



AGENDA

For a meeting of the
COUNCIL
to be held on
THURSDAY, 7 SEPTEMBER 2006
at
2.00 PM
in the
**COUNCIL CHAMBER, COUNCIL OFFICES, ST. PETER'S HILL,
GRANTHAM**
Duncan Kerr, Chief Executive

Members of the Council are invited to attend the above meeting to consider the items of business listed below.

1. PUBLIC OPEN FORUM

The public open forum will commence at **2.00 p.m.** and the following formal business of the Council will commence at **2.30 p.m.** or whenever the public open forum ends, if earlier.

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

Members are asked to declare any interests in matters for consideration at the meeting.

4. MINUTES OF THE ORDINARY MEETING HELD ON 25TH MAY 2006, THE EXTRAORDINARY MEETINGS HELD ON 22ND JUNE 2006 (TWO MEETINGS), AND 20TH JULY 2006 (TWO MEETINGS). (ENCLOSURE)

5. COMMUNICATIONS (INCLUDING CHAIRMAN'S ENGAGEMENTS) (ENCLOSURE)

6. WELLAND JOINT COMMITTEE - SHARED PROCUREMENT SERVICES
Report number DLS82 by the Legal Services Manager. (Enclosure)

7. MEDIUM TERM FINANCIAL STRATEGY

Report number CHFR15 by the Corporate Head of Finance and Resources. (Enclosure)

8. **STAKEHOLDER CONFERENCE: 7TH DECEMBER 2006**
Report number CEX348 by the Chief Executive. (Enclosure)
9. **LARGE SCALE VOLUNTARY TRANSFER: EXTRAORDINARY MEETING OF THE COUNCIL - 12TH OCTOBER 2006**
Report number TSE9 by the Director of Tenancy Services. (Enclosure)
10. **MEMBERSHIP OF THE CHIEF EXECUTIVE'S APPRAISAL AND APPOINTMENT PANEL**
Report number CEX347 by the Chief Executive. (Enclosure)
11. **QUESTIONS WITHOUT DISCUSSION.**
12. **ANY OTHER BUSINESS WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT.**
SKDC PENSION POLICY: THE “LOCAL SCHEME”
The Chairman has agreed to take this under item 12 as a matter of urgency. The urgency arises from the need to take certain actions, detailed in the report, that have become apparent following receipt of legal opinion that was not received until after the agenda had been finalised and despatched.
Report number CEX352 by the Chief Executive. (Enclosure)

**DEADLINE FOR NOTICES OF MOTION TO COUNCIL ON 26TH OCTOBER 2006:
2.00 PM FRIDAY 13TH OCTOBER 2006**



MINUTES

COUNCIL
THURSDAY, 25 MAY 2006
2.00 PM

PRESENT

Councillor Gerald Taylor Chairman

Councillor Ray Auger
Councillor David Brailsford
Councillor Teri Bryant
Councillor Mrs Frances Cartwright
Councillor Elizabeth Channell
Councillor Nick Craft
Councillor Dorrien Dexter
Councillor Mike Exton
Councillor Brian Fines
Councillor Donald Fisher
Councillor Mrs Joyce Gaffigan
Councillor Yvonne Gibbins
Councillor Harrish Bisnauthsing
Councillor Bryan Helyar
Councillor Stephen Hewerdine
Councillor Reginald Howard
Councillor John Hurst
Councillor Fereshteh Hurst
Councillor Kenneth Joynson
Councillor Albert Victor Kerr
Councillor John Kirkman
Councillor Reg Lovelock M.B.E.

Councillor Andrew Roy Moore
Councillor Mano Nadarajah
Councillor John Nicholson
Councillor Stephen O'Hare
Councillor Alan Parkin
Councillor Stanley Pease
Councillor Bob Sandall
Councillor Ian Selby
Councillor Robert Murray Shorrock
Councillor John Smith
Councillor Mrs Judy Smith
Councillor Ian Stokes
Councillor Michael Taylor (Vice-Chairman)
Councillor Jeffrey Thompson
Councillor Frank Turner
Councillor Graham Wheat
Councillor Mrs Mary Wheat
Councillor John Wilks
Councillor Avril Williams
Councillor Mike Williams
Councillor Paul Wood
Councillor Mrs Azar Woods

OFFICERS

Chief Executive
Strategic Director
Corporate Head of Finance and Resources

OFFICERS

Monitoring Officer (Solicitor to the Council)
Member Services Manager
Democratic Support Officer

24. PUBLIC OPEN FORUM

Question from Mrs. Mary Patrick, Essex Road, Stamford. Councillor Bryant answered the question in the absence of Councillor Carpenter.

Mrs. Patrick:

Councillor Bryant, could you please tell me about the position regarding the vouchers for Taxi Drivers.

Reply (Councillor Bryant):

Thank you very much indeed Mrs. Patrick, for this extremely interesting question, vouchers are issued by the district and are valid for taxis and I think I know the question you're really asking is that we'll work together with the taxi drivers association to be sure they'll be able to cash them without financial loss to themselves in the future.

Mrs. Patrick (Supplementary question):

Thank you Councillor Bryant, I have a letter here from the taxis drivers. "Dear customer, unfortunately South Kesteven District Council have been less than helpful in providing information as to how we will be able to continue cashing vouchers beyond the 31st May 2006. All our attempts to discuss this with the council have so far proved futile. We therefore regret that we will be, that we will have to temporarily suspend accepting the vouchers from the above. We would like to continue participating in the scheme but it appears that SKDC do not wish our continued participation in the scheme. We would urge you to write to your local councillors or your local MP complaining about the exclusion of some taxi companies to the scheme. If at this point in the future, SKDC decided to allow us to participate in the scheme we will start to accept vouchers again." Councillor Bryant, this is very bad because the vulnerable, the sick and the disabled have to use these vouchers for taxis only. Now if the man or lady has no legs he cannot get on the bus and that's why they don't have a bus pass. Thank you.

Reply (Councillor Bryant):

Thank you Mrs. Patrick, in actual fact the point of giving the vouchers out is to cater for the sick, the vulnerable and the exemplary list you gave. As the finance Portfolio Holder for finance, the encashment of these vouchers or not of these vouchers of the case may be, I would have expected to have been addressed to me or in Paul Carpenter's role of transport. It's a shame these taxi drivers have seen to write to the public rather than addressing the people who could resolve it but as I did say, we are going to work with the taxi drivers association to make sure this is resolved and the door has not been closed, in fact, I am unaware of anybody knocking on the door to ask for it to be opened.

Question from Mrs. Mary Patrick, Essex Road, Stamford. Councillor Bryant answered the question in the absence of Councillor Carpenter.

Mrs. Patrick:

Could you please also tell me the position regarding vouchers for elderly people?

Reply :

Vouchers will be available at the age of 70 because, if residents are no longer

able to use the bus, then they would be able to use them in taxis to aid their infirmity. If they are physically unable to do so before the age of 70 then obviously we would consider their eligibility on disability grounds.

Mrs. Patrick (Supplementary question):

Thank you Councillor Bryant. Councillor Bryant I was assured by Councillor Mrs. Neal and these are her comments, I know the comments that Mrs. Patrick has made, however she will hear that it is still here later that there is a misprint in the paper. The Chief Executive will inform us that 65 should read 60. Now you say that the vouchers come in at 70. no one has informed the compacts, no one has informed the public and I think this is a disgrace as I said before, people will be in their coffin before they're allowed vouchers. 65 is the retiring age, not 70 I mean even the government are not going to bring it in until twenty-something until it's 68, now I think this is wrong because they are still the ratepayers of SKDC and our Chief Executive has always told us there should be communication. He's told us to complain, so I'm complaining, thank you very much.

Reply (Councillor Bryant):

I am unable to comment on what Councillor Neal or what the Chief Executive said as I didn't quite know what was going on, on that but we have actually made press releases about the issuing of tokens at the age of 70 and the fact that you said you'd already complained about them intimates that. I will on the transcript of these minutes ensure that you get a written response that I hope goes some way to satisfy your requirements.

Mrs. Patrick thanked the Council for allowing her to ask questions at meetings. She said she had learned a lot from listening to the debate in the Council Chamber.

Question from Libby Simpson, Oxford Street, Grantham

Can the Cabinet member report on work that he and the Council have undertaken, whilst waiting for a decriminalization order and authority from LCC, to introduce residents street parking into the district and by what date he is planning for it to be introduced into Grantham?

I am unable to make the meeting because of work commitments, so can I ask that this question is put by the Chairman. *The Chairman agreed.*

Thank you.

Reply (Councillor John Smith)

There are no plans at this time to introduce a Residents Street Parking Scheme into Grantham. A report into the Decriminalisation of Car Parking is not expected to be received by Lincolnshire County Council until, at the earliest, the end of July. If it is eventually decided to approve this Council will consider

the implications and what action to take.

[End of public open forum: 14:10]

Under Council Procedure Rule 10.10, it was moved, seconded and duly voted upon that the issue of residents parking should be referred to the Economic DSP for consideration. The motion was unsuccessful.

The Chairman notified the Council that he had agreed to take two urgent items. The first item would be considered as agenda item 5a and gave information on the political balance of the Council following the by-election for the Truesdale vacancy.

The Chairman agreed to take a further item as agenda item 13a, which concerned Large Scale Voluntary Transfer.

25. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs Bosworth, Carpenter, Chivers, Conboy, Mrs Jalili, Mrs Kaberry-Brown, Martin-Mayhew, Mrs Neal, Mrs Radley, N. Radley and Steptoe.

26. DECLARATIONS OF INTEREST

No declarations of interest were made.

27. BY-ELECTION: TRUESDALE WARD 18TH MAY 2006

The Chief Executive notified the Council that Councillor Thomas Webster had won the Truesdale by-election. Councillor Webster said that he looked forward to working with the Council.

28. MINUTES OF THE ANNUAL MEETING HELD ON 27TH APRIL 2006

The minutes of the meeting held on 27th April 2006 were confirmed as a correct record subject to the substitution of "Economic Portfolio Holder, Councillor John Smith", with "Healthy Environment Portfolio Holder, Councillor Ray Auger" on page 10, item 15.

29. POLITICAL COMPOSITION AND SEAT ALLOCATION

The Chairman agreed that this should be taken as an urgent item because of the potential impact on the Council's committees and panels.

DECISION:

1. **To note report CEX341;**
2. **That the following amendments should be made to committee and Panel membership:**
 - **Councillor Selby should replace Councillor Gibbins on the Development Control Committee**
 - **Councillor Shorrock should replace Councillor Steptoe on the Licensing and Alcohol and Entertainment Licensing Committees**

- **Councillor John Hurst should replace Councillor Shorrock on the Constitution and Accounts Committee**
- **Councillor Mrs Dexter should replace Councillor Selby on the Economic Development and Scrutiny Panel**

The Chief Executive referred to his report CEX341 and advised the Council that following the Truesdale Ward by-election, changes to the political composition of the Council would not lead to any changes in the membership of any of the Council's committees or panels.

One member sought clarification on the status of the Liberal Democrat group; the Party's manifesto for the Truesdale Ward by-election referred to the existing Liberal Democratic group as having three members, not four. The leader of the Liberal Democrat Group said he was not prepared to disclose the activities of the Group to the full Council. If and when any matter impinged on the business of the Council, he would notify the Chief Executive in writing.

The Leader of the Labour Group asked the Council to ratify changes to their representatives on the Council's committees and panels: Councillor Selby should replace Councillor Gibbins on the Development Control Committee; Councillor Shorrock should replace Councillor Steptoe on both the Licensing Committee and the Alcohol and Entertainment Licensing Committee; Councillor John Hurst should replace Councillor Shorrock on the Constitution and Accounts Committee and Councillor Mrs Dexter should replace Councillor Selby on the Economic DSP.

30. COMMUNICATIONS (INCLUDING CHAIRMAN'S ANNOUNCEMENTS)

Annual Council Photograph: The Member Services Manager advised members that a proof of the annual Council photograph had been displayed near the Members' Lounge. The photograph was priced at £15.00; any member who would like a copy should place their order with the Member Services Manager.

Vote of Thanks: During the annual meeting of the Council, the Vice-Chairman abstained from thanking the Council for his election; instead he requested to express his gratitude at this meeting. He thanked members for electing him and stated that he would do his best to support the Council and the Chairman in the coming year.

31. CHANGES TO PORTFOLIO RESPONSIBILITIES

The Council were notified of amendments to the Cabinet Members' Portfolio Responsibilities. The Healthy Environment Portfolio would include dykes and watercourses, flood prevention, occupational health and safety, energy advice, footway lighting and maintenance and sustainable rural communities. Property maintenance would become the responsibility of the Portfolio Holder for Resources and Assets and the Economic Development Portfolio Holder would take responsibility for building control. These responsibilities would be removed from the Leader's portfolio. A table of this information had been circulated.

32. EXTRAORDINARY COUNCIL MEETING AND MEMBERS' FORUM DECISION:

1. **The Members' Forum on 22nd June, commences at 10:00a.m. and focuses on how local authority services can be transformed for the future;**
2. **An Extraordinary Council meeting is held at 2:00p.m. on 22nd June to review and agree the Council's priorities in the light of the consultations being undertaken.**

The Chief Executive, in introducing his report, stated that an extraordinary meeting of the Council would be necessary to ratify the review of Council priorities. He recommended that the meeting should be held on 22nd June 2006 to allow the Citizens On-Line Jury and the remaining Local Area Assemblies to feed in their views. The decision could not be made at the next scheduled meeting of the Council, as this would not be until September 7th 2006. The Members' Forum would be held as scheduled in the morning then the extraordinary Council meeting would begin at 2:00pm.

One Member requested that the paper on the gateway review of priorities prepared for Cabinet on 8th May 2006 be circulated to Local Area Assemblies.

This was moved, seconded and duly agreed when put to the vote.

33. REVIEW OF SENIOR MANAGEMENT STRUCTURE **DECISION:**

The Council approves a supplementary estimate up to a maximum of £700,000 for potential one off costs and approve the financing of this by the use of the earmarked Capacity Building, Priority Setting and Service Improvement Reserve for the purpose of completing the Council's re-organisation.

The Chief Executive presented report number CEX330 concerning the review of the senior management structure. He requested that the Council approve that the £700,000 budgeted for one-off costs arising from the restructure, be released from the Capacity Building, Priority Setting and Service Improvement reserve. This amount had been budgeted to accommodate a worst-case scenario. This was so moved and seconded.

Councillor Paul Wood proposed the following amendment:

"The Council approves a supplementary estimate up to a maximum of £500,000 for potential one off costs and approve the financing of this by the use of the earmarked Capacity Building, Priority Setting and Service Improvement Reserve for the purpose of completing the Council's re-organisation."

He stated that, while he supported the restructure, he felt that with cutbacks in rural areas, the sum of £700,000 could not be justified. If £500,000 was not sufficient, the Chief Executive should return to Council and request that more money be made available.

In speaking against the amendment, the Portfolio Holder for Assets and Resources stated that the £700,000 had been identified as a ceiling that the Chief Executive would negotiate below. If that full amount was not made available, negotiations could be compromised and the restructure could be jeopardised. The Chief Executive stated that if he were not able to complete negotiations successfully, it would not be possible to complete the restructure. He also added that the one off cost would deliver savings. The Strategic Management Team had offered to do presentations for all of the political groups; only one group had taken up the offer.

Some members were concerned that the sum used for the one-off expenses should not be released to the detriment of other Council services. Other members discussed the impact of the proposal for members of the public when portrayed in the media. Members were concerned that the public should be put at the centre of any decisions made. The Chief Executive stated that the restructure would not mean changes to service delivery; all changes would be back-office. The restructure would create more effective and efficient management.

One member was concerned about the impact on the structure with the possible change from the District Council to a unitary authority. The Chief Executive stated that all plans were speculative until the release of the white paper. He recommended that the Council should make their decisions assuming that there will be no change.

The mover of the original motion urged members to vote against the amendment as the Chief Executive would not be able to take the Council forward with such stringent limitations.

A recorded vote on the amendment was requested in accordance with Council Procedure Rule 16.4. This was supported by more than ten members.

The vote on the amendment was as follows:

FOR	AGAINST	ABSTAIN
Councillor Bisnauthsing	Councillor Auger	Councillor Mrs Dexter
Councillor Miss Channell	Councillor Brailsford	Councillor Gibbins
Councillor Mrs Gaffigan	Councillor Bryant	Councillor F. Hurst
Councillor Hewardine	Councillor Mrs Cartwright	Councillor J. Hurst
Councillor Howard	Councillor Craft	Councillor Selby
Councillor Joynson	Councillor Exton	Councillor Shorrock
Councillor Kerr	Councillor Fines	Councillor G. Taylor
Councillor Wilks	Councillor Fisher	Councillor Mrs Woods
Councillor A. Williams	Councillor Helyar	
Councillor M. Williams	Councillor Kirkman	
Councillor Wood	Councillor Lovelock	
	Councillor Moore	
	Councillor Nadarajah	
	Councillor Nicholson	
	Councillor Parkin	
	Councillor Pease	
	Councillor Sandall	

Councillor Smith
Councillor Mrs Smith
Councillor Stokes
Councillor M. Taylor
Councillor Thompson
Councillor Turner
Councillor Webster
Councillor Wheat
Councillor Mrs Wheat

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The amendment was lost.

Speaking on the original motion, one member was concerned that appropriate risk assessment had not occurred. It was also suggested that the processes undergone in carrying out the restructure, should be scrutinised by one of the Council's development and scrutiny panels, so that the Council can examine the methods used and how to improve them in the future. Reminding members that the possibility of a one-off cost was identified before the commencement of the restructure, the Chief Executive added that he had always remained with the estimated figures. The Resources and Assets Portfolio Holder stated that a risk assessment had been in place throughout the process; the Corporate Head of Finance and Resources confirmed this. All mitigating risks were identified to ensure that there would be sufficient resources to complete what had been started. The money earmarked for one-off costs was to protect the Council in a worst-case scenario and all the money allocated would not necessarily be used. The District Council had kept the District Auditor fully informed during the period of the restructure.

The motion was voted upon and carried.

34. DRAFT BEST VALUE PERFORMANCE PLAN 2006/07
DECISION:

- 1. The Council approves the Best Value Performance Plan for 2006/07 including the 3 year performance targets against the national BVPIs.**

- 2. The authority is delegated to the Chief Executive, in consultation with the Leader, to make any minor changes to the draft Plan that may be necessary following its approval by the Council in May 2006 and before its publication in June 2006.**

Amendments to the Best Value Performance Plan (BVPP) had been circulated at the meeting. The Strategic Director of Resources explained that the BVPP covered the performance of the District Council in 2005/06 and would be published in June. The timescale of the project would make it difficult to make any amendments through the full Council because there were no scheduled meetings before the document was due to be published.

The Housing and Organisational Development Portfolio Holder so moved the recommendations made in report number SD3.

Councillor Gibbins, who was concerned two individuals should be able to make minor changes, proposed an amendment to the motion. The amendment, which saw the deletion of recommendation 2.2 in report SD3, was seconded.

In speaking against the recommendation, one member stated that any member concerns should have been discussed with officers prior to the Council meeting. Any concerns after the meeting could be addressed through the Leader or the Chief Executive.

There was concern amongst members about what would constitute a “minor change”. Members were advised that at the time the document was put together the document, some information was not available and it is this information that would be amended. The document also includes the collation of data from external sources, some of which would require adjustment at the year’s end. The Chief Executive stated that he would report any amendments to a future meeting of the Council and should any major changes be necessary, an extraordinary meeting of the Council would be duly called.

The Chairman of the Resources DSP requested that the target for Member Training should be increased from 90% to 100%, as training would become mandatory for all members of the Council who wished to sit on DSPs. Some members felt that this would be impractical if a member refused to sit on a DSP. Some members, because of the limited number of training sessions available, also deemed the target unrealistic, particularly as most were only available during the day, discounting any members who worked. It was also noted that as Cabinet members do not sit on DSPs, they would not necessarily undergo the training.

The amendment to remove the recommendation listed under 2.2, in report SD3, having been proposed and seconded was duly voted upon. The amendment was lost.

The mover of the original motion thanked staff for their hard work. This was echoed by other members.

After concern from one member that any decision made by the full Council on priorities could have a major impact on the document. The Chief Executive reassured members that while the review of Council priorities could lead to major changes, the BVPP was based on the current priorities and related consultation.

The original motion was voted upon after being proposed and seconded and was carried.

15:45-16:00 The meeting was adjourned.

35. MEMBER TRAINING AND DEVELOPMENT PROGRAMME
DECISION:

To approve the Member Training and Development Programme.

Members were advised that some amendments had been made to the proposed Member Training and Development Programme. Current information was on the orange sheet that had been circulated before the meeting. This included space for members to tick their preferred attendance date. Completed forms should be returned to the Chief Executive.

Unless otherwise stated, sessions would run for two and half hours. There would be a pilot scheme, where a 4 o'clock session would be offered. The Chairmen of the Development Control and Licensing Committees stated that the Development Control Update and the Licensing Committee session on the Gambling Act and its implications were open to all members, not just the committee, particularly any member wishing to sit as a substitute on the Development Control Committee.

It was proposed that the Council approve the Member Training and Development Programme; last year's training was considered excellent.

One member felt that Tuesday 17th January 2007, the second date identified for the Use of Resources and Value for Money session was too late. The session would be useful for members during the budget setting period and January would be too late. The Chief Executive suggested 8th December 2006 as an alternative date, which met with approval from members.

While sessions beginning at 4 o'clock would help some members who worked, they would make little difference to members who were not from Grantham because of the travelling time.

The amended programme, (moving the Use of Money and Resources Session to December 8th) was moved and seconded. This was carried unanimously.

36. AMENDMENTS TO THE CONSTITUTION: RECOMMENDATIONS OF THE CONSTITUTION & ACCOUNTS COMMITTEE: 16TH MAY 2006
DECISION:

- 1. To note the considerations of the Constitution and Accounts Committee on the proposed amendment to functions of the Development Control Committee.**
- 2. The Constitution be amended to limit the number of Questions Without Discussion each member may submit to two per Council meeting.**

PROPOSED AMENDMENT TO FUNCTIONS OF THE DEVELOPMENT CONTROL COMMITTEE

The Chairman of the Development Control Committee moved that the recommendations of the Constitution and accounts committee were noted; this was seconded.

Councillor Kirkman proposed an amendment: that the Constitution and Accounts Committee's third recommendation should be removed. He felt that point three was disingenuous to members of the Development Control Committee and that the Clerk to the Committee should note when the committee voted to overturn an officer recommendation as a matter of course. The Chief Executive stated that recommendation 3 would involve the clerk noting whether members were able to present planning reasons for their decision actually at the meeting and recording the number of times the committee decided to go against officer recommendations.

The Chief Executive reminded members of the Council who felt that the committee could also use common sense that the Development Control Committee was a quasi-judicial body bound by statute, which could only make decisions based on the merits of individual proposals.

The Corporate Head of Finance and Resources who had commented on the report considered by the Constitution and Accounts Committee, stated that information collated as a result of the recommendations was not meant to police the Development Control Committee; it would provide information to enable the Constitution and Accounts Committee to make an informed decision.

Several members stated that the greatest liability to the Council was not the committee making a decision against an officer's recommendation but members of the committee, with only limited training, having to justify that decision at appeals hearings. The meeting was advised that there are difficulties when officers are asked to go to appeals to advocate, without any new information, an argument that was a direct reversal of their recommendation, as this breaches Planning Institute guidelines.

The Economic Development Portfolio Holder stated that the Constitution and Accounts Committee did not feel that they had sufficient information to put forward recommendations for amendments to the Constitution at that time, so requested that research be carried out.

Councillor Kirkman withdrew his amendment to the motion when it became clear that there would be no changes to the constitution. The original motion was carried.

PROPOSED AMENDMENT TO COUNCIL PROCEDURE RULE 11: QUESTIONS BY MEMBERS (QUESTIONS WITHOUT DISCUSSION)

The Councillor Parkin recommended that the proposed amendments to the constitution be accepted; this was seconded.

In speaking against the motion, one member remarked that, while not laid out

in the constitution, it had always been convention that no member should submit more than two questions. He stated that the problem had arisen recently, when two questions were carried over from a previous meeting. These were added to two more questions from the same Councillor.

One member stated that he supported the motion, as it meant that Councillors would be governed by the same limitations as members of the public.

Councillor Shorrock proposed that:

“That a formal question can be asked to the Leader and any member of the Cabinet by a member at any time. An answer will be provided in 5 days. Questions and answers will be lodged with the Chief Executive and a record kept that is published as a report to Council meetings.”

It was hoped that if the narrative of ongoing questions was made available, decision-making and the work of the Council would become more transparent. This amendment was seconded.

It was suggested that the Constitution and Accounts Committee should consider this recommendation in an addition to limiting the number of Questions Without Discussion, however, while in favour of the amendment, some also supported the original motion. To vote for the amendment would, if it were successful, defeat the original motion. On the agreement that the Constitution and Accounts would consider a continuous process of questions and answers, the amendment was withdrawn.

Comments were made about plans at the County Council, to remove Questions Without Discussion. There was strong feeling that the opportunity for members to ask questions should remain in place to ensure that the system is transparent and accountable.

The motion was voted on and was carried.

37. REPRESENTATIVES ON OUTSIDE BODIES: ACCESS BOURNE DECISION:

To appoint Councillor Brian Fines to represent the authority on Access Bourne.

It was proposed and seconded that Councillor Fines should be nominated to represent the Council on Access Bourne. This was carried unanimously carried.

38. EXTRAORDINARY COUNCIL MEETING ON LSVT

The reasons for urgency concern the need to adhere to the timetable for consultation on stock transfer and to confirm the holding of an Extraordinary meeting of the Council on 20th July.

DECISION:

1. **That an Extraordinary Meeting of the Council be held on the 20th July 2006 for the purpose of agreeing the content of the Formal Consultation Document to be issued to tenants.**
2. **That Cabinet be given delegated authority to consider responses to Stage 1 consultation, to agree the content of the Stage 2 Notice and to authorise proceeding to ballot, and that members of the LSVT Working Group and the Offer Review Working Group meet to consider the responses prior to 2nd October and have the opportunity to make recommendations to Cabinet.**

The Chief Executive on behalf of the Large Scale Voluntary Transfer Project Manager submitted report LSVTPM01 requesting the Council approve an extraordinary meeting on July 20th and that the Cabinet should be given delegated authority to consider responses to Stage 1 consultation, to agree the content of the Stage 2 Notice and to authorise proceeding to ballot. Members of the LSVT Working Group and the Offer Review Working Group (both comprise members from all groups of the Council) would meet to consider the responses prior to 2nd October and have the opportunity to make recommendations to Cabinet.

The Recommendations of the LSVT Project Manager were moved and seconded.

Councillor O'Hare proposed an amendment to the second recommendation:

"That an Extraordinary meeting of the Council be held before 10th October."
(option c suggested by the LSVT Project Manager)

In speaking for his amendment he stated that he did not feel that what could be one of the biggest and most important decisions of the Council should be made by the Cabinet alone. The amendment was seconded.

A member of the one of the working groups stated that the offer to tenants had been under consideration for a significant period and she did not want to see it reconsidered and changed to the detriment of the tenants and their wishes.

The Chairman of the Council clarified that the offer would be considered by working groups and DSPs before the Cabinet made their decision. Any major changes would mean that the process of creating an offer would have to be started afresh.

In support of his amendment, Councillor O'Hare stated that the working group input would not be precluded if the full Council made the decision. The Chairman of the Resources DSP stated for information, that the DSP would consider it on 7th June 2006.

The amendment was voted upon and lost. The original motion was then voted upon and carried successfully.

In accordance with Council Procedure Rule 9, as the meeting had been in progress for three hours, the majority of members present voted for the meeting to continue.

39. QUESTIONS WITHOUT DISCUSSION

Sixteen questions had been submitted prior to the meeting. Verbatim details of the questions, together with supplementary questions and responses, are set out in the appendix to these minutes.

40. CLOSE OF MEETING

The meeting closed 17:24.

Minute Item 39

COUNCIL, 25th MAY 2006

QUESTIONS WITHOUT DISCUSSION

Question 1

QUESTION (COUNCILLOR BRYANT):

Mr. Chairman, will you please undertake to write a strongly worded letter on behalf of the Council to the NHS public involvement team at Bracebridge Heath who are conducting a consultation on the proposed changes to the Lincolnshire NHS and Community Services which are proposed to reduce the services delivered to this district. Can you please express our dismay, that the overspending for the last 2 financial years, including the interest, amounts to £19.6m for United Lincs. Hospitals Trust and £13.5m for East Lincolnshire Primary Care Trust, as they are having to be paid for in part by the users of the Lincolnshire S.W. Teaching PCT. Can you make sure that the message, that their financial prudence (Lincolnshire SWT Teaching PCT) will now be helping out the debt situation, but it is at a direct cost to the NHS patients in this district. This Mr. Chairman, I suggest, is not a good deal for the local people who we serve and we must resist punitive cuts.

Mr. Chairman, in doing this would you please ensure that you bring the consultation document (for the period 10th May to 2nd August) which is 78 pages long, to the attention of all councillors advising them that they can get a copy of it from the Public Involvement team at Bracebridge Heath, telephone no. 01522 513355 ext. 5524.

RESPONSE (COUNCILLOR G. TAYLOR):

Thank you for raising the important issues faced by the NHS in Lincolnshire. I would be perfectly willing to reflect the views of the Council in an appropriate letter to the NHS Public Involvement Team should members of the Council wish me to do this and after they have had a full opportunity to examine in detail the proposed recovery plans.

As you allude to in your question, I understand that the PCT proposals are out for public consultation until the 2nd August and also I am aware that proposals from the United Lincolnshire NHS Hospital Trust are due to be made public in July with a 3 month consultancy period.

It would therefore seem appropriate for the executive and Healthy Environment DSP to consider these matters over the summer and then advise me accordingly whether they wish the views of the Council to be relayed by myself.

Councillor Bryant had left the meeting so there was no supplementary question.

Question 2

QUESTION (COUNCILLOR O'HARE)

If there was a significant variation between the amounts spent by SKDC on council housing comparing the 03/04 financial year with the 04/05 financial year, how much more was spent in which year?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT)

A direct comparison of spend between the years stated would not produce a simple answer as there were changes in accounting and funding arrangements from the government.

SUPPLEMENTARY QUESTION (COUNCILLOR O'HARE):

The question clearly about spending, I repeat spending in one financial year and another financial year are not accounting technicalities, would she actually answer the question

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

If you're having trouble understanding the accounts, Councillor O'Hare, which I did, I must admit, I'm sure that the officers would be more than happy to explain them to you outside this meeting but it is far too detailed to even consider doing it now, it would take a couple of hours.

Question 3

QUESTION (COUNCILLOR O'HARE):

In Your Home Your Choice issue 2 one of the 5 main reasons for the Council backing transfer was " to generate new investment for affordable housing to meet local needs now and in the future." The Cabinet member for housing has publicly stated that she is satisfied that the information (in that newsletter) is fair unbiased and accurate. The clear implication of the quote from Your Home Your Choice is that only by transferring the housing stock will it be possible to have affordable housing in the area of this Council. Recent Council documents, including documents circulated as part of the agenda for this council meeting demonstrate that Affordable Housing is and will be provided through the Planning department and the use of Section 106 monies/Planning Gain and so contradict the clear implication being pushed by this Council in support of stock transfer. It is very difficult, if not impossible, for both views to be true.

Would she care to try to reconcile the differing statements of this Council?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

I do not need to reconcile these two statements Cllr.O'Hare as you have clearly misrepresented the article in "Your Home Your choice" Issue 1.

SUPPLEMENTARY QUESTION (COUNCILLOR O'HARE):

Thank you Chairman, there is a supplementary. The quote of "generate new investment for affordable housing to meet local needs now and in the future" is a direct quote. In essence and probably exactly it affects the decision made by Cabinet on the 9th May 2005 and the decision of full Council in May 2005 and is contained in publicity from this council promoting stock transfer and when you refer to affordable housing on page 9 of agenda item 10 today, I now refer to affordable housings (items SK40 and SK42), which clearly show that affordable housing is developed through planning and the forward plan written by Councillor Neal refers to affordable housing through planning. Apart from misrepresented in "Your Home Your Choice", issue number one as my question made no mention of it. Now I've explained the question to her, will Councillor Cartwright please answer it.

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

I must stress that the newsletter stated "new investment", purely this means in addition to all the measures we've currently put in place to work towards meeting our affordable housing needs.

Question 4

QUESTION (COUNCILLOR FINES):

Mr Chairman, in the agenda before us I read with interest at page 5, that the political balance of the council was made up of 33 Conservatives, 9 independents, 7 Labour, 4 new independents and 4 Liberal Democrats. I was therefore amazed to read in the Truesdale ward manifesto of the Liberal Democrats that the candidate hoped to join with THREE named councillors who she said, are "already the most effective GROUP in SKDC Council chamber". Therefore Mr Chairman, is the distribution of seats, which has to be done on a political balance basis, now correct as in their own leaflets the Liberal Democrats only have 3 councillors and the political statement figures show four?

RESPONSE (COUNCILLOR G. TAYLOR):

Thank you Councillor Fines for asking me to speculate on the relationships between the members of the Liberal Democrats. Unfortunately I have not the requisite knowledge to provide a detailed response, however I have ascertained from the Chief Executive that under the Local Government Act, the leader of the Liberal Democrat group has declared that his party comprises 4 members and at the time of preparing this response (24th May) there has been no change notified to the Chief Executive.

I understand that irrespective of any information given, or inferences drawn from material elsewhere, the Liberal Democrats group comprises those people notified to the Chief Executive until such times as he is informed of any changes.

COUNCILLOR FINES:

I think this question's already been answered earlier in the session, thank you, I'll withdraw mine.

Question 5

QUESTION (COUNCILLOR MARIN-MAYHEW):

Councillor Cartwright, in view of all the misleading information in a Liberal Democrat leaflet that was given out in the Truesdale ward by-election over the possible Large Scale Stock Transfer, is the council going to correct the information given to all houses in the ward or just the tenants, all of whom have been so badly misled.

Can you also please advise where the funding for this remedial work will come from, or is the council able to bill the costs back to the candidate or the 3 councillors named on the leaflet who allowed such distortions to be delivered as part of an election leaflet.

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

There is a duty placed on us to correct any misinformation that reaches our tenants so we will indeed be writing to every tenant in the Truesdale Ward. Unfortunately this is a cost which will have to be borne by us as part of the preparation for a vote and it will come from the money set aside for the communication budget.

As Councillor Martin-Mayhew was not present at the meeting, there was no supplementary question.

Question 6

QUESTION (COUNCILLOR MOORE):

Councillor Smith, I read in the Trusdale ward manifesto that the Liberal Democrat candidate who wished to join "the most effective group in SKDC Council" states that the current administration, of which I am proud to be a member, has no established policy for economic development. Councillor Smith can you please reassure me and the other members of the council who approved the budget about two months ago, that we do have a robust economic development policy and that we are on target to deliver on it as stated?

Do you think there is an obligation on sitting councillors to ensure that any election material that is put out and in which their names appear is factually correct in respect of any statements that the material makes?

RESPONSE (COUNCILLOR SMITH):

I certainly agree that there should be an obligation on sitting Councillors to ensure that any electoral material put out, and in which their names appear, is factually correct in any statements that the material makes.

It is not true that South Kesteven District Council has no established Economic Development Policy. An adopted Economic Development Strategy is in place with an Action Plan which is being delivered and I have brought a copy of it with me this afternoon. I would like to confirm that all the relevant Performance Monitoring Figures for the year 2005/6 are Green in our traffic light system of reporting.

Obviously a Candidate and a sitting Councillor were not sufficiently interested in Economic Development to know of the importance which we give to it in South Kesteven and to celebrate our successes. It is especially pleasing, at this time, to receive a letter thanking me personally for my help and support and that of fellow Councillors and Officers in progressing a major project, namely the new Ampy Facility at Northfields in Market Deeping.

SUPPLEMENTARY QUESTION (COUNCILLOR MOORE):

Councillor John Smith, thank you for reassuring the Council that we do have a robust, on-target, economic policy. Would you agree that the continuation of this policy will ensure that South Kesteven remains a very attractive place for new businesses to be set up in and existing businesses to expand, thus ensuring there will continual to be very low levels of unemployment in this District.

RESPONSE (COUNCILLOR SMITH):

Yes, Chairman, these are the documents I referred to in my answer which has been tabled. I would also like to say that the Council will also see that there is an adequate allocation of employment land made within the emerging LDF within all parts of our District.

Question 7

QUESTION (COUNCILLOR MOORE):

Councillor Auger, are you aware of any projects which could be potentially damaging to the environment in Stamford? Have any council members made you aware of their concerns over potential damage to the environment in the Stamford area?

I ask this question because in the Trusdale ward election Liberal Democrat manifesto, the candidate states that 'we' are watching with interest proposals in Stamford, to ensure environmental damage is not needlessly done.

To allow environmental damage to be done when you are aware of the potential danger is absolutely criminal. To be aware of an upcoming problem and not to notify the person who has the ability to resolve the matter is even worse and reduces the credibility of all councillors to the level of the perpetrator.

RESPONSE (COUNCILLOR AUGER):

Thank you Councillor Moore. I am pleased to report that having checked with Environmental Health, that there is only one area of contamination in Stamford, Wharf Road Car Park, this is an area that is subject to Remediation Works, and my colleague Cllr John Smith approved on 13th March 2006 the tender for this work.

No Council members to date have raised concerns about potential environmental damage in the Stamford area.

SUPPLEMENTARY QUESTION (COUNCILLOR MOORE):

If any current Liberal Democratic Councillors are aware of any project that would be environmentally damaging to Stamford, do you think they now have a clear duty to make the Council immediately aware so that action can now be taken to prevent the project going ahead?

RESPONSE (COUNCILLOR AUGER):

I fully endorse the comments of Councillor Moore. It's an obligation on all Council members if they have any concerns at all to contact ideally the Portfolio Holder and the Council.

Question 8

QUESTION (COUNCILLOR BRAILSFORD):

Councillor Cartwright, in the Truesdale ward Liberal Democrat manifesto by a candidate wishing to join what she states is "the most effective group in the SKDC Council chamber" (3 members) there is a statement where she says that 'there are many issues to be addressed' and the first item is 'affordable housing to keep young people in their home areas'.

I am extremely concerned as I am aware that affordable housing is in fact, one of the council's priority A areas. Can you please reassure me and the rest of the council that our housing allocations policy does in fact try to achieve keeping young people in their home areas in affordable housing, and that our lettings policy is in line with the prescribed regulations as laid down by central government. This assurance will I am sure be welcomed by all the people who read her leaflet and go some way to undoing the damage that her statement did.

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

The council has a detailed action plan for providing affordable housing and as members will be aware our allocation policy does provide points for local and village connections. I can also confirm that the policy reflects the national code of guidance for best practice.

SUPPLEMENTARY QUESTION (BRAILSFORD):

The reply refers to a detailed action plan and the supplementary action plan is quite simply: what is in the action plan and what has been achieved so far? Thank you.

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

Thank you Councillor Brailsford. This gives me great delight to tell you what is in the action plan and what we've achieved. In the action plan we've section 106 negotiated and we've negotiated 362 units. We're working with our registered social landlord partners and we have a partnership agreement signed with preferred partners and new partners are approaching us all the time to sign up. We have additional units delivered of 112 this year against the target of 80. We have housing corporation funding promised over the next two years. This has been... in. It's £6.6 million ...in from the Housing Corporation to be spent over the next two years. We have proposed changes to affordable housing planning policy put into the LDF to ensure affordable housing in rural areas and of course if stock transfer does go through then we have 30% of net receipt after protecting the general...to be applied to affordable housing. I think you'll agree that's a very good action plan with some jolly good things coming out of it. Thank you.

Question 9

QUESTION (COUNCILLOR TURNER):

Councillor Carpenter, as the portfolio holder with responsibility for access and communications, can I ask for your comments on the statement made in the Liberal Democrat Truesdale ward by-election leaflet 'that the local administration is failing to either lead or listen.'

Perhaps the three councillors, who joined with the unsuccessful candidate on her manifesto could have helped local democracy, if they had wanted to be positive about democracy, by publicising the good work done rather than being so negative.

RESPONSE (COUNCILLOR CARPENTER):

In my opinion this administration has instigated more means of public engagement than ever before. There are Area Assemblies that cover all areas of the district. We have a better and more informative website, including the online fora, than we have had previously and we have had more consultation processes over the priorities than ever before. We have even been awarded a grant from the Department of Constitutional Affairs because we have put forward projects that have gained their approval. (Only nine other councils have received this). We are currently in the process of holding the first of a series of 'On line Juries' and we have already held an 'offline' version of these juries in the council chamber. To therefore state that we neither lead nor listen is to my mind totally misleading.

Councillor Carpenter was not present at the meeting, there was no supplementary question.

Question 10

QUESTION (COUNCILLOR MOORE):

Leader, you would have seen in the previous questions, widespread concerns at misleading statements being made by Mrs Tanner the Liberal Democrat candidate in the by-election at Truesdale ward.

Can you please, at the next group leaders' meeting, bring to their attention the damage that is being done to democracy, the reputation of all councillors and the council itself by all this negative and misleading information.

I am delighted to see that the public did not allow their judgement to be influenced by all the misleading pseudo information and returned Councillor Tom Webster with 45% of the vote with a 27.7% turnout. This was almost double the number of votes cast for Mrs Tanner over the candidate.

On the Liberal Democrat Truesdale manifesto I do agree with two statements that were made 'government actions have undermined local democracy' and 'government directives ignore local knowledge and opinion'. The Liberal Democrats say that they believe in more democracy not less, but to say this on a manifesto where they have made so many misleading statements that may have made the electorate consider that the council is ineffective, uncoordinated, leaderless, ignoring local wishes, delivering a bad deal, will not enhance local democracy - it will destroy it.

RESPONSE (COUNCILLOR MRS. NEAL):

Thank you for drawing this serious issue to the attention of the Council and myself. I will discuss it with the group leaders and try to ensure that everyone complies with the high standards we expect of Councillors and that sitting Councillors encourage this transparency and honesty in all leaflets.

Councillor Mrs. Neal was not present at the meeting, there was no supplementary question.

Question 11

QUESTION (COUNCILLOR SHORROCK):

How will the Local Strategic Partnership for South Kesteven develop to ensure that it 'involves the community it serves' and is 'accountable to local people' in line with government guidance for the establishment and running of LSP's?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

Thank you Councillor Shorrock for providing me with an opportunity to promote the important work of the South Kesteven Local Strategic Partnership. As Councillor Shorrock is probably well aware, this partnership is involving the community it serves through the execution of a thorough and robust area profile (the first, I believe, to be completed in Lincolnshire) and is ensuring that it is accountable to local people by using this document to prepare a new community strategy and action plan. In addition to well attended meetings of both the executive and the full partnership, the chairmen of the local area assemblies have also been advised that the South Kesteven LSP is willing to talk about its activities and priorities at any of those assembly meetings.

I look forward to seeing Councillor Shorrock at any of these meetings in the future.

Councillor Mrs. Neal was not present and Councillor Shorrock had left the meeting, there was no supplementary question.

Question 12

QUESTION (COUNCILLOR SHORROCK):

In the recent report from the Gateway Review of priorities (Cabinet Report CEX326 8th May), it was reported that there were ' concerns over whether the management solely by TCMPs was the most appropriate way for facilitating improvement.' What were these concerns and how should they be addressed?

RESPONSE (COUNCILLOR SMITH):

Town Centre Schemes and Improvements by their complexity take some time to prepare and implement. They are costly and it is recognised that Councils cannot finance them alone. Some grants can only be accessed by bodies such as Town Centre Management Partnerships and there are various forms of Companies which can be more appropriate vehicles for optimum delivery. Members wish to ensure that all TCMP's have the best constitution for their individual needs. I would confirm that in this respect Stamford Vision has become a Community Interest Company. Grantham Future will be having a presentation from Legal Experts to make sure it has the best structure to deliver its vision. At the moment Bourne and Deeping do not have Companies, but are being reorganised for the same reason and will consider them in the future if felt necessary.

Councillor Shorrock had left the meeting so there was no supplementary question.

Question 13

QUESTION (COUNCILLOR SHORROCK):

Amber Valley Council transferred their Housing Stock to Amber Valley Housing in February 2003. According to their published Annual Report, a full 2 years later in February 2005 Amber Valley Housing had managed to increase the total number of properties for rent by a mere 14 out of over 5,300. That is an average of just 7 properties a year. What are her ambitions for increasing housing stock if stock transfer goes ahead?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

I am not one to stand on ceremony but could I please request that you at least address me by my correct name Cllr. Shorrock?

My ambition for increasing affordable housing is to work with all of our partner RSL's.

Question 14

QUESTION (COUNCILLOR SHORROCK):

At 31st March 2005, this council held over £9 million pounds in the Major Repairs Reserve given to it by the Government as Major Repairs Allowance but not spent by this Council on Housing. How much of the Major Repairs Allowance given by the government to this council to spend on housing was spent on housing in the 3 year period from 1st April 2002 to 31st March 2005?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

The council is still in the process of closing it's accounts for the year ended 31st March 2006. They will be approved at the Constitution and Accounts committee on the 29th June once the accounts are closed.

Question 15

QUESTION (COUNCILLOR GIBBINS):

Should Stock Transfer proceed then there will be a contract between this council and SLH. Clearly any contract will only be really useful and effective if the terms of that contract are monitored and, if need be, enforced. Can a clear and unequivocal guarantee be given that contract will be formally reviewed by SKDC every 6 months to ensure compliance and for the outcome of that review to be reported to this council?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

The contractual relationship formed as part of any future LSVT will include monitoring arrangements to ensure that the promises to tenants, contained in the offer document, are delivered by the new landlord.

SUPPLEMENTARY QUESTION (COUNCILLOR GIBBINS):

The crucial words in the question are "to ensure compliance" so I wanted to know who will monitor and who will ensure compliance?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

The problem of monitoring will be determined as part of any post-ballot negotiations between the Council and South Lincs Homes and I'm sure you wouldn't want me to pre-judge the outcome of the tenants ballot and that is open thing we'll discuss post-ballot.

Question 16

QUESTION (COUNCILLOR GIBBINS):

Does she believe that the contents of Your Home Your Choice issue No 3, sent to all tenants and councillors, presents matters in a way which is fair, impartial, unbiased and accurate?

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

I am surprised at you Cllr. Gibbins, I would have thought that you would have preferred to ask your own question. However to ensure best use of council time, perhaps you can inform me which particular article in issue 3, you think has not been approved by the Legal Advisors, Independent Tenant Advisors, The Housing Corporation, Tenant communications group, etc. etc.?

SUPPLEMENTARY QUESTION (COUNCILLOR GIBBINS):

I just didn't feel that my question had been answered. All I required was a simple yes or no. Do you believe the contents sent to all tenants present matters in a way which is fair, impartial, unbiased and accurate.

RESPONSE (COUNCILLOR MRS. CARTWRIGHT):

I think Councillor Gibbins may remember that I've answered this question at two previous council meetings, both put by Councillor O'Hare. That is said I put did she not wish to ask her own question. The answer is definitely. Yes.



MINUTES

EXTRAORDINARY COUNCIL

THURSDAY, 22 JUNE 2006
2.00 PM

PRESENT

Councillor Gerald Taylor Chairman

Councillor Ray Auger	Councillor Mrs. Linda Neal
Councillor David Brailsford	Councillor John Nicholson
Councillor Terl Bryant	Councillor Stephen O'Hare
Councillor Mrs Frances Cartwright	Councillor Alan Parkin
Councillor Nick Craft	Councillor Stanley Pease
Councillor Dorrien Dexter	Councillor Norman Radley
Councillor Mike Exton	Councillor Mrs Margery Radley
Councillor Mrs Joyce Gaffigan	Councillor Bob Sandall
Councillor Yvonne Gibbins	Councillor Ian Selby
Councillor Bryan Helyar	Councillor Robert Murray Shorrock
Councillor Reginald Howard	Councillor Mrs Judy Smith
Councillor John Hurst	Councillor John Smith
Councillor Fereshteh Hurst	Councillor Ian Stokes
Councillor Mrs Maureen Jalili	Councillor Michael Taylor (Vice-Chairman)
Councillor Kenneth Joynson	Councillor Jeffrey Thompson
Councillor John Kirkman	Councillor Frank Turner
Councillor Reg Lovelock M.B.E.	Councillor Thomas John Webster
Councillor Peter Martin-Mayhew	Councillor Graham Wheat
Councillor Andrew Roy Moore	Councillor Mrs Mary Wheat
Councillor Mano Nadarajah	Councillor John Wilks

OFFICERS

Chief Executive
Strategic Directors (x2)
Corporate Director of Community Services
Corporate Head of Finance & Resources

OFFICERS

Head of Waste & Contract Services
Housing Solutions Manager
Legal Services Manager (Monitoring Officer)
Member Services Manager

41. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bisnauthsing, Mrs Bosworth, Carpenter, Channell, Chivers, Conboy, Fines, Fisher, Hewerdine, Mrs Kaberry-Brown, Kerr, Mrs Percival, Steptoe, Avril Williams, Mike Williams, Wood, and Mrs Woods.

42. DECLARATIONS OF INTEREST

Councillor John Smith declared a personal interest in that part of the Town Centre Regeneration and the development of Grantham as a Sub-Regional Centre priority only in so far as it concerned the Bourne town centre core area. His interest was by virtue of his membership of a club whose premises were located within that area.

43. ANNUAL REVIEW OF PRIORITIES AND NON PRIORITIES

DECISION:

(1) To confirm the following priorities of the District Council:

Category A (Step-change)

- **Anti-social behaviour**
- **Recycling**
- **Access**
- **Town centre regeneration and the development of Grantham as a sub-regional centre**
- **Affordable housing**
- **Communication**
- **Effective use of resources**

Category B (Incremental improvement priorities)

- **Street scene**
- **Business Development**
- **Diversity**
- **Housing management**
- **LSP and Community Strategy**
- **Maintenance of the Council's Assets**

(2) To re-name the previous classification of Category Y services to Category M;

(3) On the basis of consultations to date, to not make any changes to the services falling with Category M (service minimums) or Category Z (non priorities), other than the addition of Planning & Development Control and Public Toilets to Category M as a result of the above.

Members had before them report CAB7 from the Cabinet which contained its recommendations on the categorisation of the Council's priorities. Circulated with the report were a number of background papers to inform the decision making process. These included reports CEX326 and CEX343, weighted results for the 2006 Residents Survey, Draft LSP Action Plan, feedback on consultations undertaken through the local area assemblies, outcome from the On-Line Citizens' Jury, and minute extracts from the Resources DSP and the

Economic DSP.

In considering the recommendations, the Council was advised by the Section 151 Officer to take into account the current budgetary framework and progress made towards achieving category Z savings for re-investment in service priorities, as reported to the Gateway review on 26th April 2006.

Presentations on priorities:

Members received a series of presentations on the following areas that the Cabinet was either recommending as new or remaining Category A priorities, or for re-designation.

(1) Access

Mr. Ian Yates, strategic director, gave a presentation on the definition and scope of the access priority as previously submitted to the Gateway review in April. He reminded the Council that the concept of a seamless customer service was the premise behind the introduction of the new customer service centre (CSC); information was given on the Council's progress against best value performance indicators relating to the delivery of e-services, achievements over the last 12 months in terms of targets set for 2005/06, areas for improvements, and the next stages of rolling out this development which would encompass the Council's satellite offices. Mr. Yates reiterated that the funding for the new CSC had come from LGov and IEG funding and had therefore had low revenue impact upon the Council's general fund.

In view of the need to continue to build on this work, the Cabinet recommended that access remain as a Category A priority.

Mr Yates was asked how access locations within the community tied in with the one stop shop priority identified in the Community Strategy. He replied that the CSC project was providing the infrastructure to build a better service. Community access points would be the next stage in the roll out. Several members who had visited the CSC stated that they were very impressed with the new facility that would provide a much more effective and friendly service to the customer. The Council asked that its congratulations be passed on to everyone who had been involved in the project.

(2) Street Scene

Councillor Auger, portfolio holder for healthy environment, submitted the Cabinet's recommendation that street scene be moved from a Category A to a Category B priority. This was because the Council had now achieved and established the step changes identified for this service which would now move to incremental improvements.

Councillor Auger then proceeded to give a presentation on what was covered under this service heading, and progress against targets highlighting the increase in satisfaction expressed by residents in relation to the perceived

cleanliness of the streets. He also spoke on the enforcement activities in relation to litter, dog fouling, fly tipping, and abandoned vehicles. He concluded the presentation by outlining the impact of the New Cleaner Neighbourhoods and Environment Act 2005 an element of which had been to increase the fixed penalty fine.

The question and answer session was opened by a member commending the street cleaning team for all their hard work following the Grantham carnival. Councillor Auger stated he regularly met with the members of that team and would personally convey the Council's thanks and appreciation to them. A point was raised on the comparatively low number of fixed penalties issued for dog fouling. The head of waste & contract services explained the difficulties faced in catching dog owners "in the act" of not clearing up after their pets and advised that the enforcement team did target areas where they had been advised a problem existed. Other points were raised on how the Council could address the percentage of residents who did not feel there had been an improvement, tackling graffiti problems, other ideas to improve the street scene such as participation in the Britain in Bloom competition, and the value of educational visits in preventing litter and similar problems. It was suggested that people should make more of an effort to notice the street scene in order to empirically assess whether there had been improvements. The Council had to accept that improving the street scene would inevitably mean clearing up the litter left by those who were not responsible citizens in that regard.

(3) Recycling

Councillor Auger gave a further presentation on the extent of the current recycling service and outlined why separate collections were made. In the light of the planned development of this service and the challenging targets set for percentages of waste collected to be recycled (39% in 2007/08, 50% in 2008/09), he recommended that this service area remain a Category A priority.

Questions were put to both Councillor Auger and the head of waste and contract services on the educational aspect, particularly use of bring sites in school locations, the green waste collection service, and the excessive use of packaging materials. In relation to the latter point, a member advised that the Women's Institute was very keen on environmental issues and was currently lobbying manufacturers to reduce the amount of packaging on products.

(4) Town centre regeneration and the development of Grantham as a sub-regional centre.

The economic portfolio holder, Councillor John Smith began his presentation by recommending that this area remain a Category A priority. The nature of large projects associated with this area meant that there was a lengthy lead in time and therefore the step changes required necessitated this remaining a Category A priority.

Councillor Smith then went into more detail on progress with town centre development; town centre managers were now in place for all four urban areas

and a significant amount of partnership funding had been secured. He acknowledged that progress amongst the four town centre management partnerships was varied and outlined the status of ongoing projects within each town. Councillor Smith highlighted some improvement in perceived satisfaction with car parking facilities between 2005 and 2006 and an increase of 11% satisfaction with the retail offer in the district.

During the question and discussion session that followed, points were raised on the activity areas of each tcmp, the problems experienced by the Stamford tcmp (Stamford Vision) in terms of its perception by the public, the need for cross party co-operation between district and town councillors, and the importance of including all stakeholders, not just business and property interests in tcmp activity. Councillor Smith responded to these points and concluded by acknowledging the progress made recently in Stamford and the need to take on board the issue of effective communication.

[An adjournment for the tea break took place between 3.50pm and 4.05pm.]

(5) Anti-social behaviour

The Corporate Director for Community Services gave a presentation on this issue which the Cabinet was recommending remain as a Category A priority. Despite the district having a relatively low crime rate, residents' concerns remained high. There had been a 1.5% reduction in the perception by South Kesteven's residents that anti-social behaviour was a significant problem. This might appear a small improvement but when compared with the national picture where that perception was worsening, 1.5% reduction was an achievement to be recognised. Having outlined the "top ten" incidents of anti-social behaviour, Mr. Pell went through the action plan and objectives over the next three year period. Achievement of these targets necessitated a multi agency approach. Members were advised of the resources required and those already secured and the implications for supporting the Lincolnshire Neighbourhood Policing Initiative.

In response to the presentation, a member expressed the view that the Council needed to be clear on that which it was giving priority to; the causes of anti-social behaviour needed to be addressed otherwise the Council would run the risk of just beating the air. It was acknowledged that there was still much to do and there could be no room for complacency on this issue.

(6) Use of resources

The Cabinet was proposing that use of resources become a new Category A priority moving up from a Category B priority. Councillor Bryant, resources and assets portfolio holder, acknowledged that this was a very detailed subject and by way of introduction cited existing Council publications which contained information on the Council's financial position and procedures. The presentation by the Corporate Head of Finance and Resources would therefore focus on the way ahead.

The Corporate Head of Finance and Resources, Miss Marshall explained that Financial Services had previously been identified as a Category B priority but the proposal was to redefine it as a broader subject of use of resources. The assessment of an authority's use of resources was carried out annually and was likely to be incorporated into the CPA process. It was about focusing financial management but also linking it to the strategic and corporate management of the organisation. She emphasised that there was a clear role for members in this process: a working group of the the Resources DSP had already begun investigation into this area. Members were advised how the Council had scored for 2005/06 against the list of criteria which included financial reporting, financial management, financial standing, internal control, and value for money. The Council would have to make significant improvements on its existing scores in order to achieve an excellent rating at the next CPA. Miss Marshall outlined what action had been taken to date, highlighting the fact that there were a number of vacancies in the accountancy services section at the moment that had necessitated bringing in interim capacity in order to conclude the closure of accounts. A review of the structure was currently underway and it was anticipated that a recruitment process would be undertaken shortly as it was vital to get the necessary staff resources in place. A use of resources action plan would be submitted in due course to the Cabinet for approval in July as part of the medium term financial strategy. This would also incorporate the outcome of the audit inspection. Another requirement was the backward looking statement on how the Council had achieved its 2.5% efficiency savings.

Subject to acceptance as a Category A priority, planned activity provided for decentralised budget management to enhance accountability at service level. The Resources DSP had already identified the need to have a robust system of time recording. Planned review of the Council's financial procedure rules would also be an area of activity for member involvement. At this point, the Chairman drew members' attention to a survey questionnaire which had been circulated at the meeting on behalf of the Resources DSP seeking members' opinions on such matters as their experience of involvement in the budget preparation process and the gateway reviews.

After the presentation, a member, acknowledging the good proposals put forward by Miss Marshall, expressed reservations that should the need arise, purely financial considerations be replaced by considerations which may be equally important to those people affected even though those considerations may not be entirely financial. The portfolio holder responded by reiterating the need for additional support and ongoing work to achieve the value for money and best value resources. He thanked the Chairman of the Resources DSP for the collaborative working to deliver successful improvements in this area.

(7) Communications

The Communications Manager, Miss Ellen Breur, introduced her presentation by explaining that the Council's communications unit was a recent addition to the authority's structure. Its dedicated team was responsible for the longer term objective of positioning the Council as a leading and reputable public

service organisation by ensuring fair, accurate, timely, and accessible representation of the Council's role, position and activities to a variety of target audiences. At the gateway review the service had exceeded its targets but had yet to see a return on its investments. Miss Breur went on to identify the main channels of communication used as a source of information about the Council, and the bottlenecks in the internal and external communication which the communications strategy would address. Members were then advised on the targets (as identified in the change management action plan) that had been met such as the introduction of team briefings, the staff magazine "Skoop", the district newspaper "SK Today", and a new corporate identity. The presentation concluded by the officer outlining current projects identified from the objectives in the service plan and a recently recruited third person to help support the high demands on the services of the unit. The overall aim was to achieve a better understanding between the Council and its residents.

The Cabinet had recommended that communications remain a Category A priority.

Miss Breur was asked whether the step changes necessary could be achieved. She replied that she was confident that the challenges could be met. A member expressed concern that communications was a Category A priority on its own; he suggested that there was a need to expand the remit around both communications and engagement. The Council needed to look at ways of including people in the democratic and decision making process, for example expanding the Local Forums as public bodies and involving the public in strategy and policy making. He stressed the need to bring in the public in a far more consistent and effective way.

(8) Affordable housing

The portfolio holder for organisational development and housing, Councillor Mrs Cartwright outlined the scope of this Category A priority which centred on access to decent, affordable homes for all. 90 key actions had been identified as part of the solution to address these issues supported by additional resources allocated following the Audit Inspection that had resulted in the service being given a poor rating.

The Housing Solutions Manager outlined the targets and achievements to date and future proposals involving use of planning powers for more planning gain from developers and developing partnership working with registered social landlords and the Citizens Advice Bureau and greater consultation. The objective was to achieve a fit for purpose housing strategy.

A member congratulated Councillor Mrs Cartwright and the officers on exceeding targets set and asked if these achievements had been publicised. Councillor Mrs Cartwright replied that this information was available through a number of Council publications.

At the conclusion of all the presentations, the Leader moved the recommendations contained on page two of report CAB7 subject to the

following amendments:

- On the list of proposed Category A priorities, the word effective to precede use of resources
- That in future Category Y services (those services to achieve service minimums) be renamed Category M

The Leader explained that the Cabinet had doubts about the message that was sent out by the categorisation of services as 'Y' both externally and to the staff who worked in those areas. Category Y meant maintaining the service at its current level and could be interpreted as meaning at the "back end". The Cabinet was fully aware there were staff in Category Y services that were doing brilliant jobs and the Council wanted them to continue doing so. Various positive interpretations could be associated with the letter M, for example M for maintenance of excellent service.

[At this point, the Chairman declared that the meeting had been in progress for three hours and in accordance with council procedure rule 9 a majority of those members present must vote for the meeting to continue. It was moved and seconded that the meeting continue and carried following a vote.]

The motion proposed by the Leader was seconded.

An amendment was then proposed that Category Y services be re-designated Category C, and Category Z become Category D. The amendment found a seconder. A vote took place on the amendment and was subsequently lost.

A further vote on the original motion was carried.

44. CLOSE OF MEETING

The Chairman declared the meeting closed at 5.25pm.



MINUTES

EXTRAORDINARY COUNCIL

THURSDAY, 22 JUNE 2006

5.26 PM

PRESENT

Councillor Gerald Taylor Chairman

Councillor Ray Auger	Councillor John Nicholson
Councillor David Brailsford	Councillor Stephen O'Hare
Councillor Terl Bryant	Councillor Alan Parkin
Councillor Mrs Frances Cartwright	Councillor Stanley Pease
Councillor Nick Craft	Councillor Norman Radley
Councillor Dorrien Dexter	Councillor Mrs Margery Radley
Councillor Mike Exton	Councillor Bob Sandall
Councillor Mrs Joyce Gaffigan	Councillor Ian Selby
Councillor Yvonne Gibbins	Councillor Robert Murray Shorrock
Councillor Bryan Helyar	Councillor Mrs Judy Smith
Councillor Reginald Howard	Councillor John Smith
Councillor Fereshteh Hurst	Councillor Ian Stokes
Councillor Mrs Maureen Jalili	Councillor Michael Taylor (Vice-Chairman)
Councillor Kenneth Joynson	Councillor Jeffrey Thompson
Councillor John Kirkman	Councillor Frank Turner
Councillor Peter Martin-Mayhew	Councillor Thomas John Webster
Councillor Andrew Roy Moore	Councillor Graham Wheat
Councillor Mano Nadarajah	Councillor Mrs Mary Wheat
Councillor Mrs. Linda Neal	Councillor John Wilks

OFFICERS

Chief Executive
Strategic Directors (x2)
Corporate Director of Community Services
Corporate Head of Finance & Resources

OFFICERS

Legal Services Manager (Monitoring Officer)
Member Services Manager

45. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Councillors Bisnauthsing, Mrs Bosworth, Carpenter, Channell, Chivers, Conboy, Fines, Fisher, Hewerdine, John Hurst, Mrs Kaberry-Brown, Kerr, Lovelock, Steptoe, Mrs Percival, Avril Williams, Mike Williams, Wood, and Mrs Woods.

46. DECLARATIONS OF INTEREST:

There were no interests declared.

47. MOTION SUBMITTED BY COUNCILLORS BISNAUTHISING, JOHN HURST, MRS JALILI, O'HARE, AND SELBY:

DECISION: **That the Council adheres to its previous decision to hold an extraordinary meeting on 20th July 2006.**

Councillors Bisnauthsing, John Hurst, Mrs Jalili, O'Hare, and Selby had submitted the following motion:

“That this council resolves:

That the council meeting on 20th July 2006 not be an extraordinary meeting of this council but an ordinary meeting of this council.”

Before the motion was moved, a point of order was raised under council procedure rule 14.12. The member referred to page 107 of the Constitution, specifically council procedure rule 2 which stated that ordinary meetings of the Council will take place in accordance with a programme decided at the Council's annual meeting. The member asserted that the Council could not therefore hold an additional ordinary meeting that was not included with the programme previously approved on 27th April 2006.

The Chief Executive replied that the Council's Constitution gave power to the Council to set a programme of meetings at the annual meeting. There was no reference to deny the Council power to set additional ordinary meetings. This meeting of the Council therefore had discretion to set additional ordinary meetings or call extraordinary meetings. The Monitoring Officer advised that it would be foolish of the Council to fetter its discretion to set further meetings. The purpose of the Constitution was to ensure that a programme of meetings was set at the annual meeting. The Chairman indicated that he accepted the advice tendered by both the Chief Executive and the Monitoring Officer and accordingly allowed the motion to be put.

As one of the signatories to the motion, Councillor O'Hare pointed out that only one item of business could be put at an extraordinary meeting. If the Council agreed to change the scheduled extraordinary meeting for 20th July to an ordinary meeting, the Council could consider other items of business and progress other work. He moved the motion as printed and this was then seconded. In seconding the motion, the member made reference to the recently agreed Category A priority of effective use of resources. He suggested that council meetings were a use of resource. It should be part of the democratic process of the Council that members can raise issues for discussion.

Several members then spoke against the motion, expressing the view that they could see no justification to change the planned extraordinary meeting on 20th

July 2006.

Upon being put to the vote the motion was lost.

48. CLOSE OF MEETING

The Chairman closed the meeting at 5.35p.m.



MINUTES

COUNCIL

THURSDAY, 20 JULY 2006
2.00 PM

PRESENT

Councillor Gerald Taylor Chairman

Councillor Auger	Councillor Lovelock M.B.E.
Councillor Mrs Bosworth	Councillor Moore
Councillor Brailsford	Councillor Mrs Neal
Councillor Bryant	Councillor Parkin
Councillor Carpenter	Councillor Mrs Percival
Councillor Mrs Cartwright	Councillor Mrs Radley
Councillor Chivers	Councillor Sandall
Councillor Conboy	Councillor Selby
Councillor Craft	Councillor Shorrock
Councillor Mrs Dexter	Councillor Mrs Smith
Councillor Exton	Councillor Smith
Councillor Mrs Gaffigan	Councillor Steptoe
Councillor Gibbins	Councillor Stokes
Councillor Howard	Councillor M Taylor (Vice-Chairman)
Councillor F Hurst	Councillor Turner
Councillor J Hurst	Councillor Webster
Councillor Mrs Jalili	Councillor H G Wheat
Councillor Joynson	Councillor Mrs Wheat
Councillor Mrs Kaberry-Brown	Councillor A Williams
Councillor Kirkman	Councillor M Williams

OFFICERS

Chief Executive
Monitoring Officer
Strategic Director
Corporate Head of Finance and Resources
Director of Tenancy Services
Scrutiny Support Officer

49. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Fines, Radley and Thompson.

50. DECLARATIONS OF INTEREST

The following members declared a personal and prejudicial interest in agenda item 3 on Large Scale Voluntary Transfer of the Council's Housing Stock, by virtue of their membership of the shadow board of South Lincolnshire Homes:

Councillor Kirkman, Councillor Mrs Percival, Councillor Mike Williams and Councillor Turner. It was noted that Councillor Thompson, who had sent his apologies for the meeting, was also a member of the shadow board.

Councillors Kirkman, Mrs Percival, Mike Williams and Turner left the meeting.

51. LARGE SCALE VOLUNTARY TRANSFER OF THE COUNCIL'S HOUSING STOCK

DECISION:

- (1) The impact of the diseconomies of scale from large scale voluntary transfer (LSVT) be managed out over a five year period;**
- (2) The general fund be protected by utilising interest receipts generated from LSVT capital receipts based on a phased capital programme;**
- (3) The capital programme be phased over:**
 - i. Five years for affordable housing utilising 50% of the net useable receipt and**
 - ii. Ten years for developing sustainable communities using the other 50% of the net useable receipt, with an annual review of the capital programme to ensure that the council tax payer remains protected from the impact of the LSVT;**
- (4) The text within the formal consultation document Offer to Tenants with minor modifications made by cabinet on 10th July 2006, be approved;**
- (5) The Leader be delegated the authority to approve the format of the document;**
- (6) The formal consultation document be issued to tenants as explained in paragraph 2.4 of report CHFR11 to cabinet.**

The Organisational Development Portfolio Holder moved that cabinet's recommendations on large scale voluntary transfer be accepted. She explained that this was not concerning the pros and cons of transfer, but approval of the offer to tenants document and consideration of the financial implications to the council. Preparation of the draft document had been undertaken by a considerable number of working group meetings and hours of work by tenant representatives. The shadow board had checked the document to ensure it matched its business plan and all members had had the opportunity for input. Some wording that had been considered unpopular by members, was still included as the legal team had advised on its inclusion. In response to literature circulated in opposition to transfer and in favour of the 'fourth option', the portfolio holder read from a letter from the former housing minister, stating that the government was not able to provide the relevant funding to the council for this option. This had been reiterated by the current minister of communities and local government, from which the portfolio holder quoted. She closed by stating that all members had had plenty of opportunities to challenge, query and understand all the documents.

The Chairman confirmed that recommendation 4 appended to the council agenda, referred to modifications made by cabinet and not the council meeting.

The Resources and Assets Portfolio Holder seconded the proposal. Having sat through a number of meetings on this, he stated that the draft offer document was an accumulation of a lot of hard work by a lot of people.

A member of the labour group asked for extended time to address the council in opposition to the motion. This was proposed and seconded but lost on being put the vote. The member made his speech, by explaining that there were five clear issues against the motion: 1) the council would have to borrow significantly less money than South Lincolnshire Homes to deliver on its promises, and yet the impression had been given that the council was not able to borrow for this and there was no comparison between prudential borrowing and stock transfer; 2) The leader of South Holland District Council in a letter to local press had stated that it was misleading to announce that 250 houses could be built from the capital receipt from stock transfer, it was more realistic that 70 could be available, it was important that the council knew the realistic expectation of what the receipt would be; 3) balance in debate would only be achieved by ensuring different voices were heard for and against the issue, the council had large sums of money to promote transfer whereas those in opposition had only fundraising, commitment and goodwill; 4) it was a fundamental principle that the new landlord be truly independent of the council and yet the mobile display units had both council and South Lincolnshire Homes branding operated by council staff, this raised the issue of where the new landlord, seemingly operating as already active, got their assets from.

Another member, in support of this, explained that stock transfer would mean the end of democracy because housing would no longer be a public service and other services would follow. The member claimed that his suggestions to enhance the offer document had been rejected. He also suggested that the stock transfer road shows were unsatisfactory, unbalanced legally and ethically and contained subliminal messages. He moved that cabinet's recommendations be referred to the Community Development and Scrutiny panel because there was unfinished business, the democratic process had not been satisfied and alternatives had not been pursued or communicated to the community.

In seconding the amendment to refer the item, the rest of the previous statement was continued by another member: 5) the new landlord business plan was a crucial document and yet it was not clear that this would be a public document or available to tenants, or how the distinction between the council and South Lincolnshire Homes was made. The member questioned how South Lincolnshire Homes, a dormant organisation, would draw up a business plan. He acknowledged that his position was in opposition to his central government party and was therefore not taken lightly. He expressed the concern that the new service would not be accountable to the public and that the council must remain the alternative provider to the market.

One member questioned the section in the distributed literature from the labour group referring to the government going through a review and councils may be allowed to make full use of rents and Right to Buy receipts for housing investments. As stock transfer was based on a valuation assuming that government did not provide this, this suggestion needed serious consideration.

The effect on the stock transfer timescale, should the amendment proceed, was questioned. The Chief Executive explained that the ballot was expected in October therefore the amendment could risk jeopardising this.

Another member suggested that visits to other authorities who had decided to retain stock be arranged. The member also suggested that the consultants working on the transfer were biased and were not democratic.

In the draft offer document, clarification on the difference between “assured tenants agreement” and “secured tenants agreement” was requested as it implied that only council tenant were ‘secure’. Another member asked if a comparison had been drawn up between the option of prudential borrowing and transfer. This point was supported by other members.

It was moved and seconded that the vote be made. This was lost.

In response to previous points made in opposition to the original motion, the leader explained that the published letter had contained very selective information and some parts were untrue. Another member, whilst commending the opposition’s commitment to their cause, explained that the new housing board would comprise five councillors, five tenants and five others.

The Organisational Development Portfolio Holder, in summing up, explained that the position of the revenue account, together with the issues of capping, national insurance level and efficiency, did not allow for the levels of borrowing required for the ‘fourth option’. Council staff, who had been working closely with tenants, had volunteered to operate the mobile units. Tenants had chosen the South Lincolnshire Homes logo and asked for the unit. The consultants had managed a number of stock transfers and would not allow unbiased or subliminal working. Tenants will still be able to approach their councillors but registered social landlords would provide easier access for information, queries and complaints. The business plan cannot be made available but had been constructed by competent independent members of South Lincolnshire Homes. If this was made available, another landlord could use this information to usurp South Lincolnshire Homes. She added that councils who had not transferred stock were in the same position as the council currently. “Assured” and “secured” tenants agreement were legal terms. In closing her speech, the portfolio holder requested a recorded vote in accordance with council procedure rule 16.4. This was supported by ten members and the votes cast as follows:

FOR	AGAINST	ABSTAIN
Councillor Auger	Councillor Mrs Dexter	Councillor Howard
Councillor Mrs Bosworth	Councillor Gibbins	Councillor G Taylor
Councillor Brailsford	Councillor F Hurst	Councillor A Williams
Councillor Bryant	Councillor J Hurst	
Councillor Carpenter	Councillor Jalili	
Councillor Mrs Cartwright	Councillor Joynson	
Councillor Chivers	Councillor Selby	
Councillor Conboy	Councillor Shorrock	
Councillor Craft	Councillor Steptoe	
Councillor Exton		
Councillor Mrs Gaffigan		
Councillor Kaberry-Brown		
Councillor Lovelock		
Councillor Moore		
Councillor Neal		
Councillor Parkin		
Councillor Mrs Radley		
Councillor Sandall		
Councillor Smith		
Councillor Mrs Smith		
Councillor Stokes		
Councillor M Taylor		
Councillor Webster		
Councillor H G Wheat		
Councillor Mrs Wheat		
25	9	3

The motion was carried.

52. CLOSE OF MEETING

The meeting closed at 2.50p.m.



MINUTES

COUNCIL

THURSDAY, 20 JULY 2006
4.00 PM

PRESENT

Councillor Gerald Taylor Chairman

Councillor Ray Auger	Councillor Andrew Roy Moore
Councillor David Brailsford	Councillor Mrs. Linda Neal
Councillor Terl Bryant	Councillor Alan Parkin
Councillor Paul Carpenter	Councillor Mrs Angeline Percival
Councillor Mrs Frances Cartwright	Councillor Mrs Margery Radley
Councillor George Chivers	Councillor Bob Sandall
Councillor Robert Conboy	Councillor Ian Selby
Councillor Nick Craft	Councillor Robert Murray Shorrock
Councillor Dorrien Dexter	Councillor John Smith
Councillor Mike Exton	Councillor Mrs Judy Smith
Councillor Mrs Joyce Gaffigan	Councillor Lee Steptoe
Councillor Yvonne Gibbins	Councillor Ian Stokes
Councillor Stephen Hewerdine	Councillor Michael Taylor (Vice-Chairman)
Councillor Reginald Howard	Councillor Jeffrey Thompson
Councillor Fereshteh Hurst	Councillor Frank Turner
Councillor John Hurst	Councillor Thomas John Webster
Councillor Mrs Maureen Jalili	Councillor Graham Wheat
Councillor Kenneth Joynson	Councillor Mrs Mary Wheat
Councillor Mrs Rosemary Kaberry-Brown	Councillor John Wilks
Councillor Albert Victor Kerr	Councillor Mike Williams
Councillor John Kirkman	Councillor Avril Williams
Councillor Reg Lovelock M.B.E.	Councillor Mrs Azar Woods
Councillor Peter Martin-Mayhew	

OFFICERS

Chief Executive
Strategic Director
Strategic Director□Solicitor to the
CouncilScrutiny Support Officer

115 members of the public in the meeting
100 members of the public outside the
meeting who wished to be recorded as
present.

The Chairman welcomed everyone to the meeting and explained that because this was an extraordinary meeting of the council, there was no opportunity for members of the public to speak.

53. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Fines and Radley.

54. DECLARATIONS OF INTEREST

No interests were declared.

55. MOTION SUBMITTED BY COUNCILLORS BRYANT, CARPENTER, MRS CARTWRIGHT, CHIVERS, AND JOHN SMITH

DECISION:

That in order to re-store public trust and confidence in our hospital service, any proposals to reduce the services currently provided at Grantham Hospital be deferred to allow for a thorough, independent review of hospital services that are required for a town the size and location of Grantham, a town which has been prioritised for development as a 'Sub-Regional Centre'. Furthermore that the results of this review be the subject of open and honest consultation with all the people served by Grantham Hospital before any decision is made.

Councillor Carpenter, on behalf of those members who submitted the motion, proposed:

That in order to re-store public trust and confidence in our hospital service, any proposals to reduce the services currently provided at Grantham Hospital be deferred to allow for a thorough, independent review of hospital services that are required for a town the size and location of Grantham, a town which has been prioritised for development as a 'Sub-Regional Centre'. Furthermore that the results of this review be the subject of open and honest consultation with all the people served by Grantham Hospital before any decision is made.

In proposing the motion, he explained that the key words in this were: independent, open, honest and confidence. The people of Grantham had had the sword of Damocles hanging over them for too long. Many letters from residents had shown a greatest concern over possible reduction of A&E services and this was especially pertinent given that Grantham was on a number of major roads. More people were moving into the area and by 2020, it was estimated that a further 12,000 residents would be living in the area, causing a further increase in cases of accidents and illnesses. The hospital should therefore be looking to expand, not reduce, its services. The first hour of an illness or accident was most critical and often determined whether a patient lived or died. A patient was therefore at great risk if their first hour was spent in transit to a hospital. The call for the review was because the public needed to know what decisions were being taken about the future of Grantham Hospital.

The motion was seconded by Councillor Bryant who reserved his right to speak on the matter later in the meeting.

The Chairman introduced Derek Bray, Chief Executive of South West Lincolnshire Primary Care Trust (PCT) to the meeting. He in turn introduced his colleagues: Helen Scott-South, Interim Chief Executive of United Lincolnshire

NHS Hospital Trust (ULH); Toby Saunders, Director of Performance at Trent Strategic Health Authority/NHS East Midlands; Melanie Hawes, Chair of South West Lincolnshire PCT; Sue Hitchenor, Director of Finance, Commissioning and Information at South West Lincolnshire PCT; Dr John Elder, General Practitioner, Corby Glen, South West Lincolnshire PCT; and Dr David Baker, General Practitioner, Grantham, South West Lincolnshire PCT. Mr Bray then expressed his apologies for the handling of communication with the general public and council on the proposals for Grantham Hospital, as it has not been of the highest order. He hoped that the meeting would provide a new start. He then gave a joint presentation with Ms Scott-South on shaping the future direction of acute hospital services, which made the following points.

- There were two processes ongoing at the hospital led by the PCT but with external elements: the turnaround process looking to make the hospital internal arrangements more efficient; and the exploration of strategic options for providing hospital services across Lincolnshire. This provided a medium term focus of 3-5 years which would give greater confidence in the services.
- There were currently no plans or decisions taken on the strategic options, which included accident and emergency (A&E).
- It was important that members of the public and the council understood the work being done within the organisation. The turnaround team were looking at a number of workstreams from which to make efficiency savings.
- Savings in nurse pay was not about redundancies but involved better scheduling and looking to provide services within the community closer to people's homes.
- A&E had become one of the strategic options, as the trust understood how important this service was to the people of the area. There would be no changes to this service unless the proper process was undertaken.
- Savings were estimated on consultants pay as the trust intended to implement the nationally agreed contract. Savings would be achieved from outpatients by looking at ways to reduce missed appointments. Further savings were outlined including procurement through the East Midlands Procurement Hub, payment by results and a management restructure.
- The Strategic Health Authority had approved the workstreams, ensuring that none would have a negative impact. An external turnaround director had been appointed to the Trust by the Department of Health. Two further internal appointments had also been made. Project managers were in place. Previously, change management had been incorporated into day-to-day management but was now properly resourced.
- No implications or impact on the quality of patient care was envisaged and in many cases, improvements in quality and access were anticipated. The Trust was committed to not removing hospital beds unless it was satisfied that appropriate alternative services were in place.
- There had been significant clinical involvement in the turnaround work. A Clinical involvement group and medical advisory groups had been established and a consensus conference held.
- Potential key areas for future locality focus included: A&E services, acute surgery, women and children's services in Grantham and planned surgery, unplanned medical services and diagnostic services in Louth. The Trust understood the consistent message of the importance of A&E services and

that a sustainable solution was required.

- The development of the strategic options (long term conditions, emergency services, elective services, women's and children's services) should see implementation of a sustainable solution in April 2007. This would be clinically-led with effective local engagement.
- Patient, public and stakeholder views, including county and district councils, would be fully incorporated into the process for developing the strategic options and district and county councils.

The Chairman thanked Mr Bray and Ms Scott-South for their presentation. A number of members reiterated this and hoped that the intentions expressed were sincere and implemented, because there was currently considerable scepticism within the community.

Speaking for the motion, members expressed their concerns and questioned the health service representatives on several issues: the inclusion of A&E in the strategic options was welcomed, especially as hundreds of thousands of people passed through the area every day on the A1, it was unforgivable to consider any reduction in this service; general management should be subordinate to clinical service management; it is important to find out where the decision-making influence lies; whereas it was vital that A&E remain open, sufficient back-up services were also required; the honesty of the current representatives and admittance that Lincolnshire was under funded was new and welcomed; an alliance with other rural areas was required to ensure that funding needs were not overlooked and that the communities remained sustainable; there was a failure for the trusts to appreciate the difference between a business and a public service; minutes of a Trust meeting discussing the acceptable number of deaths in transit was unfathomable and unacceptable; the possibility of Grantham being cut-off should be considered because it had happened historically; the assumption should not be made that people have cars; and the council must show its support to the clinicians.

One member expressed his concern that the presentation had stated that the decision had been taken for Lincolnshire to have one PCT and yet a current consultation document referred to the three current Trusts. It was suggested that as this document was still open for consultation, the proposed public engagement by the health representatives could not be trusted. In response, Mr Bray clarified that a specific consultation exercise was carried out and the one Trust was the county council's preferred choice.

Members also relayed to the health service representatives incidences reported to them by their constituents (including accidents on the A1, deaths in transit, unavailability of ambulances, relocation to areas with better hospitals) which highlighted the need for continued comprehensive emergency services at Grantham.

A list of 560 signatures collected from members of the public in Grantham concerned about the future of the hospital was presented to Mr Bray.

It was suggested to the health representatives that a public meeting be

organised so that members of the public could express their views and that a flag day for fundraising be arranged.

Mr Bray commented that it was very important that the public worked with the Trusts on the process. This would provide an appropriate solution for healthcare and ownership for the public. He added that he thought some excellent services were provided in the area. Transport issues would be considered within the strategic options. Ms Scott-South responded to some of the incidents reported to her, giving her assurance that they would not come up with anything to effect patients or plan for them to die, and reiterated the need for a clinically-led open and public process for discussion about the future of local health services. She agreed that a public meeting and a flag day could be arranged. She understood the importance of women's and children's services and this had been included as a strategic option, although she was quite certain that to reopen maternity services would not be sustainable. Dr Elder reported on his involvement with the team and the variety of issues discussed, which were predominantly A&E and the sustainability of a wide range of other hospital services. General Practitioners had been sceptical but as a group, they were happy to continue working with the hospital trust board to ensure the continued provision of safe services. The outcome of discussions was not a foregone conclusion. Dr Baker added that, speaking with some independence, he did not support any loss of A&E, acute surgery, acute medicine or anaesthetics. The initial response from ULH was unsatisfactory but this had improved significantly and he was confident that there was sufficient external scrutiny. Mr Saunders spoke on the issues raised on funding. He explained that the NHS in Lincolnshire had received 11% more funding this year than last year. Next year, a further additional 11-12% would also be received.

Councillor Steptoe moved an amendment to the motion that the following be added to the original motion: *Furthermore, as United Lincolnshire Health NHS Trust has demonstrated its financial and moral bankruptcy, we urge the Secretary of State to directly intervene by dismissing the entire current Trust Board, and to do all in her power to prevent further cuts.*

In proposing the motion, the member wanted to inject some 'righteous anger' into the debate. He spoke about recent historical NHS funding trends and gross incompetence and negligence of the current and previous trust board members. This was supported by a recent letter published in local press calling for a vote of no confidence in the trust board. A clean start was required. This was seconded.

Members spoke against the amendment, as it would not be a positive move, it was an inappropriate time to make such a suggestion and the current trust board had been appointed and were doing their utmost best to put the interests of local people first.

Mr Saunders commented that himself and his colleagues were present because they recognised the importance of the process to be worked through. The Trusts had a responsibility to operate within its means, it cannot continue to overspend as this was not sustainable. This was reinforced by Mr Bray, who

explained that there had already been significant changes at the hospital in the appointment of a new board, new interim Chief Executive and a new turnaround team.

A vote on the amendment was lost.

Members continued to debate the substantive motion.

In response to issues raised, Sue Hitchenor explained that the NHS had finite resources and therefore decisions had to be taken on how to allocate. She suggested that the council should think about how its views could be expressed through a consultation process. Melanie Hawes added that she was passionate about the NHS and patient care. It was the first time in her 41-year NHS career that changes and service development were being considered in this way.

One member, having scrutinised the trust's accounts at a Development & Scrutiny Panel meeting, asked what the impact had been on the Chancellor's change to NHS pension contributions. An estimated figure of a rise in employer's contribution from 7% to 14% was given. In addition to these financial implications, the agenda for change project and consultant's contract were also having a significant effect.

Councillor Carpenter, in summing up, thanked everyone for attending. He was pleased that the same words used in the motion had been used throughout the meeting. He wanted to wait and see whether the intentions expressed by the trusts would be implemented at this stage of a new beginning. The council and public would welcome change but only change for the better. His confidence had not yet been restored but he hoped that this would change in the near future.

On being put to the vote, the motion was carried unanimously.

56. CLOSE OF MEETING

The meeting closed at 6.05p.m.

Agenda Item 5

CHAIRMAN'S CIVIC EVENTS Period 25th May – 7th September 2006

Ref	Date	Host	Event	Transport
GT12	1 Jun	Grantham T.C. Mayor Making	Council Chamber, S.K.D.C.	Own
GT17	2 June	RAF Cranwell Queen's Birthday Reception	College Hall, RAF Cranwell	Own
GT22	3 June	Deepings Agricultural Show	Deepings Show Ground	Own
MT6	3 June	Annual Cocktail Party, Lincs. Army Cadet Force	Sobraon Barracks, Burton Road, Lincoln	Own
GT18	4 June	Grantham TC Mayor's Service	St. Wulfram's Church	Own
MT7	4 June	Hunt Kennels Open Day	Belvoir Castle	Own
GT19	11 June	Stamford T.C. Civic Parade and Service	St. Georges Church, St. Georges Square, Stamford	Chauffeur
GT16	14 Jun	Greater Peterborough Board of Young Enterprise Presentation Evening	Town Hall, Peterborough	Chauffeur
GT15	16 June	H.M. Lord Lieutenant For Lincs HM Queen's 80th Birthday Celebrations	County Assembly Rooms, Bailgate, Lincoln	Chauffeur
GT2	17 Jun	Grantham Carnival	Grantham	Chauffeur
MT9	17 Jun	Grantham Twinning Ass. Reception	KGGS, Sandon Road, Grantham	Own
GT9	18 June	Annual Civic Service	St. Andrew's Church, Folkingham	Own
MT5	18 June	Annual Civic Service	"	Shane
MT6	21 June	Rotary Club of Grantham Distribution of proceeds from Swimarathon	Grantham College Refectory, Grantham	Own
GT28	21 June	West Lindsey D.C. Invite to Marquee	Lincolnshire Showground	Chauffeur
GT27	21 June	Chairman of Lincs C.C. Buffet Lunch	Lincolnshire Showground, Lincoln	Chauffeur
GT26	21 June	BBC Radio Lincs at Lincolnshire Show	BBC Radio Lincs. Marquee	Chauffeur
MT8	24 Jun	Stamford Festival Ass. Parade	Parade through Stamford	Own
GT24	25 June	North Kesteven D.C. Civic Service	North Scarle Methodist Church	Chauffeur
MT11	25 June	Wine, Canapes and Jazz in aid of Gifts Hospice	Washdyke Lane, Belton	Own
GT23	26 Jun	Visit to Lincs. Air Ambulance Base	RAF Waddington	Chauffeur
GT35	29 Jun	Grantham & District Scouts Council AGM	Council Chambers, Council Offices, Grantham	Own
GT6	2 July	Lincolnshire Sports Partnership	Grantham Meres Leisure Centre	Chauffeur
GT32	2 July	Civic Service Market Deeping T.C.	St. Guthlac's Church, Market Deeping	Chauffeur
MT10	2 July	N.E. Lincs Council Civic Service	St. James Church Grimsby	Own
GT25	4 July	Rotary Club of Bourne Anniversary Dinner	Corn Exchange, Bourne	Own

GT36	5 July	CPRE AGM	Grimsthorpe Castle	Own
MT14	8 July	Deepings Festival Gala Variety Show	The Deepings School, The Deepings	Own
GT29	9 July	Chairman of Lincolnshire CC Service of Dedication	Lincoln Cathedral	Chauffeur
GT20	11 July	Royal Garden Party	Buckingham Palace	Chauffeur
GT34	12 July	Queens Award for Voluntary Service by Lord Lieutenant of Lincolnshire	Deeping Men's Group at the Deepings Community Centre	Own
GT31	16 July	Civic Service Melton B.C.	St. Mary's Church, Burton Street, Melton Mowbray	Chauffeur
GT30	16 Jul	Peterborough C.C. Civic Service	Peterborough Cathedral	Chauffeur
MT12	16 Jul	E. Northants Civic Service	Easton on the Hill	Own
GT21	19 Jul	Launch of South Lincs. Blind Society	Offices of North Kesteven District Council	Chauffeur
GT39	25 Jul	National Trust Visions of Science Exhibition	Woolsthorpe Manor	Own
GT38	29 Jul	East Lindsey D.C. Skegness Illuminations	Boardwalk Skegness and Royal Renaissance Hotel	Own
GT37	30 Jul	Stamford Thai Festival 2006	Stamford Meadows	Own
MT15	11 Aug	Families Day RAF Cottesmore	RAF Cottesmore, Oakham, Rutland	Chauffeur
GT40	17 Aug	Visits to the Playschemes	Baston, Stamford, Market Deeping and Deeping St. J.	Chauffeur
MT16	26 Aug	British Model Flying Association British National Championships	RAF Barkston Heath	Own
GT42	27 Aug	British Model Flying Association British National Championships	RAF Barkston Heath	Chauffeur
GT57	27 Aug	Bomber Command Assoc Memorial Service	Lincoln Cathedral	Chauffeur
GT46	3 Sep	Presentation of Prizes for the Golding Shield	Presentation Event at Harlaxton	Own
MT17	3 Sep	Stamford Mayor's Family Garden Party	Easton Walled Gardens	Own
GT49	5 Sep	University of Lincoln 10th anniversary dinner	Brayford Campus, Lincoln	Chauffeur

Agenda Item 6

REPORT TO COUNCIL

REPORT OF: Legal Services Manager

REPORT NO. DLS 82

DATE: 7th September 2006

TITLE:	Welland Joint Committee – Shared Procurement Services
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	11 TH August 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Teri Bryant, Portfolio Holder for Assets and Resources
CORPORATE PRIORITY:	Category A: Use of Resources
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Council's website www.southkesteven.gov.uk via the Local Democracy link
BACKGROUND PAPERS:	Report to Council Draft Welland Procurement Protocol

1. INTRODUCTION

As part of Welland shared services initiative the Welland Joint Committee has been established to take forward delivery and management of the shared services. Two members from this Council were elected to represent this Council on that committee. A Welland Procurement Unit (WPU) has been established with Melton Borough Council as the "host authority". In order to provide the necessary infrastructure for the WPU to operate effectively, consideration must be given as to how this can be achieved within each Council's current constitutional arrangements and contract procedure rules. It has been established that delegated authority must be given by this Council to the Welland Joint Committee to carry out the functions of procurement required by each authority.

2. RECOMMENDATIONS

It is recommended that this Council delegate to the Welland Joint Committee authority to carry out the functions of procurement which the Council determines should be purchased in this way.

3. DETAILS OF REPORT

- 3.1** At its meeting on the 27th April, this Council appointed two members to represent this Council on the the Welland Joint Committee. Prior to that time, progress had been made to take forward a Welland shared service for procurement. Three successful bids for funding have been made on behalf of the Welland Partnership to the East Midlands Centre of Excellence (EMCE) to support the funding of the shared procurement service. £20,000 was granted to a foundation project to create detailed contract registers. A "4Ps" Gateway review was undertaken which concluded there was significant support for the procurement project and that savings could be substantial. It also concluded programme management needed to be improved and additional external expertise should be injected into the project. Grant funding of £99,000 was provided by EMCE to establish the WPU and additional funding of £7,500 was granted for the provision of legal advice.
- 3.2** The WPU has been established and details of proposed responsibilities of the unit and individual councils involved are set out below.

WPU Responsibilities	Partners responsibilities
<p>Guiding the Welland partners into a common supplier platform to enable better, value, quality and consistency of service across the partnership.</p> <p>The WPU will develop Supplier Performance Management and monitor the contracts accordingly. Through aggregating spend and better procurement practice deliver greater economies of scale for all purchasing activities ultimately providing improved pricing and contract terms.</p>	<p>Process adoption and compliance</p> <ul style="list-style-type: none"> ➤ Ensure Officer buy-in ➤ Provide timely data for use in the WPU negotiations ➤ Engage with members and senior officers to understand the WPU strategy and objectives
<p>To facilitate best practice procurement and assist in the delivery of the National Procurement Strategy milestones. Constantly monitor and advise upon changes required to comply with procurement legislation (EU/UK/Local)</p>	<p>To effect the knowledge transfer, while adopting and implementing changes recommended by the WPU.</p>
<p>The WPU will fully understand the commercial environment the Partners operate in and maintain a monitoring system for changes to traditional supply chain models enabling new techniques to bring improvements in both service and pricing.</p>	<p>Provide localised management information to allow the WPU to formulate specific buying profile and needs of the Council. To engage with the WPU and other partners at a service level to ensure that projects can be defined to gain economies of scale through joint procurement.</p>
<p>All tenders and contract management will be managed to ensure maximum scope and coverage for the Partners. This will include identifying and assisting in larger contracts that are Welland-wide or partner specific.</p>	<p>The partners will promote and develop a culture of contract planning and working with the WPU and other Authorities on key areas of spend. The Partners will adopt and implement the use of shared technology for managing the tendering and contract processes.</p>

<p>The WPU will advise upon updating to an appropriate procurement strategy that will encompass the NPS milestones. The strategy will identify the any technology needed to deliver the set goals and ensure compliance to adopting the Welland contracts and procedures.</p>	<p>The Partners will implement the strategy recommended by the WPU and adopt any systems required for the smooth operation of a successful shared procurement service.</p>
<p>At all times the WPU will operate a fair system when working with suppliers. This will include building a sub-regional supplier database including all existing suppliers and engagement with others in the SME community. The supplier adoption process will be constantly updated with the emphasis being on the ability to trade electronically with any of the partners.</p>	<p>The Partners will adopt the supplier adoption processes and work with other regional organisations to assist in the sustainability projects relevant to procurement.</p>

It is important these responsibilities are understood to ensure clarity as to the added value the unit will bring and so that the individual councils are best placed to advise the unit. A Welland Procurement Protocol has been drafted with input from all authorities involved. This has not yet been approved and is set out as a background paper to this report.

3.3 The EMCE are funding a complete supplier analysis programme for every Authority in the East Midlands. It has been agreed that the Welland will be first in line to be analysed as data is in the process of being extracted. This will have a significant impact on our ability to recognise where there are mutual suppliers, potential joint contracts and de-duplication of suppliers. This analysis will go some way to establish where savings in this Council's procurement can be made.

3.4 This Council is currently working towards meeting targets set by the National Procurement Strategy. These targets will also have to be met by the WPU. The work done by the Welland to meet these targets will assist this Council meeting the targets set.

3.5 It is recognised, if the Council is to progress procurement processes through the WPU, the Council's contract procedures will have to be amended to take this into account. The Council's contract procedure rules are currently being updated and will be amended to accommodate procurement, if required, through the WPU. The Welland Joint Committee will adopt the "host" authority's contract procedure rules. Any amendment to the contract procedure rules will be an effective amendment to the

Constitution and will be put to the Constitution and Accounts Committee for approval.

4. COMMENTS OF SECTION 151 OFFICER

The recommendation should enable the Council to benefit from efficiencies arising from shared procurement where appropriate. The Contract Procedure Rules and Financial Regulations will require amendment to reflect this decision.

5. COMMENTS OF MONITORING OFFICER

As contained in the body of the report

6. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None.

7. CONTACT OFFICER

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REPORT TO COUNCIL

REPORT OF: Corporate Head of Finance and Resources

REPORT NO. CHFR15

DATE: 7th September 2006

TITLE:	Medium Term Financial Strategy 2006/7 to 2011/12 and Budget Preparation
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	14 th April 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Budgetary Framework Proposal
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Resources Cllr T Bryant
CORPORATE PRIORITY:	Effective Use of Resources - Priority A
CRIME AND DISORDER IMPLICATIONS:	None
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is available via the Local Democracy link on the Council's website www.southkesteven.gov.uk
BACKGROUND PAPERS:	FIN 236 – Update on Financial Issues 2005/6 FIN 239 – Medium Term Financial Strategy and Budget Preparation 2006/7 CHFR12 - Medium Term Financial Strategy CHFR14 - Medium Term Financial Strategy 2006/7 to 2011/12 and Budget Preparation

INTRODUCTION

1. The purpose of this report is to present the draft Medium Term Financial Strategy to Council for approval. Appendix A to this report provides an updated strategy covering the period 2006/7 to 2011/12.

RECOMMENDATIONS

2. It is recommended that the Council approve the Medium Term Financial Strategy attached at appendix A.

BACKGROUND

3. Report CHFR14 submitted to Cabinet on 7th August 2006 presented a revised draft Medium Term Financial Strategy.

DRAFT MEDIUM TERM FINANCIAL STRATEGY (MTFS)

4. The MTFS forms part of the Council's Budgetary and Policy Framework once approved by Council. The strategy will provide the framework for the development of service plans during the autumn as part of budget preparation for 2007/8. Members will note that some areas of the MTFS will be further developed during this period, as work is and will be ongoing to review and develop the following associated strategies:
 - a) Treasury Management Strategy
 - b) Capital Strategy
 - c) Fees and Charges Strategy
5. The strategy will also need to be updated to take account of the confirmation of formula grant allocation for 2007/8, as the Minister provided an indicative allocation when announcing the grant for 2006/7. In addition a ballot of Tenants on Large Scale Voluntary Transfer is due to take place in the late autumn and the strategy will need to reflect the outcome of the ballot.
6. The MTFS identifies 14 fundamental principles, which when applied will enable the Council to effectively use its resources. These principles build on the Strategy points identified in report FIN239.

INDICATIVE BUDGET

7. In keeping with recent years, it is likely that the level of Council Tax increase acceptable to Government will need to be limited to an increase of less than 5% taking account of the current capping regime, therefore set out below is an indicative budget requirement based on a increase at the ceiling of 5% and an assumed 1% growth in tax base in line with assumptions in previous years.

	2006/7 £'m	2007/8 £'m	2008/9 £'m	2009/10 £m	2010/11 £m	2011/12 £m
Formula grant indicative allocation	9.272	9.626	9.626	9.857	10.093	10.336
Council Tax Collection Fund surplus	0.039	0.000	0.000	0.000	0.000	0.000
SKDC & Special Expenses Budget requirement funded from Council Tax	5.144	5.466	5.795	6.145	6.514	6.907
	<u>14.455</u>	<u>15.092</u>	<u>15.421</u>	<u>16.002</u>	<u>16.607</u>	<u>17.243</u>

COMMENTS OF CORPORATE HEAD OF FINANCE AND RESOURCES

8. My comments are contained within the body of the report.

COMMENTS OF THE MONITORING OFFICER

9. Once approved the revised draft MTFS will form part of the Council's Budget and Policy Framework.

CONTACT OFFICER

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Medium Term Financial Strategy

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Medium Term Financial Strategy

Introduction

The ability to deliver, and to continue to deliver South Kesteven District Council's Vision and Corporate Plan in the future is dependent upon having the required resources to do so. Good financial management remains key to the Council.

At its meeting of 10th July 2006 the Cabinet approved the development of a more strategic forward looking approach to budgeting with a more robust three year planning process, demonstrating the direction of resources towards priority services. This document sets out the medium term financial strategy for South Kesteven District Council for the five year period 2007/8 to 20011/12, and updates and extends the existing strategy for the period 2006/7 to 2010/11.

South Kesteven has managed its financial resources prudently over many years and as a result is well placed to deliver community priorities into the future. Other documents that are currently under review and which should be read in conjunction with this strategy in the future are: the Capital Strategy; the Asset Management Plan; the Treasury Management Strategy, the Fees and Charges Strategy, the Annual Efficiency Statement and the Financial Regulations.

This strategy identifies a number of fundamental principles, which may be summarised as:

- **Principle 1 - The Community Strategy, Corporate Plan and Annual Performance Plan drive the allocation of resources.** All key decisions of the Council should relate back to the approved priorities of the Council. The Council has adopted a four point prioritisation process:
 - Category A – priority areas for stepped improvement
 - Category B – priority areas for incremental improvement
 - Category M – priority areas for maintained performance
 - Category Z – priority areas for managed dis-investment
- **Principle 2 - Manage financial resources to achieve Efficiency and Value For Money, whilst maintaining a balance between quality and cost effectiveness**
- **Principle 3 - Maintain flexibility to respond to a changing local government environment**
- **Principle 4 - Maintain a sustainable Revenue Budget**
- **Principle 5 – Maintain a prudent approach when making estimates of external funding from Government**

- **Principle 6 - Identify and seek opportunities for external funding whilst maintaining prudent estimates of realisable funding**
- **Principle 7 - Manage the Council's Assets, Reserves, Balances and Receipts to optimise financial returns for future investment in the Council's priorities for the benefit of the Community**
- **Principle 8 - Maintain a robust Capital Strategy to support deliverable medium term capital programmes**
- **Principle 9 - Improve Treasury Management performance**
- **Principle 10 - Balance the need to meet local taxation demands with Community aspirations and ability of local taxpayers to meet them**
- **Principle 11 - Maintain a robust Fees and Charges Strategy**
- **Principle 12 - Manage the impact of the introduction of Local Area Agreements**
- **Principle 13 - Deliver the priorities of the Council without exposing the Council to unnecessary risks by targeting the use of resources linked to corporate risk**
- **Principle 14 - Manage the financial viability of the Housing Revenue Account (HRA) and ballot tenants on the preferred option of LSVT to provide the investment required to deliver Tenant aspirations**

Principle 1 – The Community Strategy, Corporate Plan and Annual Performance Plan drive the allocation of resources (incorporating the former Strategy 2)

All key decisions of the Council should relate back to the Community Strategy, Corporate Plan and Annual Performance Plan that reflect the approved priorities of the Council. The Council has adopted a four-point prioritisation process as follows:

- Category A – priority areas for stepped improvement
- Category B – priority areas for incremental improvement
- Category M – priority areas for maintained performance
- Category Z – priority areas for managed dis-investment

The Council undertook a consultation process in 2004 to identify priorities this resulted in the setting of Council priorities based on the above categories. The Council has since undertaken an annual review to ensure they remain fit for purpose. The review

South Kesteven District Council –Medium Term Financial Strategy incorporates a “¹Gateway Review” process, whereby, progress towards achieving outcomes and the effectiveness of the individual plans are reviewed.

The Council’s Capital and Revenue budgets should be allocated taking account of the four-point prioritisation process. The Capital Strategy and service planning templates are being further developed to enable effective allocation of resources according to priorities.

Category A – Priorities for stepped improvement

Category A priorities are those areas identified for “stepped improvement”, as a result of responding to a major national or local priorities. The Council’s current Category A priorities are:

- Access to services
- Affordable housing
- Anti-social behaviour
- Communications
- Effective use of resources
- Recycling
- Town centre development and Grantham as a sub-regional centre

Category B – Priorities for incremental improvement

Category B priorities are those identified for “incremental improvement”. A list of the category B priorities is appended to this Strategy at appendix 1.

Category M – Priorities for maintained performance

Category M priorities are areas of the Council’s operation that have been identified to be “maintained” at the current level of performance or to ensure that a statutorily defined level of service is achieved. Category M priorities are summarised at appendix 2.

Category Z – Service areas identified for managed dis-investment

The Council recognises that the resources available to it are finite and that there is a need to prioritise service investment into to those areas that have been identified as either a category A,B or M. To enable this to be achieved the Council has identified service areas for a managed dis-investment, with a policy to re-invest these

¹ Gateway review involves the service manager, Cabinet Members, members of the Management Board, and Scrutiny Panel members

savings into the priority areas. A list of category Z services is appended to this strategy at appendix 3. To enable the forward plans to be achievable it is essential that the category Z savings are managed out within the identified timescales, in the event that this is not possible, alternative proposals will need to be identified and approved by members as part of the prioritisation process.

The savings within non-priority areas identified in October 2004 are included within appendix 3.

Principle 2 - Manage financial resources to achieve efficiency and "Value for Money"

(incorporates former Strategy 3)

To ensure that available resources are used to best effect, the Council is continuing to develop its Corporate and Service Planning approach. This approach includes the following.

Delegation of Budget Management

Budget management will be delegated to individual service managers, subject to appropriate training and internal controls being put in place. The training proposals and internal controls are currently under development and it is planned to fully implement this approach during the current service planning cycle. This approach is being adopted to enable responsibility and accountability for delivering services within agreed resource levels to be placed at the heart of service delivery and achieve improved outcomes for service users. It is important that Service Managers take a medium term view of their service and in so doing, bid for appropriate and realistic levels of funding by presenting robust service plans and any additional requests for funding will be supported by valid business cases. Once the service budget has been approved, Service Managers will need to operate within the approved budget and utilise virement sparingly but effectively to provide the flexibility to deliver service outcomes efficiently.

Benchmarking and identifying efficiency gains

In response to the "Gershon Agenda" or local efficiency agenda and to ensure Value for Money is achieved, the Council will develop a robust benchmarking approach which will need to be embedded across the organisation. This will support the ongoing search for efficiency gains.

The aim of the local efficiency agenda is to ensure that resources available to local government are used in the optimum way to

South Kesteven District Council –Medium Term Financial Strategy deliver better public services according to local priorities. All local authorities are expected to achieve the following targets:

- Total efficiency gains equal to at least 2.5% of their 2004/5 baseline expenditure by the end of 2005/6 and 5% by the end of 2006/7 and 7.5% by end of 2007/8
- Cashable efficiency gains equal to at least 1.25% of their 2004/5 baseline expenditure by the end of 2005/6, 2.5% by the end of 2006/7 and 3.75% by end of 2007/8.

The Council's Annual Efficiency Statement, which sets out the annual efficiency target together with the detail of how the target will be achieved is produced in April each year and submitted to the Department of Communities and Local Government (formerly the Office of the Deputy Prime Minister). The Council's revised forecast for the three year 2005/6 to 2007/8 is £1,087,000 efficiency gains of which £543,500 is cashable².

All services are currently subject to a review, as part of the service planning and budget development process, in terms of costs, performance and quality. Scrutiny mechanisms are also in place, these include Member Development and Scrutiny panels, internal and external audit, Constitution and Accounts Committee and "Gateway Reviews" of individual service plans.

During the last financial year service managers were asked to identify a 5% efficiency target as part of the service planning approach. It is proposed that in the future efficiency gains are stepped to take account of priorities and value for money analysis but should target to achieve an overall efficiency of 5%.

Principle 3 - Maintain flexibility to respond to a changing local government environment

The Medium Term Financial Strategy is and will continue to be influenced by changing national and regional policies. A degree of flexibility needs to be allowed in allocating resources outside the annual budget process. This principle should be established in response to rapid change, national constraints, new Government regulation and direction. The risk and uncertainty of managing the Council needs to be counter-balanced with some spare capacity and contingent resources. The section on Managing the Council's Assets, Reserves and Balances also addresses with this issue.

² Cashable – result of a direct financial saving or benefit, with money released that can be spent elsewhere or recycled within a service to deliver better results

“Horizon scanning” should be ongoing particularly in light of the Comprehensive Spending Review 2007 (CSR07). Early indications are that the CSR07 will be a zero based review across the whole of government. Whilst there have been a number of spending reviews this is the first comprehensive review in ten years. At this stage, it is likely that Local Government will maintain a real terms neutral position. However, in terms of district councils it is likely that this will result in a decrease in real terms, as districts do not deliver the highest government priorities such as Education and Adult Social Services. Themes being considered as part of the CSR07 include the review of the level of balances and reserves; asset management and surplus assets; and efficiency and shared services.

In 2003/4 the Council set up a capacity building a priority setting reserve. In addition, to enable the Council to optimise gains from specific initiatives within the changing environment it is appropriate to provide for an “Invest to Save” budget in the Council’s Revenue budget in the future to enable the flexibility to target resources where there is an opportunity to invest some revenue funding to make efficiency gains for the future or save in the longer term. Access to the “Invest to Save” budget would be by submission of a business case.

Principle 4 - Maintain a sustainable Revenue Budget

This strategy addresses the issues relating to the resource requirement to deliver the Council’s Corporate Plan and Annual Performance Plan. The strategy makes more active use of resources to meet the vision of the Council and Government requirements over the next five years.

When closing the Accounts for 2005/6 the Council has adopted an accounting policy of maintaining a General Fund working balance of between 4% to 5% of gross turnover or between 10% - 15% of net expenditure to provide adequate cover for any unanticipated expenditure or loss of income that may occur over the course of the financial year.

The Council has identified a desire to move towards adopting zero based budgeting principles. This will be done on an incremental basis, by introducing activity based costing, incorporating value for money benchmarking into service planning and requiring the demonstration of a sound business case to support requests for funding.

Whilst there is a need to consider the longer term forecast of the impact of corporate demands it is essential that this is also reviewed annually as part of the budget setting process. The following corporate demands have been identified for 2007/8:

- Overall inflation based on Retail Price Index 2.4% (June 2006)
- Energy costs current rate of inflation around 25%. The Council has fixed price contracts for gas and electricity, although these expire during 2007/8, although a new contract will be rigorously negotiated it is likely that inflation rate will need to exceed that of RPI, say 25%.
 - Electricity 1 year contract with NPOWER expires 31/3/07
 - Gas 2 year contract with Scottish and Southern power expires 30/11/07
- The current 3 year pay settlement comes to an end at the end of the current financial year, negotiations are due to commence in the Autumn. The Chancellor has urged that public sector pay settlements are kept low for the purposes of budgeting it is proposed that the inflation rate be based on RPI
- The Pension Actuary has undertaken a review of the pension fund and SKDC's sub fund is currently 88% funded.
- The Leisure Contract is due to expire in March 2008. Whilst the Council has agreed to proceed with the creation of a Leisure Trust it is also continuing with a concurrent procurement process for the delivery of leisure service in the event that the creation of a robust Trust business plan is not satisfactory. There are a number of financial implications which are under consideration and will be further developed as part of the business planning and budget setting process for 2008/9.
- The initial impact of the introduction of the enhanced Concessionary Travel – Bus Pass scheme with effect from 1st April 2006 has been assessed. There has been an increase in take-up and use of the free bus pass, projections have been done based on the first two months of the financial years as shown below. In addition, it was announced in the budget that the scheme will be extended on a national basis from 2008, although it is currently unclear how this will be administered and whether it will impact of formula grant, therefore, the Council will need to keep this area under review.

	April tickets	May tickets	Annual tickets	Cost £k
2005	17,142	16,225	210,585	106
2006	24,969	25,611	316,000 projected	335 projected
Increase	7,827	9,386	105,415	229

The district has one of the fastest growing populations in the country, which should be reflected in the Tax Base (although this will be partly reflected in relatively lower Formula Grant). The Council has agreed to a review of the assumptions used to assess the Tax Base and Collection fund as follows:

- The estimated number of properties (in Band D terms) expected to be added for the period of the budget
- The collection rate assumptions
- The balance on the Collection Fund

Although the financial benefit from the above actions may not be major, it will enable the resource base to be increased in a sustainable way.

The medium term financial strategy will need to be amended to reflect the outcome of the ballot of Tenants on Large Scale Voluntary Transfer (LSVT). At this stage it reflects policy proposals and decisions to date should the Tenants vote to proceed with the Council's preferred option of LSVT. In particular, it provides for:

- The impact of diseconomies of scale arising from LSVT to be managed out over a five year period post transfer
- The General fund be protected by utilising interest receipts generated from LSVT capital receipts based on a phased capital programme
- The Capital programme be phased over 5 years for Affordable Housing utilising 50% of the net useable receipt and 10 years for Developing Sustainable Communities utilising 50% of the net useable receipt, with an annual review to ensure that the Council remains protected from the impact of LSVT.

Principle 5 – Maintain a prudent approach when making estimates of external funding from Government (formerly referred to as strategy 1)

In 2003/4, the Council benefited from the methodology changes for the distribution of formula grant. In 2004/5 further changes to the grant system caused further difficulties in assessing the grant settlement, in particular the switch in funding source for housing benefit administrative grant from the ODPM to DWP. On a like for like basis the general level of grant received was a 2.3% increase; below the rate of general inflation. For 2005/6 the formula was more consistent than in the previous 2 years, although the capping criteria was harsher.

In 2006/7, the Government introduced a new system to distribute grant to local authorities – Under the new system the distribution of

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grant is determined by four elements known as the 4 block grant distribution system. The previous system involving the use of Formula Spending Share has been removed. The four elements are the Relative Needs Formulae (RNF); a Relative Resource Amount; a central allocation (an amount per head) and a floor damping scheme. The Council's formula grant for 2006/7 was £9.27m, this was an increase of 3.3% on 2005/6 on a like for like basis. The settlement provided for new money for the extension of concessionary travel from half to free fares for the over 60s and qualifying disabled. The funding was included in the level of formula grant received and cannot be separately identified.

Following the 2006 budget announcement of the introduction of free national bus travel during off peak times for the qualifying group referred to above with effect from April 2008, it is unclear at this stage how this scheme will be administered and how this will impact on the level of grant settlement in future years, therefore, the Council has agreed to ask officers to keep this under review until the outcome is known.

Also in 2006/7 the Government for the first time provided an 'indicative allocation' for more than one year ahead. The indicative allocation for 2007/8 was £9.626m. The Government has confirmed that, with its next comprehensive spending review (CSR07), it intends to move to announcing figures for 3 financial years as part of future years' grant settlements, starting with an announcement in 2008/9. Whilst this will enable more robust forward planning of the MTFS, as referred to in the text associated with principle 3 above, it is likely that future settlements for districts will result in a decrease in real terms, as a result of the CSR07.

Taking account of the forgoing the assessment of future levels of government grant is always difficult although the table below sets out potential position for SKDC over the next five years (assumes inflation at 2.4% based on RPI wef 2009/10).

Final settlement 2006/7 £m	Indicative settlement 2007/8 £m	Assumed settlement 2008/9 £m	Assumed settlement 2009/10 £m	Assumed settlement 20010/11 £m	Assumed settlement 20011/12 £m
9.272	9.626	9.626	9.857	10.093	10.336

Sir Michael Lyons is undertaking a review of the function and funding of Local Government. The final report is due in December 2006, this is likely to affect the Council's MTFS in the future, particularly in relation to the ability to raise local income.

Specific grants - Local authority business growth initiative (LABGI) was introduced in 2005/6. This grant relates to promoting economic growth of the area by allowing Council's to retain a proportion of any increase in business rate revenue, above a certain level. It can be used to support any Council expenditure, the Council has approved that LABGI grant be used to support the overall expenditure of the Council, in particular as Town Centre Development has already been identified as category A priority and is therefore receiving additional funding to support stepped improvement in performance. Grant will be awarded in the last quarter of the financial year based on the actual changes to rateable values in the previous calendar year, subject to a review of the outcomes at the end of year one. The level of grant awarded for 2005/6 was £377k.

Principle 6 -Identify and seek opportunities for external funding whilst maintaining prudent estimates of realisable funding (formerly referred to as Strategy 4)

This continues the strategy 4 of the Council's previous MTFS – "The Council must continue to find new sources of funding for its activity." This strategy was adopted in light of the fact that Government funding continues to be 'top-sliced' for specific projects. The council's policy is that if a specific scheme links with the Council's priorities then bids should be submitted.

The secured use of section 106 agreements have and continue to help develop community assets with less reliance upon the Council's own resources. It is essential that a database of section 106 agreements is maintained and managed to ensure that the community benefits are realised in line with the agreements made.

Examples of the council's successful access to additional external funding include:

- DEFRA funding to support the development of the Council's recycling priority
- Planning Delivery Grant for improved performance in line with the Council's category B priority at that time

The Council, along with other Lincolnshire Districts and the County Council have entered into a Public Service Agreement (round 2) and may receive performance reward grant if it can demonstrate achieving 'stretch' targets in line with the PSA. Service Managers

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will need to ensure the achievement of these targets is built into
their service plans.

The medium term financial issues arising from additional funding streams are:

- If commitments are made that extend beyond the period or amount of grant funding and appropriate exit strategy or sustainability plan is put in place
- When integrating various funding streams into their programme delivery, Service Managers need to be clear about:
 - The use and timespan of that funding; and
 - The outputs and outcomes required as a result of receiving that funding

A review of the current position relating to Performance Grants, Challenge Funding and Partnership contributions will be undertaken during the remainder of the current financial year.

Principle 7 - Manage the Council's Assets, Reserves, Balances and Receipts to optimise financial returns for future investment in the Council's priorities for the benefit of the community (formerly referred to as strategy 5)

The Council has reviewed its Asset Management Plan during 2006 and will be reviewing its Capital Strategy and Treasury Management Strategies during the Autumn of 2006. These reviews have and will be undertaken on the basis of ensuring that financial returns for future investment in Council priorities are optimised for the benefit of the community.

The Asset Management Plan is the core document identifying those assets either not being fully utilised or those that are surplus to requirements. The Capital and Asset Management Performance Group evaluate operational issues arising from the AMP and feeds them back to the Management Board and Cabinet.

Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves

- A means of building up funds often referred to as earmarked reserves to meet known or predicted liabilities.

Whilst it is primarily the responsibility of the council and its section 151 officer to maintain a sound financial position, external auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the council's financial performance over a period of time. The Annual Audit Letter and Use of Resources Assessment identified that "comparatively levels of reserves and balances are high and are in need of review to ensure they remain appropriate under current circumstances". It is also likely that a theme of the CSR07 will be a review of balances and reserves, asset management and surplus assets.

A schedule of reserves and the purposes for which they are held is attached at appendix 4. A review of the level of balances and reserves was undertaken as part of the closure of accounts and preparation of Annual Statement of Accounts for 2005/6. Details of the level of reserves and current estimated movements on reserves for 2006/7 are contained in Appendix 5. The level of individual reserves was reviewed to take account of potential future use and particularly those, which are earmarked for specific purposes.

During the next financial year the Council will develop a clear protocol for the use of each reserve which will build on the attached schedule by:

- Identifying how and when the reserve can be used (based on the above rationale)
- Further develop procedures for the reserve's management and control
- Further develop a process and timescale for the ongoing review of each reserve to ensure continuing relevance and adequacy.

Principle 8 - Maintain a robust Capital Strategy to support a deliverable medium term capital programme (incorporates former strategy 9)

The Council's Capital Strategy is being reviewed and will be submitted for approval during the Autumn of 2006. The existing strategy covers the period 2003 to 2006. The new strategy will fully address the new system of capital finance controls set out in the Prudential Code for Capital Finance in Local Authorities (the code).

The professional code of practice sets out a framework for self-regulation of capital spending, in effect allowing councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. The Code allows the council to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability.

To facilitate the decision making process and support capital investment decisions the Prudential Code requires the Council to agree and monitor a minimum number of prudential indicators. These indicators are mandatory, but can be supplemented with local indicators if this aids the interpretation and many will cover three years forward. The indicators cover capital expenditure, affordability, prudence, external debt and treasury management. A copy of the prudential indicators for 2006/7 is attached at appendix 6 – entitled “Capital Finance Report”. The indicators are purely for internal use by the council and are not to be used as comparators between councils, as any comparisons will be meaningless. The indicators should not be taken individually, but rather there will be benefit from ongoing monitoring of trends over time and year on year changes.

In addition, the revised Capital Strategy will set out the Council’s approach to capital investment and will result in the development of a medium term capital programme based on a forward five-year view. All capital schemes will be appraised and scored when developing the medium term capital programme, however, it is essential that the process is flexible enough to deal with emerging or urgent schemes, this will be addressed in the revision of the Capital Strategy.

The Capital Strategy will need to be kept under review to ensure it remains ‘fit for purpose’, in particular, a review will be required following the impact of the ballot of Tenants on LSVT, although principle 4 above has referred to the approved use of a potential transfer receipt in relation to the development of the capital programme and the need to protect the general fund from the impact of LSVT.

Principle 9 - Improve Treasury Management Performance (formerly referred to as strategy 6)

Treasury Management is the management of cash and working capital, including both short term cash and long term funds. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the

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Public Services. The Capital Finance report referred to in the above section refers to specific Treasury Management issues.

The Council has currently maintained a flexible approach to debt redemption and borrowing. It has previously been agreed that regular reports will be presented to the Constitutional and Accounts Committee on performance.

Treasury Management is an important element within the value for money assessment. The Council has been repaying debts for a number of years and is left with a low level of debt but at 'relatively' high interest rates. If this is repaid early the Council will pay a premium for doing so, hence the current policy of repaying on maturity.

Given that the Council is looking to enhance its capital programme, the Prudential Code will be used to ensure the decisions made with regard to borrowing reflect affordability, sustainability and value for money. This will involve consideration of the following issues:

- Balancing investment income against new borrowing, ie it may be cheaper to bring back investments to fund new capital expenditure
- Leasing versus buying outright
- Ensuring that the balance of investment between General Fund and Housing Revenue Account is well defined and analysis of the impact of changes of debt and investment structure on both funds. This is particularly relevant to the proposals on LSVT.

The current investment strategy is relatively cautious, and whilst it is respected that the Council will wish to be risk averse with regard to capital investment, there are opportunities to grow the returns from investments without undue risk.

The existing strategy should be widened to include alternative options available with and without housing stock transfer. The development of the strategy will also require the development of a longer-term Capital Programme, and a clearer link to the budget process so that resource base can be updated to include the best estimate of investment returns.

To develop the Treasury Management function within the Council, additional capacity is planned within Financial Services with the creation of an Exchequer function and also the Council has engaged external advisors who will:

- Complete an overview of the Council's financial position with regard to its strategy and objectives, including an analysis of the Council's Consolidated Balance Sheet and relationship of

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borrowing to the Capital Financing Requirement. An examination of future year's forecasts and the implications for the debt and investment portfolios will also be undertaken and fed into an annual review of the Council's Treasury Management Strategy

- Undertake Interest Rate Forecasting and Economic Advice
- Undertake an analysis of the variable debt portfolio with reference to its structure and volatility
- Undertake a review of debt structuring
- Provide technical advice
- Assist with the annual treasury management report and stewardship statement
- Provide advice, assistance and recommendations relating to CIPFA Code of Practice and the Prudential code
- Review the Council's investment strategy to ensure compliance with Investment Guidance from the Department of Communities and Local Government

The MTFS will be updated to reflect the outcome of this work.

Principle 10 – Balance the need to meet local taxation demands with Community aspirations and ability of local taxpayers to meet them (replaces former strategy 8)

The Council currently has the 2nd lowest council tax in Lincolnshire, the 5th lowest tax of the 28 authorities in the East Midlands and is in the lowest 30 in the Country. Historically the council has been a low spend low tax authority. The Council is committed to achieving high quality and high performing services. The Corporate Plan currently in development acknowledges the need to spend more in order to improve the Council's status as a service deliverer and enabler.

With Government grant likely to reduce in real terms and spending already at a low level, the Government policy to keep tax increases from year to year at a modest level (5% for 2006/7) means that the Council is working from a relatively low resource base, therefore, all potential income streams need to be considered. In keeping with recent years it is likely that the level of Council Tax increase acceptable to Government will need to be limited to an increase of less than 5% taking account of the current capping regime. The table³ below sets out an indicative SKDC and Special Expenses budget requirement to be funded from Council Tax.

³ Assumes a maximum of 5% tax increase and 1% increase in taxbase

2006/7 £m	2007/8 £m	2008/9 £m	2009/10 £m	2010/11 £m	2011/12 £m
5.144	5.466	5.795	6.145	6.514	6.907

Principle 11 - Maintain a robust Fees and Charges Strategy (formerly strategy 7)

The Council has recently approved the development of a Fees and Charges Strategy to address both discretionary and mandatory fees over a rolling three year period. This will be approved in Autumn 2006 and should be read in conjunction with the MTFS.

The strategy will review all income options taking into account the impact on service users' in terms of affordability and accessibility. It will identify the schedule of charges, the date of revision, and the basis of calculation and take account of the Local Government Act 2003, which permits Council's to charge for further areas. In addition, the strategy will need to address the final outcome of the Lyons Review in relation to the ability to raise local income.

Principle 12 – Manage the impact of the introduction of Local Area Agreements

SKDC and other Lincolnshire Councils are in the final phase of the first round of Local Area Agreements (LAAs). The Local Area Agreement is currently under development and negotiation. It is essential that the impact of the introduction of LAAs is fully understood and managed to enable the funding outcomes to be incorporated into future revisions of the MTFS.

Principle 13 – Deliver the priorities of the Council without exposing the Council to unnecessary risks by targeting the use of resources linked to an assessment of corporate risk

SKDC is enhancing its approach to managing risk both at a strategic and operational level. Mechanisms are currently in place to manage strategic risks through a regular ongoing review of the Strategic Risk Register by the Management Board. In addition, the service planning template incorporates a risk assessment to be completed

South Kesteven District Council –Medium Term Financial Strategy by Service Managers. Further work is ongoing to embed risk management across the authority.

There is a need to ensure that the Council is not exposed to unnecessary risks by adopting a policy of targeting the use of resources linked to an assessment of corporate risk and ensuring that appropriate mechanisms are in place to monitor the effectiveness of this approach and ensure that it is being embedded. The mechanisms will include a greater emphasis on risk assessment in the preparation of requests for resources through the service planning and budget process.

Principle 14 – Manage the financial viability of the Housing Revenue Account (HRA) and ballot tenants on the preferred option of LSVT to provide the investment required to deliver Tenant aspirations (incorporates former strategy 10)

The Council is required to produce a 30 year business plan for the HRA, this was done as part of the stock option appraisal process and enabled a full financial assessment of the HRA. Taking account of the consultation with tenants and their identified aspirations for investment in improvements to their homes and the level of service, LSVT was identified as the preferred option for the future ownership and management of the Council's housing stock. A ballot to the tenants is planned for late Autumn 2006.

The MTFS will need to take account of the outcome of the ballot, in that, if the transfer proceeds the impact of transfer is managed within the overall strategy as identified in this strategy; or if the transfer does not proceed a review of the HRA business plan is undertaken to establish the degree of tenant aspirations that can be afforded with the lower level of resources that would be provided by the HRA.

In the interim, the financial viability of the HRA should be managed and maintained within government guidelines.

Appendix 1 – Category B Priorities for incremental improvement

- Street scene
- Business development
- Diversity
- Housing Management
- Local Strategic Partnership and Community Strategy
- Maintenance of Council Assets

Appendix 2 – Category M priorities for maintained performance or statutorily defined level

- Arts
- Building control
- Business management
- Business Rates
- Car parks
- Development Control
- Emergency Planning
- Environmental Health (statutory requirements)
- Human Resources
- Housing Repairs
- Legal and Administration
- Leisure
- Licensing
- Markets
- Parks
- Public Conveniences
- Public Transport (statutory requirements)

Appendix 3 – Category Z projected annual savings

Projected Category Z savings based on 2004/5 base year

Service	Proposal	Year 1 2005/6 £k estimate	Year 1	year 2	year 3 2007/8 £k estimate	year 4 2008/9 £k estimate	year 5 2009/10 £k estimate
			2005/6 £k actual	2006/7 £k estimate			
Pest control	Full cost recovery	125	-115	125	125	125	125
Travel vouchers	Restrict eligibility for new applicants	0	0	16	32	47	63
Rural routes	Terminate subsidy on rural routes	36	0	36	36	36	36
Discretionary rate relief	Develop new scheme	0	0	84	84	84	84
Business support grants	Terminate current scheme but create new scheme encouraging inward investment	50	50	50	50	50	50
Grants to Arts, Leisure & Housing orgs	Terminate current scheme but create new scheme established under vulnerable persons priority	11	8	11	11	11	11
Historic Building Grants	Terminate schemes	20	20	20	20	20	20
LCC recreation grants	Reduce contribution to 16.6% and max budget of £25k with no funding to schemes not supported by LCC	25	25	25	25	25	25
Archaeology services	Reduce contract to meet only statutory obligations Continue to provide TIC at Grantham & Stamford but curtail investment in strategic tourism development	13	13	13	13	13	13
Tourism		78	78	78	78	78	78
Annual sub total			358	79	458	474	489
Parish council election exes	Re-charge Parish election exes to parish councils in years of election				6		
Sub total			358	79	458	480	489
Additional Budget Provision*	Rural routes	-36	-34	-36	0	0	0
	Travel Vouchers	0	0	-96	0	0	0
	Business Support Grants	-20	0	-38	0	0	0
Revised Z savings estimate		302	45	288	480	489	505

* The original approval for category z priorities is shown in the Sub total line, however, during budget preparation for 2005/6 and 2006/7 additional budget sums were provided for and approved through the budget process

Appendix 4 –Schedule of Reserves

Category of earmarked reserve	Rationale
Insurance Reserve (Revenue)	A high level of 'Self-insurance' is a mechanism used by the Council to reduce external premiums. Sums are held in this earmarked reserve to meet potential and contingent liabilities.
Pension Reserve (Revenue)	Former Employees – This reserve provides for matching added years payments in respect of former employees. The Council does not currently operate a policy for added years and this reserve will reduce over time. Current Employees – This reserve is used to finance the capital costs of early retirement decisions taken by the Council and to help protect the Council from large changes in Council Tax resulting from unanticipated rises in the employer's contribution rate following the triennial valuation
Building Control (Revenue)	Annual surpluses from the chargeable element of Building control activities are set aside in this reserve and it is then used to finance service improvements and offset any future deficits
Stock Option Ballot Reserve (Revenue)	This reserve has been set up to offset any abortive costs arising from the forthcoming ballot of Tenants, to protect any impact on the General Fund. Consideration of the reserve will be made post ballot, with any abortive costs being offset against it or in the event of a positive ballot the future use of the reserve will be determined as any costs of transfer will be offset against the transfer receipt at the point of transfer.
Capacity building, priority setting and service improvement reserve (Revenue)	This reserve has been created to finance stepped improvements required for delivery of the Council's priority services and support the creation of additional corporate capacity.
Major Repairs Reserve (Capital)	This is the mechanism whereby the Council is required to account for the resources provided through the Major Repairs Allowance, which is provided through Housing Revenue Account Subsidy and is available to fund capital expenditure on HRA assets.
General Fund (Capital reserve)	This reserve is earmarked to finance the Council's future capital programme

Appendix A

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Balances	
Housing Revenue Account (HRA)	The HRA is maintained in accordance with the Local Government and Housing Act 1989 which sets out the framework for "ring-fencing" the HRA. The account has to be self financing and there is a legal prohibition on cross subsidy to or from the General Fund
General Fund	Council has approved the policy of maintaining a General Fund working balance of between 4% to 5% of gross turnover or between 10% - 15% of net expenditure to provide adequate cover for any unanticipated expenditure or loss of income that may occur over the course of the financial year
Collection Fund	The balance on the Collection Fund is available for financing the expenditure of Lincolnshire County Council, Lincolnshire Police Authority and SKDC

Appendix 5 – Movements in Reserves

	Balance as at		Movements in		Balance as at		Movement		Balance as at		Movement		Balance as at	
	1 Apr 06	Year	01-Apr-07	Year	1 Apr 08	Year	1 Apr 09	Year	1 Apr 10	Year	1 Apr 11	Year	1 Apr 11	
	£'000	£0	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Capital Reserves														
General Fund Capital Reserve*	5057	(5,057)	-	0	-	0	-	0	-	0	-	0	-	
Major Repairs Reserve	9124	(917)	8,207	(1,000)	7,207	(1,000)	6,207	(1,000)	5,207	(1,000)	4,207			
	14181	(5,974)	8,207	(1,000)	7,207	(1,000)	6,207	(1,000)	5,207	(1,000)	4,207			
Specific Revenue Reserves														
Insurance Reserve	500	0	500	0	500	0	500	0	500	0	500	0	500	
Building Control**	412	(50)	362	(50)	312	(50)	262	(50)	212	(50)	162			
Capacity Building, Priority Setting and Service Improvements	1810	(1,200)	610	(250)	360	(250)	110	(250)	140	(250)	390			
Stock Option Ballot Reserve	802	(400)	402	0	402	0	402	0	402	0	402			
Pensions Reserve - Former Employees	307	(65)	242	(65)	177	(65)	112	(65)	47	(65)	18			
Pension Reserve - Current Employees	2116	(800)	1,316	(200)	1,116	(200)	916	(200)	716	(200)	516			
	5947	(2,515)	3,432	(565)	2,867	(565)	2,302	(565)	1,737	(565)	1,172			
Balances														
General Fund	2000	0	2,000	0	2,000	0	2,000	0	2,000	0	2,000			
Housing Revenue Account	6045	694	6,739	1,383	8,122	1,000	9,122	800	9,922	600	10,522			
	8045	694	8,739	1,383	10,122	1,000	11,122	800	11,922	600	12,522			

* Use of General Fund Capital Reserve will be dependant upon realising capital receipts for East Street and also decisions regarding prudential borrowing

** Building Control service plan to identify controlled use of reserve over the next 5 years

Appendix 6 – Prudential Indicators – Capital Finance Report

1. In accordance with the CIPFA - Prudential Code for Capital Finance in Local Authorities and the Local Government Act 2003, the following indicators meet the requirement.

2. The actual capital expenditure that was incurred in 2004/05 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:-

Capital Expenditure					
	2004/2005 £000 Actual	2005/2006 £000 Estimate	2006/2007 £000 Estimate	2007/2008 £000 Estimate	2008/2009 £000 Estimate
Housing General Fund	330	300	350	350	350
Community DSP	210	131	360	110	-
Economic DSP	163	1075	3900	1500	1000
Engagement DSP	-	571	770	-	-
Healthy Environment	1477	290	2700	-	-
Resources	774	58	560	560	-
Total Other Services	2954	2425	8590	2520	1350
Housing Revenue Account	5022	4452	5017	6020	5853
Total Capital Programme	7976	6877	13607	8540	7203

3. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2004/2005 are:-

Ratio of financing costs to net revenue stream					
	2004/2005 Actual	2005/2006 Estimate	2006/2007 Estimate	2007/2008 Estimate	2008/2009 Estimate
Non-HRA	-2.05	-2.21	-1.12	-0.75	-0.29
HRA	-3.08	-1.78	-1.86	-1.76	-1.28

The estimates of financial costs include current commitments and the proposals in this budget report.

4. Estimates of the end of year Capital Financing Requirement at 31 March 2005 are:-

Capital Financing Requirement					
	31.03.05 £000 actual	31.03.06 £000 Estimate	31.03.07 £000 Estimate	31.03.08 £000 Estimate	31.03.09 £000 Estimate

Non-HRA& HRA	8	8	8	8	8
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5. The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, South Kesteven District Council does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. South Kesteven District Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day to day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose.

6. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence:-

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years".

I report that the authority had no difficulty meeting this requirement in 2004/2005, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

7. In respect of its external debt, it is recommended that the Council approves the following Authorised Limits for its total external debt gross of investments for the next three financial years, and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to myself within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes will be reported to the Council at its next meeting following the change.

Authorised limit for external debt				
	2005/2006 £m	2006/2007 £m	2007/2008 £m	2008/2009 £m
Borrowing	30	30	30	30

8. I report that these Authorised Limits are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. I confirm that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cashflow requirements for all purposes.

9. The Council is also asked to approve the following Operational Boundary for external debt for the same time period. The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly my estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within Authorised Limit to allow for example for unusual cash movements, equates to the maximum of external debt projected by this estimate. The operational Boundary represents a key management tool for in year monitoring by myself. Within the Operational Boundary, figures for borrowing and other long term liabilities are separately identified. The Council is also asked to delegate authority to myself, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the Authorised Limited. Any such changes will be reported to the Council at its next meeting following the change.

Operational Boundary for external debt				
	2005/2006 £m	2006/2007 £m	2007/2008 £m	2008/2009 £m
Borrowing	7	6	5	4

10. The Council's actual external debt at 31 March 2005 was £7 million. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

11. In taking its decisions on this budget report, the Council is asked to note that the Authorised Limited determined for 2006/2007 (see paragraph 3 above) will be statutory limit determined under section 3(1) of the Local Government Act 2003.

12. The Band D Council Tax that would result for South Kesteven District Council for 2006/2007 from the totality of the capital and revenue plans recommended in this budget report is £105.66.

The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Council are:

for the Band D Council Tax

<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>
£2.00	£4.00	£4.98

for average Housing Rents

<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>
£ -	£ -	£ -

14. In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:

- Affordability, eg implications for Council Tax.
- Prudence and sustainability, eg implications for external borrowing.
- Value for money, eg option appraisal.
- Stewardship of assets, eg asset management planning.
- Service objectives, eg strategic planning for the authority.
- Practicality, eg achievability of the forward plan.

15. A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their different impact on the Council Tax.

16. South Kesteven District Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

17. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2006/2007, 2007/2008 and 2008/2009 of 75% of its net outstanding principal sums.

18. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2006/2007, 2007/2008 and 2008/2009 of 25% of its net outstanding principal sums.

19. This means that I will manage fixed interest rate exposures within the range 70% to 80% and variable interest rate exposures within the range of 20% to 30%. This is a continuation of current practice.

20. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowings as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit
Under 12 months	11%
12 months and within 24 months	11%
24 months and within 5 years	33%
5 years and within 10 years	16%
10 years and above	28%

Appendix A
South Kesteven District Council - Medium Term Financial Strategy

21. The Council has agreed a policy on the investment of sums for period longer than 364 days.

REPORT TO COUNCIL

REPORT OF: Chief Executive

REPORT NO. CEX348

DATE: 7th September 2006

TITLE	Stakeholder Conference, Thursday 7th December 2006
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION	N/A
CORPORATE PRIORITY	N/A
CRIME AND DISORDER IMPLICATIONS	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS	N/A
BACKGROUND PAPERS	None

1. INTRODUCTION

The 7th December 2006 is scheduled as a date for our annual Stakeholders Conference and I have booked the Guildhall Theatre to accommodate this meeting.

2. RECOMMENDATIONS

That the Council approve the format of the annual Stakeholders Conference from 10.00a.m. to 4.00p.m. on 7th December in the form of a Parish Council Conference with all parish councils within the district being able to send at least one representative/ delegate.

3. BACKGROUND TO THE REPORT

Following a discussion with Richard Enderby of the Lincolnshire Association of Local Councils I am proposing that this year the meeting takes the format of a parish council conference.

The timing will give us an opportunity to consider the contents of the green or white paper expected to be published by the Department for Communities and Local Government in October/November. It would also provide an opportunity to strengthen the relationship between the district council and all the parish councils in the district. Similar events to this are held twice a year at East Lindsey and many other district councils in Lincolnshire and I understand that these meetings are valued by participants.

In order to make the most effective use of the time available I would propose starting the meeting at 10.00a.m. and finishing at 4.30p.m. I propose that the full details of the programme be developed after consultation with the portfolio holder for Access and the Engagement DSP.

Duncan Kerr
Chief Executive

REPORT TO COUNCIL

REPORT OF: Director of Tenancy Services

REPORT NO.: TSE9

DATE: 7 September 2006

TITLE:	LARGE SCALE VOLUNTARY TRANSFER
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 November 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Organisation Development & Housing Services - Councillor F Cartwright Resources & Assets - Councillor T Bryant	
CORPORATE PRIORITY:	Priority A - Affordable Housing	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is available via the Local Democracy link on the Council's website www.southkesteven.gov.uk	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	Housing Stock Options Appraisal report by EBWNL - May 2005 Report DRS24 - 5 January 2006 Report LSVTPM01 - 25 May 2006 Report CHFR6 - 12 June 2006 + Offer meeting	

1. INTRODUCTION

- 1.1 This report explains the process from the issuing of the Formal Consultation (Offer) Document through to ballot, including the consideration of responses from tenants and the arrangements made for conducting the ballot.

2. RECOMMENDATIONS

- 2.1 That the responses from tenants be initially considered by a joint meeting of Members of the LSVT Working Group and the Offer Review Working Group and that they make recommendations to Council as to the content of the Council's Stage 2 Notice.
- 2.2 That the Council considers the responses from tenants and the recommendations from the joint meeting of the above Working Groups, then decides on the content of the Stage 2 Notice at an extraordinary meeting of the Council to be held on 12th October 2006.
- 2.2.1 That the arrangements made for conducting the ballot, as detailed in paragraph's 3.4 - 3.7, be approved.

3. DETAILS OF REPORT

Background and the process

- 3.1 At the extraordinary meeting of the Council held on 20th July, the text of the Offer to tenants was agreed. The text was subsequently put into a designed document that was 'signed off' by the Leader on 2nd August. Since then the documents have been printed and were sent out on 21st August along with the DVD (approved on 28th July) and an accompanying newsletter. The formal Stage 1 consultation starts on 23rd August and closes at noon on the 25th September. By law this consultation period must last a minimum of 28 days so the above period complies with legislation.
- 3.2 After considering representations made by tenants, the Council must serve a further written notice on tenants (the Stage 2 letter) informing tenants of any significant changes to the proposal. Tenants may then write to the Secretary of State for Communities & Local Government with any objections to the proposal within a period of not less than 28 days. This 28-day period begins when the Council's Stage 2 letter is sent to tenants. The Secretary of State will take objections into account in considering any application from the Council for the necessary consent to transfer the stock.
- 3.3 In practice, the Stage 2 letter is posted then two days are allowed for delivery before the Stage 2 period is deemed to have started. At any time after that, the ballot can be commenced so that the ballot does not end prior to the expiry of the Stage 2 period of 28 days.

Arrangements for the ballot

- 3.4 Since the start of stock transfer ballots in 1988 all ballots have been conducted by Electoral Reform Services (formerly the Electoral Reform Society and later Electoral Reform Ballot Services). This organisation has developed a national reputation for efficiency and impartiality, yet despite its near monopoly makes relatively modest charges. With over 100 years experience they have developed security systems and methodologies that appear to have the trust of the general population. Their independence from both the Council and the Transfer landlord is rarely questioned.
- 3.5 Electoral Reform Services (ERS) will send a ballot paper to all secure tenants on a list that will be supplied by the Council from the rent roll. The ballot paper format and question has been agreed by the LSVT Working Group. Changes in tenancies during the ballot will be notified to ERS and they will send out replacement ballot papers to the new tenants. If the new tenant votes, any ballot paper sent in by the former tenant will be destroyed. Half way through the ballot the ERS will send out a blanket reminder to all tenants to ask them to use their vote if they have not already done so.
- 3.6 During the ballot ERS will run an advice line for tenants to phone if they lose or damage their ballot paper. A replacement will be sent but the ERS security system will prevent any tenant casting more than one vote. ERS will notify the Council on request how many tenants have taken part but, until the end of the ballot, will not reveal which way tenants have been voting.
- 3.7 On completion of the ballot, the Council will be notified of the numbers of those eligible to vote, taking part and spoilt papers, and totals voting Yes and voting No.

Proposals for the remainder of the Consultation process in South Kesteven

- 3.8 The Council must consider representations on the Stage 1 document from tenants received by noon on 25th September 2006. The method by which it does this was considered earlier by the LSVT Working Group. It was initially agreed that Cabinet would consider responses and agree the wording of the Stage 2 Notice. It was further agreed that prior to the Cabinet meeting, Members of the LSVT Working Group and the Offer Review Working Group would meet to consider the responses and make recommendations to Cabinet.
- 3.9 It is considered appropriate that, rather than Cabinet making the decision, the full Council should have the opportunity to consider the responses and decide on whether to amend the Offer or proceed to ballot on the original proposal. It is therefore proposed that the meeting of the joint Working Group take place on 28th September with their recommendations being considered by Council at an extraordinary meeting to be held on 12th October.

3.10 Providing the Stage 2 Notice can be printed and posted to tenants by 16th October, the Stage 2 period could start on 18th October and the ballot commence soon after that. This would enable the ballot to be completed during the week commencing 13th November.

3.11 An update on the Council's application for a place on the 2006 Housing Transfer Programme will be provided at the meeting on 12th October.

4. COMMENTS OF SECTION 151 OFFICER

The costs associated with the ballot will be financed by the LSVT reserve previously approved by Council.

5 COMMENTS OF MONITORING OFFICER

It would be appropriate for the members of the LSVT Working Group and the Offer Review Working Group to consider representations and make any relevant and appropriate recommendations to Council relating to the Stage 2 notice.

The extraordinary meeting requested will be required to meet the timescale proposed.

6. CONTACT OFFICER

Tony Campbell 01476 406501
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REPORT TO COUNCIL

REPORT OF: Chief Executive

REPORT NO. CEX347

DATE: 7th September 2006

TITLE:	Membership of the Chief Executive's Appraisal and Appointments Panel
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	N/A
CORPORATE PRIORITY:	N/A
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	None
BACKGROUND PAPERS:	None

1. INTRODUCTION

Membership of this Panel was determined at the annual Council meeting on the 25th May (Minute 11 refers) as comprising a panel of 4 members – Councillors Mrs. Linda Neal, Paul Carpenter; John Hurst and John Kirkman.

The remit of this panel is to undertake the appraisal of the Chief Executive but it also forms the executive panel for the appointment of strategic directors.

2. RECOMMENDATIONS

That the Council considers whether it wishes to make any amendments to the membership of this panel in the light of the information presented in this report.

3. DETAILS OF REPORT

As the panel will need to be constituted to consider appointments to the current vacant post of Strategic Director, I have taken the opportunity of reviewing the membership in recognition of the changes to the political balance on the council since the annual meeting.

The current member complexion of the Council is as follows:

Conservative	34 seats
Independent	9 seats
Labour	7 seats
New Independent	4 seats
Liberal Democrat	4 seats

The panel is required to be politically balanced although the allocation of seats between the non-administration groups can be varied with the agreement of these groups. Applying the principles of political balance would result in 2 Conservative nominations, 1 nomination from the Independent Group and one from the Labour group. Obviously the number of people on this panel could be revised by the Council but it could not be recommended that the size of the panel is significantly increased.

4. COMMENTS OF MONITORING OFFICER

The appointments panel is, in effect, a committee of the Council. As such, the rules relating to political balance apply. The Officer Employment Procedure Rules require the appointment of the head of paid service to be undertaken by an appropriately trained panel of at least 3 members.

Duncan Kerr
Chief Executive

Agenda Item 12

REPORT TO COUNCIL

REPORT OF: Chief Executive

REPORT NO.: CEX352

DATE: 7th September 2006

TITLE:	SKDC Pension Policy: The “Local Scheme”	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Cllr Bryant	
CORPORATE PRIORITY:	N/A	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	None	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	See appended documents	

This is an urgent report which the Chairman has agreed to take as a late item. The reason for urgency is because of actions required as a result of a legal opinion received by the Council on the 29th August, which was after the despatch of the agenda.

1. Background

The national regulations on local government pensions enable Councils to exercise discretion on certain aspects of pension entitlement. These discretions are exercised through the development of a pension policy. The County Council, who administer the policy on our behalf, are made aware of this policy by a pro-forma being completed by each District and deposited with them.

Although there is ambiguity in the Council records, it would appear that the Council's current policy emanated from a report to the Staffing Sub-Committee on the 16th July 1996. It is assumed that the same report was subsequently approved by that committee and ultimately by full Council on the 28th October of the same year. A copy of the initial report and minutes are enclosed as Appendix A.

This policy was re-affirmed a year later when a report was taken to the Finance and Personnel Committee describing changes to the national scheme including the introduction of the "rule of 85" retirements (see Appendix B). At that time the words "associated with the interest of efficiency" were added to the scheme although this term was not defined.

The report approved in October 1996 established the Council's local (or "loyalty") scheme which is as follows:

Any employee with at least 10 years service with South Kesteven and with at least 20 years LGPS service overall, and aged over 50 years, should be allowed to retire with earned benefits having given six months notice (or less at the leave of the Council). Those leaving local government services earlier than age 50, but otherwise qualifying, should become entitled for equivalent treatment upon attaining 50 years.

In December 2005 the Council received a claim under the second part of this scheme i.e. from a person leaving the Council before the age of fifty. To my knowledge this is the first such claim to have been received under this provision. It is the result of the work taken to investigate this application that has led to the current situation.

2. Pensions – Wider Issues

This report comes at a time when there is another, entirely unrelated, issue affecting the Council's pension scheme. This is the impact of age discrimination legislation which comes into effect from the 1st October. As it appears (though this interpretation is subject to a judicial review scheduled for late September) both the Council's local scheme, and the national provisions regarding rule of 85 retirements, will not comply with this legislation. I am currently consulting staff and unions on a new pension policy which is scheduled to come before Council for approval on the 26th of October.

3. Factors causing concern in the adoption by the Council of the Local Scheme

In reviewing the Committee reports and minutes that led to the adoption of the local scheme some ten years ago, the following aspects caused me some concern:

1. The scheme describes itself as "radical" (para 16) and appears to have been explicitly designed to provide a blanket eligibility for employees dependent upon certain requirements being met. I had not come across such an approach before.
2. The report to the Staffing Sub-Committee in 1996 contained no financial information to support, or demonstrate, how the introduction of such a policy would be in the interests of the Council. Furthermore

some of the arguments and assumptions that underpinned this report seemed to me to be either unfounded or irrelevant.

3. The policy that was advocated and ultimately adopted, appears to me to run counter to the views of the Audit Commission who were seeking to challenge the perceived culture of early retirements in Local Government. In particular the report from the District Audit entitled "Planning and control of early retirements in South Kesteven" received by the Council in December 1998 (Appendix C) do not seem to have been fully reflected in the report to Committee (Appendix D).
4. It is surprising that the only member discussion on the content of such a key policy document as the pension scheme appears to have been in a Sub-Committee meeting. It is of even greater concern that the record within the Council minutes of the approval of this scheme is not clear or unequivocal and that the key term "efficiency of the service" was not defined.

I sought a confidential expert opinion on these matters from an experienced and financially qualified professional colleague who had a good understanding and experience of Local Government Pension schemes. Based on his confidential report, and in consultation with the Monitoring Officer, and Section 151 Officer, a Counsel's opinion was sought.

The Counsel's opinion was received on the week beginning the 28th August. He concluded that the scheme is fundamentally misconceived in law and therefore illegal. However, as he explained in the report, it does not follow that all payments made under this scheme are unlawful. There is clearly a lot of work in order to ascertain on a case by case basis the full implications of this opinion. This work is currently underway as a matter of the highest priority and will be reported to Council as soon as it is complete.

Early indications, from the work undertaken so far indicate that there are likely up to thirty persons who have benefited from the Council's local scheme and who were not already eligible under other criteria. Internal audit have been asked to validate the results before any further action is taken.

External audit have been kept informed of all these developments as they have occurred and have been given a copy of the Counsel's opinion. They have been invited to attend the Council meeting but indicated that they will not be able to do so. They have indicated they would wish to be kept informed of the Council's enquiries, are assessing the information provided to them and are considering what further action or enquiries they may need to take.

Having carefully considered this opinion, I am not recommending to Council that a second opinion is obtained, however in consultation with the monitoring officer and Sections 151 officer, further clarification is being sought from Counsel on the following implications of this opinion:

1. Whether there are any implications for the Council's policy on rule of 85 retirements.
2. What actions could, or should, be considered to be taken by the Council in regard to the recipients of pensions paid under this scheme, or any of the parties involved in its preparation or approval.

On receipt of the opinion I had no choice but to suspend the Council's local scheme until the outcome of this meeting. As explained earlier, the local scheme would have to be terminated on the 1st of October anyway since it will not be compliant with the age discrimination legalisation which comes into effect on that date. This coupled with the need for employees to give six months notice of any application, ameliorates some of the issues resulting from this action.

When the case-by-case reviews have been completed it is my intention to write to recipients of a pension under the local scheme, explaining the situation and offering them a meeting

Separately from this review I have also launched a full investigation into how the current scheme came to be established; what professional advice was provided at the time; how the scheme has been operated and whether members have been kept informed. I am recommending that the Council appoints a panel comprising the Leader, Portfolio-holder for Resources and Chairman of the Resources DSP to oversee this investigation.

3. Comments of Monitoring Officer

I endorse the action of the Chief Executive to suspend the operation of any current and future claims for early release of pension under the local scheme referred to. This does not prevent the Council from considering and, if appropriate, consenting to such requests wholly in accordance with the current pension regulations. It is the automatic right to early release of pension which cannot be allowed to continue. Counsel's advice is clear and unequivocal. I can see no benefit in obtaining a second opinion.

Without a full appraisal of the consequences, the Council cannot be clear of the scale of the issue. That must be clearly established before any further action can be considered. The alleged illegality of the scheme does not, in itself, cause all payments made under the scheme unlawful. I do not consider, at this stage, it would be appropriate to issue a Monitoring Officer report in accordance with s. 5 of the Local Government and Housing Act 1998. I am satisfied the local scheme has been properly suspended and that no further unlawful acts can occur as a result of that suspension. However, I fully appreciate there may be a need for such a report and reserve the right to make such a report should the need arise.

4. Comments of Corporate Head of Finance and Resources (Section 151 officer)

I have been fully consulted by the Chief Executive on this matter and have taken the following actions under my duties as required by legislation and the Council's constitution:

- a. supported the Chief Executive's action in taking Counsel's opinion on the lawfulness of the Council's Early Retirement Scheme
- b. supported the Chief Executive's action to suspend the current scheme until further advice and investigations have been completed
- c. currently taking action to establish whether any of the payments already made under the Council's Early Retirement Policies/Scheme are unlawful

- d. initiated a review of individual personnel files to establish the extent and scope of payments made since October 1996, together with establishing the financial implications of these payments in terms of capital costs to the Council, ongoing revenue costs and materiality.
- e. seeking validation of the above by Internal Audit
- f. liaised and briefed the Council's External and Internal Auditors, insurers and the Local Government Pension Administering Body on this matter.
- g. initiated a review of the Council's processes and internal controls relating to the determination of individual early retirement requests together with the reporting of the financial implications of those decisions to members.

My fiduciary duties and responsibilities to the council and local citizens require me to have responsibility for the stewardship and safeguarding of public money. In carrying out these duties I will assess the overall financial implications of this matter once the current investigations have been concluded and will then report these to members. This assessment will be carried out in full consultation with the Chief Executive, Monitoring Officer, Auditors, the Pensions Administering Body and Insurers.

Until the further investigations referred to in this report are complete and further advice is gained I am unable to advise members whether or not unlawful payments have been made nor am I able, at this stage, to make recommendations on the potential for recovery of any such payments. Therefore, at the current time, I do not consider it appropriate to issue a report under s114 of the Local Government Finance Act 1988. However, I reserve the right to do so pending the outcome of current investigations.

5. Recommendations

1. That the Council endorses the following actions undertaken by the Chief Executive:
 - A. The enquiry into the lawfulness of the local scheme
 - B. The suspension of this scheme in the light of the information received
 - C. The intention to notify all persons who have benefited from the scheme once the case by case review is concluded.
 - D. The launch of an investigation into how the current scheme came to be established; what professional advice was provided at the time; how the scheme has been operated and whether members have been kept informed.
2. That a panel comprising the Leader, Portfolio-holder for Resources and Chairman of the Resources DSP is appointed to oversee the investigation referred to in D above, and
3. That in view of the legal advice received the Council terminates the local scheme provisions within the approved pension policy forthwith.
4. That a further report be made to the next ordinary meeting of the Council.

APPENDICES TO REPORT CEX352

**APPENDICES A TO D THAT RELATE TO REPORT CEX352:
SKDC PENSION POLICY – THE “LOCAL SCHEME”
ARE NOT YET AVAILABLE IN ELECTRONIC FORMAT**

**IF YOU WOULD LIKE TO SEE COPIES OF THESE DOCUMENTS
IN HARD FORM PLEASE CONTACT THE MEMBER SERVICES
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