



AGENDA

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| For a meeting of the |
| COUNCIL |
| to be held on |
| THURSDAY, 19 APRIL 2007 |
| 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**
Minutes of the meeting held on 1st March 2007. **(Enclosure)**
- 5. COMMUNICATIONS (INCLUDING CHAIRMAN'S ENGAGEMENTS)**
(Enclosure)
- 6. LEADER'S REPORT ON URGENT KEY DECISION**
In accordance with Access to Information Procedure Rule 17.3, the Leader to submit a report on a key decision taken under special urgency provisions.
(Enclosure)
- 7. REVIEW OF CAPITAL PROGRAMME**
The Cabinet to recommend approval of the revised Capital Programme

and Treasury Management Strategy:

Report number CHFR43 to the Cabinet by the Corporate Head of Finance & Resources is re-circulated for members' information. **(Enclosure)**

8. COMMITTEE ARRANGEMENTS

Report number CEX373 by the Chief Executive. **(Enclosure)**

9. WELLAND JOINT COMMITTEE - SHARED PROCUREMENT SERVICES

Report number SD10 by Ian Yates, Strategic Director. **(Enclosure)**

10. QUESTIONS WITHOUT DISCUSSION.

11. NOTICES OF MOTION GIVEN UNDER COUNCIL PROCEDURE RULE 12:

(1) From Councillor Terl Bryant:

"This council deplores the continuing degradation of services to the hospitals that serve our district and we will support any actions that can be taken to ensure the Labour Government reverse their current stance."

(2) From Councillor Terl Bryant

"This council welcomes the change in public perception that crime and antisocial behaviour has become less of a problem within South Kesteven district council area and we will now work with the county council to address traffic congestion and road pavement repairs."

(3) From Councillor Mike Williams

I move that the Constitution & Accounts Committee seek to change the Constitution with regards to notices of motion at meetings of this council. I move that no more than two notices of motion be debated at any single Council meeting and that because of time constraints, no notices of motion be allowed at the annual budget meeting. I also move that no member be allowed to submit more than one notice of motion at any meeting of the council."

(4) From Councillor Rob Shorrocks

"This council notes that £463,049.10 has been spent to date on the use of external consultants and agencies on the failed stock transfer process. The remit of the majority of these consultants was to advise the council on the most effective way of securing the transfer of council housing stock to a new housing association. In this they demonstrably failed. Given that the use of consultants is currently at an all time high, procurement and commissioning criteria should be developed that includes a performance related element as part of the contract for commission of consultants to ensure the best use of council resources and value for money for the taxpayer."

(5) From Councillor Ian Selby

“That this council pledges to review and improve the development control planning process so that the general public’s voice is heard with confidence and for it to encourage greater accountability from both planning officers and members of this council.”

(6) From Councillor Linda Neal

“That on behalf of the communities of South Kesteven this council acknowledges, respects and thanks the commitment and dedication of all members of the council who will be retiring at the end of this civic year.”

12. ANY OTHER BUSINESS WHICH THE CHAIRMAN, BY REASON OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT.



MINUTES

COUNCIL
THURSDAY, 1 MARCH 2007
2.00 PM

PRESENT

Councillor G Taylor Chairman

Councillor Auger
Councillor Bisnauthsing
Councillor Bryant
Councillor Mrs Cartwright
Councillor Channell
Councillor Chivers
Councillor Conboy
Councillor Craft
Councillor Exton
Councillor Fines
Councillor Fisher
Councillor Mrs Gaffigan
Councillor Gibbins
Councillor Helyar
Councillor Hewerdine
Councillor Howard
Councillor F Hurst
Councillor J Hurst
Councillor Mrs Jalili
Councillor Joynson
Councillor Kerr
Councillor Lovelock M.B.E.
Councillor Martin-Mayhew

Councillor Moore
Councillor Mrs. Neal
Councillor O'Hare
Councillor Parkin
Councillor Pease
Councillor Mrs Percival
Councillor Radley
Councillor Mrs Radley
Councillor Sandall
Councillor Shorrocks
Councillor Mrs Smith
Councillor Smith
Councillor Stokes
Councillor M Taylor (Vice-Chairman)
Councillor Thompson
Councillor Turner
Councillor Webster
Councillor Wheat
Councillor A Williams
Councillor M Williams
Councillor Wood
Councillor Mrs Woods

OFFICERS

Chief Executive
Strategic Directors (BA, GP)
Corporate Head, Finance & Resources
Service Manager, Legal (Monitoring Officer)
Service Manager, Financial Services & Risk
Management
Democratic Support Officer

OFFICERS

Service Manager, Democracy
Service Manager, HR & Diversity
Scrutiny Officer
Democratic & Scrutiny Support Officer
Personal Assistant to Geoff Plummer

114. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs. Bosworth, Brailsford, Carpenter, Mrs. Kaberry-Brown, Kirkman, Nicholson, Steptoe and Mrs. Wheat.

115. DECLARATIONS OF INTEREST

No declarations were made.

116. MINUTES OF THE MEETING HELD ON 25TH JANUARY 2007.

The minutes of the meeting held on 25th January 2007 were signed as a correct record by the Chairman, subject to the following points being noted:

- Reference should be made to opposition over a motion over a Councillor who was not present to defend himself.

It was also noted that on future minutes, Strategic Directors should be identified in name, rather than by quantity.

117. COMMUNICATIONS (INCLUDING CHAIRMAN'S ENGAGEMENTS)

A list of the Chairman and Vice-Chairman's engagements had been circulated with the agenda.

Councillors Thompson and Hurst thanked members of the Council for their kind wishes during their respective periods of indisposition.

Councillor Williams thanked members who had supported the Chairman's concert. He was duly thanked by the Chairman for the work he had done facilitating the concert.

118. BUDGET 2007/2008 (POLICY FRAMEWORK PROPOSAL)

DECISION:

PART A

1. That a general fund budget requirement of £15.137 million for 2007/2008 (inclusive of special expenses)
2. To approve a 4.94% Council Tax increase (excluding special expenses and parish precepts) for 2007/2008 which equates to an average increase of 4.88% when including special expenses for comparative purposes.
3. To approve the revised revenue estimate for 2006/2007; original base estimate for 2007/2008; an indicative base estimate for 2008/2009 and 2009/2010 as detailed Appendix A page 1 (as re-issued to the meeting to take account of the Local Authority Business Growth Initiative (LABGI) funding awarded for 2006/7).
4. To approve increases for fees and charges for 2007/2008 in accordance with the fees and charges strategy and summarised in Report CHFR26 to Cabinet and provided in detail within the council's budget book.
5. To approve the following within the 2007/8 revenue estimates (in light of the revised balances as at 31st March 2007 following confirmation of LABGI funding on 27th February 2007):-
 - i. an estimate of £250,000 to support one off bids for "invest to save" which will be allocated according to the submitted business case, the proposed efficiency and CIPFA council's priorities.

- ii. an estimate for one off bids totalling £215,000 made up of one off bids as identified in paragraph 5.3 plus a contribution of £30,750 to Lincolnshire Police Authority to meet the cost of year two agreement towards the cost of the Police Community Support Officers
 - iii. a revenue contribution of £400,000 to capital programme to be applied to town centre development schemes in accordance with Category A priorities.
- 6. To approve the revised capital programme for 2006/2007 and programme for 2007/2008, 2009/2010, details Appendix A page 10 - 12
- 7. To authorise the capital programme funding proposals subject to an annual review of financial options by the Corporate Head of Finance and Resources, in consultation with the portfolio holder, during the preparation of the Statement of Accounts to optimise the use of the council's resources.
- 8. To approve the forecast balances of revenue and capital reserves contained at Appendix A page 2 as re-issued to the meeting to take account of LABGI
- 9. To approve the adoption of prudential indicators and limits for 2007/2008 to 2009/2010 contained within part A of Appendix B to this report.
- 10. To approve the treasury management strategy for 2007/2008 and the treasury prudential indicators contained within part B of Appendix B to this report.
- 11. To approve the investment strategy 2007/2008 contained in the treasury management strategy (part b of appendix b) and the detailed criteria included in annex B1 to appendix B of this report.

Housing Revenue Accounts (HRA)

- 12. To approve that dwelling rents are increased in accordance with government guidance. The average rent will increase by 4.1% (a maximum increase of 4.1% plus £2 for individual cases).
- 13. To approve an increase of 4.1% for garage rents and services charges.

PART B: COUNCIL TAX SETTING

- 1. That the following amounts be calculated by the Council for the year 2007/8 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended).
 - a) £69,976,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act.
 - b) £53,804,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.
 - c) £16,172,000 being the amount by which the aggregate at a) above exceeds the aggregate at b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.

- d) £9,673,000 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates and Revenue Support Grant increased by the amount of the sum to be transferred from the Collection Fund to the General Fund.
- e) £146.48 being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 44,366.3 as recorded in minute 74 of the cabinet meeting of 4 December 2006, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2007/2008.
- f) £1,580,000 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- g) £110.88 being the amount of e) above, less the result given by dividing the amount of f) above by the Council's tax base relating to special items as set on 4 December, 2006 calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for year for dwellings in those parts of its area to which no special item relates.
- h)

| Part of the Council's area | <u>Band D equiv.</u> |
|-----------------------------------|-----------------------------|
| Grantham | 152.10 |
| Stamford | 163.26 |
| Bourne | 141.48 |
| Deeping St James | 147.96 |
| Market Deeping | 180.27 |
| Allington | 148.32 |
| Ancaster | 159.12 |
| Aslackby & Laughton | 134.55 |
| Barholm & Stow | 119.43 |
| Barkston & Syston | 131.67 |
| Barrowby | 152.46 |
| Baston | 130.77 |

| | |
|---|---------------|
| Belton & Manthorpe | 114.39 |
| Billingborough | 133.38 |
| Boothby Pagnell | 114.75 |
| Braceborough & Wilsthorpe | 129.69 |
| Careby,Aunby & Holywell | 116.73 |
| Carlby | 138.15 |
| Carlton Scroop & Normanton | 163.98 |
| Castle Bytham | 126.00 |
| Caythorpe | 141.30 |
| Claypole | 131.49 |
| Colsterworth,Gunby & Stainby | 142.65 |
| Corby Glen | 131.40 |
| Denton | 123.75 |
| Dowsby | 143.28 |
| Dunsby | 117.27 |
| Edenham | 135.45 |
| Fenton | 119.88 |
| Folkingham | 138.15 |
| Foston | 141.21 |
| Fulbeck | 134.10 |
| Greatford | 134.46 |
| Great Gonerby | 138.60 |
| Great Ponton | 149.40 |
| Haconby | 112.32 |
| Harlaxton | 145.71 |
| Heydour | 130.68 |
| Horbling Hougham | 113.40 |

| | |
|--------------------------------------|--------|
| | 130.95 |
| Hough-on-the-Hill | 146.97 |
| Ingoldsby | 122.04 |
| Irnham | 115.20 |
| Kirkby Underwood | 122.76 |
| Langtoft | 147.24 |
| Lenton,Keisby & Osgodby | 113.76 |
| Little Bytham | 137.16 |
| Little Ponton & Stroxton | 122.04 |
| Londonthorpe & Harrowby Without | 121.23 |
| Long Bennington | 139.95 |
| Marston | 138.96 |
| Morton | 125.19 |
| North Witham | 125.10 |
| Old Somerby | 130.50 |
| Pickworth | 128.16 |
| Pointon & Sempringham | 143.28 |
| Rippingale | 152.91 |
| Ropsley,Humby,Braceby & Sapperton | 134.37 |
| Sedgebrook | 133.83 |
| Skillington | 145.80 |
| South Witham | 156.06 |
| Stoke Rochford & Easton | 134.37 |
| Stubton | 127.89 |
| Swayfield | 130.14 |
| Swinstead | 129.15 |
| Tallington Thurlby | 128.70 |

| | |
|------------------------------|--------|
| | 119.52 |
| Uffington | 120.60 |
| Welby | 124.56 |
| Westborough & Dry Doddington | 117.45 |
| West Deeping | 134.01 |
| Witham-on-the-Hill | 135.99 |
| Woolsthorpe | 131.13 |
| Wyville-cum-Hungerton | 132.12 |

- h) being calculated by adding to the amount at (g) above the amounts of special item relating to dwellings in those parts of the Council's area, divided in each case by the individual tax bases as recorded in minute 74 in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which special item relates.
- i) The amounts on the attached schedule (Appendix A to Part B), being the amounts given by multiplying the amounts at g) above and h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in valuation Band 'D', calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.
- j) That it be noted that for the year 2007/8 Lincolnshire County Council has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwellings shown below:-

Valuation Band

| A £ | B £ | C £ | D £ | E £ | F £ | G £ | H £ |
|--------|--------|--------|--------|----------|----------|----------|----------|
| 658.14 | 767.83 | 877.52 | 987.21 | 1,206.59 | 1,425.97 | 1,645.35 | 1,974.42 |

- k) That it be noted that for the year 2007/8 Lincolnshire Police Authority has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Valuation Band

| A £ | B £ | C £ | D £ | E £ | F £ | G £ | H £ |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <i>87.72</i> | <i>102.34</i> | <i>116.96</i> | <i>131.58</i> | <i>160.82</i> | <i>190.06</i> | <i>219.30</i> | <i>263.16</i> |

- l) That, having calculated the aggregate in each case of the amounts at i), j) and k) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts in Appendix 'B' of Part B as the levels of Council Tax for the year 2007/8 for the categories of dwellings shown in the Appendix.**

The Resources and Assets Portfolio Holder moved the recommendations as printed in Part A of report number CHFR35 by the Corporate Head of Finance and Resources, points a) to m) and the recommendations in part B a) to l) incorporating all precepting authority bids. In doing so he stated that all members had had the opportunity to participate in budget preparation through the gateway process undertaken by the Council's Development and Scrutiny Panels (DSPs). He also thanked the Financial Services team for the work they had done in formulating the budget. The low council tax base made budget preparation within government parameters challenging with some projects reliant on one-off Local Authority Business Growth Incentive (LABGI) funding. All useable reserves had been spent to ensure that the council was fit for purpose in future decades. This was seconded.

An alternative budget was proposed, seconded and copies circulated. This made provision for budgets to be allocated to ward councillors. Funds had been drawn from other service heads. The amended budget would support community based projects devolving spending to a lower level. The idea was in line with government initiatives included in the Local Government White Paper, the Sustainable Communities Bill and ideas being promoted by the Lyons Review

The Chief Executive reminded members of the Council that the Section 151 officer needed to examine proposals to consider their robustness and potential risks to the Council; to do this, an adjournment was necessary.

14:28-14:42 – The Chairman adjourned the meeting for the Section 151 Officer and Deputy to review the robustness and potential risks of the proposed budget alternative.

The Section 151 Officer stated that the alternative budget did not meet principle one of the Medium Term Financial Strategy (MTFS). £125,000 would be drawn from support services, which were fixed overheads including staff and property. These would need to be redistributed, making cuts necessary. Siphoning money from supplies and services could jeopardise the activity of the council and threaten other income streams. Monies earmarked from the Housing Revenue Account (HRA) could not be used as the HRA was a ring-fenced account. The Section 151 Officer could not support the proposal because she did not consider it to be robust and it exposed the council to significant risk.

Some Members commented that the principle behind the proposal was sound but were not able to support it because ideas were not presented earlier in the process. Those speaking against the amendment expressed concerns that the budget would be

unlawful. The proposition was put to the vote and lost.

An amendment to the proposed budget was moved and seconded. This involved the transfer of Bourne Corn Exchange to the Bourne Special Expense Area (SEA), that licensing and Building Control Services should break-even within three years and that a new service head should be added including a budget for rural issues. This motion was withdrawn, as the proposer was happy for the Council to consider these ideas over a period of time.

A further amendment was proposed and seconded to: “refer the Ward Budget idea to the relevant DSP”. 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 Sandall |
| Councillor Miss Channell | Councillor Brailsford | |
| Councillor Mrs Gaffigan | Councillor Mrs Cartwright | |
| Councillor Gibbins | Councillor Chivers | |
| Councillor Howard | Councillor Conboy | |
| Councillor F Hurst | Councillor Craft | |
| Councillor J Hurst | Councillor Exton | |
| Councillor Mrs Jalili | Councillor Fines | |
| Councillor Joynson | Councillor Fisher | |
| Councillor Kerr | Councillor Helyar | |
| Councillor O’Hare | Councillor Hewerdine | |
| Councillor Selby | Councillor Lovelock | |
| Councillor Shorrocks | Councillor Martin-Mayhew | |
| Councillor Thompson | Councillor Moore | |
| Councillor A Williams | Councillor Mrs Neal | |
| Councillor M Williams | Councillor Parkin | |
| Councillor Wood | Councillor Pease | |
| Councillor Mrs Woods | Councillor Mrs Percival | |
| | Councillor Mrs Radley | |
| | Councillor N Radley | |
| | Councillor Smith | |
| | Councillor Mrs Smith | |
| | Councillor Stokes | |
| | Councillor G Taylor | |
| | Councillor M Taylor | |
| | Councillor Turner | |
| | Councillor Webster | |
| | Councillor Wheat | |
| 18 | 28 | 1 |

The vote on the amendment was lost.

Members speaking in favour of the proposed budget emphasised the council’s ambition to become a brilliant council against the increased expectations of members of the public. All members had the opportunity to participate in the preparation of spending plans. The downward trend in the level of reserves caused concern.

The Corporate Head of Finance and Resources presented a summary of report CHFR35 to the Council along with updated information on LABGI funding. She particularly emphasised risks to the council identified within the report and the section of the budget book on the level of fees and charges.

(15:42-16:01 – the meeting adjourned)

In accordance with Council Procedure Rule 14.10(d), it was moved and seconded that the question be now put. A vote was taken and the motion was carried.

The Resources and Assets Portfolio Holder was given the opportunity to sum up. He urged members to vote in favour of the budget. A vote was taken approving the budget and setting the level of council tax and precept for the district.

**119. LINCOLNSHIRE LOCAL AREA AGREEMENT
DECISION:**

The Council approves the Local Area Agreement and delegates authority to the Leader to be consulted about, and agree, any further changes necessary to secure sign-off of this Agreement from GOEM.

The Leader of the Council moved the recommendations in CEX367. This was seconded. Members were generally in favour of the document, although concern was expressed that Grantham would not be the geographic focus until the third year of the agreement and the interest of other parties would have waned. Members also emphasised potential dangers of pooling funds. South Kesteven would benefit from Lincolnshire-wide schemes prior to the third year focus on Grantham. The accountability of Local Strategic Partnerships (LSPs) was debated; regular updates would be provided to the relevant portfolio holder.

Reference was made to targets within the document; no action plan had been provided on how the targets would be achieved. Actions to tackle health inequality should include short-term arrangements and acute health. More should be done to promote energy sustainability and the reduction of the carbon footprint.

In summing up, the Leader stated that the preparation of the document had been based on compromise. Concerns over targets had been raised with Government Office for the East Midlands (GOEM), however no feedback on these had been received.

On being put to the vote, the proposal was carried.

**120. RECOMMENDATION FROM THE CONSTITUTION & ACCOUNTS COMMITTEE:
AMENDMENTS TO THE CONSTITUTION**

DECISION:

That Part 3, page 62, point 1 of the Constitution relating to the Appeals Panel be amended to read: “3 members of the Licensing Committee *or the Resources Development and Scrutiny Panel.*”

The Leader of the Council as Chairman of the Constitution and Accounts Committee moved the recommendation that the articles of the constitution related to the membership of the appeals panel be amended to read “3 members of the Licensing Committee *or the Resources Development and Scrutiny Panel.*” This was seconded and put to the vote. The proposal was carried.

121. FORMATION OF AN AUDIT & CORPORATE GOVERNANCE COMMITTEE

DECISION:

- 1) That a Governance and Audit Committee be established with the terms of reference contained in Appendix 1 to report CHFR034 and come into effect at the annual meeting of the Council 2007;**
- 2) That the Governance and Audit Committee be comprised of five members and be the subject to political balance with the Chairman retaining a casting vote. A quorum of the committee to be three members. An external individual to be co-opted to the committee with voting rights;**
- 3) Membership of the Committee will be subject to having the appropriate skills as set out in Appendix 2 to report CHFR034 and there will be a requirement for mandatory training of members of the Committee;**
- 4) That the role and function of the Constitution and Accounts Committee, as set out in article 10 of the Constitution be amended to delete points f) to j) and the name of the committee be changed to 'Constitution Committee'.**

An extract of the minutes from the meeting of the Constitution and Accounts Committee held on 26th February 2007 had been circulated. The Leader of the Council and Chairman of that Committee moved the recommendations, which were seconded.

Members debated the political balance aspect of the Committee. It was suggested that membership be based on skills sets rather than political group. While nomination rights to seats would be done according to the political balance of the Council, it was not mandatory for a party to nominate people from their own political group. Training for those appointed to the committee would be mandatory. The proposals were put to the vote and carried.

122. CORE TRAINING FOR ELECTED MEMBERS

DECISION:

- 1. That the Council agree to the proposed mandatory core training programme to underpin the essential competencies for all members who sit on any committee or the Cabinet;**
- 2. That the Council requires the core training programme to be offered 3 times in the year following an election, to enable all Cabinet and Committee members to attend;**
- 3. A record should be kept of all training events members attended and this information should be made available on the Council's website.**

The Portfolio Holder for Organisational Development and Housing Services moved:

"That the Council agree to the proposed mandatory core training programme to underpin the essential competencies for all members who sit on any committee or the Cabinet," and "That the Council requires the core training programme to be offered 3 times in the year following an election, to enable all Cabinet and Committee members to attend."

While speaking for the motion, she referred to the Council's aspiration to become a brilliant council. Training sessions would provide members with the knowledge necessary to fulfil their roles and updates on legislative developments. This was seconded.

An amendment was moved:

"A record should be kept of all training events members attended and this information should be made available on the Council's website".

The amendment was seconded. The Portfolio Holder for Organisational Development and Housing Services agreed to encompass the amendment in her motion.

The motion was put to the vote and carried.

123. APPOINTMENT OF RETURNING OFFICER AND ELECTORAL REGISTRATION OFFICER

DECISION:

That Duncan Kerr, the Chief Executive, is appointed as the Electoral Registration Officer in fulfilment of the requirement of Section 8 of the Representation of the People Act 1983 and the Returning Officer under the requirements of Section 41 of the Local Government Act 1972.

The Chief Executive advised members of the Council that his appointment as Returning Officer and Registration Officer needed to appear as a clear decision of the Council. The recommendation that he be so appointed was moved, seconded and put to the vote, which was carried.

124. REPRESENTATION OF THE PEOPLE ACT 1983: S.18 (AS AMENDED BY ELECTORAL ADMINISTRATION ACT 2006: S.16) - REVIEW OF POLLING PLACES

DECISION:

That approval be given to the use of the premises appended to report CEX370, for the purposes of polling places under S.16 of the Electoral Administration Act.

The Council had before them the report of the Returning Officer which sought the approval by Council of a number of changes made in the use of premises as polling stations for the May 2007 district and parish elections. It was the role of the Council to identify the polling places and the responsibility of the Returning Officer to specify polling stations.

The list of premises to be used as polling places was moved and seconded. Brief discussion followed on changes to some of the polling places. In his role as Returning Officer, the Chief Executive was mandated to carry out a full review of polling stations in 2007/8 to ensure that they were fully compliant with the Disability Discrimination Act 2005. Some members expressed concerns over the accessibility of some polling stations, those specified were within St. John's Ward, Grantham and Greenhill Ward, Grantham.

The proposed polling places were put to the vote and carried.

125. REPRESENTATION ON OUTSIDE BODIES: PRIMARY SCHOOL PROVISION REVIEW PANELS

DECISION:

To appoint Councillor John Kirkman as the District Council's representative on the County Council Primary School Provision Review Panels.

Based on his previous experience as a former County Councillor and school governor, Councillor John Kirkman was nominated. Councillor Fereshteh Hurst was also nominated based on her experience as a governor at a local school. Both nominations were seconded. On being put to the vote, Councillor Kirkman was appointed as the District Council's representative on the body.

126. QUESTIONS WITHOUT DISCUSSION.

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

127. NOTICES OF MOTION GIVEN UNDER COUNCIL PROCEDURE RULE 12:-

(1) by Councillor Mike Taylor

DECISION:

This Council deplores the total disregard and disrespect the Minister for Communities and Local Government Yvette Cooper is showing, in failing to respond in any way to a legitimate request from this Council, which if implemented would be of great benefit to the rent paying residents of the district.

The motion was moved and seconded. The letter to the Minister for Communities and Local Government had been followed-up and a further copy had been sent, however, no response had been received. Reference was made to compliance with the council's own customer service standards; government offices had similar standards enumerating the deadline by which correspondence should be dealt with.

The accuracy of the letter's content was challenged and refuted. In summing up, Councillor Taylor emphasised that the motion was about money being taken from the residents of South Kesteven and being diverted to inner city areas. The motion was put to the vote and carried.

2) by Councillor Teri Bryant

DECISION:

This council requests that the constitution and accounts committee debates and determines what steps can be taken on dealing with members who fail to fulfil their role as councillors as clearly envisaged by the remuneration panel. The committee are reminded to be cognisant of the allocation of seats. Extenuating circumstances for non attendance such as Cllr Moore's accident would be the prerogative of the Chairman of the Council.

The following motion had been submitted by Councillor Bryant:

This council requests that the constitution and accounts committee debates and determines what steps can be taken on dealing with members who fail to fulfil their role as councillors as clearly envisaged by the remuneration panel. To assist in the debate and provide some guidance to the committee the council recommends a minimum level of full attendance of 10 council run meetings a year before sanctions are imposed. The committee are reminded to be cognisant of the allocation of seats. Extenuating circumstances for non attendance such as Cllr Moore's accident would be the prerogative of the Chairman of the Council.

The motion had been submitted to counter the perceived disparity in reward and a member's commitment to their role. Members who attended very few meetings would receive the same remuneration as those with high attendance rates. The motion was seconded.

Members speaking against the motion challenged that the measure of a good councillor could be quantified through attendance at meetings alone. Ward members from rural areas felt that working with their local parish councillors was more rewarding. Concerns were also expressed over members who did attend meetings but did not engage in any debate. Opposition members often felt their role at meetings was limited because of pre-determination of issues.

The suggestion was made that attendance at meetings would improve if meetings were held at times that were more convenient for more members; this could also help encourage a wider range of people to stand for election as a local councillor. To this end, an amendment was moved that:

"The Engagement DSP should examine the issues of attendance at flexibility as part of their examination of the role and function of councillors in the 21st century."

The motion was seconded.

In accordance with Council Procedure rule 9, as the meeting was nearing being in progress for three hours, the majority of members present voted for the meeting to continue.

The motion would allow the role of councillors engaged in activities in addition to those of the district council to be considered.

An attraction for staff within the authority was the lack of evening meetings. The suggestion that holding meetings in the evening would improve the attendance of councillors was negated by low attendances at Local Forums.

Several members stated that they were in favour of some method to assess a councillor's effectiveness but the measure should not be based on attendance at meetings alone.

The mover of the original motion urged members to vote against the amendment. In submitting the motion he had spoken to a number of other councillors who suggested that attendance at meetings was the only conduit to provide a measure. The amended motion was voted upon and was lost.

Several members in favour of the general principle of the motion were concerned that the Constitution and Accounts Committee would not have the freedom to formulate their own set of recommendations. Councillor Bryant agreed to remove any recommendations to the Committee from his motion.

In summing up, Councillor Bryant reminded members that the full Council would be able to

consider all recommendations made by the Constitution and Accounts Committee. The amended motion was put to the vote and carried.

3) by Councillor Mrs Linda Neal, Leader of the Council

DECISION:

This Council condemns the pre-emptive action of the ULNHS Trust in withdrawing emergency general surgery from Grantham hospital without any prior consultation with the local community. This Council calls on the Trust to explain why a business plan has not been put into place to recruit new consultants and develop a service that could attract and receive the number of patients needed to make this service viable.

Bearing in mind the importance of these services to a town that has been granted “Growth Status”, this Council demands the immediate re-instatement of these services and their full continuation whilst an independent, appropriately qualified, agency undertakes a review of the situation and reports accordingly.

In moving the motion, the Leader said that there were questions that she felt needed to be answered. She suggested that instead of the withdrawal of services, steps should have been taken to ensure their viability. The motion was seconded.

Many members of the Council expressed their concerns over the cuts and recounted their own experiences. Several members also stated that they did not believe that County Hospital in Lincoln would have the capacity to cope with patients being transported from Grantham. Several speakers urged for participation in national campaigns and agencies to mutually bolster support.

A statement supplied by Lincolnshire NHS Primary Care Trust was circulated to all members of the Council.

On being put to the vote, the motion was carried; it received unanimous support.

4) by Councillor Mrs Linda Neal, Leader of the Council

DECISION:

This Council resolves to:-

1. Support the Sustainable Communities Bill which will devolve more power from Whitehall to Councils and communities by

- Giving councils more power over money spent by national agencies on local matters in their areas; and**
- Giving councils and their communities the power to drive government policy to assist them in promoting sustainable communities**

And thereby help councils to protect the wellbeing of their communities and citizens

2. Note that the Bill is promoted in Parliament by a cross party group of MPs led by Nick Hurd MP, David Drew MP, and Julia Goldsworthy MP and is supported by 363 MPs, well over half the House of Commons

3. Write to the Secretary of State for Communities and Local Government urging

her to support the Bill and to inform the leading MPs of this decision.

The Leader moved the motion. The Sustainable Communities Bill embraced the concept of devolution and was based on the premise that decisions made at a local level would best address the needs of local people. The Bill would address problems including community decline including the loss of key services, and the lack of a coherent strategy and resources to address any decline. The motion was seconded. On being put to the vote this motion was carried with unanimous support.

5) by Councillor Stephen O'Hare

DECISION:

To not support Councillor O'Hare's motion.

Councillor O'Hare submitted and moved the following motion:

That this Council has no confidence in councillors Neal, Bryant, and Cartwright as members of the executive Cabinet being respectively the Leader of the Council, the portfolio holder for Finances and portfolio holder for Housing. This is due to their continued failure, individually and jointly, over a period of at least one and a half years between May 2005 and 15th November 2006. The failure was to take any constructive action to protect the council housing stock of SKDC, being the single greatest financial asset of this Council. Specifically, their failure to tackle the issue of the "loss" to the Housing Revenue Account of this council of over £4 million every single year which started from the 1st April 2004 and still continues.

In speaking to the motion, the appointment of the Cabinet by the Leader was emphasised. He was concerned that the named Cabinet members had not taken action to address the loss of money to the government until the ballot to transfer the housing stock had failed. The motion was seconded.

Those speaking against the motion reminded members of the Council that all literature produced by the Council on Large Scale Voluntary Transfer (LSVT) had been checked for accuracy and neutrality by independent parties; literature prepared by those opposed to LSVT had not.

In accordance with Part 4, article 14.10(a) of the Council's Constitution it was proposed and seconded that the motion be withdrawn.

Members debated the propriety of withdrawing another member's motion. Many felt that while this was an accurate interpretation of the Constitution, it was deemed to be against the spirit of the document. The motion to withdraw was withdrawn.

An amendment was moved and seconded that:

That this Council has no confidence in Councillor O'Hare due to his continued failure, over a period over the last one and a half years between May 2005 and 15th November 2006. His failure was to take any constructive action to protect the council housing stock of SKDC, being the single greatest financial asset of this Council. Specifically, their failure to tackle the issue of the "loss" to the Housing Revenue Account of this council of over £4 million every single year which started on the 1st April 2004 and still continues.

Councillor O'Hare defended his position and challenged Cabinet members, who were paid decision-makers of the Council. In summing up, he suggested that the amendment had not

been corroborated when moved.

The amendment was withdrawn and a vote on the original motion was taken.

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

The vote on the motion was as follows.

| FOR | AGAINST | ABSTAIN |
|-------------------------|---------------------------|--------------------------|
| Councillor Bisnauthsing | Councillor Auger | Councillor Miss Channell |
| Councillor F Hurst | Councillor Bryant | Councillor Hewerdine |
| Councillor J Hurst | Councillor Mrs Cartwright | Councillor A Williams |
| Councillor Joynson | Councillor Exton | |
| Councillor O'Hare | Councillor Fines | |
| Councillor Wood | Councillor Fisher | |
| | Councillor Helyar | |
| | Councillor Moore | |
| | Councillor Mrs Neal | |
| | Councillor Parkin | |
| | Councillor Pease | |
| | Councillor Radley | |
| | Councillor Smith | |
| | Councillor Mrs Smith | |
| | Councillor Stokes | |
| | Councillor G Taylor | |
| | Councillor M Taylor | |
| | Councillor Thompson | |
| | Councillor Turner | |
| | Councillor Webster | |
| | Councillor M Williams | |
| 6 | 20 | 3 |

The motion was defeated.

6) by Councillor Stephen O'Hare

DECISION:

To not support Councillor O'Hare's motion.

Councillor O'Hare submitted the following motion:

That this Council lacks confidence in Councillors Auger, Carpenter and John Smith as members of the executive Cabinet. This is due to their continued joint failure, over a period of nearly one and a half years between May 2005 and 15th November 2006. the failure was to take constructive action to protect the council housing stock of SKDC, being the single greatest financial asset of this Council. Specifically, their failure to ensure that their other Cabinet Colleagues with more specific responsibilities for this issue tackled the issue of the "loss" to the Housing Revenue Account of this Council of over £4 million every single year which started from 1st April 2004 and still continues.

Speaking for the motion, the mover stated that the motion differed from his first motion

because the Cabinet members lacked direct responsibility within the LSVT process. The motion was seconded.

Speaking against the motion, the following comment was made: paperwork generated throughout the LSVT process shows that Cabinet members took steps to mitigate costs to the Council.

In accordance with Part 4, 14.10(d), it was moved and seconded that “the question be now put”. The proposition was passed and the motion duly voted upon and lost.

128. MEETING CLOSURE

There being no further business, the Chairman closed the meeting at 18:39.

COUNCIL 1 MARCH 2007

QUESTIONS WITHOUT DISCUSSION

QUESTION: COUNCILLOR MIKE TAYLOR

Will the Leader confirm that should the PCT decide to close Grantham A&E Department, then sufficient funds will be available to enable a Judicial Review to take place?

REPLY: COUNCILLOR MRS. LINDA NEAL

Thank you Mr. Chairman. I welcome the opportunity Councillor Taylor has actually given me to respond to this question Mr. Chairman. There was no written response circulated because I was hoping to receive a response from the Leader of the County Council but in response to the questions as posed, my answer, Mr. Chairman, is my understanding following a conversation with the Leader of the County Council is this will be the case. I had hoped to have written confirmation for today but this is not yet to hand.

SUPPLEMENTARY QUESTION: COUNCILLOR MIKE TAYLOR

In line with the answer Mrs. Neal has given us, will she make representation to County should it become necessary the PCT do decide to close the A&E and it's proven that a family lose a member of their family through lack of mainstream services, would she approach the Leader to asking for funds to enable the family to sue the health authority.

REPLY: COUNCILLOR MRS. LINDA NEAL

I think that we would probably support the family as much as we could Councillor Taylor, but I don't think it's my prerogative to decide. There would need to be substantial evidence to support the view that you held but certainly if I thought there was something we could assist with I would speak to the Leader of the County Council

QUESTION 1

QUESTION: COUNCILLOR ROB SHORROCK

As the nominated children's champion for SKDC, do you think it is acceptable for the council or any other body to put up signs that bar children merely on the grounds of age from playing in public areas?

REPLY: COUNCILLOR TERL BRYANT

Yes and no.

SUPPLEMENTARY QUESTION: COUNCILLOR ROB SHORROCK

Thank you Mr. Chairman. I'm slightly disappointed with the contempt that the Portfolio Holder actually shows to this process. This is a legitimate process of scrutiny to get hold of the information and to find out what is happening so I put the question to him again, which is: when do you think it is appropriate to put up signs that discriminate against children in public areas and when do you not think it is appropriate to put up signs, tell us.

REPLY: COUNCILLOR TERL BRYANT

Thank you Mr. Chairman, I welcome the question as now put but I just want to point out I am not the nominated Children's Champion, I am the appointed Children's Champion. Councillor Shorrock, the reason I wrote that answer was because I hadn't got the bit of paper that I now have in my hand, which is this, at the time I wrote it. I am unaware what your employment background is so I took the trouble to look up the play equipment that SKDC use and I read from our suppliers, this is roundabouts, swings, everything that we use and here it says "Crazy Twisters" a huge spinning sensation for 8 to 14 year olds, "Springies", some real cool new designs for six to 12 year olds, further taking advice from Ms. Helen England who is our risk monitor to say as we are seeking out advice on the equipment that is the advice we must make which precludes action. That is why you got the answer, yes it is appropriate to put age limits on when it is appropriate for the safety of the public and the using it.

QUESTION 3

QUESTION: COUNCILLOR STEPHEN O'HARE

When this Council wants central government to change a National Scheme does she really believe this Council stands a better chance of bringing about change by joining forces with other Councils to lobby through a national body, such as the Local Government Association representing hundreds of councils, or by ignoring the far greater political negotiating strength which the Local Government Association has with central government and trying to achieve change as a single council?

REPLY: COUNCILLOR MRS. LINDA NEAL

Thank you Mr. Chairman. My response to Councillor [O'Hare] is that it depends on the scheme as to what might be appropriate.

SUPPLEMENTARY QUESTION: COUNCILLOR STEPHEN O'HARE

Is there any chance Councillor Neal might provide a more succinct and direct answer to the question that was asked.

REPLY: COUNCILLOR MRS. LINDA NEAL

That was succinct and there could well be Mr. Chairman.

QUESTION 4

QUESTION: COUNCILLOR STEPHEN O'HARE

When writing to Yvette Cooper at the Department for Communities and Local Government on the 11th December 2006, what detailed and specific proposals (as distinct from simply setting out a wish list) did she invite central government to make to the National Scheme(s) for housing finance?

REPLY: COUNCILLOR MRS. LINDA NEAL

That's a very good question that's been posed. What have you done about it Councillor O'Hare?

SUPPLEMENTARY QUESTION: COUNCILLOR STEPHEN O'HARE

Can I perhaps ask Councillor Neal a simpler question: is today Thursday?

REPLY: COUNCILLOR MRS. LINDA NEAL

I believe it is Mr. Chairman.

QUESTION 5

QUESTION: COUNCILLOR ROB SHORROCK

Do you think that the of option of taxi vouchers is an absolute entitlement for eligible citizens in the district or should there be some form of criteria for how they are used?

In accordance with Part 4, Section 10.9 (Written Answers) of the Council's Constitution, Councillor Shorrock requested that Councillor Carpenter supply him with a written answer to his question.

CIVIC EVENTS LIST
1st March 2007 to 19th April 2007

| Ref | Date | Host | Event | Transport |
|------------|-------------|--|--|------------------|
| GT120 | 2 Mar | Chairman's Own Civic Dinner | Belton Park Golf Club | Chauffeur |
| MT36 | 3 Mar | Sleaford T.C. Sleaford Awards | Sleaford, Lincs | Own |
| GT118 | 4 Mar | Rutland County Council Civic Thanksgiving Service | All Saints Church Oakham | Own |
| GT114 | 6 Mar | High Sheriff of Lincolnshire | Evensong at Lincoln Cathedral | Chauffeur |
| MT38 | 7 Mar | Making Tracks, Concert Orchestera | Meres Leisure Centre | Own |
| GT107 | 8 Mar | Stamford Mercury Business Awards | Stamford Arts Centre | Own |
| GT121 | 9 Mar | East Lindsey D.C. Charity Choral Extravaganza | Main Hall, Louth own Hall, Eastgate, Louth | Chauffeur |
| GT113 | 14 Mar | Northampton Borough Council Freedom of Northampton Parade | Northampton Guildhall | Chauffeur |
| GT123 | 15 Mar | Civic Reception South Holland D.C. | South Holland Centre, Market Place, Spalding | Own |
| GT112 | 16 Mar | Bishop Grosseteste University Question Time | Bishop Grosseteste College Lincoln | Own |
| GT106 | 16 Mar | Newark & Sherwood Civic Dinner | Carriage Court, Kelham Hall | Chauffeur |
| MT34 | 16 Mar | North Lincolnshire Council Mayor's Civic Dinner | Normanby Hall, Normanby | Own |
| GT119 | 17 Mar | Bassetlaw D.C. Charity Hoedown | Retford Town Hall | Chauffeur |
| MT39 | 17 Mar | Grantham Choral Society | St. Wulfram's Church | Own |
| GT124 | 18 Mar | Melton B.C. Freedom of the Borough to HMS Quorn | Melton Town Centre | Own |
| GT127 | 19 Mar | Mid-Lent Fair Opening | Stamford | Own |
| GT93A | 22 Mar | E. Northants Council Chairman's Dinner | Wadenhoe House, Wadenhoe | Chauffeur |
| GT116 | 23 Mar | NKDC Civic Reception | Civic Suite, North Kesteven District Council | Chauffeur |
| GT108 | 24 Mar | Grantham Music Festival | Finkin Street Methodist Church | Own |
| GT109 | 26 Mar | Mayor's Parlour Grantham Opening of Mid Lent Fair | Avenue Hotel and Market Cross Grantham | Own |
| MT41 | 28 Mar | HM Lieutenant for Lincolnshire – Wine Presentation & Tasting Evening | Sobraon Barracks, Burton Road, Lincoln | Own |
| MT40 | 30 Mar | Grantham Singers Production of Ruddigore | Guildhall Arts Centre | Own |
| GT125 | 30 Mar | Homestart – AGM | Guildhall Arts Gallery | Own |
| MT42 | 31 Mar | Market Deeping T.C. Civic Dinner and Charity Ball | Coronation Hall, Halfleet, Market Deeping | Own |

| Ref | Date | Host | Event | Transport |
|------------|-------------|--|---|------------------|
| GT129 | 31 Mar | Cranwell House Dinner Party | Cranwell House | Chauffeur |
| GT110 | 11 Apr | Grantham Operatic Society Die Fledermaus | Guildhall Arts Centre | Own |
| MT43 | 13 Apr | North Kesteven D.C. Charity Race Night | Civic Suite, North Kesteven Council offices | Own |
| GT126 | 13 Apr | Bourne T.C. Civic Dinner & Dance | Bourne Corn Exchange | Own |
| GT128 | 14 Apr | Lincoln City Charity Barn Dance | Lincoln Hospital Social Club | Chauffeur |
| GT131 | 18 Apr | North East Lincolnshire Council | Civic Dinner Grimsby Town Hall | Chauffeur |

REPORT TO COUNCIL

REPORT OF: THE LEADER

REPORT NO. CAB02

DATE: 19th APRIL 2007

| | |
|---|---|
| TITLE: | LEADER'S REPORT ON URGENT KEY DECISION |
| FORWARD PLAN ITEM: | No |
| DATE WHEN FIRST APPEARED IN FORWARD PLAN: | N/A |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | Yes – urgent key decision |

| | | |
|--|--|--|
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | Councillor Linda Neal, Leader of the Council | |
| CORPORATE PRIORITY: | Corporate Governance | |
| CRIME AND DISORDER IMPLICATIONS: | None | |
| FREEDOM OF INFORMATION ACT IMPLICATIONS: | Report WCS25 was taken into consideration in the making of this urgent non key decision. Report WCS25 is an exempt report under para. 3 of Schedule 12A of the Local Government Act 1972 (as amended). | |
| INITIAL EQUALITY IMPACT ASSESSMENT | Carried out and appended to report? Not Applicable | Full impact assessment required? No |
| BACKGROUND PAPERS: | Exempt report as detailed above; Cabinet minute CO103 , 5 th March 2007 | |

1. INTRODUCTION

This report is to inform the Council of an urgent key decision taken on the 5th of March 2007 under Access to Information Procedure Rule 16.

2. RECOMMENDATION

Members are asked to note this decision in accordance with Access to Information Procedure Rule 17.3

3. DETAILS OF REPORT

The decision taken was to authorise officers to withdraw from the tender process in relation to dry recyclables and to re- tender to achieve the most economically advantageous outcome for the Council. The award of the new contract following a re-tendering exercise is an issue in the current Forward Plan.

4. OPTION ANALYSIS

This decision could not be reasonably deferred due to the timescales identified within the tender process.

5. COMMENTS OF MONITORING OFFICER

This report is required in accordance with procedures outlined within the Constitution.

6. CONTACT OFFICER

Tracey Blackwell
Corporate Head Healthy Environment

REPORT TO CABINET

Agenda Item 7

REPORT OF: CORPORATE HEAD OF FINANCE AND RESOURCES

REPORT NO: CHFR43

DATE: 2nd April 2007

| | |
|---|---|
| TITLE: | REVISED CAPITAL PROGRAMME 2007/8 |
| FORWARD PLAN ITEM: | YES |
| DATE WHEN FIRST APPEARED IN FORWARD PLAN: | MARCH 2007 |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | BUDGET POLICY FRAMEWORK |

| | | |
|--|---|---|
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | COUNCILLOR T BRYANT RESOURCES AND ASSETS PORTFOLIO HOLDER | |
| CORPORATE PRIORITY: | EFFECTIVE USE OF RESOURCES | |
| CRIME AND DISORDER IMPLICATIONS: | NO | |
| FREEDOM OF INFORMATION ACT IMPLICATIONS: | This report is publicly available on the Council's website. www.southkesteven.gov.uk via the local democracy link. | |
| INITIAL EQUALITY IMPACT ASSESSMENT | Carried out and appended to report? In Progress | Full impact assessment required? |
| BACKGROUND PAPERS: | CHFR35 Budget 2007/8 | |

1. INTRODUCTION

The Council approved its Capital Programme for 2007/8 to 2009/10 at the Council Meeting on 1 March 2007. At this time the Council was advised that the Capital Programme would require reviewing to ensure it remains fit for purpose particularly in the light of external grants being awarded as these will have the potential to amend the financing arrangements for the programme.

2. RECOMMENDATION

It is recommended that:

1. the Cabinet recommend to Council the approval of the revised Capital Programme as attached as Appendix A and the Treasury Management Strategy at Appendix B
2. the Cabinet allocate £750,000 spread over 3 financial years to the Bourne Core Area Project, in line with the bid supported by Cabinet to East Midlands Development Agency (EMDA) for external funding of this project, in accordance with the approved Budgetary Framework.

3. DETAILS OF REPORT

The revised Capital Programme is attached as Appendix A. At this stage the projected outturn for 2006/7 has not been amended since it was submitted to Council on 1 March. This will be reviewed in due course following the closure of the accounts for 2006/7. A further report will be submitted in the summer once the accounts have been closed.

The Capital Programme for 2007/8 has been amended to reflect the notification of the award of £582,680 Capital Grant from the Department for Environment and Rural Affairs (DEFRA). This grant is towards the cost of Capital Works proposed for the decontamination of the car park at Wharf Road, Stamford.

A further amendment to the 2007/8 Capital Programme is the inclusion of private sector renewal programme and Housing General Fund. The provision of £331,000 has been made possible as a result of the Council receiving an award of an external grant from the Department of Communities and Local Government, totalling £281,000. This grant will support work within the private sector housing market on the private sector renewal and affordable warmth.

In light of the changes to the Capital Financing Arrangement the Cabinet are requested to recommend the Council adopt the revised Capital Programme and also to request that the revised Treasury Management Strategy, which is attached as Appendix B, is approved to reflect these changes in the proposed Capital Financing of the programme.

A report elsewhere on the agenda requests Cabinet support for a bid submitted to EMDA in relation to Bourne Core Area. This report requests that the Cabinet allocate a total of £750,000 spread over three financial years, from the Town Centre Projects Budget contained within the Capital Programme. This will be reflected in the revised programme submitted to Council

This allocation forms part of the approved Budgetary framework.

4. COMMENTS OF MONITORING OFFICER

It is appropriate that consultation takes place.

5. CONTACT OFFICER

Sally Marshall

Corporate Head of Finance and Resources
01476 406511
s.marshall@southkesteven.gov.uk

OTHER SERVICES

| | Description | 2006/2007 Estimate Base £'000 | 2006/2007 Revised Base £'000 | 2007/2008 Estimate Base £'000 | 2008/2009 Estimate Base £'000 | 2009/2010 Estimate Base £'000 |
|----|--|--|---------------------------------------|--|--|--|
| | COMMUNITY DSP | | | | | |
| 1 | Grant-Aire Road, Grantham | 250 | - | - | - | - |
| | Purchase of Vehicles | | | | | |
| 2 | Care Services | 30 | 30 | 30 | 30 | 30 |
| 3 | Housing Maintenance | 80 | 80 | 80 | 80 | 80 |
| | | 360 | 110 | 110 | 110 | 110 |
| | ECONOMIC DSP | | | | | |
| | Town Centre Development | | | | | |
| 4 | Town Centre Projects-Provision | - | - | 1,000 | 1,000 | 1,000 |
| 5 | Demolition of East Street | - | 26 | - | - | - |
| | Public Conveniences | | | | | |
| 6 | Abbey Gardens, Grantham | 200 | 200 | - | - | - |
| | Car Parking | | | | | |
| 7 | Wharf Road, Stamford | 500 | 50 | 500 | - | - |
| 8 | Welham Street Multi Storey, Grantham | 2,690 | 1,740 | 950 | - | - |
| | Capital Grant | | | | | |
| 9 | Stamford Gateway | 350 | - | 350 | - | - |
| 10 | Economic Grant - Northfields Mkt Deeping | 160 | - | 160 | - | - |
| | | 3,900 | 2,016 | 2,960 | 1,000 | 1,000 |
| | ENGAGEMENT DSP | | | | | |
| 11 | Access to Services | 720 | 600 | 120 | - | - |
| | | 720 | 600 | 120 | - | - |
| | HEALTHY ENVIRONMENT DSP | | | | | |
| | Waste Management | | | | | |
| 12 | Wheelie Bin Procurement and Freighter Enhancements | 2,700 | 2,500 | 200 | - | - |
| | | 2,700 | 2,500 | 200 | - | - |
| | RESOURCES DSP | | | | | |
| | Provision for Existing Assets | | | | | |
| | Committed | | | | | |
| 13 | Committee Room 3 | - | 65 | - | - | - |
| 14 | Improvements to Stamford Cattle Market | - | 38 | - | - | - |
| 15 | Refurbishment of Reception Area | - | 63 | - | - | - |
| 16 | Windows, Council Offices Grantham | - | - | 100 | - | - |
| 17 | Refurbishment of Toilets, Stamford Arts Centre | - | - | 41 | - | - |
| 18 | Restatement Works at Grantham Canal | - | - | 250 | - | - |
| 19 | Provision | 500 | 334 | 109 | 500 | 500 |
| 20 | Purchase of Financial Ledger Modules | - | 50 | - | - | - |
| 21 | Purchase of Pool Vehicles | 60 | 60 | 60 | 60 | 60 |
| | | 560 | 610 | 560 | 560 | 560 |
| | HOUSING - GENERAL FUND | | | | | |
| | Affordable Housing | | | | | |
| 22 | Worth Court | - | 425 | - | - | - |
| 23 | Aire Road | - | - | 475 | - | - |
| 24 | Private Sector Renewal | - | - | 331 | 50 | 50 |
| 25 | Disabled Facilities Grant | 350 | 350 | 450 | 450 | 450 |
| | | 350 | 775 | 1,256 | 500 | 500 |
| 26 | TOTAL - OTHER SERVICES | 8,590 | 6,611 | 5,206 | 2,170 | 2,170 |

Budget and Rent Setting Report and Treasury Management Strategy Report 2007/08 – England – HRA Authorities

Recommendations

This report outlines the Council's prudential indicators for 2007/08 – 2009/10 and sets out the expected treasury operations for this period. It fulfils three key reports required by the Local Government Act 2003:

- The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Appendix A);
- The treasury strategy in accordance with the CIPFA Code of Practice on Treasury Management (Appendix B);
- The investment strategy (in accordance with the DCLG investment guidance) (Appendix B).

A summary report outlines the key requirements from these reports.

The Council is recommended to:

1. **Adopt the Prudential Indicators and Limits for 2007/08 to 2009/10 contained within Part A of the report.**
2. **Approve the Treasury Management Strategy 2007/08, and the treasury Prudential Indicators contained within Part B.**
3. **Approve the Investment Strategy 2007/08 contained in the treasury management strategy (Part B), and the detailed criteria included in Annex B1.**

Executive Summary

Capital Expenditure - The projected capital expenditure is expected to be:

| Capital expenditure | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|---------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Non HRA | 6,611 | 5,206 | 2,170 | 2,170 |
| HRA | 7,432 | 6,020 | 5,878 | 5,916 |
| Total | 14,043 | 11,226 | 8,048 | 8,086 |

Debt Requirement - Part of the capital expenditure programme will be financed directly (through Government Grants, capital receipts etc.), leaving a residue which will increase the Council's external borrowing requirement (its Capital Financing Requirement – CFR). The General Fund CFR is reduced each year by a statutory revenue charge for the repayment of debt (there is no requirement for an HRA charge).

| Capital Financing Requirement | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|-------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Non HRA | 5,361 | 6,181 | 7,891 | 9,532 |
| HRA | 2,159 | 2,159 | 2,159 | 2,159 |
| Total | 7,520 | 8,340 | 10,050 | 11,691 |

Against this borrowing need (the CFR), the Council's expected external debt position for each year (the Operational Boundary), and the maximum amount it could borrow (the Authorised Limit) are:

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|----------------------|--------------------------------------|--|--|--|
| Authorised limit | 15,000 | 17,000 | 18,000 | 20,000 |
| Operational boundary | 8,000 | 11,000 | 12,000 | 14,000 |

The impact of the new schemes being approved as part of this budgetary cycle on Council Tax and housing rents are expected to be:

| Incremental impact of capital investment decisions (£) on: | 2006/07 Revised | 2007/08 Estimated | 2008/09 Estimated | 2009/10 Estimated |
|---|----------------------------|------------------------------|------------------------------|------------------------------|
| Band D Council Tax | 0 | £0.50 | £1.95 | £3.79 |
| Housing rents levels | * | * | * | * |

* A full stock condition survey will be undertaken during 2007/08 following which the outcome will be reflected in the revised Capital Programme. The indicators will be calculated following the revision of the Programme.

Investments – The resources applied to finance the capital spend above is one of the elements which influence the overall resources of the Council. The expected position of Council's year-end resources (balances, capital receipts, etc.) is shown below supplemented with the expected cash flow position to provide an overall estimate of the year-end investment position. The prudential indicator limiting longer-term investments is also shown.

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|------------------------------------|--------------------------------------|--|--|--|
| Total resources | 22,298 | 19,587 | 17,346 | 15,336 |
| Working Capital | (1,020) | (1,520) | (1,520) | (1,520) |
| Total Investments | 21,278 | 18,067 | 15,826 | 13,816 |
| Principal sums invested > 364 days | | £m 11 | £m 9 | £m 7 |

Part A**The Prudential Indicators 2007/08 – 2008/09****Introduction**

1. The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. This report revises the indicators for 2006/07, 2007/08 and 2008/09, and introduces new indicators for 2009/10. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence the treasury management strategy for 2007/08 is included as Part B to complement the indicators, and this report includes the prudential indicators relating to the treasury activity.

The Capital Expenditure Plans

3. The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. This expenditure can be paid for immediately (by resources such as capital receipts, capital grants etc.), but if resources are insufficient any residual expenditure will form a borrowing need.
4. A certain level of capital expenditure will be grant supported by the Government; anything above this level will be unsupported and will need to be paid for from the Council's own resources. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although no control has yet been required.
5. The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly some of estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.
6. The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|--|--------------------------------------|--|--|--|
| Capital Expenditure | | | | |
| Non-HRA | 6,611 | 5,206 | 2,170 | 2,170 |
| HRA | 7,432 | 6,020 | 5,878 | 5,916 |
| Financed by: | | | | |
| Capital receipts | 1,404 | 2,696 | - | 2,196 |
| Capital grants | 150 | 1,076 | 213 | 213 |
| Capital reserves | 12,489 | 6,020 | 5,878 | 3,720 |
| Revenue | - | 400 | - | - |
| Net financing need for the year | - | 1,034 | 1,957 | 1,957 |

The Council's Borrowing Need (the Capital Financing Requirement)

7. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing

need. The capital expenditure above which has not immediately been paid for will increase the CFR.

8. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.
9. The Council is asked to approve the CFR projections below:

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|--------------------------------------|--------------------------------------|--|--|--|
| Capital Financing Requirement | | | | |
| CFR – Non Housing | 5,361 | 6,181 | 7,891 | 9,532 |
| CFR - Housing | 2,159 | 2,159 | 2,159 | 2,159 |
| Total CFR | 7,520 | 8,340 | 10,050 | 11,691 |
| Movement in CFR | (246) | 820 | 1,710 | 1,641 |

| | | | | |
|---|--------------|------------|--------------|--------------|
| Movement in CFR represented by | | | | |
| Net financing need for the year (above) | - | 1,034 | 1,957 | 1,957 |
| MRP/VRP and other financing movements | (246) | (214) | (247) | (316) |
| Movement in CFR | (246) | 820 | 1,710 | 1,641 |

The Use of the Council's resources and the Investment Position

10. The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

| Year End Resources | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|-----------------------------|--------------------------------------|--|--|--|
| Fund balances | 9,367 | 8,046 | 8,071 | 8,609 |
| Capital receipts | 3,624 | 5,353 | 5,853 | 4,157 |
| Earmarked reserves | 4,166 | 3,590 | 3,202 | 2,570 |
| Major Repairs Reserve | 5,141 | 2,598 | 220 | - |
| Total Core Funds | 22,298 | 19,587 | 17,346 | 15,336 |
| Working Capital* | (1,020) | (1,520) | (1,520) | (1,520) |
| Expected Investments | 21,278 | 18,067 | 15,826 | 13,816 |

* Working capital balances shown are estimated year-end; these may be higher mid year. Working Capital is adjusted by under-borrowed position.

Limits to Borrowing Activity

11. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
12. For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2007/08 and next two financial years. This allows some flexibility for limited early borrowing for future years.

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|-----------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Gross Borrowing | 4,500 | 4,820 | 6,530 | 8,171 |
| Investments | 21,278 | 18,067 | 15,826 | 13,816 |
| Net Borrowing | (16,778) | (13,247) | (9,296) | (5,645) |
| CFR | 7,520 | 8,340 | 10,050 | 11,691 |

13. The Corporate Head for Finance and Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

14. A further two prudential indicators control or anticipate the overall level of borrowing. These are:

15. **The Authorised Limit for External Debt** – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

16. **The Operational Boundary for External Debt** – This indicator is based on the expected maximum external debt during the course of the year; it is not a limit.

17. The Council is asked to approve the following Authorised Limit and Operational Boundary:

| Authorised limit | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|-----------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Borrowing | 15,000 | 17,000 | 18,000 | 20,000 |
| Other long term liabilities | - | - | - | - |
| Total | 15,000 | 17,000 | 18,000 | 20,000 |
| Operational Boundary | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
| Borrowing | 8,000 | 11,000 | 12,000 | 14,000 |
| Other long term liabilities | - | - | - | - |
| Total | 8,000 | 11,000 | 12,000 | 14,000 |

Affordability Prudential Indicators

18. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the overall Council's finances. The Council is asked to approve the following indicators:

19. **Actual and Estimates of the ratio of financing costs to net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

| | 2006/07 Revised % | 2007/08 Estimated % | 2008/09 Estimated % | 2009/10 Estimated % |
|---------|-------------------------|---------------------------|---------------------------|---------------------------|
| Non-HRA | (3.69%) | (2.05%) | -0.07% | 1.57% |
| HRA | (2.43%) | (1.53%) | (1.03%) | (0.76%) |

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

21. **Estimates of the incremental impact of capital investment decisions on the Council Tax** – This indicator identifies the revenue costs associated with **new schemes** introduced to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support, which are not published over a three year period.

22. **Incremental impact of capital investment decisions on the Band D Council Tax**

| | Proposed Budget 2007/08 £ | Forward Projection 2008/09 £ | Forward Projection 2009/10 £ |
|-----------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Council Tax - Band D | £0.50 | £1.95 | £3.79 |

23. **Estimates of the incremental impact of capital investment decisions on Housing Rent levels** – Similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

24. **Incremental impact of capital investment decisions Housing Rent levels**

| | Proposed Budget 2007/08 £ | Forward Projection 2008/09 £ | Forward Projection 2009/10 £ |
|-----------------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Weekly Housing Rent levels | * | * | * |

* A full stock condition survey will be undertaken during 2007/08 following which the outcome will be reflected in the revised Capital Programme. The indicators will be calculated following the revision of the Programme.

25. This indicator shows the revenue impact on any newly approved schemes, although any discrete impact will be constrained by rent controls.

Part B**Treasury Management Strategy 2007/08 – 2009/10**

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Appendix A consider the affordability and impact of capital expenditure decisions, and set out the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures the Council meets balanced budget requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included in this strategy which require approval.
2. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 23rd June 2004, and as a result adopted a Treasury Management Policy Statement. This adoption meets the requirements of the first of the treasury prudential indicators.
3. The Constitution requires an annual strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. A further treasury report is produced after the year-end to report on actual activity for the year.
4. This strategy covers:
 - The Council's debt and investment projections;
 - The expected movement in interest rates;
 - The Council's borrowing and investment strategies;
 - Treasury performance indicators;
 - Specific limits on treasury activities;
 - Any local treasury issues.

Debt and Investment Projections 2007/08 – 2009/10

5. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position over the next three years. It also highlights the expected change in investment balances.

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|-------------------------------|--------------------------------------|--|--|--|
| External Debt | | | | |
| Debt at 1 April | 5,500 | 4,500 | 4,820 | 6,530 |
| Movement in CFR | - | 820 | 1,710 | 1,641 |
| Maturing Debt Replacement* | (1,000) | (500) | - | - |
| Adjustment for prior years | - | - | - | - |
| Debt at 31 March | 4,500 | 4,820 | 6,530 | 8,171 |
| Annual change in debt | (1,000) | 320 | 1,710 | 1,641 |
| Investments | | | | |
| Total Investments at 31 March | 21,278 | 18,067 | 15,826 | 13,816 |
| Investment change | (11,198) | (3,211) | (2,241) | (2,010) |

Historically the Council's policy is not to replace maturing debt. This policy may be subject to review in light of the financial market.

6. The related impact of the above movements on the revenue budget are:

| | 2006/07 Revised £'000 | 2007/08 Estimated £'000 | 2008/09 Estimated £'000 | 2009/10 Estimated £'000 |
|---------------------------------|--------------------------------------|--|--|--|
| Revenue Budgets | | | | |
| Interest on Borrowing | 455 | 432 | 492 | 576 |
| Related HRA Charge | 178 | 173 | 151 | 135 |
| Net general Fund Borrowing Cost | 9.88% | 8.92% | 7.60% | 6.88% |
| Investment income | 1,726 | 1271 | 954 | 792 |

Expected Movement in Interest Rates

| | Base Rate Ave % | 5-year Gilt Ave % | 20-yr Gilt Ave % | 50-yr Gilt Ave % |
|---------|----------------------------|------------------------------|-----------------------------|-----------------------------|
| 2006/07 | 4.8 | 4.9 | 4.4 | 4.0 |
| 2007/08 | 5.1 | 4.9 | 4.6 | 4.0 |
| 2008/09 | 4.8 | 4.5 | 4.3 | 3.9 |
| 2009/10 | 4.5 | 4.5 | 4.3 | 3.9 |

7. Buoyant economic activity in 2006 and the strength of external cost pressures prompted a tightening of monetary policy as the Monetary Policy Committee sought to contain a rise in inflation to the upper levels of the Government's target range.
8. Official concerns have abated but the continued risks of a revival in inflation pressures via increased pay settlements, buoyant consumer spending and rising unit costs suggest the Bank of England will maintain a cautious policy approach to rates through much of 2007.
9. Higher rates in the UK, US and Euro-zone will eventually lead to a deceleration in economic activity and a diminution of inflation pressures. This will leave some scope for a modest reduction in short term interest rates, a trend that will be followed by longer term fixed rates.

Borrowing Strategy 2007/08 – 2009/10

10. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
11. Long-term fixed interest rates are expected to rise modestly and base rates are expected to peak at 5.75%. The Corporate Head of Finance and Resources, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that longer term fixed rates will be considered if borrowing levels remain relatively low.
12. With the likelihood of increasing interest rates debt restructuring is likely to take place later in the financial year or in future years, although the Corporate Head Finance and Resources and treasury consultants will monitor prevailing rates for any opportunities during the year.

Investment Counterparty and Liquidity Framework

13. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
 - It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
14. The Corporate Head of Finance and Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what its investments are.
 - **Banks** – the Council will use only English and Scottish clearing banks and their subsidiaries. However the Council's treasury management advisors have proposed that a review is undertaken concerning the bank listing for the Authority. For overseas the Council will only use banks with a F1+ rating for short term and AA rating for long term.
 - **Building Societies** – the Council will use only the top 30 listed Building Societies.
 - **UK Government** (including gilts and the DMO)
 - **Local Authorities, Parish Councils etc**
 - **Supranational institutions**
19. The proposed criteria for Specified and Non-Specified investments are shown in Annex B1 for approval.
20. In the normal course of the council's cash flow operations it is expected that both Specified and Non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.
21. The use of longer term instruments (greater than one year from inception to repayment) will fall in the Non-specified investment category. These instruments will only be used where the Council's liquidity requirements are safeguarded. This will also be limited by the investment prudential indicator below.

Investment Strategy 2007/08 – 2009/10

22. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of peaking at 5¼% in early 2007. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts. It is likely

that investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise. The Corporate Head of Finance and Resources, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

Treasury Management Prudential Indicators and Limits on Activity

23. There are four further treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs. The indicators are:

- Upper limits on variable interest rate exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- Upper limits on fixed interest rate exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.
- Maturity structures of borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- Total principal funds invested for greater than 364 days – These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

24. The Council is asked to approve the following prudential indicators:

| | 2007/08 | 2008/09 | 2009/10 |
|--|--------------|--------------|--------------|
| Interest rate Exposures | | | |
| | Upper | Upper | Upper |
| Limits on fixed interest rates based on net debt | £9300 | £10949 | £12532 |
| Limits on variable interest rates based on net debt | £2790 | £3285 | £3760 |
| Limits on fixed interest rates: | | | |
| • Debt only | 100% | 100% | 100% |
| • Investments only | 100% | 100% | 100% |
| Limits on variable interest rates | | | |
| • Debt only | 30% | 30% | 30% |
| • Investments only | 30% | 30% | 30% |
| Maturity Structure of fixed interest rate borrowing 2007/08 | | | |
| | Lower | Upper | |
| Under 12 months | 0% | 20% | |
| 12 months to 2 years | 0% | 20% | |
| 2 years to 5 years | 0% | 50% | |
| 5 years to 10 years | 0% | 75% | |
| 10 years and above | 0% | 100% | |
| Maximum principal sums invested > 364 days | | | |
| Principal sums invested > 364 days | £m 11 | £m 9 | £m 7 |

Performance Indicators

25. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Debt – Borrowing - Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – Internal returns above the 7 day LIBID rate
- Investments – External fund managers - returns 110% above 7 day compounded LIBID.

The results of these indicators will be reported in the Treasury Annual Report for 2006/07.

Annex B1**Treasury Management Practice (TMP) 1 (5) – Credit and Counterparty Risk Management**

The Office of the Deputy Prime Minister (now DCLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which are under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Corporate Head of Finance and Resources has produced its treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. The Council's Loan Officer is restricted to placing funds with:

1. The NatWest Bank (the Council's bank) either via their Deposit Dealing desk or a Special Interest Bearing Account (SIBA)
2. The Alliance and Leicester Bank
3. HBOS Bank
4. The Principality Building Society

Amounts invested with any one institution shall not exceed £7M for periods of more than one month.

Non-Specified Investments – Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

| | Non Specified Investment Category | Limit (£ or %) |
|----|--|-----------------------|
| a. | <p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure, and these bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> | n/a |
| b. | <p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> | n/a |
| c. | <p>Building societies not meeting the basic security requirements under the specified investments. The Council will include the top 30 building societies.</p> | 25% |
| d. | <p>Any bank or building society that has a minimum long term credit rating of AA, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p> | 25% |
| e. | <p>Any non rated subsidiary of a credit rated institution included in the specified investment category.</p> | n/a |
| f. | <p>Share capital or loan capital in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies.</p> | n/a |

The Monitoring of Investment Counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to

meet the criteria will be removed from the list immediately by the Corporate Head of Finance and Resources, and if required new counterparties which meet the criteria will be added to the list.

Use of External Fund Managers – It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories. Currently the Council has an Agreement with Tradition and Sterling International. The fund managers are required to adhere to the following:

- All investments restricted to sterling and denominated instruments
- Investments made with local authorities, the top 30 building Societies, English and Scottish clearing banks (and their subsidiaries) and overseas banks. The placing of funds with overseas banks is restricted to institutions with a credit rating of F1+ (short term loans) and AA rating (long term loans).
- Amounts invested with any one institution or group should not exceed 25% of the fund value or a maximum of £8M for periods of more than one month.
- Investments for periods exceeding 364 days limited to 25% of fund held.
- Forward commitment investments limited to 25% of fund held.
- Portfolio management is measured against the return provided by the 3 months sterling LIBID.

The performance of each manager is reviewed at least quarterly by the Corporate Head of Finance and Resources.

REPORT TO COUNCIL

REPORT OF: Chief Executive

REPORT NO.: CEX373

DATE: 19th April 2007

| | | |
|--|--|--|
| TITLE: | Committee Arrangements | |
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | Councillor Linda Neal, Leader of the Council | |
| CORPORATE PRIORITY: | All | |
| CRIME AND DISORDER IMPLICATIONS: | N/A | |
| FREEDOM OF INFORMATION ACT IMPLICATIONS: | This report is publicly 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? No | Full impact assessment required? No |
| BACKGROUND PAPERS: | Report CB01 | |

Background

- On the 26th March 2007 the Constitution and Accounts Committee considered report number CB01 which detailed proposed changes to the structure for Policy Development and Scrutiny within the Council. The minute from this meeting was as follows:

“(1) That the Constitution and Accounts Committee agrees to the proposals outlined in report CB01 and the consequent changes to the Constitution necessary to implement them.

- (2) That this decision is reported to the Council on 19th April to approve on the basis that:
- The size of the new scrutiny committee to consist of 9 members
 - The size of the three policy development groups is to be 7 members with remit prepared by the Chief Executive
 - These changes to come into effect from the Council's annual meeting when a report is made on the consequential changes to the Constitution
- (3) That membership of the Development Control Committee be reduced from 17 to 15 members."

Remit

2. It is recommended the three new Policy Development groups be entitled Resources, Engagement, and Community, each of which would have the following remit:
- a) Resources. This policy development group would be co-terminous with the remit of the Cabinet Portfolio responsibilities for Resources and Assets and Organisational Development as set out in the current Council's Constitution.
 - b) Engagement. The remit would be co-terminous with the Cabinet portfolio responsibilities for Access and Engagement and Strategic Partnerships
 - c) Communities. This remit would be co-terminous with the portfolio responsibilities for Economic Development and Healthy Environment.

Scrutiny Committee

3. The remit of the Scrutiny Committee would include the scrutiny and call in functions currently vested in DSPs along with any new scrutiny or call-in functions given to the local authority as a consequence of the local government white paper or any other new legislation.

Development Control

4. The Constitution and Accounts Committee recommended that the membership of this Committee would be reduced from 17 to 15 members with the remit unaltered.

Implementation

5. Because of the impact of the changes on the Council's Constitution, the most effective way of implementing these proposals would be to time the arrangements to take effect from the Council's annual meeting on the 17th May. This could be achieved by approving the key principles now and then at the 17th May dealing with the minor consequential amendments to the Constitution which will be needed to formally separate the roles of Policy Development (which should be undertaken by the policy development group) from Scrutiny.

These changes will seek to minimise the number of changes made to current arrangements and it is proposed that in this light, the current arrangements for triggering call-in i.e. at the chairman's request or as a result of a subscription from 5 members of the Council be maintained although in future, the chairman would be the chairman of the new Scrutiny Committee. Other existing provisions of the

Constitution, such as the Scrutiny Coordinating Committee would continue as a policy development coordinating committee, again comprising of chairman of the three policy development groups along with the chairman of the scrutiny committee.

Comments of the Monitoring Officer

6. The proposals are compliant with the provisions of the Local Government Act 2000. The rules relating to political balance will apply to the policy development groups and the scrutiny committee proposed.

Comments of the S151 Officer

7. It is important to ensure budget scrutiny responsibility is appropriately allocated to the new structure in order to provide sound budget management.

The Welland Remuneration Panel will also need to consider whether the new allowances that they recently recommended for DSP Chairs are equally applicable to the Chairs of the new Policy Development Groups and Scrutiny Committee.

Recommendations

8. That the Council approve that, with effect from the 17th May 2007, the new structure for scrutiny and policy development shall come into effect comprising:
 - 1) Three 7 member Policy Development Groups with remits as follows:
 - a) Resources. This policy development group would be co-terminus with the remit of the Cabinet Portfolio responsibilities for Resources and Assets and Organisational Development as set out in the current Council's Constitution.
 - b) Engagement. The remit would be co-terminus with the Cabinet portfolio responsibilities for Access and Engagement and Strategic Partnerships
 - c) Communities. This remit would be co-terminus with the portfolio responsibilities for Economic Development and Healthy Environment.
 - 2) 9 Member Scrutiny Committee with powers to exercise call-in over both executive matters and all other call in functions granted to the Council over third parties
 - 3) That the size of the Development Control Committee is reduced from 17 members to 15 members
 - 4) That the Chief Executive be instructed to prepare a new Constitution for formal adoption on the 17th May which details all consequential amendments needed to implement this decision.

Duncan Kerr
Chief Executive



MINUTES

CONSTITUTION AND ACCOUNTS COMMITTEE

MONDAY, 26 MARCH 2007

COMMITTEE MEMBERS PRESENT

Councillor John Hurst
Councillor Albert Victor Kerr
Councillor Reg Lovelock M.B.E. (Vice-Chairman)

Councillor Peter Martin-Mayhew
Councillor Mrs. Linda Neal (Chairman)

OFFICERS

Strategic Director (Beverly Agass)
Monitoring Officer
Service Manager, Democracy
Democratic Officer

53. DECLARATIONS OF INTEREST

None declared.

54. MINUTES OF THE MEETING HELD 26TH FEBRUARY 2007

The minutes of the meeting held on 26th February were agreed as a correct record.

55. COMMITTEE ARRANGEMENTS

Decision

- (1) That the Constitution and Accounts Committee agrees to the proposals outlined in report CB01 and the consequent changes to the constitution necessary to implement them.***
- (2) That this decision is reported to the Council on 19th April to approve on the basis that:***
 - the size of the new scrutiny committee to consist of 9 members.***
 - the size of the three policy development groups is to be 7 members with remit prepared by the Chief Executive.***
 - these changes to come into effect from the Council's annual meeting when a report is made on the consequential changes to the Constitution.***

(3) *That membership of the Development Control Committee be reduced from 17 to 15 members.*

Members discussed report CB01 which had been circulated with the agenda. The Chairman highlighted two amendments to the report and gave a background brief on the reasons behind the report coming to the Constitution and Accounts Committee. The report had also been circulated at the Scrutiny Co-ordinating Group on 12th March 2007. Reference was made to the number of members on the new scrutiny panel and it was proposed that the new panel have nine members not the 11 mentioned in the report also the use of the term "close working relationship" was discussed. One member felt that nine members of the scrutiny panel was a deplorably low figure. The Chairman moved the recommendation as per the report with two amendments that paragraph three of the recommendation read confirm rather than approve and that the number of scrutiny panel members be reduced from 11 to nine. On being put to the vote the recommendation with amendments was approved.

56. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT

The following item was discussed as a matter of urgency having regard to the motion being put to the Committee following the Council meeting on 1st March 2007.

Decision

The Constitution and Accounts Committee notes that certain members of the Council do not attend council meetings, panel meetings and committee meetings as they should and although no course of action can be taken through the remuneration panel, the Committee implores Group Leaders to make sure their members are represented on their respective Committees, Panels etc and that all members attending meetings make contributions to those meetings.

The motion as put at Council on 1st March 2007 was discussed by the Committee. The Monitoring Officer informed the Committee that the Members Allowance Regulations clearly stated that each member was entitled to the basic allowance by statute. The Committee expressed concern that members of the Council did not attend council meetings as they should and various examples were given. It was felt that as they could not impose any monetary penalty that the group leaders be asked to encourage their members to attend and contribute to meetings. For the future it was suggested that maybe the pathfinder project could pilot a dialogue with minister to help address the problems being encountered about lack of attendance by members.

57. CLOSE OF MEETING

The meeting closed at 3.25pm.

Agenda Item 9

REPORT TO COUNCIL

REPORT OF: IAN YATES (STRATEGIC DIRECTOR)

REPORT NO: SD10

DATE: 19TH APRIL 2007

| | |
|---|--|
| TITLE: | WELLAND JOINT COMMITTEE – SHARED PROCUREMENT SERVICES |
| FORWARD PLAN ITEM: | Yes |
| DATE WHEN FIRST APPEARED IN FORWARD PLAN: | 14 th July 2006 |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | Policy Framework Proposal |

| | | |
|--|--|--|
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | COUNCILLOR MRS LINDA NEAL LEADER OF THE COUNCIL | |
| CORPORATE PRIORITY: | N/A | |
| CRIME AND DISORDER IMPLICATIONS: | N/A | |
| 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: | CEX 357A – Future participation by SKDC in Welland and Lincolnshire Shared Services. CEX 322 - Nominations to Welland Joint Committee. DLS82 – Welland Joint Committee – Shared Procurement Services | |

1. INTRODUCTION

- 1.1 Following on from the Cabinet decision to disengage from the Welland Partnership, it is now necessary to put forward a report to Council to reverse the decision to delegate to the Welland Joint Committee authority to carry out the functions of procurement on behalf of the Council. In

addition the individuals originally nominated to the Welland Joint Committee also need to be de-designated.

2. RECOMMENDATIONS

- 2.1 That the Council removes the delegation to the Welland Joint Committee authority to carry out the functions of procurement.
- 2.2 To de-designate the Leader (Councillor Mrs Linda Neal) and the Deputy Leader (Councillor Paul Carpenter) and their substitutes Councillor John Smith and Councillor Terl Bryant as voting members on the Welland Joint Committee.

3. DETAILS OF REPORT

- 3.1 As part of the Welland Shared Services initiative the Council agreed to delegate certain procurement functions to the Welland Joint Committee. In doing so it also nominated members to the Joint Committee which would have made decisions in respect of the Welland Procurement shared service as well as other future potential services. However, the Chief Executive's report CEX357A to Cabinet explained that taking all factors into account it was the judgement of the Strategic Management Team that the interests of the residents of South Kesteven would be best served by the Council's continued participation in the Lincolnshire enhanced two-tier partnership and that the Council should inform it's Welland colleagues that it would be formally withdrawing from that partnership. Therefore as a matter of formality we need now reverse the decisions taken in respect of the Welland Procurement Partnership. The Lincolnshire shared procurement service is making progress and further details will be reported in the near future.

4. COMMENTS OF SECTION 151 OFFICER

- 4.1 No financial comments.

5. COMMENTS OF MONITORING OFFICER

- 5.1 At its meeting on the 8th January 2007, Cabinet made a decision to withdraw from the Welland shared services initiative relating to procurement whilst safeguarding the Council's position in relation to current projects with the Welland involving I.T. projects. Both the joint committee and the delegated authority referred to in this report relate to the procurement shared service. It is, therefore, appropriate that the Council withdraw from representation on the Welland Joint Committee and the delegation to the Welland Joint Committee be removed.

6. CONTACT OFFICER

- 6.1 Ian Yates, Strategic Director
Telephone: 01476 406201
email: i.yates@southkesteven.gov.uk

REPORT TO COUNCIL

REPORT OF: Chief Executive

REPORT NO. CEX374

DATE: 19th April 2007

| | |
|--|--|
| TITLE: | Resignation of Member |
| KEY DECISION OR POLICY FRAMEWORK PROPOSAL: | N/A |
| COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION: | N/A |
| CORPORATE PRIORITY: | Corporate Governance |
| CRIME AND DISORDER IMPLICATIONS: | N/A |
| 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: | None |

Background

1. On the 10th April, I received a letter from Councillor Stephen Hewardine informing me that he had resigned as a Councillor with effect from the date of the letter.

As this is the last Council meeting before the elections and the annual general meeting it is not my intention to recalculate the allocation of seats.

Recommendation

2. That the resignation of Councillor Hewardine be noted.

Duncan Kerr
Chief Executive