

27 March 2008

Dear Councillor Cullens

**EXECUTIVE MEMBER FOR RESOURCES - FRIDAY, 28TH MARCH 2008**

Please note that the following two items have been added to the agenda for your consideration at the meeting to be held tomorrow, 28 March 2008 in Committee Room No. 1 at 3.00pm.

**Agenda No    Item**

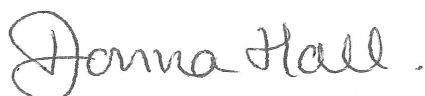
5.    **Appropriation of land and property remaining in the Housing Revenue Account (Pages 15 - 18)**

To receive and consider the enclosed report of the Assistant Chief Executive (Business Transformation).

6.    **Procurement of Cash Receipting System for the Council (Pages 19 - 22)**

To receive and consider the enclosed report of the Assistant Chief Executive (Business Transformation).

Yours sincerely



Donna Hall  
Chief Executive

Tony Uren  
Democratic Services Officer  
E-mail: @chorley.gov.uk  
Tel: (01257) 515122  
Fax: (01257) 515150

**Distribution**

1.    Executive Member for Resources (Councillor Alan Cullens) for attendance.
2.    Gary Hall (Assistant Chief Executive (Business Transformation)), Jamie Carson (Corporate Director (People)), Lorraine Charlesworth (Corporate Director of Human Resources and Operational Development), Camilla Oakes-Schofield (Human Resources Consultant) and Tony Uren (Democratic Services Officer) for attendance.

3. Andrew Docherty (Corporate Director of Governance) for attendance, if necessary.
4. Councillor Peter Goldsworthy (Executive Leader) and Donna Hall (Chief Executive) for information.

**This information can be made available to you in larger print or on audio tape, or translated into your own language. Please telephone 01257 515118 to access this service.**

આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپکی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

01257 515823

کیجئے:

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation)	Executive Member for Resources	28 March 2008

## **APPROPRIATION OF LAND & PROPERTY REMAINING IN THE HOUSING REVENUE ACCOUNT**

### **PURPOSE OF REPORT**

1. To seek approval to the appropriation of land & property remaining in the HRA, in order to enable its closure at the earliest possible time.

### **RECOMMENDATION(S)**

2. That land at St Gregory's Place, Laurel Avenue, Cabbage Hall Fields, Crosse Hall Lane, the site of the former Douglas House, and various garages and garage sites be appropriated from the Housing Revenue Account to the General Fund, with effect from 1<sup>st</sup> April 2007 at the values reported herein.

### **EXECUTIVE SUMMARY OF REPORT**

3. In order to close down the Housing Revenue Account following stock transfer, the Council requires approval for the DLGC to do so. We have now received that consent but in addition there are a number of other assets that require appropriation. This is purely a technical matter that allows us to finally close down the Housing Revenue Account and account for all future transactions within the general fund.

### **REASONS FOR RECOMMENDATION(S)**

#### **(If the recommendations are accepted)**

4. The appropriations are proposed in order to enable prompt closure of the HRA with the attendant release of its working balance for General Fund purposes.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. None.

**CORPORATE PRIORITIES**

6. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	✓

**BACKGROUND**

7. Following the transfer of its housing stock to Chorley Community Homes Ltd, the Council still retains ownership of a small number of housing fixed assets. These must be transferred or appropriated to the General Fund before 31 March 2008 in order that the HRA can be closed, and its financial reserves released.

**DETAIL**

8. The fixed assets currently accounted for in the HRA are as follows :

	<b>Amended Book Value 31/03/2007</b> £
Cotswold House residential accommodation	477,767
Various garages & garage plots	450,800
Land St Gregory's Place	30,000
Land Laurel Avenue	200,000
Land Cabbage Hall Fields	113,312
Land Crosse Hall Lane	200,000
Land site of Douglas House	13,260

9. Cotswold House, being residential accommodation, can only be transferred from the HRA on the direction of the Secretary of State. The necessary application has recently been approved by the Secretary of State with effect from 1 April 2007.

10. This report seeks consent to appropriate the other sites to the General Fund. The consequence of this is that income and expenditure will be accounted for in the General Fund, and any capital receipts from disposal will be 100% usable, not being subject to pooling (a proportion of HRA receipts have to be paid to the DCLG under, what is known as the "pooling" arrangements).

11. There are a small number of other assets formerly accounted for in the HRA (i.e. certain debtors and some mortgages on former HRA property). These too will be accounted for in the General Fund in future.

12. This action is a pre-requisite to the closure of the HRA. It is planned that this should happen on 1 April 2008. Following closure, the balance on the HRA, which is currently £966k, will be released for use by the General Fund.

**RISK**

13. The proposals in this report do not carry any financial risk for the Council. The only area of uncertainty concerns the exact date on which the HRA can be closed. As stated above it is hoped and expected that this will be 31 March 2008

**IMPLICATIONS OF REPORT**

14. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	✓	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

GARY HALL  
 ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gordon Whitehead	5485	17 March 2008	Housing Revenue Account

This page is intentionally left blank

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation)	Executive Member for Resources	28/03/08

## **PROCUREMENT OF THE COUNCIL'S CASH RECEIPTING SYSTEM**

### **PURPOSE OF REPORT**

1. To obtain formal approval for the Council to enter into a 5 year agreement with Civica plc to provide a hosted cash receipting solution for the Council.

### **RECOMMENDATION(S)**

2. That formal agreement be given to enter into the agreement.

### **EXECUTIVE SUMMARY OF REPORT**

3. The Council's current cash receipting contract is ending and a new solution is required for 2008/09. The expectations from such a system has changed dramatically since the current system was installed and in terms of best practice more security arrangements are now required.
4. In terms of meeting best practice and delivering enhanced functioning our current supplier of financial software, Civica, offered a solution. The market for this type of solution is limited and Civica could comply with the Council's specification.
5. The Contract has been negotiated rather than tendered which is allowed under the Council's correct procedure risks where there is evidence that this is appropriate.

### **REASONS FOR RECOMMENDATION(S)**

#### **(If the recommendations are accepted)**

6. The results of the negotiated are that a solution can be provided which can be financed within the current budget and which offers much more in terms of both functionality and perhaps more importantly security of card data.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

7. A possible joint arrangement was considered using South Ribble's current cash receipting solution but this was rejected on the grounds that it does not give us the functionality or enhanced security arrangements that we are seeking.

**CORPORATE PRIORITIES**

8. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	4

**BACKGROUND**

9. The current cash receipting system and contract provided by Anite ends at the beginning of the new financial year 2008/09. Since the system was installed in 2003 there has been a number of significant changes that influence our thinking in terms of the procurement of a replacement system. The key changes are that:

- The Council has changed all of its financial systems to Civica (apart from cash receipting)
- The Council in terms of good practice will need to ensure that we are Payment Card Industry Data Security Standard (PCI-DSS) compliant.

10. The second of these issues is particularly important given the growth in the use of card payments to the Council and our aspiration to increase this area further as it represents the most cost effective channel for payments to the Council.

11. However the requirements of the complying with the standard which are designed to protect an individual's personal information being accessed are stringent. The recent example of the theft of payment card data at Newcastle Council illustrates the importance of ensuring as much as possible is done to protect this data.

12. Compliance with the PCI-DSS standard it is estimated would cost the council in the region of £250k over 5 years which represents the additional cost of IT infrastructure and software plus the additional staff time to monitor and manage the system, if an in-house solution were pursued.

13. On this basis an alternative delivery mechanism has been considered whereby the service is hosted rather than being on site. This has the added benefit of:

- the economies of scale
- using Industry standard expertise
- minimising the risk to the Council of fraud

14. The disadvantages of this approach are that there are very few suppliers of such services. However the Council's current supplier of financial software, Civica, do provide a hosted solution and this together with the potential to have proprietary software meant that the opportunity existing to deal with a number of technical issues that would allow the Council to enhance its service and make it future proof. In addition the market for this type of service is very limited.



15. As well as the hosted solution, a number of improvements have been sought in the upgrade: A specification for the upgraded service was provide and included:
- Full electronic bank reconciliation
  - Chip and pin security
  - 3D security
  - Address verification code
  - Card verification code
16. Much of the functionality is now becoming standard as those who use this form of payment will recognise. However, as the market is limited I concluded that it would be inappropriate to have a full tender exercise. In addition as there were significant benefits to having the proprietary cash receipting module of our current finance system I waived the Contract Procedure Rules and sought to negotiated with Civica plc. This is allowed under the Council's correct procedure rules where it can be evidenced that it is appropriate to do so.
17. The outcome of the discussions are that the price offered for a hosted solution that fully meets the Council's specification is as follows:

	£'000
Capital cost of software and implementation	85
Annualised revenue maintenance cost for 5 years	50
<b>TOTAL</b>	<b>135</b>

18. The costs have been budgeted for in the Council's Capital programme and revenue budget.
19. The cost compares favourably with the guestimate of costs to host the solution ourselves and the annual maintenance costs are similar to the costs of the current system which has less functionality.

**IMPLICATIONS OF REPORT**

20. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal			

**COMMENTS OF THE CORPORATE DIRECTOR OF ICT**

21. The implementation of a hosted solution frees the Council from a significant compliance problem that would affect infrastructure, computer systems, processes and staff. Also it should not be overlooked that there would be a considerable monitoring programme required to demonstrate and evidence ongoing compliance with the standard. This coupled with the fact that the existing system would require a significant upgrade to meet

new business demands indicated, a hosted solution offers the most cost effective means of mitigating risk and delivering a fit for purpose payment system.

GARY HALL  
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Gary Hall	5480	26 March 2008	Procurement of the Councils Cash Receipt System