffron Walden.

Background

- 2 The planning permission for the development of the Radwinter Road allotment site and Harriss' Yard requires that the developer provides a footpath/cycle way access from the development to Radwinter Road. The land over which the current access runs is owned in part by the District Council and the owner

of an adjacent property as shown on the attached drawing edged red and blue respectively.

- 3 The District Council has a right of access over the part of the track not in its ownership.
- 4 When these access arrangements were discussed with the developer it was agreed that the Council would grant to the developer access rights across its land and the rights it held over land not in its ownership.
- 5 To provide for the requirement of the condition it will be necessary to carry out works to improve the track along its whole length. This will require negotiation with the owner of the land over which the Council has rights.
- 6 It should be noted that currently the owner of the land uses adjacent Council owned land habitually to provide for the turning of vehicles associated with his business. This has caused no problems as the track was rarely used. The requirement to provide a properly made footpath/cycle way with the likely greater use will however impact on this. His turning arrangements will be very inconvenienced and hazardous to the users of the new access.
- 7 This matter has been progressed through discussion between the developer and owner with the following outcome. That in exchange for permission to carry out the works to comply with the condition a piece of Council land (coloured green) is transferred to the owner of the track connecting to Radwinter Road, as shown on the drawing appended. This will allow him to make arrangements within his land for turning vehicles.
- 8 Advice has been sought from the Council's consultant on this development – Carter Jonas - it is considered that in the context of the general arrangements associated with the development the proposal to transfer the ownership of the land outlined will provide benefit to both the owner and Council equally – delivering better access on the one hand whilst dealing with the required works associated with the planning condition on the other.

RECOMMENDED that the land at the head of the track from Radwinter Road adjacent to the cemetery, as shown on the drawing, is transferred to the owner of the adjacent property in exchange for permission to carry out works to upgrade the track in accordance with planning requirements, subject to satisfactory contract details.

Background Papers: Comm. Minutes, legal agreements, correspondence.

Committee: Resources Committee
Date 20 March 2003
Agenda Item No: 14
Title: Staffing Update
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Summary

- 1 The table below shows each vacancy that has arisen since the last date of the table prepared for Resources Committee. It shows the date the vacancy arose, the job title, the relevant Service and the decision taken. The decision taken section refers to whether the vacancy was to be advertised and recruited to and on what basis or whether it is frozen.

| Date | Job Title | Service Ctr | Perm/Temp/Frozen |
|-------------|--|--------------------|-------------------------|
| 28/1/03 | Clerical Assistant | Planning | Permanent |
| 28/1/03 | Clerical Assistant | Planning | Permanent part time |
| 3/2/03 | Solicitor/Barrister | Legal | Permanent |
| 3/2/03 | Benefits Verification Visiting Officer | Revenues | Permanent |
| 3/2/03 | Clerical Assistant (Verification) | Revenues | Permanent |
| 3/2/03 | Revs Bens Officers x 2 | Revenues | Temporary (12 months) |
| 3/2/03 | Revs bens Officer part time | Revenues | Permanent |
| 3/2/03 | Performance Manager | Corporate Core | Permanent |
| 17/2/03 | Committee Officer | Demo & Legal | Temporary (6 months) |
| 17/2/03 | Plumber | DSO | Permanent |
| 17/2/03 | HGV Driver | DSO | Permanent |
| 17/2/03 | Environmental Health Technician | Environmental | Permanent |
| 24/2/03 | Clerical Assistant | Office Services | Permanent |
| 10/3/03 | Contract Services Officer | DSO | Permanent |

Background Papers: Resources Committee Meetings
 Vacancy recruiting forms

