

AGENDA

For a meeting of the
COUNCIL
to be held on
MONDAY, 3 MARCH 2008
at
2.00 PM
in the
COUNCIL CHAMBER, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM
Duncan Kerr, Chief Executive

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

1. PUBLIC OPEN FORUM

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

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

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

4. MINUTES OF THE ORDINARY MEETING HELD ON 24TH JANUARY 2008 (ENCLOSURE)

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

6. BUDGET 2008/2009 AND INDICATIVE BUDGET FOR 2009/10 AND 2010/11:

PART A: Revenue estimates 2008/09 and indicative budget 2009/10 to 2010/11;

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- **Capital estimates 2008/09 to 2010/11**
- **Fees and charges**
- **Rent setting**
- **Treasury management strategy**
- **Priority plans**

PART B: Council tax setting.

Report number CHFR91 by the Resources & Assets Portfolio Holder on behalf of the Cabinet. **(Enclosure)**

[Please can members bring their budget books to the meeting.]

7. CORPORATE PLAN 2008-2011

Report number SD19 by the Strategic Director. **(Enclosure)**

8. NEW PENSION SCHEME POLICY STATEMENT

Report number OD&HR95 by the Corporate Governance & Housing Portfolio Holder. **(Enclosure)**

9. ELECTORAL ADMINISTRATION ACT 2006: REVIEW OF POLLING DISTRICTS, POLLING PLACES, AND POLLING STATIONS

Report number DEM10 by the Returning Officer. **(Enclosure)**

10. CHANGES TO THE CONSTITUTION: RECOMMENDATIONS FROM THE CONSTITUTION COMMITTEE

The Chairman of the Constitution Committee to submit any recommendations of the committee arising from its meeting held on 25th February 2008. **(To follow)**

11. CONSTITUTION OF THE STANDARDS COMMITTEE

Report number LEG15 by the Monitoring Officer. **(Enclosure)**

12. REPRESENTATION ON OUTSIDE BODIES

Report number DEM009 by the Democracy Services Manager. **(Enclosure)**

13. INTERIM STAFFING ARRANGEMENTS FOR THE CHIEF EXECUTIVE

Report number LN/08/01 by the Leader. **(Enclosure)**

14. QUESTIONS ON NOTICE

To note the list of questions asked under Council procedure rule 11.1 as circulated at the start of the meeting and their reference to the relevant Policy Development group.

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

PLEASE NOTE:

**THE NEXT MEETING OF THE FULL COUNCIL WILL BE ON 17TH APRIL 2008.
THIS WILL BE THE ANNUAL MEETING.**

DEADLINE FOR NOTICES OF MOTION: 2PM FRIDAY 4TH APRIL 2008.

MINUTES

COUNCIL

THURSDAY, 24 JANUARY 2008

2.00 PM



PRESENT

Councillor Michael Taylor Chairman

Councillor Robert Adams
Councillor Ray Auger
Councillor Harrish Bisnauthsing
Councillor Pam Bosworth
Councillor Robert Broughton
Councillor Paul Carpenter
Councillor Mrs Frances Cartwright
Councillor George Chivers
Councillor Michael Cook
Councillor Nick Craft
Councillor Alan Davidson
Councillor John Dawson
Councillor Mike Exton (Vice-Chairman)
Councillor Stuart Farrar
Councillor Mrs Joyce Gaffigan
Councillor John Harvey
Councillor Robert Hearmon
Councillor Bryan Helyar
Councillor David Higgs
Councillor Trevor Holmes
Councillor Reg Howard
Councillor Mrs Maureen Jalili
Councillor Sam Jalili
Councillor Kenneth Joynson

Councillor Mrs Rosemary Kaberry-Brown

Councillor Vic Kerr
Councillor Jock Kerr
Councillor Peter Martin-Mayhew
Councillor Andrew Moore
Councillor Mrs. Linda Neal
Councillor John Nicholson
Councillor Alan Parkin
Councillor Mrs Margery Radley
Councillor Bob Russell
Councillor Bob Sandall
Councillor Susan Sandall
Councillor Trevor Scott
Councillor Mrs Judy Smith
Councillor John Smith
Councillor Mrs Maureen Spencer-Gregson O.B.E.
Councillor Jeffrey Thompson
Councillor Frank Turner
Councillor Tom Webster
Councillor Andrea Webster
Councillor Graham Wheat
Councillor Mike Williams
Councillor Avril Williams
Councillor Paul Wood
Councillor Ray Wootten

OFFICERS

Chief Executive
Strategic Director (BA)
Corporate Head, Finance & Resources

OFFICERS

Corporate Head, Healthy Environment
Monitoring Officer
Democracy Services Manager



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69. PUBLIC OPEN FORUM

[2.00pm to 2.07pm]

Two questions were received from Mrs Mary Patrick of Stamford:

Question 1:

Does South Kesteven District Council sell or give confidential information to third parties?

Answer – Councillor Mrs Linda Neal, Leader

The council as a whole would, so far as it is able, respect any confidence so far as it is permitted by law. For example, the council may be required to reveal information by virtue of the Freedom of Information Act.

Supplementary question:

Mrs Neal, the reason I ask this question is: do you give or sell information by the edited version of the electoral roll because it has been on the television that councils do.

Answer – Councillor Mrs Linda Neal

Yes, Mrs Patrick I can confirm this council does sell the edited version of the electoral register as permitted by the Representation of the People Act to certain recognised bodies.

Question 2:

Why have you cut the disabled adaptations from £200,000 down to £85,000 for year 2007/2008?

Answer – Councillor Mrs Maureen Spencer-Gregson (Resources and Assets Portfolio Holder)

Mrs Patrick, we have not cut the disabled adaptations budget. We have actually revised our estimate to £85,000 as a result of actual demand for this service. If there isn't a need then we can't spend the money. I think Mrs Patrick is referring to appendix A in the paper at item ten which refers to the £85,000 there. The £32,000 slippage will still be required in next year and that will be added to the £200,000 in the estimate for next year, so we have not cut any services.

70. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Brough, Miss Channell, McBride, Newcombe-Jones, Lovelock, Selby, and Stokes.

71. DECLARATIONS OF INTEREST

Councillor Wootten declared a personal and prejudicial interest in the item relating to the Lincolnshire Police Authority – Financial Circumstances. His interest arose by virtue of his membership of the National Association of Retired Police Officers and the Grantham East Police Panel. He left the meeting during consideration and voting on this item.

72. MINUTES

The minutes of the ordinary meeting held on 25th October 2007 were approved as a correct record.

73. COMMUNICATIONS (INCLUDING CHAIRMAN'S ENGAGEMENTS)

The list of the Chairman and Vice-Chairman's engagements since the last meeting of the Council was attached. The Chairman made the following announcements:

- (1) Recognition of volunteers: At the annual meeting of the Council in April, he intended to publicly thank all the people who voluntarily give of their time to help support the work of the Council. He invited members and staff to put forward details of anyone who provided volunteer work for the Council so that they may receive a certificate of recognition. Details should be given to Robert Moreland, Corporate Head, Partnerships and Organisational Development.
- (2) The Chairman advised members that following the success of a Councillors' "speed dating" event held last June that provided an opportunity for members to meet with staff from different sections, a similar event was planned for Monday 3rd March at 12 noon before the Council budget meeting in the afternoon. Members were asked to complete the pro forma on their desks to indicate their attendance. A member pointed out that there was a Cabinet meeting that morning and members would also be attending group meetings before council. The Chief Executive explained that the event was primarily for non executive members but would ensure that lunch was provided for members' convenience.
- (3) The Chairman referred to correspondence recently circulated

to all members from Mr E. Gilman of Stamford. He stressed that the contents of this letter was subject to legal proceedings which Mr. Gilman had himself instigated. He warned members that it would be inappropriate to discuss this matter. If any member had any questions they should speak to the Chief Executive in private.

74. LINCOLNSHIRE POLICE AUTHORITY - FINANCIAL CIRCUMSTANCES

DECISION: The council would like to thank Lincolnshire Police for providing such a clear and concise explanation of their financial situation. It is evident that in spite of its promise to invest in policing, the government has completely failed to provide Lincolnshire with the resources needed to run an effective service. We would urge all residents of the district to support their local police force in seeking to get a fair government settlement for the county.

The Council welcomed Deborah McGovern (Chief Executive), Julie Flint (Treasurer), and Barry Young (Vice-Chairman) of the Lincolnshire Police Authority, together with Peter Davies, Assistant Chief Constable of Lincolnshire Police.

Mr Young introduced a short DVD presentation which explained the serious situation the Lincolnshire Police Authority (LPA) faced with regard to its funding requirements. The police force was now the lowest funded force in the country despite the fact that crime had reduced in the county for the fourth successive year. It appeared that the force had become victims of its success and was being punished for its consistent good performance. Without sufficient funding to meet the budget deficit estimated by 2010/11 to be £14m, the force would fail in its statutory duties. A financial recovery plan had been submitted to the government in June 2007. As 85% of the budget goes towards staffing costs, there was the option to not replace the retiring officers of which there were approximately forty a year, but this would still not achieve the savings required over the necessary timescale. Support staff could be made redundant but they would have to be replaced with serving officers which would be counterproductive as it would reduce the strength of officers on the street by 30% and this in turn would have a knock on effect on performance. Even neighbourhood policing was coming under threat as government funding runs out in 2008/09 thus leaving a poor level of service at a high unit cost. If the numbers of officers were cut, Lincolnshire Police would become the worst performing force in the country. Two solutions were in the hands of the government: one was to change the funding formula to provide the resources for the areas being lobbied for; and secondly to give further special grants as it had done this year. The third option would be to significantly increase the council tax precept without the threat of capping.

Even if current funding was sustained, performance would not improve beyond "fair". A rise of £2 per week on a Band D property was required in order to achieve a "good" performance. This would allow the force to boost the resilience in neighbourhood policing, increase the number of officers and PCSO's, as well as tackle major crime. The presentational DVD concluded with a call to all sectors of the community to support the LPA case.

Mr Young advised the council that this DVD had been made before the government grant had been announced and the LPA had received about £200,000 more than anticipated. However, they were continuing dialogue and lobbying the government and MP's to maintain pressure for sufficient funding.

The Leader of the Council stated it was appropriate for the council to pass a motion and so moved that the Lincolnshire Police Authority be thanked for its clear and concise explanation of its financial situation and that all residents be urged to support the force in getting a fair settlement. The motion was seconded.

Questions were then put to the guest representatives from members on the following issues and responses [*in italics*] were given:

- For 2006/07, why has there been an increase in the number of PCSO's set against serving officers and how many Chief Inspector and Superintendent posts have been civilianised? *Lincolnshire Police has invested significantly in the number of police staff (as opposed to sworn police officers) because there are obvious economic advantages due to the number of roles previously carried out by police officers which can be done more effectively by police staff. Last year 50 posts were civilianised; only one role occupied by a superintendent had been replaced by a civilian. Her Majesty's Inspector of Constabulary had shown Lincolnshire Police had a very slender management structure any further efficiency savings in that area would be extremely difficult.*
- What percentage of the policing budget is going towards PCSOs? PCSOs have limited powers – would it not be better to replace them with a smaller number of regular police officers? *There are two sources of funding for PCSOs: from central government and from county and local district councils. The government has confirmed its funding will continue but the money from local authorities is subject to a service level agreement and this was currently the subject to discussion. PCSO's were not seen as a duplication of effort as the question implies; they act as the eyes and ears of the police force and they do not work in isolation to the regular officers but fulfil a vital role in terms of visibility and intelligence gathering.*
- Is there a political motive for the disparity of funding? *The LPA had been very careful to leave politics out of its case which had solely relied on the evidence presented. The government had not been playing*

politics to get at rural areas in the way implied, but there was more political pressure from the city areas. Following experience around the country, the government had now moved away from giving PCSOs more powers. Local councils were encouraged to adopt the decriminalisation of on street parking as it was not part of a PCSO's role to become traffic wardens.

- *Areas to the south west of this county had seen large numbers of immigrants being arrested for criminal activities with resultant increased costs for the forces concerned. Was this an issue for Lincolnshire? The number of Eastern European immigrants and immigrants from other nationalities that are arrested in the county are arguably disproportionately large compared to their numbers within the overall population. However, crime has reduced despite large scale immigration in some areas. Overall the cost of interpreters is between £300,000 and £400,000 which is double the figure spent three years ago. However, a standing contract for this service was now in place rather than using interpreters on an individual basis.*
- *Grantham has recently seen the opening of a £9m new police station yet emergency calls to the police go through to a call handling centre in Lincoln. It was suggested that if the LPA was going to successfully convince the public of its case, then it needed to demonstrate a response at local level? A single call handling control centre was established some years ago; the criticisms were acknowledged but the force could not afford other more locally based arrangements. An open invitation was given to any member who wished to come and visit the Nettleham control room to see it in operation. The new police station in Grantham was a one off capital investment; it was important to have a good quality building in Grantham and this has now doubled the cell capacity. The detection rate had increased since the new facility opened.*
- *Noting that other rural forces don't appear to have been as hard hit as Lincolnshire, is the government wanting to see rural forces amalgamate? The government had given assurances that the matter of amalgamation was a "dead duck". The LPA had gone out of its way to collaborate with other forces to prove that it was not necessary to amalgamate in order to work together. The LPA had not looked into the funding aspects of other rural forces but had undertaken extensive analysis of the rural element of the funding formula as it applied to Lincolnshire. This work ran into some thirty pages.*
- *What proportion of the budget goes towards fulfilling central government targets and what feedback has been received to the financial recovery plan? On the issue of targets, the Chief Inspector of Constabularies has produced a list of efficiencies and one of these is to cut bureaucracy. The LPA had requested a meeting with ministers in November 2007. A meeting was to take place with the policing minister, Tony McNulty in February but a formal response to the financial recovery plan had not yet been received. The LPA was to meet on 27 February in order*

to determine the level of precept required to balance the budget.

- Was Stamford police station under threat of closure, and if so, how could Stamford ward members encourage residents to support the police? *Stamford police station is not under immediate threat of closure although its custody suite would cease to be used as it no longer complied with modern standards.*

After the question session, the Leader stated she wished to respond to the point made about the decriminalisation of on street parking. It was fair to say that South Kesteven had been at the forefront in asking the County Council to agree and move forward on the transfer of enforcement to local councils but the County's position is that it would not consider this until all districts were agreed to take this function on. All the districts were prepared to do so apart from Lincoln City Council.

The Chairman thanked the LPA representatives and the Assistant Chief Constable for their attendance. Mr Young responded by thanking the Council for inviting them and its overwhelming level of support towards their case. He said that if they received the same level of support throughout the county, then this would bode well for the campaign.

75. RECYCLING

The Healthy Environment Portfolio Holder introduced the presentation on this priority A topic by suggesting the story of recycling at this council had been like a fairy tale in that what had once not been seen as particularly important, was now – following a period of enormous change – a high profile service and a great success. The protection of the environment and climate change was now high on the agenda and he encouraged other members of the Lincolnshire waste partnership to embrace this change and preserve our environment.

The Corporate Head, Healthy Environment took Councillors through a presentation which started with the bringing back in house of the waste collection service in 2003. Recycling levels were then only at 7%, rising to 15% with a kerbside collection scheme than was not uniform throughout the district. National targets for recycling meant that much more need to be done and in 2005 twin bins and a fortnightly collection were introduced. Now 98% of homes had a full recycling scheme and the council's performance on the amount of waste recycled had rocketed to almost 50%, and when combined with composted waste, it had actually exceeded this level during some months.

Looking ahead, members were advised that the recycling target to include composted waste had been set at 55% for 2008/09 and 60% by 2010/11.

The priority action plan provided for the extension of the green waste service, emphasis on an educational campaign, and more challengingly, to support the development of a zero waste community. Further planned local developments included the letting of a new dry recyclable contract to receive and process dry waste by early summer, a feasibility study for trade waste recycling, a recycling scheme for household and car batteries, a school waste scheme, and the extension of the recent recycling of waste at the council offices to include the leisure centres.

The Corporate Head then outlined what was happening on the national scene. The national waste strategy showed that South Kesteven was exceeding national targets but further challenges lay ahead to achieve some value derived from the recovered material. The Lincolnshire waste management partnership was developing a joint municipal waste strategy that was currently out for consultation. Part of this strategy was to progressively divert biodegradable waste from landfill. In the future, the council would be fined for each tonne it took to landfill that was in excess of the limits; by 2020 this would be £150 per tonne equating to £65 per household in Lincolnshire. Landfill was increasing becoming less of an option to dispose of our waste and consideration would have to be given to solutions that minimised the impact of landfill fines such as means to turn waste into energy. Other challenges also lay ahead; news coverage was frequently given to pilot schemes in other parts of the country involving variable charging based on amounts of household waste.

The Corporate Head concluded by stating that the council was now delivering a brilliant service; resident participation reflected ease of use and this was borne out by the results of the resident satisfaction survey which showed a satisfaction rating of 91%. The portfolio holder thanked the Corporate Head, the staff and all the waste operatives who had worked so hard towards this success.

Questions and comments were then invited from the floor, to which the Corporate Head responded. These covered the sale of compost back to residents, the timescale for the introduction of battery recycling and trade waste recycling, how low energy light bulbs could be recycled given their mercury content, the cost to the environment through incinerating waste, whether data could be obtained to show the recycling rates of different parts of the district, and the need to put continuing pressure on the government to get manufacturers to reduce packaging.

A question was asked on the validity of the sample size for the residents' survey. The Chief Executive explained that the survey size had been between 3,000 and 4,000 randomly selected throughout the district and appropriately weighted. This had produced a robust and reliable data set. A suggestion was made that as there was still some confusion over whether certain items could be recycled or not, the Council should review and if necessary re-issue information given to residents.

[The meeting adjourned for tea break between 3.55pm and 4.14pm]

76. LEADER'S REPORT ON URGENT NON KEY DECISIONS

The Leader submitted her report number CAB006 which gave details of three urgent non key decisions made under access to information procedure rule 23.4 that had been taken since her last report to Council in September 2007. Reasons for the urgency provisions were given in the report. Several members indicated they wished to raise issues concerning the subjects of the non key decisions but were advised by the Chairman that the Constitution provided that this report was for noting only and not for debate.

During consideration of the above item, a member raised a challenge as to what constitutional provision permitted the Leader to propose a notice of motion in relation to the Lincolnshire Police Authority issue when nine clear days notice had not been given. The Chief Executive replied that since his appointment, it had been his experience that it was custom and practice in terms of the Council's operation for a member to be able to move a motion on any agenda item. He acknowledged the challenge that had been raised and stated that he would further examine the wording of the Constitution and, if necessary, refer the matter to the Constitution committee.

77. CHANGES TO THE CONSTITUTION: RECOMMENDATIONS FROM THE CONSTITUTION COMMITTEE

DECISION:

- (1) That Part 3 of the Constitution be amended to delegate to corporate heads the authority to accept tenders, place contracts and procure other resources and services subject to compliance with financial regulations and contract procedure rules where the contract is to be awarded on the basis of lowest possible price;**
- (2) That contract procedure rules be amended at clause 3.11 to permit the officer delegation proposed at (1) above.**

The Chairman of the Constitution Committee presented the minutes from the meeting held on 15th January 2008 copies of which had previously been circulated to members. He briefly referred to the discussion that had taken place and that the committee had been satisfied that the necessary checks and balances were already in place to ensure openness and transparency in the proposed extension of delegated authority for the award of contracts in these circumstances. He moved the recommendations as presented and received a seconder.

A member asked who decided whether a contract should be accepted based

on lowest price as opposed to best value. The Chief Executive explained that the contract specification stipulated how the tender would be assessed. It was impractical to ask for prices and then decide how the quality would be assessed. Another member expressed his concern over the proposed delegation, suggesting that he would prefer that the final check lay with the portfolio holder as it did at present.

Reference was made to wording in the minutes which indicated a question had been asked at the meeting on notices of motion to which an officer had given a response. However, the minutes did not give any details of the question, and the member asked that future minutes provide more detail when questions were raised. The Chief Executive noted this request.

78. REVIEW OF THE CAPITAL PROGRAMME

DECISION:

- (1) to approve the revised housing capital programme as appended to report number CHFR89;**
- (2) to approve the additional £52,000 project for the replacement of a refuse vehicle within the general fund capital programme.**

The Portfolio Holder for Assets & Resources presented report number CHFR89 which summarised the outcome of a partial review of the capital programme for 2007/08. The report explained that the housing capital programme for 2007/08 had been reviewed in the light of current and up coming contractual commitments for completing works on the council's housing stock in the remaining part of 2007/08 and any work now planned to be completed in 2008/09. The general fund had been reviewed to include an additional project which related to the replacement of a refuse vehicle written off during the financial year. A second hand vehicle would be purchased costing £52,000. The Portfolio Holder moved the recommendations as contained in the report and the motion was seconded.

Before a vote on the motion took place, clarification was sought on the apparent reduction in the budget for upgrading sheltered housing and disabled adaptations. The Corporate Head, Finance & Resources explained that this budget related to disabled adaptations on council owned properties the revised figures reflected actual demand for the work and therefore was not a reduction in service. Similarly there had been no further requests for capital schemes and it was therefore part of the housekeeping process to ensure that the capital programme reflected what the Council was actually going to spend. There was a separate fund within the Housing Revenue Account for minor disabled adaptations. There was £500,000 within the capital programme for disabled adaptations for residents in the private sector.

A member expressed concern that many requests for adaptations were driven through the County Council's occupational therapist service and as there was a shortage of these therapists, demand for necessary adaptations could be held up. The Corporate Head stated that during the budget preparation stage, the relevant service manager would have taken demand into account. However, she acknowledged the issue raised and confirmed she would pass this on to the service manager for investigation. Concern was also raised at the amount of slippage in the programme and the question asked as to what steps were being taken to redress this. The Chief Executive acknowledged that more accuracy was required in the projection of the capital programme but it was difficult to be completely scientific in the process due to unforeseen circumstances. He assured members that the projected figures would improve as the Council moved forward with the capital programme. The Corporate Head explained the capital programme was largely funded from use of reserves and outlined the impact that slippage had on the generation of receipts and cash flow. Following a vote, the motion was carried.

79. JOINT LINCOLNSHIRE PROCUREMENT SHARED SERVICE

DECISION:

- (1) To delegate authority to the Chief Executive in consultation and agreement with the Resources & Assets portfolio holder, to enter into a collaboration agreement with all other Lincolnshire authorities to provide shared services, in accordance with an agreed programme subject to the approval of the terms by participating authorities;**
- (2) To delegate to the Chief Executive in consultation and agreement with the Resources & Assets portfolio holder the authority to negotiate and enter into the agreement relating to shared procurement service (known as Section 101/19 agreement, included in draft format as appended to report SD15);**
- (3) To agree to delegate to Lincolnshire County Council the procurement function elements contained within the 101/19 agreement, subject to its approval by participating authorities.**

Members had before them report number SD15 prepared by the Strategic Director (Beverly Agass) which set out the background to the formation by the eight local authorities in Lincolnshire of a shared services partnership, the purpose of which was to improve service delivery to customers and achieve efficiency savings. A programme of work had been prepared and the partnership would be exploring opportunities for greater collaboration around ten services as part of phase one of the programme. The first of the ten work streams to reach a conclusion is procurement and, following the preparation of a detailed business case (a summary of which was

appended to the report), all eight authorities had agreed to support the establishment of a Lincolnshire joint procurement unit to be hosted by the County Council.

The Strategic Director's report went on to advise members of the financial implications one of which would be the estimated yearly cost to this council of £31,700 for joining the procurement unit. There would also be an initial one off set cost of £14,750. The projected potential savings of approximately £30,000 per year relate purely to those savings generated from procuring goods and services. These would be supplemented by reducing the reliance the council has on consultants for procurement exercises and reducing the number of transactions the Council undertakes i.e. using electronic delivery channels and by reducing the number of invoices it pays.

Details of the legal and governance issues were outlined, along with the comments of this council's monitoring officer on the legal and financial commitments upon this council which would arise as a result of granting the delegated authority requested in the report.

The Resources and Assets portfolio holder commended the report to members and moved the recommendations contained therein subject to an amendment to include the words "and agreement" after "to delegate to the Chief Executive in consultation" in both the first and second parts of the recommendation. The motion was seconded.

Clarification was sought and given by the Strategic Director on a number of issues concerning the variable fee and levels of savings quoted in the report. Whilst expressing some concern at the ever increasing delegation to officers, a member acknowledged that for procurement, it had to be dealt with in this way given the number of authorities involved.

80. SAFEGUARDING POLICY FOR LOCAL HOUSING ALLOWANCES

DECISION:

- (1) To approve the adoption of the Safeguard Policy for local housing allowances with effect from 7th April 2008;**
- (2) That in so doing, the Council deplores the change in policy and writes to the Minister to express its strong concern.**

Members of the Council had previously been circulated with report number RB001 (previously considered by Cabinet on 7th January 2008) which referred to a new scheme of housing benefit introduced by the government for those living in private rented accommodation. This local housing allowance is paid direct to the tenant. However, recognising that some tenants may not be able to cope with the responsibility of paying their own rent, the authority has discretion to make payments direct to the landlord.

This policy will act as a safeguard for these tenants and provide reassurance to landlords. It will also assist officers in the administration of the system.

On behalf of the Cabinet, the Assets and Resources Portfolio Holder recommended that this policy be adopted for the reasons given in the report. The motion was seconded by the Leader.

A member then stated he wished to add to the motion; he proposed that the Council write to the government to urge them not to change the policy of paying housing benefit to the landlord. He expressed concern that some tenants would be tempted to spend the money on other things and then the council would be faced with more homelessness cases. The Chief Executive advised that the legislation to introduce the payment of local housing allowances had already been approved by Parliament. He suggested the member might wish to consider altering his amendment for the Council to condemn the legislation rather than seek a change in the policy. The member accepted the advice given and changed his amendment accordingly which the Portfolio Holder and her seconder agreed to incorporate as part of the original motion.

Several other members also voiced similar concerns at the implications for those private tenants who would not use the money for the purposes it was meant. A counter view was expressed that the new legislation would help to clarify present anomalies in the system. The Corporate Head, Finance and Resources explained the reasoning behind why the new housing allowance would be paid direct to the tenant. It completely changed the way the Council calculated and paid housing benefit. The safeguard policy was for exceptional circumstances and it provided for a schedule of acceptable evidence that would need to be produced in order for the housing allowance to be paid to the landlord. A member put forward a scenario in which a person became homeless by not using benefit payment for her rent and asked if this affected the definition of intentional homelessness. The Chief Executive replied that there had been no change to the legislation regarding intentional homelessness that was relevant to this new policy. A member requested that the Council vote on the original motion and the amendment separately. The mover of the motion confirmed she accepted the amendment as part of one motion and the vote was subsequently taken resulting in the motion being carried.

[At 5.19pm the Chairman indicated that the meeting had now been in progress for three hours. In accordance with council procedure rule 9, a motion was now required to continue the meeting. A motion to continue the meeting was so moved and seconded, and upon being put to the vote, carried.]

81. REPRESENTATION ON OUTSIDE BODIES

DECISION:

- (1) That the Council agree to appointing a replacement representative on the South Lincolnshire Blind Society;**
- (2) That Councillor Ray Wootten be appointed to serve as this Council's representative on the South Lincolnshire Blind Society;**
- (3) That Councillor Higgs be appointed to serve as this Council's representative on Disability Lincs;**
- (4) That Councillors Mrs Frances Cartwright (Economic Development portfolio holder) and Councillor Craft be the nominated representatives to sit on the Grantham Growth Point Strategic Board and that Councillor Mrs Maureen Spencer-Gregson as Assets & Resources portfolio holder and Councillor Mike Taylor be their respective named substitutes.**

Before debate began on this item, the Chairman announced his resignation as one of the Council's representatives on Grantham Future.

Members had before them report number DEM007 prepared by the Democracy Service Manager in which the Council was asked to consider nominations to fill two vacancies which had arisen on outside bodies, together with new appointments to the Grantham Growth Point Strategic Board. The Chairman indicated that each appointment would be taken in turn and called for nominations to the South Lincolnshire Blind Society.

Councillor Wootten was so nominated and seconded. A member raised an issue over the wording of the recommendation in the report and stated that it instructed that the Council "considers nominating a replacement representative" first. He therefore asserted that the Council must first decide the issue of whether to appoint or not. The Chief Executive advised that it had always been practice to deal with nominations; if none were forthcoming then the Council would not appoint to an outside body. After further debate, the Chairman ruled that he would take a vote on the issue of whether or not an appointment should be made. It was so moved and seconded that an appointment be made to the South Lincolnshire Blind Society and this was carried following a vote.

Before a vote was taken on Councillor Wootten's nomination, the Chairman of the Scrutiny Committee who had considered this particular matter, advised the Council that during discussion, his committee had looked at the issue of appointments to outside bodies in general and, following some concerns it had over the process, asked that this be placed as an item at a future council meeting.

The former representative on this body indicated he wished to speak on the matter. The Chairman ruled that the matter before the Council was the

nomination of Councillor Wootten and he was not prepared to accept any further debate. The member concerned expressed his disagreement with the Chairman's ruling and immediately left the meeting. A vote was taken on Councillor Wootten's nomination and carried.

The Chairman then called for nominations for Disability Lincs. Councillor Higgs was proposed and seconded. There being no further nominations, a vote was taken on Councillor Higgs' candidature and carried.

The following nominations were put forward for the Grantham Growth Point Strategic Board: Councillor Mrs Frances Cartwright, to be substituted by Councillor Mrs Maureen Spencer-Gregson; and Councillor Craft, to be substituted by Councillor Taylor. There being no other nominations, a vote was taken on these proposals and carried.

Immediately upon his appointment, Councillor Craft announced his resignation as a representative on Grantham Future.

82. QUESTIONS ON NOTICE

There were no questions on notice submitted for this meeting.

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

(1) DECISION:

The Minister for Housing has been attributed with saying "The Government is considering a policy whereby couples over the age of forty, living in Council accommodation in our towns and cities, whose children have left home, should leave their homes and be moved to rural areas, to make way for younger couples."

This Council views with grave concern such statements and resolves to oppose such a policy and assures our tenants that they will not be forced out of their home.

In presenting his motion, Councillor Adams stated that it had been prompted by articles in the press in December 2007. He said it gave him no pleasure in putting forward this motion and he would gain no satisfaction if it were passed by the Council. He was appalled that a Minister of the government would deem it appropriate to say someone had to leave their home on the basis of age or change of circumstances. The motion was seconded.

A member said he supported the principle behind the motion but queried the source of the quote. Councillor Adams said that the source had been

given to him by the Ministry of Housing on 12 December 2007 and the Department for Community Affairs had subsequently confirmed that the Minister had made these comments and intended to pass legislation on this basis in order to release what she considered to be in the region of hundreds of thousands of properties.

(2) DECISION: That this Council

- (a) is concerned about the costs that are being loaded directly onto our council tax payers by stealth and the abrogation of responsibility and accountability by the current labour government to fulfil their national objectives. We are further concerned that these underfunded additional financial and administrative responsibilities are going to impact severely onto the excellent services we have consistently tried to deliver. I move that the council write to the relevant ministers and inform our council taxpayers of the situation expressing our extreme concern at the potential damage and limitation to our community's services; and**
- (b) consults with its partners in the Local Government Association to explore ways in which national objectives delivered by local authorities can be adequately funded by central government.**

The Leader submitted her motion (as set out in part (a) above) explaining that it followed a stance she taken at a recent Cabinet meeting over the government grant settlement and specific grants the Council was to receive to assist it in fulfilling its duties in the coming financial year. She said she felt very strongly that council tax payers had a right to know what their money was being spent on. She suggested that most people in the street knew their money went towards the refuse collection service but if asked, would South Kesteven council tax payers expect this Council to deal with homelessness and homelessness application, to contribute to the administration of benefit payments, and to contribute to the new concessionary travel scheme which comes into operation on 1 April this year. The grant settlement received from the government in no way covered the cost of delivering these services on behalf of the government. She considered it was worth bringing this to the attention of the council tax payer so that they could be more informed about what central government expects South Kesteven district council to spend its money on.

With regard to her reference to the abrogation of responsibility, the Leader gave an example that this Council had to pay a levy of about £500,000 to the internal drainage boards whose areas fell within South Kesteven district. Up until about three years ago, this payment was refunded in full by the government, but this reimbursement has been gradually withdrawn so that now this Council had to find all this money from its own resources. This is what she felt was the government's abrogation of responsibility.

The motion was seconded by the Economic Development Portfolio Holder who gave further examples of increased costs incurred by central government policy and associated guidance such as the new Local Development Framework and all the consultation procedures that had to be followed.

In opening the debate, a member stated that he did not feel the motion went far enough and proposed an amendment that the Council consults with its partners in the Local Government Association to explore ways in which national objectives delivered by local authorities can be adequately funded by central government.

With the consent of her seconder, the Leader indicated she was prepared to accept the amendment and incorporate it as part of her motion.

Several members expressed strong support for the motion, as now amended, referring to the particular difficulties faced by rural communities that were exacerbated by such government driven policies such as increasing fuel prices. The Chairman of the Development Control Committee informed members that it was proposed that local planning authorities would have to take over the running of local planning inquiries to deal with appeals against refusal of planning permission by other authorities.

In her right of reply, the Leader made reference to the government's targets for local councils to make 3% efficiency savings over three years. She stated that the government had indicated that the £212m it had allocated for the new national concessionary travel scheme would meet the costs. This Council had set aside £450,000 in the budget for the new national scheme but she considered that the government's confidence was misplaced and therefore South Kesteven District Council needed to ensure it was adequately prepared to administer the government's scheme. Time would tell if the government's projections were correct.

84. CLOSE OF MEETING

The meeting closed at 5.52pm

Agenda Item 5

COUNCIL, 3 MARCH 2008

CHAIRMAN'S CIVIC FUNCTIONS

24 JANUARY 2008 TO 3 MARCH 2008

Fri 25.1.08	Derbys. Notts & Mid South Lincs Showmen's Guild Civic Luncheon	Gateway Hotel, Nutthall Road, Nottingham	Chauffeur
Wed 30.1.08	<i>Vice Chairman Charity Race Night Peterborough City Council</i>	<i>Peterborough Greyhound Stadium</i>	Own
Sat 2.2.08	Rotary Club of Grantham Annual Swimarathon Event	Grantham Meres Leisure Centre	Own
Thu 7.2.08	Presentation of cheque to Barrowby Parish Council	Reading Room, Barrowby (opposite Pub)	Own
Fri 8.2.08	<i>Vice Chairman Mayor of Lincoln Charity Ball</i>	<i>The Lawn, Lincoln</i>	Own
Thu 14.2.07	N.E.Lincs Variety Spectacular	Immingham Bright Spot Club at the Grimsby Auditorium	Chauffeur
Fri 15.2.07	Boston Borough Council Valentine Ball	Swineshead Village Hall	Chauffeur
Fri 15.2.08	<i>Vice Chairman Sleaford Town Council Charity Concert Vintage Brass</i>	<i>Civic Suite, North Kesteven District Council</i>	Own
Sat 23.2.08	Chairman's Own Annual Civic Dinner	Belton Park Golf Club	Chauffeur
Sat 23.2.08	<i>Chairman's Own Annual Civic Dinner</i>	<i>Belton Park Golf Club</i>	Chauffeur
Sun 24.2.08	Charity Sunday Lunch Newark and Sherwood	Kelham Hall, Newark, Notts.	Chauffeur
Fri 29.2.08	NKDC Quiz Night	Civic Suite at NKDC Offices	Chauffeur
Sat 1.3.08	Sleaford Town Council Business Awards	Kesteven & Sleaford High School	Own

REPORT TO COUNCIL

REPORT OF: Portfolio Holder for Assets and Finance on behalf of Cabinet

REPORT NO.: CHFR91

DATE: 3 March 2008

TITLE:	BUDGET 2008/9 – Part A <ul style="list-style-type: none"> • Revenue Estimates 2008/09 and indicative budget 2009/10 to 2010/11 • Capital Estimates 2008/9 to 2010/11 • Fees and Charges • Treasury Management Strategy • Priority Plans COUNCIL TAX SETTING – Part B	
FORWARD PLAN ITEM	Yes	
DATE WHEN FIRST APPEARED IN FORWARD PLAN	14 September 2007	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL	Budget and Policy Framework Decision	
COUNCIL AIMS/ PORTFOLIO HOLDER NAME & DESIGNATION	Cllr Mrs Spencer-Gregson OBE Assets and Finance Portfolio	
CORPORATE PRIORITY	Use of Resources Corporate Governance	
CRIME & DISORDER IMPLICATIONS	Not Applicable	
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 & appended to the Report? Yes	Full impact assessment required? No

1. INTRODUCTION

1.1 The purpose of this report is to present the Cabinet's Budget proposals for decision by Council in relation to:

- Revenue and Capital Expenditure together with the potential use of reserves
- The Treasury Management Strategy
- The level of fees and charges for 2008/9,
- Provide advice to Councillors on the robustness of the Budget proposals and adequacy of balances and reserves as required by the Local Government Act 2003.
- The setting of the Council Tax

1.2 Part A of this report deals with the budget proposals for South Kesteven District Council for the financial year 2008/9 for both revenue and capital expenditure together with indicative budgets for 2009/10 and 2010/11. Part B of this report deals with the setting of Council Tax for 2008/9 in accordance with the relevant statutory requirements.

PART A

2 RECOMMENDATIONS

In considering the budgets of 2008/2009 the Cabinet at its meeting on the 11 February 2008 made the following recommendations to council. It is recommended that council:

General Fund Revenue Estimate

- a) set a General Fund budget requirement of £15.783m for 2008/9 and an indicative target of £16.247m for 2009/10 and £16.766m for 2010/11 (inclusive of special expenses);
- b) set a Council Tax increase of 4.95% for 2008/9
- c) approve the revised revenue base estimate for 2007/08; original base estimate for 2008/09; and indicative base estimates for 2009/10 and 2010/11 as detailed in the summary on page 1) of the budget book;
- d) approve the Treasury Management Strategy provided at Appendix A;
- e) approve increases in Fees and Charges for 2008/09 (in accordance with the Council's Fees and Charges Strategy) and as set out in pages 143 to 180 of the budget book
- f) approve a revised joining fee of £20 for the Green Waste Collection Scheme applicable to new entrants with effect from 1st April 2008
- g) agree that the earlier decision to give notice to Lincolnshire County Council to withdraw District Council support from the Dial A Ride project is not rescinded.
- h) take into account in future years Special Expense Areas (SEAs) under/overspending balances when setting the level of the Council Tax for SEAs using a de-minimus level of 10% with effect from the Closure of Accounts for 2007/8.
- i) create specific reserves for each of the SEAs to enable contributions to be made to the reserve at outturn and as part of the future council tax setting process to provide for asset renewal in future years.
- j) approve the forecast balances of Revenue and Capital Reserves contained at page xi) of the budget book;
- k) delegate to the Section 151 Officer, in agreement with the Portfolio Holder for Finance and Assets, agreement of the final Pension Pool contribution rate following attendance at a seminar to present the Actuary's valuation report.

Capital Programme

- I) approve the revised Capital Programme for 2007/08 and Programme for 2008/09 to 2010/11 detailed in pages 140-142(2) of the budget book
- m) authorise the funding proposals subject to an annual review of the financing 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 Council resources.
- n) review the policy on the use of Housing Capital Receipts to enable them to be applied to finance the Council's overall capital programme in the most financially
- Corporate Head of Finance and Resources in consultation with the Portfolio Holder for Finance and Assets, subject to the view that in the longer term the capital resources made available to the Council as a housing authority are used for housing purposes.

Housing Revenue Account (HRA)

- o) set dwelling rent increases in accordance with Government guideline rent, but with a cap on individual rent increases, with no rent being increased by more than "Rent + RPI @ 3.91%+ 0.5% + £2" and no rent being reduced resulting in an average increase of 7.79%, providing an average rent of £59.06 per week (based on 52 weeks).
- p) set an increase in Garage rents of 4.1%.
- q) increase service charges by 3.9% (RPI Sept 2007)

Priority Plans

- r) approve the Priority Plans, attached at appendix D to report CHFR88 Cabinet (Agenda item 4 on 11th February 2008), as part of the approval of the Budget proposals

3. BACKGROUND

3.1 The 2008/09 Budget and indicative budgets for 2009/10 to 2010/11 have been drawn up to take account of the Council's various strategies and policies, in particular:

- The existing Corporate Plan and draft revised Corporate Plan
- The Council's priorities and Priority Plans
- The Medium Term Financial Strategy (MTFS) and draft revised MTFS
- Service Strategies and Plans

In addition the Budget has taken account of the impact of:

- The outcome of the Government's Comprehensive Spending Review 2007
- The three year Local Government Finance Settlement
- Budget Consultation
- Use of Resources Assessment.

The budget has been prepared on the basis of principle 4 of the Council's MTFS, "to maintain a sustainable Revenue Budget".

3.2 The Budget has continued to redirect resources to priority areas and has provided for new statutory functions, in particular the introduction of the National Bus Concessionary Fares Scheme.

3.3 The Budget also reflects that the devolvement of service budget management to Service Managers has been fully implemented during 2007/8.

3.4 The Budget format is the same as last year and continues to be presented based on Corporate Themes allocated to individual Corporate Heads to reflect responsibilities within the Council's officer structure. There have been minor changes to reflect redistribution of service responsibilities which have occurred during 2007/8.

4 ACCOUNTING REQUIREMENTS AND EXTERNAL FACTORS AFFECTING THE BUDGET

4.1 Capital Charges

Where Services benefit from the use of assets, the Revenue expenditure includes a charge for the use of the capital in line with standard accounting practices. There is corresponding credit shown in the General Fund summary (page 1 of budget book). A rolling programme of valuations is undertaken by the valuer to the Council to keep the asset register up to date. Any change in the use of assets, or revised valuation, or additional Capital Expenditure will affect the capital charge made to the Revenue Budget.

4.2 Prudential Code

The Council complies with the Prudential Code for controlling Local Government Capital Finance. The key objectives of the code are to ensure that:

- Capital Investment Plans are affordable, prudent and sustainable
- All external borrowings and other long term liabilities are within prudent and sustainable levels
- Treasury Management decisions are taken in accordance with good practice and in a manner that supports prudence, affordability and sustainability
- The Local Authority is accountable for decisions made
- It supports local strategic planning, local asset management planning and proper option appraisal.

The Council's Current Financial Planning Systems demonstrate the affordability of the Capital Programme and the 2008/09 estimates have been prepared in the context of these plans and controls.

4.3 Integrated Service and Financial Planning

Service planning has focussed on linking the proposals for service delivery to the Council's vision and priorities. Priority Plans have been produced for the Council's category A priorities. These were attached at appendix D to report CHFR88 (Cabinet Agenda Item 4 11th February 2008) and Strategic Management Team is now recommending that these be recommended for approval by Council.

The priority plans have taken account of a current position statement to evaluate the needs for the future based on the following:

- Priority scope and definition
- Context
- Links to strategies
- Proposed outcomes, targets and assessment methods
- Measures of success and key actions
- Capital and Revenue requirements for the next three years
- People Resource implications
- ICT resource implications
- Risk Assessment

Key components of communication
Proposed Delivery methods
Equality Assessment
Related projects
Related priorities.

Service planning has also had regard to the efficiency agenda, an assessment of the service development needs, performance indicators and an overall assessment of potential risks.

There have been a series Budget briefing and planning meetings involving Cabinet and Management Board, and Management Board and Service Managers. In addition, policy development work has been undertaken by a working group of the Resources Policy Development Group together with the Chairmen of the other Policy Development Groups, one specific area covered by this group is a review of the options for fees and charges which will be referred to in more detail later.

4.4 Efficiency Agenda

The CSR07 announced public sector efficiency targets of 3% per annum for each of the three years within the spending review. Efficiency targets have been identified for each service area to reflect the national efficiency target and also to take account of the number of items of uncontrollable fixed cost estimated at £6.1m, which have been identified within the medium term financial strategy as effectively uncontrollable by the Council taking into account long term contracts, which are indexed linked to various indices (for example retail price index (RPI)) and items such as national business rates which are set by Government.

A Value for Money Strategy was approved by Cabinet in November 2007 (report SD17). It will be necessary, during the year, to develop an Efficiency strategy (as part of the revision of the Medium Term Financial Strategy) to identify how the Council will achieve the Government's efficiency gains target of 3% per annum for each of the next three years, taking account of the assumptions within the current budget.

The attached budget for 2008/9 incorporates service efficiencies and budget savings of £710k against a target of £750k, together with an assumed Salary vacancy factor of £250k, to reflect the budget savings achieved when filling staff vacancies.

4.5 National Settlement and Three Year Budget Planning

The Secretary of State for Communities and Local Government announced the three year Local Government Finance Settlement for 2008/9 to 2010/11 on 24th January 2008 which included the final settlement for 2008/9 and provisional settlements for the following two years. This is the first time the Government has set out Formula Grant for three years; as a result the Council's provisional resource base from Formula Grant is now set for 2008/9 to 2010/11.

The Council's Medium Term Budget Strategy is currently being revised to reflect the settlement and the Council will need to move towards three year budgeting, as a result Service Managers have been asked to produce indicative budgets for 2009/10 and 2010/11. Further work will need to be undertaken by Service Managers to refine these budget forecasts in advance of the budget cycle for 2009/10.

Report CHFR85 "Budget Requirement" set out the key points of the provisional settlement the main elements of the final settlement are:

No change in the National totals for 2008/9, but there has been a increase in the baseline used for damping of £36m to reflect the increase in public law family fees. The result of this is that the headline net Aggregate External Finance increase for 2008/9 goes down from 3.7% to 3.6% and the headline formula grant increase from 3.6% to 3.5%. There is no increase in Aggregate External Finance (AEF) in 2008/9.

Figures for the following years have been adjusted for some authorities for more up to date supported borrowing data and to correct data errors. This makes no difference to the headline increases, 4.4% in 2009/10 and 4.3% in 2010/11 for total AEF.

No change to damping arrangements

The floor for shire district councils remains at 1%, 0.5% and 0.5% for the three years respectively. These are paid for by scaling down the grant increases for those authorities above the floor.

The Final settlement for South Kesteven is summarised as follows:

	2008/9	2009/10	2010/11
Total Formula Grant	£9,881,342	£10,025,255	£10,147,091
Increase in Formula grant based on adjusted base	£188,702	£143,913	£121,836
% increase in Formula Grant	1.9%	1.5%	1.2%
Loss of Grant through Floor Damping impact	-£243,582	-£157,118	-£98,535

A more detailed analysis of the Formula and Specific Grant position is provided in section 12 of this report.

5. REVISED BASE ESTIMATE - 2007/08

5.1 Projected outturn on the General Fund for 2007/08 financial year is summarised in the following table:

Comparison of original estimate and revised base for 2007/08

	Original estimate 2007/08 £k	Revised base 2007/08 £k	Variation £k
Corporate & Customer Services	2,267	2,198	(69)
Finance & Resources	4,501	4,687	186
Healthy Environment	6,842	6,464	(378)
Partnerships & Organisational Improvement	626	807	181
Sustainable Communities	3,271	3,307	36
Special Expense Areas	660	632	(28)
Salary Vacancy Factor*	(300)	0	300
LABGI funded One off approved expenditure	215	215	0
LABGI funded Invest to Save initiatives	250	250	0
Under allocation of Support Services	28	11	(17)
Net Service Expenditure	18,360	18,571	211

* Salary vacancy factor savings have been shown within service areas for the revised base

5.2 The key reasons for the changes in Budget Expenditure on Services are mainly as a result of changes to the allocation of support charges and the transfer of cost centres to reflect responsibilities of Corporate Heads, further details are shown below:

Corporate and Customer Services

- Changes in allocations of support
- Legal – Amended Salary projections to reflect staff vacancy and increase in income
- Strategic Management - amendments to salary and premises costs

Finance and Resources

- Transfer of Play Areas, Open Spaces, Cycle centres and cycle ways cost centres from Healthy Environment
- Transfer of CCTV and Emergency Planning cost centres to Partnerships and Organisational Improvement
- Changes in support allocation including an increase in supported travel support allocation as a result of preparatory work in relation to the introduction of the new national concessionary travel scheme and an increase in the support allocation to Leisure Procurement
- Increase in premises cost as a result of revaluation of Meres Leisure Centre and the Sports Stadium
- Amended income assumptions including an increase in income from miscellaneous properties and a decrease in income from Deepings Leisure Centre

Healthy Environment

- Transfer of Play areas, Open Spaces, Cycle centres and cycle ways cost centres to Finance and Resources
- Amendments to support allocations including an increase in support allocation to Health Education and a decrease in support allocation to Hackney Carriage registration
- Waste Management inclusion of one off costs related to twin bin roll out and vehicle maintenance not included in base budget

Partnerships and Organisational Improvement

- Transfer of CCTV and Emergency Planning cost centres from Finance and Resources
- Transfer of Local Strategic Partnerships cost centre from Sustainable Communities
- Amendment of support allocations

Sustainable Communities

- Transfer of Local Strategic Partnerships cost centre to Partnerships and Organisational Improvement
- Provision for outcome of Judicial Review included within Development Control cost centre
- Amendments to allocation of support costs including a reduction in allocation to Economic Development and increase in support allocation to the Helpline cost centre
- Increase in expenditure on Dial a Ride
- Increase in capital charges to the Helpline cost centre

5.3 Investment income is expected to be £144k more than the original estimate. The average interest rate assumed in the original estimate was 5.1%. Investment returns have been higher than expected as a result of the increased base rate of 5.6% and amended spend profile on the capital programme.

5.4 During the year active budget management has been undertaken, specifically monthly budget monitoring by Service Managers and Management Board with Financial Services support. This has resulted in the use of virement in accordance with the Council's financial regulations; these have been reflected in the revised estimate base for 2007/8 shown above.

6. ESTIMATES 2008/09

6.1 The Budget's assumptions used in compiling the 2008/09 estimates are set out below:

Inflation Factors	
Salary Inflation for 2008/9	2.0%
Consumer Price Index (Jan 2008)	2.2%
Retail Price Index (Sept 2007 – for HRA subsidy purposes)	3.9%
Retail Price Index (Jan 2008)	4.1%
National Business Rate	3.9%
Utility Cost increase assumption	3.0%
Drainage Board Levies	3.6%
Audit Commission increase fee proposal	14.0%
Pension Fund revenue contribution	0%
Other Assumptions	
Interest Rates	5.2%
Salary Vacancy Factor	2.0%
Growth in numbers of Band D equivalent properties	1.4%

6.2 Analysis of changes to base budget and budget pressures

The budget proposes a net service expenditure of £18.042million broken down by Service themes as follows:

Summary of Net Service Expenditure				
	Revised base 2007/08 £'000	Estimated base 2008/09 £'000	Indicative base 2009/10 £'000	Indicative base 2010/11 £'000
Corporate and Customer Services	2,198	2,539	2,457	2,496
Finance and Resources	4,687	4,305	3,970	4,004
Healthy Environment	6,464	6,621	6,727	6,886
Partnerships & Organisational Improvement	807	932	913	928
Sustainable Communities	3,307	3,197	3,243	3,382
Special Expenses	632	654	681	729
Salary Vacancy Factor	0	(250)	(250)	(250)
LABGI funded One Off Expenditure	215	0	0	0
LABGI funded Invest to Save	250	0	0	0
Under allocation of Support Services	11	44	38	37
Net Service Expenditure	18,571	18,042	17,779	18,212

A balanced budget has been produced, however, current and future resources are tight reflecting the fact that the four main income streams for the Council: Government Grant, Specific grant, Fees and Charges and Council Tax are, and will continue to be constrained, at a time when ambitions and customer expectations are increasing.

In addition, the Council faces inflationary pressures, over which the Council has little or no control on items of expenditure such as Business rates, long term contracts linked to Retail Price Index and Drainage Board Levies. Around a third of the Council's net service expenditure is subject to these uncontrollable inflationary factors at a time when government efficiency targets are set at 3%. This has resulted in Service Managers being asked to find 4.6% efficiencies on their controllable costs to enable the Council to meet the overall efficiency target of 3%.

In particular there are a number of key issues addressed within the 2008/09 budget:

- 6.2.1 The impact of the new **leisure management contract**. The selection of the Council's partner and contractual negotiations are currently being finalised. It is proposed that the new arrangements will be for a fifteen year period and will involve the transfer of the Council's Leisure Facilities to a Trust on a fifteen year lease. It is proposed that there will be a tri-party relationship between the Council, the Leisure Trust and Contractor. The Trust and Contractor will manage the assets and the delivery of the management contract. For budgeting purposes it has been assumed that the Trust will be in operation from 1 October 2008, although if negotiations and legal issues are able to be resolved earlier they will be.
- 6.2.2 The introduction of the **national concessionary travel scheme** which comes into effect 1 April 2008. The scheme extends the existing concessionary travel scheme to provide free off-peak local bus travel anywhere in England for the over 60's and qualifying disabled. Whilst there has been government funding for set up and towards the additional cost of administering the scheme, the budgets anticipate that the shortfall will require funding from the local council tax. The **additional** annual cost of reimbursement through the scheme has been estimated at £500k. The specific grant from Government has been set at £379k leaving a shortfall of £121k. These assumptions will be addressed later in the section on risks to the budget.
- 6.2.3 **Salary inflation** has been assumed at 2%, the Government target for Public Sector Pay awards and will be subject to the outcome of the final pay settlement.
- 6.2.4 **Triennial Revaluation of the Pension Fund** – the pension fund administered by Lincolnshire County Council is subject to formal review by the Actuary every 3 years. During 2007/8 the review was conducted by the Actuary Hymans Robertson and a draft report has been produced which shows a small improvement in the funding level of SKDC's sub fund from 78.9% (31.3.2004) to 84.1% (31.3.2007) equating to a deficit of £10.187m based on the Actuary's assumptions. The contribution rate currently being paid equates to 21.2% of payroll. The Council has to notify LCC ahead of the financial year of the employer's contribution rate the Council wishes to have based on the information in the Actuary's report. As it is likely there will be minimal change, and the final report has yet to be received, it is requested that agreement of the final rate be delegated to the Section 151 Officer (Corporate Head of Finance and Resources) in agreement with the Portfolio Holder for Finance and Assets.
- 6.2.5 **Utility cost inflation** – at the time of preparing the budgets utility costs have been assumed at 3%. However the Council is currently re-negotiating its electricity tariff rates for 2008/09 and current projections show that the likely increase in costs is estimated to be 11% overall. Therefore the Council will need to identify energy efficiency measures to keep within existing budget levels.

6.2.6 **Salary vacancy factor** efficiency savings these as assumed at £250k overall representing around 2% of overall salary budget

6.2.7 Continued **investment In Category A priorities** which has been achieved through re-distribution of resources in line with the Council's prioritisation process, efficiency gains and investment from reserves for one off items and the proposed level of council tax.

6.2.8 **Dial a Ride** – Provision for ongoing support for this project has not been included within the Budgets for 2008/9 in line with the earlier decision to give notice to Lincolnshire County Council to withdraw District Council support for the project. This has also taken account of the County Council's decision to roll out the Call Connect service within South Kesteven's district. The Call Connect service will qualify for Concessionary Fares for those qualifying residents. In November, the Scrutiny Committee agreed to set up a Transport Working Group of members to look at rural transport and the future of Dial A Ride, at the time of writing this report this group has not formally reported.

6.2.9 Identified **efficiency savings** in all service areas have resulted in an overall efficiency gain of £710k. This level of saving will need to continue in 2009/10 and 2010/11 and to achieve this, further work will need to be undertaken by Members and Officers during 2008/9 to identify further efficiency opportunities in response to the Government's three year efficiency agenda to achieve 3% efficiency per annum.

6.3 2008/09 Bids for Growth and Service Investment

There are a number of bids for growth and service investment identified within the Priority Plans, which have been included in the proposed budget for 2008/09. The key items are summarised as:

6.3.1 Bids for growth in Base Budget

- Customer Services – Increase in permanent capacity £193k (2008/9), £209k (2009/10), and £222k (2010/11).
- Green waste service – Introduction of additional round to enable the continuation of the green bin roll-out to meet the waiting list demand. The additional revenue cost of providing a vehicle and crew is £180k which will be netted off by additional income in the first year from the joining fee resulting in a net cost in 2008/9 of £70k.
- Development Control – creation of a dedicated team to assess Major Planning applications £140k per annum with 2% associated pay inflation in future years

6.3.2 Bids for one off investment

- Use of Resources – One off investment in 2008/9 which it is proposed will be funded from the Council's Capacity building, priority setting and service improvement reserve.
 - Creation of a Corporate Invest to Save Budget of £150k to provide a resource for Services to bid for one off investment to achieve ongoing efficiencies. Applications will be subject to a completed business plan including anticipated outcomes and pay back projections. It is proposed that, as payback is achieved from the 2007/8 budget and proposed budget for 2008/9, this be set aside to provide an ongoing invest to save fund for future years.

- Funding for technical support to progress Formal Market Testing options £80k
- Temporary resource for Financial Services to further develop and improve year end and closure of accounts processes £20k
- Lean systems pilot and knowledge transfer to enable officers to develop skills to undertake future Lean Systems reviews £50k
- Corporate VFM training £10k
- One-off provision for change in shared services agenda £20k
- Planning Policy – appointment of a temporary service manager to manage the service delivery until a permanent appointment is made £22k

6.4 Special Expense Areas

Special Expense Areas make use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts eg parished and unparished areas, of the district, depending on what, if any, special items relate to those parts. A special item is an item which relates to only part of the district's area. Treating expenses as special expenses does not affect the overall amount that the council needs to raise through council tax across the whole of the district. It simply means that, compared with what would happen if the expenses were not treated by the district council as special expenses, the council tax is:

- relatively lower for areas where the parish council performs the concurrent function; and
- relatively higher for areas where the district council performs the concurrent function.

A review of Special Expenses was undertaken during 2007/8 and the recommendations of the review are currently being implemented. Special Expenses will be under the management of one service manager with effect from 1st April to enable improved budgetary control. The historical lack of co-ordinated financial monitoring has resulted in variances at outturn and these amounts have historically been written off, or under or over-spending being written back to the General Fund annually at outturn. It is proposed that with effect from the closure of accounts for 2007/8:

Under/overspending balances be taken into account in setting the level of the Council Tax for SEAs in the future using a de-minimus level of 10%

Reserves are created for each of the SEAs to enable contributions to be made to the reserve at outturn and as part of the council tax setting process in future years to enable provision to be made for asset renewal to smooth the impact of this over time.

The district seeks to fully recover the net expenditure of the special expense areas and the proposed budget for 2008/9 has been prepared on the basis of full recovery of costs. It should be noted that increases in the special expense precepts count towards the overall council tax capping calculation for the district.

6.5 Overall General Fund Position 2008/09

The overall General Fund position for 2008/09 (page 1 of budget book) may be summarised as follows; the total service expenditure (net of direct income) for 2008/09 is estimated at £18.042 million. Interest and investment income has been estimated at £613k based on the proposed use of Capital Resources whilst also taking into account expected movements in interest rates. Further details of the Council's investment strategy are contained in Appendix A to this report.

In preparing the Budget consideration of the use of reserves has been taken into account. It is proposed to use specific general fund revenue reserves as follows:-

	£k
• Pension - to cover former employee pension liabilities	65
• Building Control	22
• Capacity Building, Priority Setting & Service Improvement	200

The summary of the projected use of Reserves is attached to this report at page xi of budget book. The Budget assumptions result in a net Budget requirement of £15.783 million (including special expense areas).

6.6 Budget Monitoring

Monthly monitoring and management of Service budgets will continue to be undertaken by Service Managers with dedicated and focussed support from Financial Services under the arrangements for devolved Service Budget Management. In addition, it is proposed to continue monthly financial reports to the Management Board and quarterly financial monitoring reports to Cabinet briefing and Resources Policy Development Group.

7 GENERAL FUND INCOME

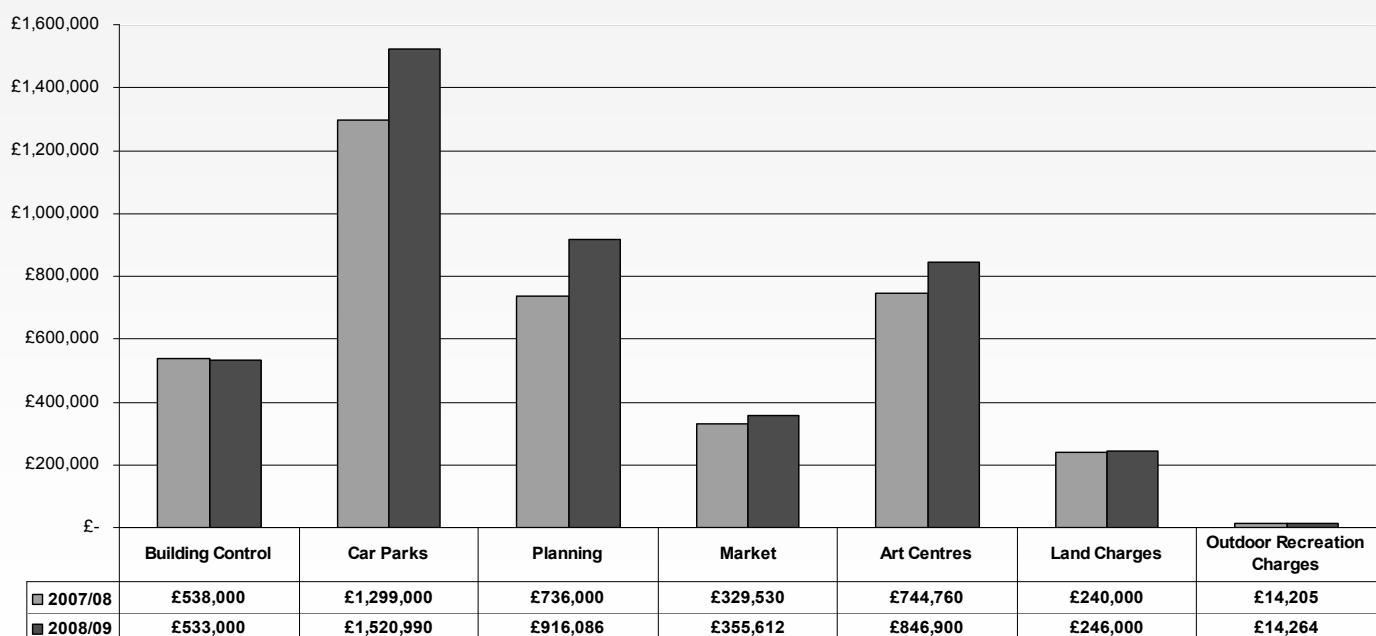
7.1 Partnership Funding

The Council has historically accessed several partnership funding streams and during the year officers will continue to take advantage of any bidding and partnership opportunities that may arise in order to maximise resources available to the Council in accordance with Principle 6 of the Council's Medium Term Financial Strategy.

7.2 Fees and Charges

In accordance with Principle 11 of the Council's Medium Term Financial Strategy and the Fees and Charges Strategy, proposals for the level of fees and charges for 2008/09 are shown in detail within the Revenue estimates book and have been based on the proposals contained within report CHFR81. The chart below shows the level income received from the Council's main sources of fees and charges; this is compared with the previous year.

Fees and Charges



Members will notice that this is an important resource base for the delivery of the Council's services and the projected increase in income is as a result of the proposed increases to fees and charges to key services identified in detail in pages 143 to 180 of the separate budget book. Whilst a number of the fees and charges are statutorily determined the Council should keep under review all fees and charges in line with the Council's strategy to protect this resource base.

It is proposed to increase the joining fee for the Green Waste Scheme to £20 with effect from April 2008. There has been some consultation at the Local Forums regarding the possibility of introducing an annual charge for the collection of Green Waste in future years, however, at this stage the Cabinet are not recommending this as it has been possible to accommodate the increase in service within the proposed budget for 2008/9. However, members will need to keep this under review in future years taking account of my commentary regarding the robustness of the budget and potential future risks.

During the Summer of 2007 the Government consulted on amendments to Statutory Development Control Fees, they have now agreed that subject to Parliamentary approval a draft Statutory Instrument will be put before both Houses in January 2008 to confirm the new fee levels as follows:

- a fee increase of 11% (that is, £15) for householder applications
- an overall 25% increase for other fees
- a new maximum fee of £250,000 (or £125,000 if an outline application) *for all except minerals and waste applications*, for which the maximum will go up 25% (to £65,000); and
- a new fee of £85 for 'requests for confirmation that a planning condition has been fulfilled' (or £25 where the request relates to householder development)
- if approved they will come into effect from 6 April 2008; and
- Communities and Local Government will review the impact of the proposed increases, and will take a further look at planning fees next year;
- in this context, the Department will hold discussions with the Local Government Association and the development industry to identify other areas of common ground on how to ensure proper resourcing of the planning service. The Government will also continue discussions about whether there is further scope for future devolution of planning fee-setting.

The recently released Audit Commission report "Positively charged" recommends that Councils should undertake regular reviews of their approaches to charging. It is proposed that a Resources PDG working group is set up and takes account of this report and other sources to develop policy proposals on charges for the Cabinet as part of developing an action plan to deliver the Category Z priority – "Placing consultancy services onto a commercial basis".

7.3 Local Area Agreement (LAA)

During 2006/7 the County Council, the seven Lincolnshire Districts and other members of the Lincolnshire Strategic Partnership (LSP) negotiated with Government Office East Midlands regarding the development of a Local Area Agreement. The Local Area Agreement was set to be a three year agreement, based on local Sustainable Community Strategies, which set out the priorities for a local area agreed between Central Government, and the local areas, represented by the LSP.

However, the Government now require new Local Area Agreements to be negotiated for the period 2008/9 to 2010/11, the negotiations for this are ongoing and the formal submission of the LAA is required by early June 2008 with approval of the LAA by the Secretary of State for Communities and Local Government due by the end of June 2008.

There will be no pump-priming or specific grants available for LAAs although a number of specific grants have been merged into the new Area Based Grants, but these are not ring-fenced for spending on LAA.

The Local Government Settlement identified an allocation of Cohesion Area Based Grant (ABG) for South Kesteven of £25k (2008/9), £49k (2009/10) and £75k (2010/11). No further details of the grant have been received at the time of writing the report. Government guidance on Local Area Agreements define ABG as non ring fenced general grant, which local authorities and partners can use to work towards national indicators set and LAA targets. The guidance goes on to state that ABG maximise local flexibility over the use of the resource to deliver priorities.

As confirmation of the details of the Grant have not been received and the negotiations on the LAA are ongoing, the grant has not been included within the budget proposals, Cabinet are recommended to review this position when further details are available.

7.4 Government Grants

The Council receives funding from the Government by way of Formula Grant and Specific Grants, full details of these funding streams are provided in section 12.

8 CAPITAL PROGRAMME

8.1 The recommended Capital Programme (page 140-142 of the budget book) provides a revised estimate for 2007/08 together with a further 3 year programme to 2010/11. It is proposed that in future years an additional year will be added to the programme to provide for a 5 year Capital Programme based on a revised estimate for the current financial year plus 4 further years.

8.2 The Programme has been compiled based on the Council's priorities, the Council's Asset Management Plan and in accordance with the Council's Capital Strategy and Capital Scoring mechanism. Bids for the Capital Programme have been assessed by members of the Capital Asset Management Group who have provided advice to the Portfolio Holder for Assets and Finance, in compiling the Programme. The Programme comprises of both General Fund and Housing Revenue Account (HRA) Schemes.

8.3 Revised Programme 2007/08

A revised Capital Programme for 2007/08 was approved by Council in September 2007, with an additional update going to Council in January 2008, to update the Housing Revenue Account Capital Programme and for the additional purchase of a refuse vehicle, which had been written off in an accident earlier in the financial year.

As part of the preparation of the Capital programme for 2007/08 a review of the current programme has taken place and the following key issues should be noted for the general fund:

- Expenditure of £70k S106 monies at Allington to part finance the overall cost for an affordable housing scheme; This expenditure is now shown in the capital programme following a review of accounting practices
- Private Sector Renewal – transfer of £255k expenditure to revenue to comply with accounting practices, resulting in a reduction to the overall capital budget. The budget will continue to be applied to private sector renewal schemes.
- A small reduction in the cost of the wheelie bin procurement and freighter enhancement project;
- An increase in the budget for Wharf Road Stamford Car Park from £500k to £550k to reflect actual spend. This work has been financed by a grant from Department for the Environment, Food and Rural Affairs (DEFRA);
- Welham Street Car Park a reduction in the budget from £1,196k to £1,002k to reflect scheme savings;
- Three small budget adjustments on projects included in the Provision for Existing Assets to reflect final accounts:
 - £2k for Toilet refurbishment at Stamford Arts Centre,
 - £7k on the changing rooms at Deepings Leisure Centre
 - £4k for the Gentleman's toilets at the Council Offices in Grantham;
- A transfer of £45k from the Provision for Existing Assets budget to a specific project for the purchase and fitting of replacement audio and voting equipment for the Council chamber
- Reduction in the Service Transformation budget of £120k (line 33). This has been slipped into future years programme (2009/10) and is now shown within the indicative schemes section, the project is referred to as Service Programme Transformation (Area Office Improvement Work) (shown at line 39) a budget of £180k in 2009/10 and £30k in 2010/11 ;

In 2007/08 the following schemes have been funded partially or completely by grants and other contributions to the Council (details are shown in the appendix):

- Langtoft playing field, a contribution of £6k;
- Wharf Road, Stamford a grant of £586k from Defra;
- Disabled facility grants contribution to the costs of £213k; and
- Private sector renewal grant of £76k.

8.4 Programme 2008/09 to 2010/11

Key areas to note in relation to the 2007/8 programme include:

HRA

8.4.1 Provision for continued investment in the Council's Housing Stock to achieve the decent homes standard. Members should note, at this point, that the full stock condition survey planned for 2007/8 will now be carried out during 2008/09, once the results of this have been analysed there is likely to be the need to revise the future year's Capital Programme to reflect priorities identified by the Survey. These will be reflected in revised capital programmes prepared during 2008/09 and future years.

General Fund

8.4.2 The capital programme currently includes provision for the continued replacement of fleet vehicles as required to maintain the fleet of pool cars and small fleet vehicles in good working order. Members may recall that the Budget Report for 2007/8 proposed a review of the options for procuring fleet vehicles. This will commence shortly and the option appraisal will identify the cost benefits of the most appropriate use of the Council's resources to either purchase or lease vehicles. This review will look at the options for cars, vans and freighters it may be necessary to amend the capital programme following this review, as the programme only currently provides for new cars and vans and does not provide for fleet freighters.

8.4.3 A provision of £750k was included within the 2007/8 capital programme for the Bourne core area town centre development spread over 3 years. Whilst pre-project work has been undertaken during 2007/8, there has not been capital expenditure on this scheme to date. Therefore, this provision has now been slipped to commence in 2008/9 (£400k in 2008/09, 200K in 2009/10 and £150k in 2010/11).

8.4.4 A further provision of £2.250m has been included for allocation to other town centre projects over the next 3 years. This is in line with the Council's corporate priority for town centre development in Grantham and Bourne;

8.4.5 £110k for the provision of play equipment at Stamford recreation ground. This will be fully funded by S106 contributions and other contributions from external bodies to the council;

8.4.6 Further affordable housing schemes are to be provided in the Grantham area using S106 contributions totalling £200k during 2008/09;

8.4.7 The Council plans to expand the green waste collection service. This will require the purchase of new wheeled bins (£50k of expenditure planned in 2008/09) and two refuse vehicles for the collection (£260k expenditure planned to be in 2009/10). This is in line with the Council's corporate priority for recycling;

8.4.8 £150k for further health and safety work on the Grantham Canal to be carried out in 2008/09;

8.4.9 £500k annual provision for existing assets in line with the Asset Management Plan. Currently £230k of this provision has been allocated to the following works:

- Window replacements at the main council offices (phase 2) £100k;
- Cemetery works (phases 2 and 3) £100k
- £30k for automatic monitoring equipment for utilities
- A provision of £270k remains for additional works which arise during the year, these will be subject to consideration when the Capital Programme is reviewed during 2008/9;

8.4.10 £170k to update and renew the Lifeline equipment so the technology remains up to date and compatible with digital telephone lines; and

8.4.11 Increased provision in future years for Disabled Facility Grants reflecting the increase in need for this service. It should be noted that Disabled Facility Grants are mandatory. There is some Government funding support via specified Capital Grant £213k for 2008/9 equivalent to 60% of the expenditure within agreed allocations. However, the provision within the Capital Programme of £500k has been based on expected need for this service but this exceeds the current Government allocation, as a result the balance of £57k will have to be fully supported by the District Council in 2008/9 and similar amounts in future years (based on an anticipated continued allocation of £213k specified capital grant).

8.4.12 The capital programme also contains indicative projects which are still being fully developed and have therefore, not yet been scored against the council's capital scoring matrix or approved by capital and asset management group and council members, although they have been included as indicative projects for financial planning purposes. These projects are shown on lines 38 to 46 for the General Fund Capital Programme.

Proposed method of financing the Capital Programme

8.5 The detailed Capital Programme contained within pages 140-142(2) of the budget book also identifies the proposed method of financing the Capital Programme which will be reviewed by the Corporate Head of Finance and Resources when preparing the Statement of Accounts for each financial year to enable the most effective form of financing to be adopted by the Council.

8.6 When preparing the budget for 2007/8 it was anticipated that, based on projected capital spend and policies regarding the use of Capital Receipts, there would be an estimated need for unsupported borrowing during 2008/09. However, as a result of the delayed start of anticipated major spend in respect of town centre development and alternative planned use of the Useable Capital Receipts reserve (in line with comments in paragraph 8.8) and future projections for anticipated capital receipts it is now not anticipated that Unsupported Borrowing will be required until 2010/11. However, this will be kept under review by the Corporate Head of Finance and Resources when preparing the Statement of Accounts each year.

8.7 In the Budget report last year, an alternative to the Council's existing Policy on the use Housing Capital Receipts was highlighted, but no formal resolution was made at that time as it was proposed that the Corporate Head of Finance and Resources would report back having reviewed options for the future following the production and audit of the Statement of Accounts for 2006/7. During the preparation of the budget for 2008/9 and preparation of the Treasury Management Strategy I have undertaken this review and my recommendations are set out in paragraph 8.8 and 8.9.

8.8 It is recommended that to avoid the need to enter into borrowing in the short-term the Council should review the existing policy regarding the use of Housing Capital Receipts. Historically the Council has adopted a policy of utilising Housing Capital Receipts for Housing purposes only, including supporting the provision of affordable housing. Although, interim arrangements were agreed to utilise Housing Receipts to finance overall Capital Programme until general fund receipts were secured from major disposals during 2007/8, negotiations on these sites are now being finalised, therefore it is an appropriate time to review this policy.

8.9 It is recommended that the Council resolve to amend the policy on the use of Housing Capital Receipts to enable them to be applied to finance the Council's

overall capital programme in the most financially advantageous way for the Council as a whole to be recommended by the Corporate Head of Finance and Resources in consultation with the Portfolio holder for Finance and Assets. This would then allow the Council the maximum flexibility in determining the most appropriate method of financing the overall Capital Programme, as Housing Capital Receipts may be applied to the overall General Fund Capital Programme. Based on current projections this would result in unsupported borrowing not being required until 2010/11, unless unsupported borrowing provided the Council other financial benefits.

8.10 Forecast of Capital Receipts

In accordance with Principle 7 of the Council's Medium Term Financial Strategy “*to manage the Council's assets, reserves, balances of receipts to optimise financial returns for future investment in the Council's priorities for the benefit of the community*”, estimates of the likely Capital Receipts to be generated during 2008/09 and subsequent years have been made based on the Council's Asset Management Plan. The likely level of receipts anticipated during 2008/09 is £3.449million (made up of £2.965million General fund and £0.484million HRA receipts) of which £2.599 million will be applied to finance the Capital Programme in 2008/09.

8.11 To ensure that the Council optimises its Capital Receipts and returns on existing assets it is essential that all assets are kept under review in line with the Capital Strategy, Asset Management Plan and Medium Term Financial Strategy. Therefore, it is proposed that the Cabinet will continue to be regularly briefed on the performance of assets and in particular non-operational assets. The briefing will identify any potential surplus assets that do not meet Council needs and may be considered for formal decision for disposal.

9 TREASURY MANAGEMENT AND INVESTMENT STRATEGY

9.1 In accordance with the requirements of Local Government Act 2003 a Treasury Management Strategy is provided within Appendix A. This appendix provides

- the reporting requirements of prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Annex A of Appendix A)
- the Treasury Strategy in accordance with CIPFA Code of Practice on Treasury Management (Annex B of Appendix A)
- the investment strategy in accordance with the Department of Communities and Local Government Investment Guidance (Annex C of Appendix A).

10 RESERVES AND PROVISIONS

The Local Government Act 2003 requires the Chief Financial Officer (section 151 officer) to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year. Under the Local Government Finance Act 1988, all balances held by the Council are at the direct disposal of the General Fund with the exception of the Housing Revenue Account balance, the Collection Fund or any funds held in trust. A statement showing the forecast balances of revenue and capital reserves is provided at page xi of the budget book.

10.2 Justification of balances

The **General Fund balance** comprises two elements: the working balance and an amount held as a contingency against unforeseen events. A working balance is required so that the council has sufficient funds available to meet its cash flow

requirements. The forecast of revenue reserves reflects the Council's policy of maintaining the General Fund balance, at between 4% to 5% of gross turnover, or at between 10% to 15% of net expenditure, to provide adequate cover for any unanticipated expenditure or loss of income that may occur over the course of the financial year.

It is estimated that the General Fund balance will be £1.959m at 31st March 2008 which is equivalent to 10.5% of the estimate Service Expenditure for 2007/8. Whilst this will remain within the Council's approved policy, it will be towards the lower end of the range. Taking this factor into account and in the light of anticipated inflationary factors and associated risks identified in section 16, the budgets have provided for an increase in the General Fund balance of £200k in 2008/9, £100k in 2009/10 and £100k in 2010/11, providing for a general fund balance representing 11.9%, 12.7% and 12.9% of indicative estimates for Service Expenditure respectively. This will ensure that the Council adheres to its General Fund balance policy in future years.

- 10.3 The **Insurance Reserve** has been maintained at £500k. This reserve is held to meet potential and contingent liabilities arising from of the high level of 'self insurance' used by the Council to reduce external premiums. The Council currently has a couple of outstanding insurance issues related to costs associated with judicial review of planning decisions and the insurance contract is also currently out to tender so the balance on this reserve will be kept under review during the closure of accounts process to ensure that it remains adequate.
- 10.4 Whilst the Council does not currently operate a Pension policy with 'added years', the **Former Employee Pension reserve** provides for matching added years payments in respect of former employees when such a policy operated. The requirement to draw on this reserve will continue and a further contribution of £150k was made during the Closure of Accounts for 2006/7 to reflect the fact that the pension recipients are living longer than originally estimated. The balance as at 31st March 2008 is estimated to be £327k and £262k as at 31st March 2009 which is considered sufficient for the Council's needs in the short to medium term, although this will need to be kept under review and in particular as part of the budget process for 2011/12 when the balance is projected to reduce to £67k
- 10.5 A triennial valuation of the Pension fund has taken place in 2007/8, the results contained in the draft Actuary's report are summarised in paragraph 6.2.4 above. The **Current Employees Pension Reserve** is held to protect the Council from large changes in Council Tax resulting from unanticipated rises in employer's contribution rate following triennial valuations and also to finance potential one off capital costs of any future early retirements. The balance as at 31st March 2008 is estimated to be £1.482million which will be sufficient in the short to medium term, although this should be kept under review particularly in light of the comments made in paragraph 6.2.4 and the current volatility of the financial markets.
- 10.6 Any annual surpluses from the chargeable element of Building Control activities are set aside in the **Building Control reserve** and used to finance service improvements and offset any future deficits. The statement shows a modest surplus anticipated for 2007/8 of £10k giving an estimated balance as at 31st March 2008 of £286k with an anticipated deficit of £22k in 2008/9 reducing the estimated balance to £264k. It is recommended that a review of the Building Control Chargeable Account is undertaken by the Service Manager supported by the

Financial Services team as the current revenue estimates project ongoing increasing deficits, but there is a requirement for the Building Control Chargeable Account to breakeven over a three year period, so actions need to be implemented during 2008/9 to improve the financial position. In the meantime, the Building Control Reserve provides sufficient cover to protect the General Fund from the impact of the current estimates.

10.7 **The Capacity building, priority setting and service improvement reserve** – the balance on this reserve was £1.557m. It is anticipated that £451k will be utilised to support investments in Council priorities and to improve services, subject to the outturn position which will be assessed during the preparation of the Statement of Accounts. The budget proposals for 2008/9 proposed to utilise a further £200k to support investment in Category A Priorities including one off investment related to the Use of Resources priority. This will result in an estimated balance of £906k as at 31st March 2009. It is anticipated that bids for one off growth to deliver the Council's priorities will be forthcoming in future financial years as the Council's priorities and associated plans are reviewed, therefore, it is anticipated that this reserve will need to be utilised to support these bids, it is proposed that in these instances applications to draw on the reserve will be assessed on the basis of the business case and fit with Corporate priorities.

10.8 **Capital Reserve** – It was anticipated that the £5.057million balance on the General Fund Capital Reserve would be fully utilised to finance the delivery of the Capital Programme during 2006/7 resulting in a nil balance as at 31st March 2007. However, as a result of the outturn position reported to Governance and Audit Committee in report CHFR62, the balance of the reserve as at 31st March 2007 was £2.249million. The proposed financing of the Capital Programme for 2007/8 shows that it is anticipated this reserve will be fully utilised in the current financial year. At this stage there are no further contributions anticipated to the reserve, however, it is proposed that this be reviewed during the Closure of Accounts process and also in light of the awaited Government announcement on the third year of the existing Local Authority Business Growth Funding Initiative (2007/8).

10.9 **HRA Major Repairs Reserve (MRR)** – This is a mechanism whereby the Council is required to account for the resources provided through the Major Repairs Allowance, which is provided through Housing Revenue Account Subsidy and is available to fund capital. A contribution of £3.477million will be made to Major Repairs Allowance (MRA) but the current capital programme will require the use of £5.772million to finance it, leaving a projected balance as at 31st March, 2008 of £5.348million, subject to the final outturn position on the Capital Programme. It is anticipated the balance as at 31st March 2009 will be reduced to £1.671million after taking account of the notified amount of MRA due and the use of the reserve to finance proposed capital programme. Members will note that based on the submitted capital programme, it is anticipated that the Major Repairs Reserve will be fully utilised by 31st March 2010, at this stage it is anticipated that the Council will need to utilise the Useable Capital Receipts reserve or enter into borrowing to support the ongoing Housing Revenue Account capital programme.

10.10 **The Working balance on the HRA** – The submitted estimates show an anticipated surplus in the current financial year (taking account of a contribution from the MRR) as a result of revised profiling of expenditure but then show a projected deficit year on year on the HRA resulting in a reducing working balance in future years. The working balance on the HRA is projected to be £8.728million

as at 31st March 2008, and the working balance is anticipated to increase to £9.059million at the end of 2008/9 and then it will decrease to £8.437m in 2009/10. A review of the Housing Revenue Account and its subsidy system has been announced by the Government and a report is due in spring 2009 it will be necessary to keep this situation under review and model the impact over the 30 year life of the business plan, prior to entering into future commitments.

10.11 **Useable Capital Receipts Reserve** – This reserve is utilised to finance the capital programme and the balance brought forward contains both receipts from the sale of General Fund assets and the sale of HRA properties under the Right to Buy. It is estimated that the balance will be £4.075million as at 31st March 2008 and £4.925million as at 31st March 2009,

10.12 Paragraphs 8.6 to 8.9 explain the historic use of Housing receipts and explain proposals for a revision of the existing policy to enable the increased flexibility in the financing of the overall capital programme to achieve the most financially advantageous method of financing for the Council. If this is approved unsupported borrowing would not be required until 2010/11.

10.13 To enable the greatest flexibility in using the Council's resources to finance the Capital Programme it is recommended that the Council authorise the funding proposals subject to an annual review of the financing options by the Corporate Head of Finance and Resources, in consultation with the Portfolio Holder, during the preparation of the Statement of Accounts.

11 COLLECTION FUND

11.1 All transactions associated with Council Tax are shown in the Collection Fund. The legislation requires a calculation to be made of the estimated surplus or deficit on the Collection Fund as at 31st March 2008 in order to distribute these amounts in 2008/9.

11.2 Any surplus or deficit arising from Council Tax transactions is shared between South Kesteven District Council, Lincolnshire County Council and Lincolnshire Police (the precepting bodies) in proportion to their demands on the Collection Fund.

11.3 The surplus on the Collection Fund at 31st March 2007 was £1.149m with amounts due for distribution in future years as follows:

	£k
Lincolnshire County Council	881
Lincolnshire Police	127
South Kesteven District Council	141
Total Surplus on Collection Fund	<u>1,149</u>

The amounts due to Lincolnshire County Council and Lincolnshire Police will be distributed, on a pro rata basis, utilising the precept mechanism. The budget shows that it is estimated South Kesteven's surplus will be applied during 2007/8 (£47k) and 2008/9 (£55k) the remaining small balance will be applied in future years. The surplus has occurred as a result of the tax base increasing at a faster rate than anticipated when preparing the budgets in previous years. The budgets for 2008/9 have been produced based on an anticipated increase in tax base of 1.4% rather than 1% as used in previous years.

11.4 Since 2004/5 Council billing authorities have had the powers to reduce the discount on second homes from 50% to a minimum of 10%, this has the effect of generating additional income, for the billing authority and the precepting authorities (the County Council and the Police Authority). In 2005/6 the discount was reduced to the minimum 10%. The County Council and the Police Authority agreed that the additional income would be spent within the district on agreed schemes of mutual benefit.

11.5 The amount due from the County Council is £74k for 2007/8 and it is estimated that the amount for 2008/9 will be £87k, this will be used to continue to the work of the Local Strategic Partnership including the employment of a Local Strategic Partnership Co-ordinator.

12 LOCAL GOVERNMENT FINANCE SETTLEMENT 2008/9 to 2010/11

12.1 Report CHFR85 presented details of the provisional Local Government Settlement for the three years 2008/9 to 2010/11. The final announcement was made on 24th January 2008.

Formula Grant

12.2 Formula Grant is the name for the funding that the Council receives from the Government. The Government have made various adjustments to the 2007/8 Formula Grant base before calculating the Formula Grant for 2008/9. These are set out below:

Adjustments for 2007/8 Formula Grant base (announced in the Local Government Settlement)		
	£	£
Formula Grant for 2007/8		9,626,145
Waste Performance & Efficiency Grant (Formerly a specific grant now mainstreamed)	54,629	
Funding for Contaminated Land (as at 29.11.07)	989	
Local Government New Conduct Regime for Lower Tier Authorities	3,172	
Stray Dog Control (represents elements previously payable to Police)	7,705	
Total Adjustments		66,495
Adjusted Formula Grant for 2007/8		9,692,640

12.3 The Council's entitlement to Formula Grant is based on the following elements:

SKDC's Formula Grant from the Government			
	2008/9 £million	2009/10 £million	2010/11 £million
Relative Needs assessed by ascribing values to a range of demographic indices	3.260	3.290	3.325
Relative Resource Amount A deduction, calculated by assessing the authority's taxbase in relation to its population	(2.519)	(2.565)	(2.601)
Central Allocation Paid on a population based formula	9.384	9.457	9.522
Floor Damping Provides protection to those authorities whose entitlement would otherwise fall below increase announced by the Government (and paid for by reducing the entitlement of authorities whose increase is more than)	(0.244)	(0.157)	(0.099)
FORMULA GRANT	9.881	10.025	10.147
% increase on Adjusted Base	1.9%	1.5%	1.2%

The Medium Term Financial Strategy (MTFS) took a prudent approach and anticipated no change in the level of the Formula Grant for 2008/9 until the outcome of the Comprehensive Spending Review 2007 and the three year provisional allocation of Formula Grant was announced later in 2007. The MTFS will need to be amended to reflect the final settlement.

Specific Grants

12.4 Specific grants continue to provide an important source of funding for Local Government, the specific grants notified as payable to South Kesteven District Council are summarised overleaf.

Specific Grants payable to SKDC			
Description	2008/9 £k	2009/10 £k	2010/11 £k
Housing Benefit Administration Grant	734	716	To be announced
Homelessness	55	55	55
Concessionary Fares	379	387	398
Housing & Planning Delivery Grant	To be announced in Summer of each year & payable in Autumn of each year		
Local Authority Business Growth Initiative New Scheme	No allocation	To be announced following review of LABGI system	
Total Specific Grants (announced at time of writing report)	1,168	1,158	453

*Note the allocation for the final year (2007/8) of the initial scheme has yet to be made

At the time of writing the report, the Council is still awaiting the announcement of the third year of a three year allocation for Local Authority Business Growth Initiative Grant relating to 2007/8. Advice from the Local Government Association is that, "while the statement (made by the DCLG during week commencing 14th January) suggests that a further announcement will be made shortly authorities would be wise not to allocate anticipated LABGI grant to any specific project". The LGA committed

to continue to press the DCLG for an early resolution to year 3. In light of this no provision has been made within the estimates for this grant currently, however, should an allocation of grant be received it is recommended that a contribution be made to the Capital Reserve to finance future capital investment to support the Council's priority for the Town Centre Development of Bourne and Grantham. An update will be provided once further notification is received

Report CHFR85 provided details of the proposals for the new Housing and Planning Delivery Grant (HPDG). The first allocation of HPDG is due to be announced in Summer 2008 and members will be updated following the announcement.

13. Budget Consultation

13.1 The Council has been consulting on its budget proposals during January via the Local Forums, which included a joint consultation meeting with Lincolnshire County Council held at Grantham, together with an online survey and survey in SKToday. The Local Forum Consultation also included the following options for Fees and Charges in future years:

- a. Charging for Sunday parking
- b. Charging for evening parking
- c. Charging for disabled car parking
- d. Charging for car parking in Bourne
- e. Increasing the one off joining fee for Green Waste to £20
- f. Charging an annual fee for Green Waste Collection of either £25 or £30

13.2 A full analysis of the results of the consultation is provided at appendix B. Five out of the six local forums supported the proposal for a 4.95% increase in Council Tax.

	Option 1 0%	Option 2 2.7%	Option 3 4.95%
Rural South	0	1	3
Rural North	0	6	4
Bourne	1	7	10
Deepings	1	5	10
Grantham	0	6	14
Stamford	1	1	7

13.3 At the time of writing the report the online survey and the SKtoday survey were still ongoing, although the number of daily submissions had slowed down. The 99 responses received to the online survey and 93 responses to the SKtoday survey are analysed below.

		Online Survey	SKtoday survey
Option 1	No increase in Council Tax	42%	42%
Option 2	2.7% increase in Council Tax	31%	36%
Option 3	4.95% increase in Council Tax	27%	22%

13.4 When considering the results of the consultation account should be taken of:

- o The fact that the online survey could be completed by residents and non residents alike. Also multiple submissions could be made.

- Assuming all submissions at Forums together with those online or written were made by householders this represents less than 0.5% of the properties liable for Council Tax within the district

14 The District's basic amount of Council Tax 2008/9

14.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the Budget Requirement £15.783million (including special expense areas, but excluding parishes), the external support that will be received from the Government from Formula Grant £9.881million, together with a surplus of £55k on the Collection Fund.

14.2 The result is divided by the Council Tax Base of 45,237.7. The proposed band D Council Tax is £116.37 (excluding special expense areas and parishes), representing an increase of 4.95%.

14.3 The Government has reserved powers to cap local authority budget requirements where it judges authorities to have set excessive increases. Capping action was taken against 14 authorities in 2004/5, against 9 authorities in 2005/6 and against 2 authorities in 2006/7. The Government has made it clear to all local authorities that it expects that the average Council Tax increase in England to be substantially below 5% and that it will not hesitate to use its capping powers as necessary to protect council tax payers from excessive increases. No decisions have yet been made by the Government on capping principles for 2008/9. However, a letter from the Minister identified that it would be unwise for any authority to assume that capping principles set in previous years will be repeated. The letter goes on to state that the Government intends to take decisions on the principles after authorities have set their budgets, but that they are prepared to announce the principles in advance, if the circumstances suggest that this is necessary, Members will be updated on any change to this announcement.

14.4 Taking account of this announcement the budget requirement has been based on a maximum increase in Council Tax of 4.95% which is below the previous capping level of 5%, however, it should be noted that until the principles for capping are more formally announced there may be a risk of considering a Council Tax increase at this level. It is anticipated the proposed level of increase will generate a yield of around £250k which is broadly equivalent to the level of Formula Grant that has been lost through the effect of damping. It should also be noted that the Council's Council Tax is currently at a low base being the 34th lowest in the country. Also in the annual survey of residents which took place in November 2007, 78% of respondents thought that the Council offers Value for Money in the provision of its services.

14.5 The cost of re-billing is currently being re-evaluated and an update will be provided in due course. A specialist at the Department of Communities and Local Government advised the Council last year that whilst Parish precepts are not taken into account when considering capping, special expense area precepts are. In addition, they advised that Council Tax levels should be kept down and therefore Ministers may consider the impact of parish precepts in the future.

15 Housing Revenue Account (HRA)

15.1 Housing Revenue Account Subsidy Determination - The HRA budget has been prepared taking account of the HRA subsidy determination issued on 15th January

2008. This is a one year settlement and confirms the draft determination issued in December which was reported in CHFR85.

15.2 The general formula for calculating the amount of Housing Revenue Account (HRA) subsidy payable to an authority for 2008-2009 is essentially unchanged from that used in 2007-2008 with the exception that the Rental Constraint Allowance has been removed.

15.3 The Management and Maintenance allowance has been increased by 2.32% for South Kesteven. An additional allowance of £4 per dwelling per year has been built into the Management allowance per dwelling to fund the production of Energy Performance Certificates for local authority stock. The Government's intention is that this is not a one-off allowance for 2008-2009 but rather that it will form a continuing constituent part of the allowance.

15.4 The Guideline rent for South Kesteven is £58.09 an increase of 5.68%, the average rent for 2008/9 for South Kesteven is £59.06, an increase of 7.79%. The rent inflation factor used for guideline rents and rent calculations is 3.9% (September RPI) as advised by the DCLG. The Rental Constraint Allowance introduced by the Government in 2006/7 and which was worth £342k to South Kesteven in 2007/8 through the subsidy system has been withdrawn. The Government has indicated that this will be replaced by a return to the caps and limits system to compensate for the loss of income by an adjustment to the Guideline Rent figure in the year following the loss ie 2009/10. It is the DCLG's intention to circulate a spreadsheet shortly which will allow authorities to reassure themselves that relative movements between constrained and unconstrained transitional rents will be accounted for in 2009-2010.

15.5 Taking account of all relevant factors, South Kesteven's total subsidy for 2008/9 will amount to a negative £5.831million, a decrease of £1.131million (24.06%) on 2007/8, (any change in subsidy, should be offset by an approximately equal and opposite change in expenditure or income should any of the base information change for example charges for capital).

15.6 The Council has also taken into account the target to achieve rent convergence by 2016/17 and the DCLG subsidy proposals that individual rents should not to be increased by more than 4.4% (3.9% RPI + 0.05%) plus £2 from 2007/8. Following the Cabinet's decision in January to approve an indicative rent increase in accordance with Guideline rent increase of 5.68% or a maximum of 4.4% plus £2 in individual cases, the Tenant Compact has been consulted and have supported the proposal. This will result in an average indicative increase in rent of £7.79%.

15.7 Garage rents are set locally, but in past years have followed the guideline rent increase to avoid charge erosion. Thus, it is proposed to increase garage rents and all other service charges by 4.4% in line with the rental proposals used within the subsidy determination.

15.8 It is proposed to increase service charges by 3.9% (RPI) and undertake a review of the cost base and charging mechanism during 2008/9.

Analysis of HRA budget proposals

15.9 The 2007/8 budget provided for a full stock condition survey to be undertaken. However, this survey will now be completed during 2008/9, therefore the budgets for 2007/8 and 2008/9 have been adjusted accordingly. A review of the capital

programme and revenue estimates for repair and maintenance will need to be undertaken in light of the results of the survey. However, based on current proposals it is estimated that the Major Repairs Reserve will be fully utilised by the end of 2009/10 at which time it is anticipated Useable Capital Receipts or borrowing will be required to support future improvements as referred to in paragraph 10.9 above.

15.10 Overall, the submitted estimates for cost of service show a deficit of £2.177m for 2008/9 with an on-going deficit of around £1m year on year. This results in a reduction on the HRA working balances in future years. A more detailed analysis is contained in paragraph 10.10 above. It will be necessary to keep this situation under review and modelling of the impact over the 30 year life of the business plan has commenced following a review and rebasing of the HRA estimates. It will be essential that prior to entering into any ongoing future commitments in future years the impact of the sustainability of the business plan of any proposals is fully evaluated.

15.11 It will also be necessary to keep under the review the proposals to reform the HRA subsidy system as proposals are developed and once the results are known fully evaluate the impact of these on both Revenue and Capital budgets and the longer term business plan.

16 Statement by Chief Finance Officer

16.1 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Council's case the Corporate Head of Finance and Resources must report on:

- (a) the robustness of the estimates made for the purposes of the budget calculations, and
- (b) the adequacy of the proposed financial reserves.

16.2 In recommending the budget to the Council, the Cabinet must take account of the advice of the Corporate Head of Finance and Resources in respect of the above. For 2008/9 I can advise that the budget presented to the Council is robust in its formulation and the level of reserves is adequate for the organisation.

16.3 Risks to the budget

In formulating my opinion the following risks and factors have been taken into account. Appendix C summarises these risks and shows the calculations I have used to confirm that I believe the Council has adequate cover to mitigate against these risks.

a. **The Government will cap the level of Council Tax increase for Local Authorities.** The Government has reserve capping powers and has used them in 2004/5, 2005/6 and 2006/7. There is an indication from the Minister that it is expected that Council Tax increases will be kept substantially below 5%.

South Kesteven is a low taxing Council being 34th lowest in the country (based on 2007/08 council tax). The proposed increase of 4.95% for a band D inclusive of special expenses is below the Government's previous 5% cap threshold. Given no Government guidance on capping any resultant impact from capping measures would need to be found from balances. The cost of re-billing if capping did occur is currently being evaluated and will be reported in due course.

- b. The estimates assume that **efficiency savings** of £710k be found during 2008/9. Careful monitoring will be required to ensure savings are forthcoming.
- c. **National Concessionary Fares Scheme** – The budget assumptions have allowed for an increase in take up of the new National Concessionary Fares scheme. Historically the Council's own scheme was restricted to within District boarders, the national scheme allows cross boarder travel throughout England. Also the Authority where the journey starts is liable for the whole cost of the journey. Therefore, the cost of the scheme will be dependant upon travel patterns and behaviours of individuals which may arise out of the publicity and promotion of the new national scheme, as a result there is a risk that actual usage and take up may exceed the assumptions, this will be kept under review, particularly during the first quarter when new patterns will start to emerge.
- d. **Leisure Trust assumptions** – At the time of writing the report the negotiations on the new Leisure Contract are ongoing therefore assumptions have been made regarding the potential impact of these negotiations. The assumptions are based on two key issues, likely contract price (as the Best and Final Offer has not yet been made) and the transfer of the leisure assets on a 15 year lease to a Leisure Trust with an assumed benefit from Mandatory Rate Relief. The budget assumptions have only reflected a six month impact to allow time to finalise negotiations and to legally complete the transactions.
- e. **Car park income** – Car park income has been assumed to include an increase of 10p per price band and rise in users of Grantham Car Parking following the completion of the Welham Street Car Park. The income projections for all car parks will need to be kept under review as there are a number of factors which may affect these projections, including ongoing roadworks, the impact of take up of the new concessionary travel scheme and other car parks provided at retail sites within the towns.
- f. **Planning fee income** – Planning fee income assumptions have taken into account the Government's statutory increase in planning fee income to take effect on 6th April 2008. However, factors which may affect these projections are the outcome of the Planning Bill and the influence of the National and Local economy. Therefore these income projections should also be kept under review.
- g. **Building control account** – Earlier in the report I have highlighted that the Building Control Charging Account will need to be kept under review as there is a risk that based on current forward projections and recent trends that this account will not meet the objective of breaking even over a three year period. Work will be undertaken during the first quarter to review options to achieve a break-even position over a rolling three years.
- h. **Fuel and Utilities inflation** - Paragraph 6.1 has identified the budget assumptions in relation to inflation factors. Members will note that Utility cost increases have been assumed at 3%, although paragraph 6.2.5 has identified that negotiations on electricity tariffs are currently ongoing and projections show that the likely increase in costs is estimated to be 11% overall. It is felt that this can be contained within the proposed budget providing that the Council is able to identify energy efficiency measures, but fuel and utilities inflation should be kept under review to ensure this does not pose a significant risk in the future.

- i. The **Capital programme** for 2008/9 continues to be maintained at the relatively high level established in 2006/7 and 2007/8 when compared to recent years. It will be necessary to actively review levels of capital receipts to ensure reliance on borrowing is minimised.
- j. **Fees and charges** provide a significant income stream for the Council, these will need to continue to be kept under review, and an evaluation of impact of the recommendations contained in Audit Commission report "Positively charged" will be undertaken on the Council's Fees and Charge Strategy.
- k. The impact of the court judgement on the **treatment of VAT on car parking income** continues to be monitored for future years Council Tax assessments.
- l. **Reserves** – the Reserves statement (page xi of the budget book) shows a total projected net use of £16,118million from 1st April 2007 to 31st March 2011 the period covered by the revised estimate for 2007/8 and the three year budgets for 2008/9 to 2010/11. This represents a 54.5% reduction in the level of overall reserves (combined General Fund and HRA) during the period. It is essential that the use of reserves is kept under review to ensure they can continue to be applied in a sustainable manner. Particular caution should be exercised where any potential use of the reserve is to grow base service budgets year on year. This has not been the case in preparing the current three year proposals for the General Fund. In addition, where investment is made on an ongoing basis to category A and B priorities any subsequent review of the level of priority should take account of the need to manage realignment of resources as required, to ensure that the prioritisation process remains sustainable.
- m. **Indicative Budgets for future years** – The indicative General Fund budget requirement for future years has been based on an assumption that future Council Tax increases will continue at the current rate. If the principles of capping are varied from those of previous years a review of the base budget will need to be undertaken. Also the assumptions of Service Managers in compiling their budgets for 2009/10 and 2010/11 will need to be kept under review to ensure they remain sustainable, in light of the fact that the Government has set a three Formula Grant settlement (this has also taken into account in the indicative budget requirement) and therefore the likelihood of additional funding is likely to be restricted to specific grants yet to be announced or other external funding sources.
- n. The **Housing Revenue Account** will require a review once the outcome of the review of the HRA subsidy and accounting system has been undertaken. The HRA should also be reviewed to assess the sustainability of any improvement plans which may arise from the forthcoming Inspection of the Housing Landlord function. The impact of any proposals arising out of either the national review or the local Inspection will need be modelled over the 30 year life of the business plan, prior to entering into any ongoing future commitments

17 Comments of the Monitoring Officer

The budget forms part of the Council's Budgetary and Policy Framework. Members should have regard to the comments of the Corporate Head of Finance and Resources as the Council's Chief Financial Officer which are set out in section 15

when making their recommendations to Council in accordance with the Local Government Act 2003

18 Summary and Conclusion

18.1 Overall it has been possible to produce a balanced budget. However, current and future resources are tight. This particularly reflects the fact that the four main income streams for the Council:

- Government Grant,
- Specific grant,
- Fees and Charges and
- Council Tax

are, and will continue to be constrained, at a time when ambitions and customer expectations are increasing. The Council also faces budgetary pressures from pay, pensions and the efficiency agenda with a Government target of 3% per annum with effect from 2008/9. Members will also note that subject to the delivery of the projected Capital Programme in the current financial year the Council is planning to fully utilise its Capital Reserve. Overall the total General Fund and HRA reserves are projected to reduce by 54.5% over the three year period of the Local Government Settlement, this will not be able to be repeated in future years and will also have an impact on the Council's interest earning capacity in the future.

18.2 In addition, the outcome of the Local Government Settlement which provided for just a 1.9%, 1.5% and 1.2% increase in Formula Grant for each of the three years of the settlement respectively will need to be reflected in a revision of the Medium Term Financial Strategy to enable the continued application and redirection of resources as required to provide a sustainable budget.

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END OF PART A

COUNCIL TAX SETTING - PART B

1 INTRODUCTION

The purpose of this part of the report is to set the level of Council Tax for 2008/9 in accordance with relevant statutory requirements (based on an increase of 4.95% inclusive of Special Expenses).

2 RECOMMENDATIONS

The requirements are set out in paragraphs 32 to 36 of the Local Government Finance Act 1992 and it is necessary for the Council to adopt the following formal recommendations:-

- 1) That the following amounts be calculated by the Council for the year 2008/9 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended)
 - a) £75,974,000 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) £58,938,000 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) £17,036,000 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) £9,936,000 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) £156.94 being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 45,237.70 as recorded in minute 74 of the cabinet meeting of 3 December 2007, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2008/2009.
 - f) £1,836,000 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - g) £116.37 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 3 December, 2007 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>
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Grantham	159.93
Stamford	177.12
Bourne	147.15
Deeping St James	157.41
Market Deeping	232.29
Allington	159.21
Ancaster	163.62
Aslackby & Laughton	140.31
Barholm & Stow	125.10
Barkston & Syston	136.98
Barrowby	158.85
Baston	135.09
Belton & Manthorpe	119.97
Billingborough	139.50
Bitchfield & Bassingthorpe	116.37
Boothby Pagnell	120.24
Braceborough & Wilsthorpe	135.72
Burton Coggles	124.02
Careby,Aunby & Holywell	123.75
Carlby	151.02
Carlton Scroop & Normanton	170.19
Castle Bytham	131.31
Caythorpe	147.06
Claypole	136.89
Colsterworth, Gunby, Stainby and North Witham	145.80
Corby Glen	137.79
Counthorpe & Creeton	116.37
Denton	129.33
Dowsby	148.23
Dunsby	122.40
Edenham	135.27
Fenton	123.57
Folkingham	140.49
Foston	151.92
Fulbeck	139.23
Greatford	140.13
Great Gonerby	146.07
Great Ponton	154.26
Haconby	117.63
Harlaxton	158.40
Heydour	135.63
Honington	116.37
Horbling	116.37
Hougham	136.62
Hough-on-the-Hill	154.53
Ingoldsby	128.16
Irnham	119.70
Kirkby Underwood	128.34
Langtoft	162.72
Lenton,Keisby & Osgodby	120.24
Little Bytham	147.51
Little Ponton & Stroxtone	124.56
Londonthorpe & Harrowby Without	132.48
Long Bennington	153.09

Marston	142.47
Morton	130.59
Old Somerby	132.84
Pickworth	116.37
Pointon & Sempringham	149.04
Rippingale	160.38
Ropsley, Humby, Braceby & Sapperton	130.86
Sedgebrook	141.48
Skillington	150.30
South Witham	162.72
Stoke Rochford & Easton	144.45
Stubton	132.66
Swayfield	135.54
Swinstead	142.92
Tallington	134.55
Thurlby	134.64
Toft, Lound & Manthorpe	116.37
Uffington	129.60
Welby	132.21
Westborough & Dry Doddington	132.84
West Deeping	139.05
Witham-on-the-Hill	140.49
Woolsthorpe	140.13
Wyville-cum-Hungerton	139.86

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 2008/9 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 £
681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54

k) That it be noted that for the year 2008/9 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 £
TBA							

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 to part B as the levels of Council Tax for the year 2008/9 for the categories of dwellings shown in Appendix A to part B.

3 BACKGROUND

3.1 The Council's budget requirement has been recommended by the Cabinet and is dealt with in Part A of this report. Parish precepts are added to the District Council's net expenditure requirement. Government support and adjustments to Collection Fund relating to Community Charge and District Council's share of Council Tax are then deducted from the spending requirement to give a Demand on the Collection Fund.

3.2 The Council Tax Base of 45,237.7 was approved at the Cabinet meeting held on 3 December 2007 and the budget requirement will be spread by reference to the tax base previously approved, taking into account the precepts of individual Parishes recoverable over the Parish tax base.

3.3 The Council Tax bill for 2008/9 includes the requirements of Lincolnshire County Council and the Lincolnshire Police Authority which are responsible for setting their own Council Tax levels.

3.4 Lincolnshire County Council determined its Council Tax requirement at the meeting held on 15 February 2008, as follows:

Total Council Tax Requirement	£234,826,390.00
SKDC precept element	£46,222,524.78
Band D tax	£1,021.77

3.5 Lincolnshire Police Authority will determine its Council Tax requirement at a meeting to be held on 27th February 2008, as presented below (an addendum to this report will be circulated to members, following confirmation by Lincolnshire Police Authority).

Total Council Tax Requirement	£TBA (to be announced)
SKDC precept element	£TBA

Band D tax £TBA

3.6 The overall increases for Band D tax payers, by Authority, are shown in the table below:

Council Tax Details 2008/9				
	2007/8 Band D	2008/9 Band D	Increase £	Increase %
Lincolnshire County Council	£987.21	£1021.77	34.56	3.5
Lincolnshire Police Authority	£131.58			
South Kesteven District Council	£110.88	£116.37	5.49	4.95
South Kesteven + Special Expenses	£123.15	£129.25	6.10	4.95
South Kesteven + Special Expenses + Parishes	£146.48	£156.94	10.46	7.1

4 SETTING THE COUNCIL TAX

4.1 The Local Government and Finance Act 1992 requires the Council to set Council Tax across the 8 valuation bands, and all precepting Parishes. The levels of overall Council Tax by Parish are attached at Appendix B to part B.

5. COMMENTS OF THE S151 OFFICER

5.1 The financial implications of this section are included in Part A of the report above.

6 COMMENTS OF MONITORING OFFICER

6.1 The Local Government Finance Act 1992 sets out the requirements placed upon the Council in relation to making formal recommendations relating to the setting of Council Tax and the Council's responsibilities as a billing authority.

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Treasury Management Strategy Report 2008/09

This report outlines the Council's prudential indicators for 2008/09 – 2010/11 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 Annex A);
- The treasury strategy in accordance with the CIPFA Code of Practice on Treasury Management (Appendix A Annex B);
- The investment strategy – Credit and Counterparty Risk Management (in accordance with the DCLG investment guidance) (Appendix A Annex C).

A summary report outlines the key requirements from these reports.

The Council is recommended to:

1. Adopt the Prudential Indicators and Limits for 2008/09 to 2010/11 contained within Annex A of this report.
2. Approve the Minimum Revenue Provision (MRP) Statement contained within Annex A which sets out Council's policy on MRP.
3. Approve the Treasury Management Strategy 2008/09, and the treasury Prudential Indicators contained within Annex B.
4. Approve the Investment Strategy 2008/09 contained in the treasury management strategy (Annex B), and the detailed criteria included in Annex C.

Executive Summary

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

Capital expenditure £m	2007/08 Revised £'000	2008/09 Estimated £'000	2009/10 Estimated £'000	2010/11 Estimated £'000
Non HRA	4,900	3,275	3,375	5,365
HRA	5,772	7,239	6,096	4,912
Total	10,672	10,514	9,471	10,277

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 £m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Non HRA	5,125	4,898	4,680	7,192
HRA	2,159	2,159	2,159	2,159
Total	7,284	7,057	6,839	9,351

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:

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Authorised limit	18,000	18,000	18,000	20,000
Operational boundary	9,000	9,000	9,000	11,000

The impact of the new schemes being approved as part of this budgetary cycle on Council Tax and housing rents are expected to be (this reflects a revised position on the financing of the capital programme which assumes borrowing will not now be due until 2010/11) on :

Incremental impact of capital investment decisions (£) on:	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Band D Council Tax	0.00	(2.67)	(2.56)	1.13
Housing rents levels	0.00	0.00	0.00	0.00

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.

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Total resources	23,811	21,228	16,470	13,445
Working Capital	(1,560)	(1,560)	(1,560)	(1,560)
Total Investments	22,251	19,668	14,910	11,882
Principal sums invested > 364 days		£12m	£8m	£5m

The Prudential Indicators 2007/08 – 2010/11

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 2007/08, 2008/09 and 2009/10, and introduces new indicators for 2010/11. 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 2008/09 is included as Annex 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 these 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:

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Capital Expenditure				
Non-HRA	4,900	3,275	3,375	5,365
HRA	5,772	7,239	6,096	4,912
Financed by:				
Capital receipts	1,353	2,599	3,216	2,733
Capital grants	878	523	213	213
Capital reserves	8,021	7,239	5,355	3,810
Revenue	420	153	687	686
Net financing need for the year	0	0	0	2,835

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. Draft CLG Regulations are currently issued for comment which, if implemented, will require full Council to approve an MRP Statement. This will need to be approved in advance of each year. Whilst the regulations will revoke current MRP requirements, councils are allowed to continue historical accounting practice. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The timetable for implementation is very tight and so Members are asked to approve the following policy, based on the draft Regulations. Should the final regulations change this Statement, it will be re-submitted for approval.
10. The Council is recommended to approve the following MRP Statement:
11. For capital expenditure incurred before 1 April 2008 or which in the future will be Supported capital Expenditure, the MRP policy will be:
 - **Existing practice** - MRP will follow the existing practice outline in former CLG Regulations.
12. From 1 April 2008 for all unsupported borrowing the MRP policy will be:
 - **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (this option must be applied for any expenditure capitalised under a Capitalisation Directive).
13. The Council is asked to approve the CFR projections below:

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Capital Financing Requirement				
CFR – Non Housing	5,125	4,898	4,680	7,192
CFR - Housing	2,159	2,159	2,159	2,159
Total CFR	7,284	7,057	6,839	9,351
Movement in CFR	(236)	(227)	(218)	2,512

Movement in CFR represented by				
Net financing need for the year (above)	-	-	-	2,835
MRP/VRP and other financing movements	(236)	(227)	(218)	(323)
Movement in CFR	(236)	(227)	(218)	2,512

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

14. 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 £m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Fund balances	5,660	5,573	5571	5,554
Capital receipts	4,075	4,925	2,462	500
HRA reserve	8,728	9,059	8,437	7,391
Major Repairs Reserve	5,348	1,671	0	0
Total Core Funds	23,811	21,228	16,470	13,445
Working Capital*	(1,560)	(1,560)	(1,560)	(1,560)
Expected Investments	22,251	19,668	14,910	11,882

* Working capital balances shown are estimated year end; these may be higher mid year

Limits to Borrowing Activity

15. Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits
16. 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 2008/09 and the following two financial years. This allows some flexibility for limited early borrowing for future years.

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Gross Borrowing	(4,000)	(4,000)	(4,000)	(5,335)
Investments	22,251	19,668	14,910	11,882
Net Borrowing	18,251	15,668	10,910	5,886
CFR	7,284	7,057	6,839	9,351

17. The Corporate Head of 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.
18. A further two prudential indicators control or anticipate the overall level of borrowing. These are:
19. **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.
20. **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.
21. The Council is asked to approve the following Authorised Limit and Operational Boundary:

Authorised limit £m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Borrowing	18,000	18,000	18,000	20,000
Other long term liabilities	-	-	-	-
Total	18,000	18,000	18,000	20,000
Operational £m Boundary	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Borrowing	9,000	9,000	9,000	11,000
Other long term liabilities	-	-	-	-
Total	9,000	9,000	9,000	11,000

Affordability Prudential Indicators

22. 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:

23. **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.

%	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Non-HRA	(4.51)%	(2.31)%	(1.77)%	(0.41)%
HRA	(4.23)%	(2.42)%	(1.39)%	(0.76)%

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

25. **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.

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

£	Proposed Budget 2008/09	Forward Projection 2009/10	Forward Projection 2010/11
Council Tax - Band D	(2.67)	(2.56)	1.13

27. **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.

28. Incremental impact of capital investment decisions Housing Rent levels

£	Proposed Budget 2008/09	Forward Projection 2009/10	Forward Projection 2010/11
Weekly Housing Rent levels	0.00	0.00	0.00

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

Appendix A - Annex B

Treasury Management Strategy 2008/09 – 2010/11

1. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators in Annex 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 23 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; and
 - Specific limits on treasury activities.

Debt and Investment Projections 2008/09 – 2010/11

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.

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
External Debt				
Debt at 1 April	(4,500)	(4,000)	(4,000)	(4,000)
Expected change in debt	500	-	-	(1,335)
Debt at 31 March	(4,000)	(4,000)	(4,000)	(5,335)
Operational Boundary	9,000	9,000	9,000	11,000
Investments				
Total Investments at 31 March	22,251	19,668	14,910	11,882
Investment change	(5,752)	(2,583)	(4,758)	(3,028)

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

£m	2007/08 Revised	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Revenue Budgets				
Interest on Borrowing	427	406	406	543
Related HRA Charge	(166)	(158)	(158)	(211)
Net General Fund Borrowing Cost	261	248	248	332
Investment income	(1,986)	(1,335)	(1,018)	(797)

Expected Movement in Interest Rates

Medium-Term Rate Forecasts (averages – Source Butlers)

	Bank Rate	1-year LIBOR	5-year Gilt	20-yr Gilt	50-yr Gilt
2006/07	4.8	5.3	4.9	4.4	4.0
2007/08	5.6	6.0	5.3	4.9	4.5
2008/09	5.2	4.9	4.9	4.7	4.6
2009/10	4.9	4.9	4.8	4.7	4.6
2010/11	5.0	5.3	4.9	4.8	4.8
2011/12	5.2	5.5	5.3	5.2	5.1

*PWLB borrowing is normally between 0.10% - 0.15% above the equivalent gilt yield

7. **Short Term Interest Rates** - The summer's dip in inflation drew to a close in October and the latest Bank of England Inflation Report suggests this key aggregate will rise further in the months ahead before returning to the 2% mid-target level by early 2009.
8. The end to aggressive discounting on the High Street, the rise in oil and petrol prices, and the upward trend in food costs have contributed to the rebound in inflation. While domestically-generated inflation will remain heavily influenced by the strength of economic activity and the growth in consumer spending, external factors are likely to be under upward pressure for the foreseeable future.
9. The main restraining influence in the UK will be the prospective decline in economic activity. Recent developments in the financial markets threaten to make the slow-down more pronounced than forecast earlier. The deceleration in economic activity in the US is expected to spread to the Euro-zone and this will undermine the chances of continued export-driven growth. On the domestic front, the effect of interest rate increases upon consumer activity and confidence is set to emerge more strongly in the New Year.
10. Higher rates, concern about the stability of asset prices (notably housing where prices are faltering) and news of weakening activity are all likely to undermine consumer confidence. This would weaken further if the problems of the financial markets were to worsen.
11. Lower activity is set to emerge in the months ahead. This, together with signs of a pronounced slow-down in personal spending will be seen as providing scope for the MPC to relax its current, tight monetary stance. But uncertainty about the path of activity and prices over the medium term suggests the authorities will tread a cautious path and will confine interest rate cuts to a relatively small number.
12. **Long-term interest rates** - have been driven lower by the strong demand for safe haven instruments at a time of crisis in the banking industry. Yields were

driven down to levels that were hard to justify purely on economic grounds. While they have subsequently rebounded, they are still below levels that can be called attractive on fundamental grounds.

13. The crisis in the financial markets is set to continue for a while longer. More banks are likely to announce large losses in business linked with asset-backed securities. This will promote persistent nervousness and ensure demand for safe haven instruments, notably government securities (gilts), remains strong. Yields are set to remain volatile in this environment and there may be times when they are driven down to levels not justified by fundamental economic analysis.
14. The longer term outlook is not as favourable. The US Federal Reserve's aggressive cuts in interest rates since mid-September were driven by reaction to a combination of factors, including the weakening of economic activity, some improvement in inflation performance and the crisis in the US property market. But the move was seen as heavy handed and a threat to the long-term outlook for inflation. The US economy continues to post a mixed performance and inflation is only just below the ceiling the central bank considers acceptable.

Borrowing Strategy 2008/09 – 2010/11

15. 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.
16. Long-term fixed interest rates are expected to be higher over the medium term. 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 earlier if borrowing rates deteriorate.
17. 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 of Finance and Resources and treasury consultants will monitor prevailing rates for any opportunities during the year.
18. A key change in the options for borrowing and rescheduling occurred on 1 November 2007 when the PWLB changed its interest rate structure to a more sensitive pricing method and also increased the relative cost of repaying debt. This will prompt a more cautionary approach to both borrowing and rescheduling.

Investment Counterparty and Liquidity Framework

19. 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.

20. 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. The rating criteria use the lowest common denominator method of selecting counterparties and applying limits.

- **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 this 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 only use 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 2008/09 – 2010/11

22. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 5.75% Bank Rate being the peak with the next fall in early 2008. 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, subject to over riding credit counterparty security. 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.

Sensitivity to Interest Rate Movements

23. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to treasury management costs/income for next year. That element of the debt and investment portfolios which are of a longer term, fixed interest rate nature will not be affected by interest rate changes.

£m	2008/09 Estimated + 1%	2008/09 Estimated - 1%
Revenue Budgets		
Interest on Borrowing	406	406
Related HRA Charge	(158)	(158)
Net General Fund Borrowing Cost	248	248
Investment income	(1,348)	(1,322)

Treasury Management Prudential Indicators and Limits on Activity

24. 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.

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

£m	2008/09	2009/10	2010/11
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	7,000	7,000	9,500
Limits on variable interest rates based on net debt	2,000	2,000	3,000
<i>Limits on fixed interest rates:</i>			
• <i>Debt only</i>	100%	100%	100%
• <i>Investments only</i>	100%	100%	100%
<i>Limits on variable interest rates</i>			
• <i>Debt only</i>	30%	30%	30%
• <i>Investments only</i>	30%	30%	30%

Maturity Structure of fixed interest rate borrowing 2008/09		
	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	£12m	£8m
		£5m

Performance Indicators

26. 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 2007/08.

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

The Office of the Deputy Prime Minister (now CLG) 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 proposed 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.	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.	N/A
c.	Building societies not meeting the basic security requirements under the specified investments. The Council will include the top 30 building societies.	25%
d.	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).	25%
e.	Any non rated subsidiary of a credit rated institution included in the specified investment category.	N/A
f.	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.	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 and 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, and are contractually committed to keep to the Council's investment strategy. Currently the Council has an agreement with Tradition UK and Sterling International. The fund managers are required to adhere to the following:

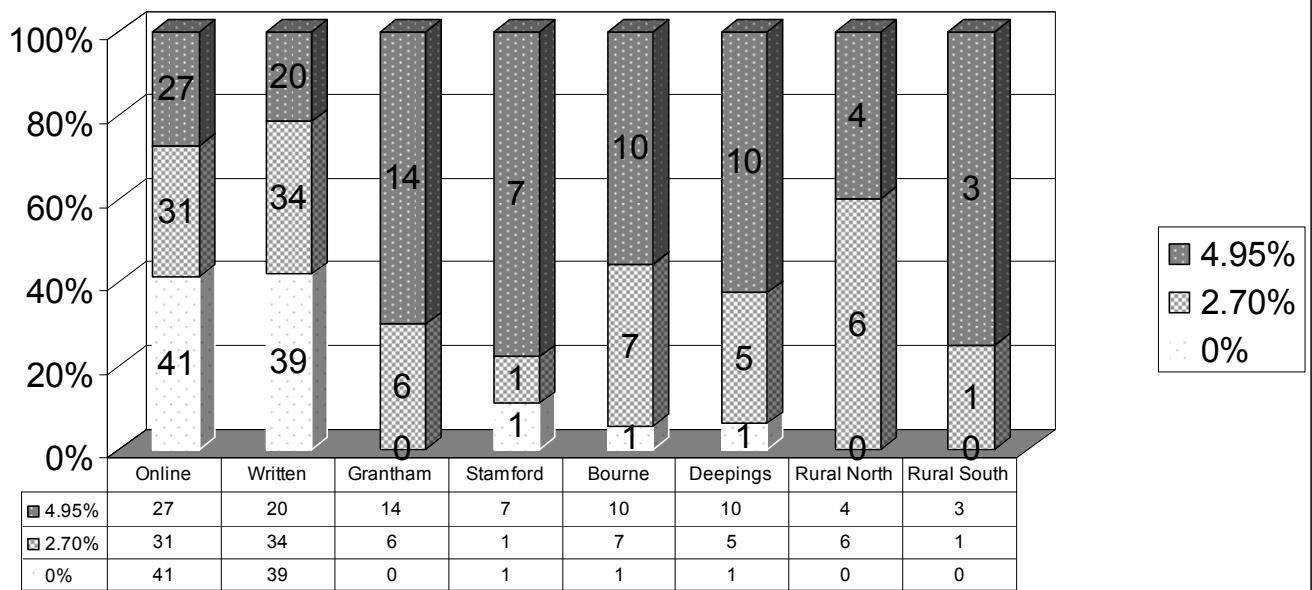
- All investments restricted to sterling denominated instruments;
- Investments made with local authorities, the top 30 building societies, English and Scottish clearing banks (and their subsidiaries) and overseas banks. The placing of funds with overseas banks is restricted to institutions with a credit rating of F1+ (short term loans) and AA rating (long term loans);
- Amounts invested with anyone institution or group should not exceed 25% of the fund value or a maximum of £7m for periods of more than one month;
- Investments for periods exceeding 364days limited to 25% of fund held;
- Forward commitment investments limited to 25% of fund held; and
- Portfolio management is measured against the return provided by the 3 month sterling LIBID.

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

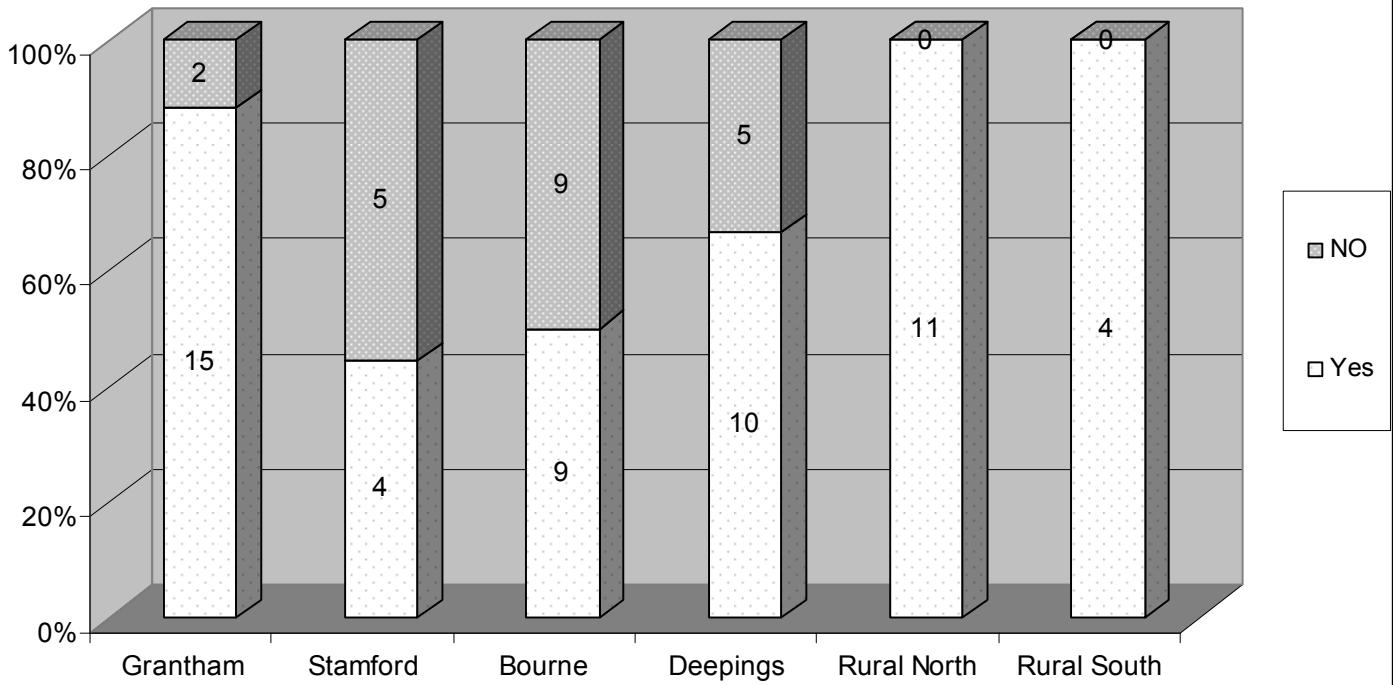
Appendix B

Summary of Consultation Results

Council Tax Consultation Results



Fees & Charges to increase by around 3%



Summary of Consultation Results

Other Proposals for Fees and Charges		Grantham	Stamford	Bourne	Deepings	Rural North	Rural South	Total
Car Parking Increase	10p	11	2	14	14	4	4	49
	20p	5	2	5	2	7	0	21
Disabled Parking	Yes	9	6	9	6	8	3	41
	No	9	3	9	10	3	1	35
Sunday Parking	Yes	9	2	4	4	8	2	29
	No	11	6	8	12	4	2	43
Evening Parking	Yes	4	3	6	2	5	1	21
	No	16	6	12	14	7	3	58
Bourne Parking	Yes	18	6	4	15	9	1	53
	No	2	1	15	1	2	1	22
Green Waste Joining Fee £20	Yes	18	4	15	9	8	4	58
	No	2	3	3	7	4	0	19
Green Waste Annual Charge	£25	9	3	10	3	0	1	26
	£30	3	0	4	1	0	1	9
	No Charge	8	4	0	12	0	1	25

Appendix B

Summary of Consultation Results

Council Tax Consultation Responses

Key points made in writing in response to online and SKtoday survey summarised below:

Source	Option	Comment
SK Today	1	Use money saved by the reduction in domestic refuse collection
SK Today	1	Self employed facing difficult economic climate and unable to afford increase.
SK Today	1	Should be a 4 th option to reduce tax by 5% through productivity and reduced staff costs
SK Today	1	Pension will not cover increase. Cut your cloth like we have to.
SK Today	1	Be more efficient with existing income.
SK Today	1	Should be a decrease.
SK Today	1	...way over the top increase in 2007/8
SK Today	1	Much money spent and little improvement seen in recycling and customer service. These areas are not residents priorities but government targets.
SK Today	1	Become more efficient
SK Today	1	Recycling and customer services are not our priorities
SK Today	2	SK today and recycling is a waste of money. Suggest increase of 1.9%
SK Today	2	SK today a waste of money
SK Today	2	2.7% is in excess of the cost of living increase
SK Today	2	Increase in excess of 2.7% will deteriorate pensioners standard of living
SK Today	2	Try good housekeeping
SK Today	2	Inflation increase should be 1.9%
SK Today	2	2.7% is in excess of inflation
SK Today	2	There are far too many chiefs and not enough Indians – better management is required
SK Today	3	Don't forget to invest in the villages
Website	1	Should reduce by 4.95%
Website	1	Any thought of an increase of 4.95% is obscene.
Website	2	Pension will not cover an increase
Website	3	Happier if council would campaign for a fairer local tax, eg local income tax
Website	1	Intelligent turkeys do not vote for Christmas. Like pensioners the council should live within their means by managing more effectively. Reduce overheads and stop wasting money on consultants.
Website	2	Consultation is only paying lip service. Community Support Officers are a waste of money it would be better spent on fully trained constables. Should also reduce management/ consultancy fees.

Appendix B

Summary of Consultation Results

SK Today	1	It is time to be frugal
SK Today	1	<p>Savings can be made as follows</p> <ol style="list-style-type: none"> 1. Rationalise and increase car park charges especially in Bourne 2. Set up industrial provident society which should have been done 4 years ago and saved over £1million 3. Cease to waste money on useless "consultants". 4. Review staffing levels and salary grades
SK Today	2	Would this mean Councillors expenses stay as they were? Old age pensions will not increase by much more than this.
SK Today	2	Its time to do good housekeeping like the low paid workers
SK Today	2	You must look to see if you can save more £80k jobs
SK Today	2	Like pensioners SKDC should cut their cloth accordingly.
SK Today	2	Cut out your waste like these silly newspapers. Customer services and town centres not a priority.
SK Today	1	Do not feel the distribution of benefits is evenly spread across the town. Harrowby Lane area gets less and Earlesfield sees all the benefits. New police station, leisure centre no longer accessible to residents on this side of town.
Stamford Town Council		The Town Council feels most strongly that an increase in car parking fees of 10p and 20p would be demonstrably detrimental to the town and clearly cannot be justified whilst the car parking facility in Bourne is available at no charge.

Option 1 No increase in council tax
 Option 2 An increase of 2.7% in line with inflation
 Option 3 An increase of 4.95% in council tax

<u>Issue</u>	<u>Budget</u> <u>2008/09</u> £	<u>Risk factor</u>	<u>Risk %</u> (<u>Likelihood</u>)	<u>Risk Value</u> <u>2008/09</u> £
Salaries	63,000	Risk to Reserves, working balances if national pay award exceeds budgeted increase	15%	9,450
Salary vacancy factor	250,000	vacancy factor not achieved due to full establishment	30%	75,000
Concessionary Fares	900,000	Uncertainty regarding level of usage due to the introduction of national scheme. Potential appeals over levels of reimbursement by operators	25%	225,000
Reduction in Ctax rise	25,000	0.5% reduction in Ctax rise equates to £25K loss of income	15%	3,750
Leisure Trust	100,000	Management fee exceeds budgeted amount	20%	20,000
Leisure Trust	150,000	Delay in introduction of Leisure Trust to manage leisure centres and Trust status not achieving mandatory business rate saving	20%	30,000
Car Parking Income	1,340,000	Increase in car parking charges for Grantham and Stamford could have a negative impact on usage. In addition the introduction of national concessionary travel scheme could adversely affect usage	20%	268,000
Planning Fee Income	906,000	Statutory fee income increase. However outcome of Planning Bill and national/local economic factors may adversely affect income	20%	181,200
Utility costs	369,000	Fluctuations in energy market leading to an increase in costs of utilities	25%	92,250
Benefit Subsidy	24,936,000	Factors affecting subsidy received	1%	249,360
Interest Rate on investments	613,000	Risk of investment returns reducing following further cuts in interest rates during 2008/09 (budgeted at 5.2%)	20%	122,600
		Total		1,276,610
		General Fund working balance level		2,159,000
		Worst case - 50% of above occurring in the same year		638,305
		One-off Capping cost - rebilling*		78,000
				716,305
		Cover Ratio		3.01
Capping of Council Tax rise	78,000	*Level of capping risk due to proposed increase of 4.95%. Government expecting increases 'significantly less than 5%' Cost associated with re-billing		78,000

APPENDIX A TO PART B

PARISH	SEA £	PRECEPT £	BAND @ £	BAND A £	BAND B £	BAND C £	BAND D £	BAND E £	BAND F £	BAND G £	BAND H £
Grantham	37.08	6.48	88.85	106.62	124.39	142.16	159.93	195.47	231.01	266.55	319.86
Stamford	20.43	40.32	98.40	118.08	137.76	157.44	177.12	216.48	255.84	295.20	354.24
Bourne	4.86	25.92	81.75	98.10	114.45	130.80	147.15	179.85	212.55	245.25	294.30
Deeping St James	2.79	38.25	87.45	104.94	122.43	139.92	157.41	192.39	227.37	262.35	314.82
Market Deeping	2.79	113.13	129.05	154.86	180.67	206.48	232.29	283.91	335.53	387.15	464.58
Allington		42.84	88.45	106.14	123.83	141.52	159.21	194.59	229.97	265.35	318.42
Ancaster		47.25	90.90	109.08	127.26	145.44	163.62	199.98	236.34	272.70	327.24
Aslackby & Laughton		23.94	77.95	93.54	109.13	124.72	140.31	171.49	202.67	233.85	280.62
Barholme & Stow		8.73	69.50	83.40	97.30	111.20	125.10	152.90	180.70	208.50	250.20
Barkston & Syston		20.61	76.10	91.32	106.54	121.76	136.98	167.42	197.86	228.30	273.96
Barrowby		42.48	88.25	105.90	123.55	141.20	158.85	194.15	229.45	264.75	317.70
Baston		18.72	75.05	90.06	105.07	120.08	135.09	165.11	195.13	225.15	270.18
Belton & Manthorpe		3.60	66.65	79.98	93.31	106.64	119.97	146.63	173.29	199.95	239.94
Billingborough		23.13	77.50	93.00	108.50	124.00	139.50	170.50	201.50	232.50	279.00
Bitchfield & Bassingthorpe		-	64.65	77.58	90.51	103.44	116.37	142.23	168.09	193.95	232.74
Boothby Pagnell		3.87	66.80	80.16	93.52	106.88	120.24	146.96	173.68	200.40	240.48
Braceborough & Wilsthorpe		19.35	75.40	90.48	105.56	120.64	135.72	165.88	196.04	226.20	271.44
Burton Coggles		7.65	68.90	82.68	96.46	110.24	124.02	151.58	179.14	206.70	248.04
Careby,Aunby & Holywell		7.38	68.75	82.50	96.25	110.00	123.75	151.25	178.75	206.25	247.50
Carlby		34.65	83.90	100.68	117.46	134.24	151.02	184.58	218.14	251.70	302.04
Carlton Scroop & Normanton		53.82	94.55	113.46	132.37	151.28	170.19	208.01	245.83	283.65	340.38
Castle Bytham		14.94	72.95	87.54	102.13	116.72	131.31	160.49	189.67	218.85	262.62
Caythorpe		30.69	81.70	98.04	114.38	130.72	147.06	179.74	212.42	245.10	294.12
Claypole		20.52	76.05	91.26	106.47	121.68	136.89	167.31	197.73	228.15	273.78
Colsterworth, Gunby, Stainby and North Witham		29.43	81.00	97.20	113.40	129.60	145.80	178.20	210.60	243.00	291.60
Corby Glen		21.42	76.55	91.86	107.17	122.48	137.79	168.41	199.03	229.65	275.58
Counthorpe & Creton		-	64.65	77.58	90.51	103.44	116.37	142.23	168.09	193.95	232.74
Denton		12.96	71.85	86.22	100.59	114.96	129.33	158.07	186.81	215.55	258.66
Dowsby		31.86	82.35	98.82	115.29	131.76	148.23	181.17	214.11	247.05	296.46
Dunsby		6.03	68.00	81.60	95.20	108.80	122.40	149.60	176.80	204.00	244.80
Edenham		18.90	75.15	90.18	105.21	120.24	135.27	165.33	195.39	225.45	270.54
Fenton		7.20	68.65	82.38	96.11	109.84	123.57	151.03	178.49	205.95	247.14
Folkingham		24.12	78.05	93.66	109.27	124.88	140.49	171.71	202.93	234.15	280.98
Foston		35.55	84.40	101.28	118.16	135.04	151.92	185.68	219.44	253.20	303.84
Fulbeck		22.86	77.35	92.82	108.29	123.76	139.23	170.17	201.11	232.05	278.46
Greatford		23.76	77.85	93.42	108.99	124.56	140.13	171.27	202.41	233.55	280.26
Great Gonerby		29.70	81.15	97.38	113.61	129.84	146.07	178.53	210.99	243.45	292.14
Great Ponton		37.89	85.70	102.84	119.98	137.12	154.26	188.54	222.82	257.10	308.52
Haconby		1.26	65.35	78.42	91.49	104.56	117.63	143.77	169.91	196.05	235.26
Harlaxton		42.03	88.00	105.60	123.20	140.80	158.40	193.60	228.80	264.00	316.80
Heydour		19.26	75.35	90.42	105.49	120.56	135.63	165.77	195.91	226.05	271.26
Honington		-	64.65	77.58	90.51	103.44	116.37	142.23	168.09	193.95	232.74
Horbling		-	64.65	77.58	90.51	103.44	116.37	142.23	168.09	193.95	232.74

APPENDIX A TO PART B

APPENDIX B TO PART B

LINCS COUNTY COUNCIL LINCS POLICE AUTHORITY	SEA	PRECEPT	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
	£	£	£ 681.18	£ 794.71	£ 908.24	£ 1021.77	£ 1,248.83	£ 1,475.89	£ 1,702.95	£ 2,043.54
			TBA	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Grantham	37.08	6.48	710.22	828.59	946.96	1065.33	1302.07	1538.81	1775.55	2130.66
Stamford	20.43	40.32	721.68	841.96	962.24	1082.52	1323.08	1563.64	1804.20	2165.04
Bourne	4.86	25.92	701.70	818.65	935.60	1052.55	1286.45	1520.35	1754.25	2105.10
Deeping St James	2.79	38.25	708.54	826.63	944.72	1062.81	1298.99	1535.17	1771.35	2125.62
Market Deeping	2.79	113.13	758.46	884.87	1011.28	1137.69	1390.51	1643.33	1896.15	2275.38
Allington	42.84	709.74	828.03	946.32	1064.61	1301.19	1537.77	1774.35	2129.22	
Ancaster	47.25	712.68	831.46	950.24	1069.02	1306.58	1544.14	1781.70	2138.04	
Aslackby & Laughton	23.94	697.14	813.33	929.52	1045.71	1278.09	1510.47	1742.85	2091.42	
Barholme & Stow	8.73	687.00	801.50	916.00	1030.50	1259.50	1488.50	1717.50	2061.00	
Barkston & Syston	20.61	694.92	810.74	926.56	1042.38	1274.02	1505.66	1737.30	2084.76	
Barrowby	42.48	709.50	827.75	946.00	1064.25	1300.75	1537.25	1773.75	2128.50	
Baston	18.72	693.66	809.27	924.88	1040.49	1271.71	1502.93	1734.15	2080.98	
Belton & Manthorpe	3.60	683.58	797.51	911.44	1025.37	1253.23	1481.09	1708.95	2050.74	
Billingborough	23.13	696.60	812.70	928.80	1044.90	1277.10	1509.30	1741.50	2089.80	
Bitchfield & Bassingthorpe	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Boothby Pagnell	3.87	683.76	797.72	911.68	1025.64	1253.56	1481.48	1709.40	2051.28	
Braceborough & Wilsthorpe	19.35	694.08	809.76	925.44	1041.12	1272.48	1503.84	1735.20	2082.24	
Burton Coggles	7.65	686.28	800.66	915.04	1029.42	1258.18	1486.94	1715.70	2058.84	
Careby, Aunby & Holywell	7.38	686.10	800.45	914.80	1029.15	1257.85	1486.55	1715.25	2058.30	
Carlby	34.65	704.28	821.66	939.04	1056.42	1291.18	1525.94	1760.70	2112.84	
Carlton Scroop & Normanton	53.82	717.06	836.57	956.08	1075.59	1314.61	1553.63	1792.65	2151.18	
Castle Bytham	14.94	691.14	806.33	921.52	1036.71	1267.09	1497.47	1727.85	2073.42	
Caythorpe	30.69	701.64	818.58	935.52	1052.46	1286.34	1520.22	1754.10	2104.92	
Claypole	20.52	694.86	810.67	926.48	1042.29	1273.91	1505.53	1737.15	2084.58	
Colsterworth, Gunby & Stainby	29.43	700.80	817.60	934.40	1051.20	1284.80	1518.40	1752.00	2102.40	
Corby Glen	21.42	695.46	811.37	927.28	1043.19	1275.01	1506.83	1738.65	2086.38	
Counthorpe & Creeton	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Denton	12.96	689.82	804.79	919.76	1034.73	1264.67	1494.61	1724.55	2069.46	
Dowsby	31.86	702.42	819.49	936.56	1053.63	1287.77	1521.91	1756.05	2107.26	
Dunsby	6.03	685.20	799.40	913.60	1027.80	1256.20	1484.60	1713.00	2055.60	
Edenham	18.90	693.78	809.41	925.04	1040.67	1271.93	1503.19	1734.45	2081.34	
Fenton	7.20	685.98	800.31	914.64	1028.97	1257.63	1486.29	1714.95	2057.94	
Folkingham	24.12	697.26	813.47	929.68	1045.89	1278.31	1510.73	1743.15	2091.78	
Foston	35.55	704.88	822.36	939.84	1057.32	1292.28	1527.24	1762.20	2114.64	
Fulbeck	22.86	696.42	812.49	928.56	1044.63	1276.77	1508.91	1741.05	2089.26	
Greatford	23.76	697.02	813.19	929.36	1045.53	1277.87	1510.21	1742.55	2091.06	
Great Gonerby	29.70	700.98	817.81	934.64	1051.47	1285.13	1518.79	1752.45	2102.94	
Great Ponton	37.89	706.44	824.18	941.92	1059.66	1295.14	1530.62	1766.10	2119.32	
Haconby	1.26	682.02	795.69	909.36	1023.03	1250.37	1477.71	1705.05	2046.06	
Harlaxton	42.03	709.20	827.40	945.60	1063.80	1300.20	1536.60	1773.00	2127.60	
Heydour	19.26	694.02	809.69	925.36	1041.03	1272.37	1503.71	1735.05	2082.06	

APPENDIX B TO PART B

Honington	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Horbling	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Hougham	20.25	694.68	810.46	926.24	1042.02	1273.58	1505.14	1736.70	2084.04	
Hough-on-the-Hill	38.16	706.62	824.39	942.16	1059.93	1295.47	1531.01	1766.55	2119.86	
Ingoldsby	11.79	689.04	803.88	918.72	1033.56	1263.24	1492.92	1722.60	2067.12	
Irnham	3.33	683.40	797.30	911.20	1025.10	1252.90	1480.70	1708.50	2050.20	
Kirkby Underwood	11.97	689.16	804.02	918.88	1033.74	1263.46	1493.18	1722.90	2067.48	
Langtoft	13.32	33.03	712.08	830.76	949.44	1068.12	1305.48	1542.84	1780.20	2136.24
Lenton,Keisby & Osgodby	3.87	683.76	797.72	911.68	1025.64	1253.56	1481.48	1709.40	2051.28	
Little Bytham	31.14	701.94	818.93	935.92	1052.91	1286.89	1520.87	1754.85	2105.82	
Little Ponton & Stroxtion	8.19	686.64	801.08	915.52	1029.96	1258.84	1487.72	1716.60	2059.92	
Londonthorpe & Harrowby Without	16.11	691.92	807.24	922.56	1037.88	1268.52	1499.16	1729.80	2075.76	
Long Bennington	36.72	705.66	823.27	940.88	1058.49	1293.71	1528.93	1764.15	2116.98	
Marston	26.10	698.58	815.01	931.44	1047.87	1280.73	1513.59	1746.45	2095.74	
Morton	14.22	690.66	805.77	920.88	1035.99	1266.21	1496.43	1726.65	2071.98	
Old Somerby	16.47	692.16	807.52	922.88	1038.24	1268.96	1499.68	1730.40	2076.48	
Pickworth	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Pointon & Sempringham	32.67	702.96	820.12	937.28	1054.44	1288.76	1523.08	1757.40	2108.88	
Rippingale	44.01	710.52	828.94	947.36	1065.78	1302.62	1539.46	1776.30	2131.56	
Ropsley,Humby,Braceby & Sapperton	14.49	690.84	805.98	921.12	1036.26	1266.54	1496.82	1727.10	2072.52	
Sedgebrook	25.11	697.92	814.24	930.56	1046.88	1279.52	1512.16	1744.80	2093.76	
Skillington	33.93	703.80	821.10	938.40	1055.70	1290.30	1524.90	1759.50	2111.40	
South Witham	46.35	712.08	830.76	949.44	1068.12	1305.48	1542.84	1780.20	2136.24	
Stoke Rochford & Easton	28.08	699.90	816.55	933.20	1049.85	1283.15	1516.45	1749.75	2099.70	
Stubton	16.29	692.04	807.38	922.72	1038.06	1268.74	1499.42	1730.10	2076.12	
Swayfield	19.17	693.96	809.62	925.28	1040.94	1272.26	1503.58	1734.90	2081.88	
Swinstead	26.55	698.88	815.36	931.84	1048.32	1281.28	1514.24	1747.20	2096.64	
Tallington	18.18	693.30	808.85	924.40	1039.95	1271.05	1502.15	1733.25	2079.90	
Thurlby	18.27	693.36	808.92	924.48	1040.04	1271.16	1502.28	1733.40	2080.08	
Toft, Lound & Manthorpe	-	681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54	
Uffington	13.23	690.00	805.00	920.00	1035.00	1265.00	1495.00	1725.00	2070.00	
Welby	15.84	691.74	807.03	922.32	1037.61	1268.19	1498.77	1729.35	2075.22	
Westborrough & Dry Doddington	16.47	692.16	807.52	922.88	1038.24	1268.96	1499.68	1730.40	2076.48	
West Deeping	22.68	696.30	812.35	928.40	1044.45	1276.55	1508.65	1740.75	2088.90	
Witham-on-the-Hill	24.12	697.26	813.47	929.68	1045.89	1278.31	1510.73	1743.15	2091.78	
Woolsthorpe	23.76	697.02	813.19	929.36	1045.53	1277.87	1510.21	1742.55	2091.06	
Wyville-cum-Hungerton	23.49	696.84	812.98	929.12	1045.26	1277.54	1509.82	1742.10	2090.52	
TOTAL										
SKDC Band D	116.37	54350.58	63409.01	72467.44	81525.87	99642.73	117759.59	135876.45	163051.74	

Agenda Item 7

REPORT TO COUNCIL

REPORT OF: STRATEGIC DIRECTOR

REPORT NO: SD19

DATE: 3 MARCH 2008

TITLE:	CORPORATE PLAN 2008/11
FORWARD PLAN ITEM:	YES
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	1 December 2007
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	POLICY FRAMEWORK PROPOSAL

COUNCIL AIMS/ PORTFOLIO HOLDER NAME AND DESIGNATION:	COUNCILLOR LINDA NEAL, LEADER OF THE COUNCIL	
CORPORATE PRIORITY:	All	
CRIME AND DISORDER IMPLICATIONS:	None	
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. (Attached)	Full impact assessment required? NO
BACKGROUND PAPERS:	Annual review of priorities CEX378.	

1. INTRODUCTION

- 1.1 The purpose of this report is to seek approval for the production of the council's new corporate plan 2008-2011. A printed version is available in the members' lounge and the communications office. An electronic version is available by contacting the communication team on (01476) 406020. The document builds on the previous plan but is updated and refreshed taking into account the review of priorities undertaken last year.
- 1.2 This plan is the council's overarching strategy document setting out our vision, our values and our priority plans for the next 3 years.

2. RECOMMENDATION

2.1 That Council approves the publication of the 3 year plan and agrees to delegate the Leader to sign off any minor amendments which may arise following this meeting.

3. PURPOSE OF THE 3 YEAR PLAN

3.1 This document has normally been referred to as the "Corporate Plan" however it is recommended that its title is changed to "South Kesteven's 3 Year Plan".

3.2 The document itself and its vision and supporting plans cannot be delivered without the contribution of members, staff, partners and our customers. Many think that a "corporate" document is only for use by those at the centre of the organisation. Nothing could be further from the truth. Whilst the document is driven in part and authored by the corporate centre it is only through it being readily accessible and understood by all that we will deliver the improvements for the community we seek.

4. CONSULTATION

4.1 The proposals within the document have been shared with our local strategic partners and the results of the consultation have and will be used as appropriate.

4.2 There is a significant amount of close working already between ourselves and partners. The priority in respect of recycling is a good example of how we make a significant contribution to the delivery of the County Council's waste strategy.

4.3 The review of priorities last year referred to the results of our annual customer consultation exercise which helped inform the decisions.

5. LISTENING

5.1 As part of the review we have listened to comments and feedback on our previous plan specifically in respect of the vision, values, ambitions and priorities. Our research indicated that these were not as easily understood and some confusion existed between how individuals related to the ambitions and priorities.

5.2 Taking this into account the proposed plan simplifies and shortens these statements and removes the reference to ambitions. The document now refers to:-

Our vision - "To provide brilliant services to our customers"

Our values

- "Listening" – Taking your views into account and demonstrating a real passion for customer service.

- “Learning” - Being open and honest, and learning from things that go well and do not go so well.
- “Delivering” – Innovating and making a difference.

5.3 The recent staff/member workshop sessions had an exercise that covered these proposed changes and the need for all to contribute. The outcome of the event was that 85% of those attending both supported the vision and priorities, and could make a real contribution to them. This is an excellent platform on which to progress.

6. **PREPARATION**

6.1 A small group of officers and members assisted in the production of the original draft and this has formed the basis on which the communications team have worked. They have taken it from original concepts, story boarding through to final design concepts using a local external graphic designer.

7. **DESIGN BRIEF**

7.1 The original brief given for the production of the plan was as follows.

- Objective:

To produce a document that is primarily easily accessible for all our audiences and secondary fulfils our statutory duty.

- Audiences:

Primary: residents, officers, councillors, partners and statutory bodies
Secondly: media and other local authorities

- Tone:

Conversational yet informative and not overly formal. Whilst retaining the factual content, copy and information provided by the various teams should be edited to provide a consistent tone of voice for the whole document. In line with the new corporate posters photographs of our own team and area should be used.

- Content:

The corporate plan is a framework for our actions over the next three years. It is important to engage people quickly with the key facts within the first few pages. The communications team recommended that the report is written in two distinct parts:

Part 1: An overview of all the key objectives, priorities, facts and figures to paint a ‘big picture’ of the overall plan that is easily digestible and provides the whole story whilst not going into too much detail. Each element of this section will be colour coded for ease of use.

Part 2: A detailed, in-depth account of each of the sections included in part one which provides all the additional supporting information.

Further detailed supporting information be included in appendices. This second part will be included as an attached CD.

The document to cover:-

- A description of the district
- Our vision – where we are going
- Our values – what's important to us
- Our priorities – what they are and why they are important
- How will we achieve it
- How we will pay for it
- How well we are doing
- Who makes it all happen
- How you get involved
- All statutory inclusions

8. AVAILABILITY AND COSTS

8.1 Subject to approval the document will be available by the end of March and will be included on the web and the intranet. Production costs are around £3k for printing and £2k for graphics with all other work for the 3 year plan being done internally.

9. COMMENTS OF SECTION 151 OFFICER

9.1 The Corporate Plan is the council's overarching strategy document, identifying the council's Short and Medium term plans, based on the council's approved vision and priorities. It is a key document to inform resource allocation decisions, as outlined in the council's Medium Term Financial Strategy (MTFS).

9.2 The Corporate Plan once approved will form part of the council's budgetary and policy framework. As a result, the Corporate Plan together with other corporate strategies and plans, such as the MTFS and the Asset Management Plan will drive resource allocation decisions in the future, to ensure the effective use of resources in line with council priorities.

10. COMMENTS OF MONITORING OFFICER

10.1 There is no specified form for a Corporate Plan. It does however need to guide the many requirements detailed in this report. It is an essential document which must be updated every time the Council's vision and/or priorities change.

10.2 The last Corporate Plan was approved by Council at its meeting on the 26 October 2006. The plan was approved for the period 2006 to 2009. This new version updates the existing plan with the Council's vision and priorities in a similar format to the previous plan.

10.3 The requirements relating to the content of the best value performance plan were revoked by statutory instrument in 2003. There is no legal requirement for a document in this form, however, it is essential that such an overarching document is published to inform all of the matters contained in the report.

11. CONTACT OFFICER

11.1 Ian Yates, Strategic Director

Tel: 01476 406102 email: i.yates@southkesteven.gov.uk

18 February 2008

INITIAL EQUALITY IMPACT ASSESSMENT PRO FORMA

Section: Corporate	Names of those undertaking assessment: Ian Yates Tracey Blackwell Sharon Yates	
Name of Policy to be assessed: Corporate Plan	Date of Assessment: 15 February 2008	Is this a new or existing policy? Yes
<p>1. Briefly describe the aims, objectives and purpose of the policy: The Corporate Plan provides the over-arching strategy for the authority for the next 3 years. The Plan sets out the Council's visions, its values and its priorities and how it intends to deliver them.</p>		
<p>2. What are the key performance indicators? A range of indicators are included in the plan these Range from overall satisfaction with the Council through to external assessment e.g. Use of resources score</p>		
<p>3. Who will be affected by this policy? Customers, partners, employees and elected Members.</p>		
<p>4. Who is intended to benefit from this policy and in what way? It is intended for the benefit of the community within South Kesteven.</p>		
<p>5. Are there any other organisations involved in the delivery of the service? Delivery of some of the objectives within the plan will require joint working arrangements with key partners.</p>		
<p>6. What outcomes are required from this policy and for whom? The corporate plans aims to deliver brilliant services to our customers together with specific outcomes in priority areas. See plan for details.</p>		
<p>7. What factors/forces could contribute/detract from the outcomes? Changes in: <ul style="list-style-type: none"> • statutory requirements • central Government strategic direction • national and local economy • priorities of key partners </p>		
<p>8. Who are the main stakeholders in relation to the policy? <ul style="list-style-type: none"> • Customers • Employees • Partners • Audit Commission </p>		
<p>9. Who implements the policy, and who is responsible for the policy? The Cabinet with support of officers will deliver the objectives set out in the Corporate Plan</p>		

10. Are there concerns that the policy could have a differential impact on different racial groups? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

11. Are there concerns that the policy could have a differential impact on men and women? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

12. Are there concerns that the policy could have a differential impact on disabled people? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

13. Are there concerns that the policy could have a differential impact on the grounds of sexual orientation? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

14. Are there concerns that the policy could have a differential impact on the grounds of age? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

15. Are there concerns that the policy could have a differential impact on the grounds of religious belief? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

16. Are there concerns that the policy could have a differential impact on any other groups of people e.g. those with dependants/caring responsibilities, those with an offending past, those with learning difficulties, transgendered or transsexual people. If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this?

No. All supporting polices, strategies and procedures are required to be subject to equalities impact assessment.

17. Are there any obvious barriers to accessing the service e.g. language, physical access? The Corporate Plan is not a service.
18. Where do you think improvements could be made? Feedback will be used to inform future review of the Corporate Plan
19. Are there any unmet needs or requirements that can be identified that affect specific groups. If yes, please give details. No
20. Is there a complaints system? Yes
21. Do we monitor complaints by race, gender, disability, age, sexual orientation, religious belief? The corporate complaints procedure is currently being updated to take into account specific equalities issues.
22. Do we have feedback from managers or frontline staff? Yes
23. Is there any feedback from voluntary/community organisations? The key contents of the plan have been discussed at the local strategic partnership which included representatives from voluntary organisations.
24. Is there any research or models of practice that may inform our view? NA
25. Could the differential impact identified in 8 – 16 amount to there being unlawful discrimination in respect of this policy? NA
26. Could the differential impact identified in 8-16 amount to there being the potential for adverse impact in this policy? NA
27. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason? NA
28. Should the policy proceed to a full impact assessment? No
29. Date on which Full assessment to be completed by NA
Signed (Lead Officer): Date: 15 th February 2008.....

REPORT TO COUNCIL

REPORT OF: CLLR PAUL CARPENTER
Portfolio Holder, Human Resources and Organisational Development

REPORT NO.: HR & OD 95 updated

DATE: 3rd March 2008

TITLE:	New look pension scheme policy statement
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	September 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Paul Carpenter, Deputy Leader Portfolio holder for HR & OD	
CORPORATE PRIORITY:	Use of Resources	
CRIME AND DISORDER IMPLICATIONS:	N/A	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Yes	Full impact assessment required? No
BACKGROUND PAPERS:	SD 13 report to Council & appendix http://moderngovsvr/mgConvert2PDF.asp?ID=4523&J=3 http://moderngovsvr/mgConvert2PDF.asp?ID=4525&J=3 Statutory Instrument 2007 No. 1166	

1. INTRODUCTION

The changes to the local government pension scheme have been anticipated for some time. The primary legislation to effect the changes was passed in April 2007 to come into effect on 1st April 2008. It changes the basis of the scheme as well as its practical operation. This report and policy statement is based on the advice and guidance supplied by Local Government Employers (LGE) and the Department for communities and local government (DCLG) to date. It is likely that there will be amendments to the legislation. To enable the effective introduction of the scheme we are required to restate the Councils discretions alongside the scheme changes. This report was considered and approved at the cabinet meeting dated 11th February 2008.

2. RECOMMENDATIONS

- 2.1. The council adopts the policy statement detailed in appendix 1 of this report.
- 2.2 The council adopts the discretions detailed in section 3 of the policy statement and requires that they be formally notified to the pension scheme administrators.
- 2.3 The council notes that the policy statement is subject to the outcomes of the consultation with the unions.
- 2.4 The council notes that the policy statement may be subject to further changes arising from DCLG & LGE guidance

3. DETAILS OF REPORT

- 3.1 The new look pension scheme 2008 is significantly different to the scheme based on the 1997 regulations.

The major changes are:

- Eligibility to join the scheme is restricted to employees with an employment contract of over 3 months. Existing employees automatically move over to the new scheme.
- Employee contributions change from a flat rate of 6% to a range of contributions between 5.5% and 7.5%. The bands are based on income – so those on lower salaries pay lower contributions than those on higher salaries. There is no change to the definition of pensionable pay.
- Craft and manual worker contributions (formerly at a flat rate of 5%) are on a phased programme so that they are integrated into the same income based bands over the next 3 years.
- The benefits payable on retirement are made on a different calculation base 60^{ths} rather than 80^{ths}. Existing employees who retire will receive pension benefits derived from 2 sets of calculations based on old scheme membership and new scheme membership.
- Lump sum pensions are not an automatic feature of the new scheme as they are in the current scheme. In the new scheme employees can elect to

commute part of their pension to a lump sum if they wish on a 1:12 basis. The maximum allowed is 25% of the capital value of benefits.

- Benefits are calculated on an employee's final pay. In the 2008 scheme it now permits the best of the last three years pensionable pay to be used.
- Employees can remain in the scheme when aged over 65 and their benefits will be actuarially increased. They must draw their pension benefits before age 75.
- Voluntary early release of pension benefits will be subject to actuarial reduction (subject to the old "rule of 85" protections that are in transitional arrangements).
- Flexible retirement is permitted with employer consent.
- Benefits paid on death in service are improved to beneficiaries.
- For employees permanently incapable of work through ill health there is the introduction of two tier ill health benefits based on the likelihood of gaining gainful employment.
- There is provision in the scheme for employees to buy additional scheme membership/ additional voluntary contributions.
- The earliest age at which benefits become payable rises from 50 to 55, with transitional arrangements in place for existing members until 2010.

3.2 All staff will be briefed on the new look pension scheme via nationally produced information and information provided by our scheme administrators at Lincolnshire County Council. There will be information provided for reference on the intranet.

The intention is to deliver this information in March 2008 when the latest guidance has been received.

3.3 There are considerable practical and administrative issues to address to enable the implementation of the scheme for April 2008 and a project plan is being implemented.

4. CHANGES TO THE NEW 2008 SCHEME

4.1 From the briefings and guidance received to date there are still parts of the new regulations that require amendment and / or further clarification. For example the regulations permit flexible retirees to draw all or part of their benefits. We are awaiting guidance as to how part payment is intended to operate.

4.2 The consultation on a possible 3rd tier Illhealth retirement has closed but as yet we have not received any indication as to whether this option will come to fruition.

The proposal is that employees who are permanently incapable of doing their present job can retire and draw their benefits accrued to date, without enhancement, if it is judged by the specialist occupational health physician that they could obtain gainful employment soon after retirement from their existing employment. We have been led to believe that this may be introduced for the start of the new scheme.

- 4.3 Annual reviews of contribution bands are a feature of the scheme.
- 4.4 There will be a considerable impact on occupational health services in relation to Illhealth retirement certification.

5. OTHER OPTIONS CONSIDERED AND ASSESSED

This report and policy is to achieve legislative compliance.

The alternative to this local pension scheme would be to adopt the County Council scheme. The County Council's current policy is significantly different to this policy in relation to discretion 7, where the County Council adopts the discretion to augment pensionable service up to a maximum of 10 years, and will do so sparingly. This is a significant benefit to an employee however it can be at a considerable cost to the council and given the financial position it seems inappropriate to commit to a discretion that increase costs.

The County Council has not yet updated its discretions and policy statement for the new look pension scheme.

6. COMMENTS OF SECTION 151 OFFICER

The attached policy statement incorporates the safeguards and improvements in administration implemented following the review of the Council's existing Pensions Policy under the old scheme, which were adopted following discussions with the Pension Scheme Administrators and District Audit. In particular, the fact that each application for early release of pension will be considered on its own merits and will be evaluated on the basis of a business case, employment law and legal issues.

The report highlights that the Council has the option to either vary employees' contribution bands during the year or adopt the same policy as the scheme administrators (Lincolnshire County Council) to review annually providing the scheme delivers the contribution rate required. The attached policy adopts the same approach as the County Council, the financial impact of this option should be minimal, however, this aspect of the policy should be kept under review to ensure that the scheme delivers the contribution rate required.

7. COMMENTS OF MONITORING OFFICER

I am advised this policy has been introduced to update existing arrangements and introduce new requirements in accordance with The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 007 - statutory instrument 2007 No. 1166.

Further changes to the legislation are expected within the next year which will require further amendments to the policy. The policy will be kept under constant review.

8. COMMENTS OF SERVICE MANAGER FOR HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

The new look pension scheme policy statement needs to be in place for the 1st April 2008 to ensure continuity between the current pension scheme policy statement which must end on 31st March 2008 and the new arrangements that apply from 1st April 2008.

9. CONCLUSION/SUMMARY

The new look pension scheme commences in April 2008 and the statutory regulations prescribe its operation. This report and policy statement is to ensure that the council is compliant with the new regulations. The policy statement in appendix 1 has been reviewed by the Lincolnshire pension administrators as technically correct.

10. CONTACT OFFICER

JOYCE SLATER
SERVICE MANAGER HUMAN RESOURCES AND ORGANISATIONAL
DEVELOPMENT
Tel 01476 406133
Email joyce.slater@southkesteven.gov.uk

SKDC Statement of Pensions Policy**"New Look" scheme 2008****Effective from 1st April 2008****1. Introduction**

- 1.1 This policy applies to all employees who are members of the local government pension scheme. Employees must have a contract of employment for more than 3 months duration in order to be entitled to join the scheme.
- 1.2 It defines the discretions applied by this Council as required in the legislation. It also details the different retirement arrangements that are available within legislation and the pension regulations.
- 1.3 It reflects current regulations, practices and arrangements and is in accordance with decisions made by the Council on 26th October 2006 and the cabinet decision on 11th February 2008.
- 1.4 The policy notes that transitional arrangements are in place for what are known as "rule of 85" retirements as part of the transitional arrangements between the old scheme which closes on 31st March 2008 and this "new look" scheme to be introduced on 1st. April 2008

2. Principles

- 2.1 The Council will treat each individual retirement case on its merits.
- 2.2 Decisions relating to retirement will be made following consideration of the relevant decision criteria, the business implications, financial implications, employment law considerations and legality of each case.
- 2.3 Each decision will be made free from discrimination on the grounds of gender, race, disability, age, religious belief, sexual orientation or any other personal criteria.
- 2.4 Employees will pay pension contributions according to the bands determined nationally. These bands are subject to review and may change. At the start of the scheme the bands are detailed in the following table and contributions are based on whole time equivalent pensionable pay.

BAND	RANGE	CONTRIBUTION RATE
1	£0 - £12,000	5.5%
2	£12,001-£14,000	5.8%
3	£14,001 -£18,000	5.9%
4	£18,000-£30,000	6.5%
5	£30,001-£40,000	6.8%
6	£40,001-£75,000	7.2%
7	£75,001 +	7.5%

- 2.5 Employees will be advised of their pension bands at the start of each financial year. The Council will adopt the same policy as the County Council in relation to the setting and review of bandings on an annual basis as long as the scheme delivers the required contribution rate.

2.6 Existing craft / manual workers who pay contributions at the protected 5% contribution rate will be brought into line with all other scheme members from 1st April 2011 in accordance with a nationally agreed progression. Currently these are :

1 st April 2008	5.25%
1 st April 2009	5.5%
1 st April 2010	6.5%
1 st April 2011	Standard bands

NB if their correct contribution band would be less than 6.5% then the 2007 table should be followed

2.7 Employees have the right to pay additional regular contributions of £250 per year or multiples thereof to a maximum of £5000 and these and / or AVC's are requested direct from the pension administrators who obtain calculations from the government actuary.

3. Discretions

Under the Pension Regulations there is a requirement for employers to publish their discretionary provisions and deposit them with the pension scheme administrators. This part of the policy details those discretions.

3.1 Discretion 1

Since April 2006 there is no ceiling on the years of service that can count for pensionable service. Where employee contributions had been waived in the past, the service in question will be awarded to the individual without payment of the arrears of employee contributions. Employer contributions will have been paid anyway.

This discretion notes that it is no longer relevant to waive employee contributions and will adopt the discretion to award previously waived service without the employee being asked to pay previously waived contributions. This is in line with the County Council's policy.

3.2 Discretion 2

The addition of additional year's membership to a new employee within 6 months of commencing employment.

The Council does not adopt this discretion and notes that the County Council will be deleting the discretion.

3.3 Discretion 3

This discretion could enable the Council to share the cost of an additional voluntary contribution with the employee. The Council will not adopt this discretion.

3.4 Discretion 4

The granting widowers benefits for service between 1 April 1972 and 6 April 1988. This policy has now been applied to all relevant cases administered in the Lincolnshire scheme and it has been proposed to remove the discretion from the list.

The Council agrees to the deletion of the discretion.

3.5 **Discretion 5**

Employer consent retirement.

When an individual (whether an active member or a deferred member) exceeds the minimum age for the release of pension benefits on retirement (50 at present but increasing to 55 from 2010) they have the right to ask the employer to retire. The discretion, to give the employers consent to an early or flexible retirement, will be adopted by the council and will apply the following criteria to its approach. Each case will be assessed on the merits of its individual business case, which takes into account the following: Long term savings, affordability, skill retention, interests of efficiency and with no adverse effects on service delivery. Efficiency is defined as "efficiency shall include but not be limited to both financial savings and or quantifiable quality improvements judged on a case by case basis". As a general principle the council requires a reduction in working hours of 33% or a significant reduction in grade for an efficiency to be considered material in flexible retirement requests.

3.6 **Discretion 6**

The use and definition of compassionate grounds. The Council will adopt the discretion to not reduce pension benefits or release benefits on compassionate grounds. The Council will rely on the County Council's definition of compassionate grounds in this discretion. The County Council's definition is currently:

"Situations of severe personal distress resulting from non financial circumstances affecting the individual or close relative (e.g. spouse, child, parent) leading to unavoidable financial hardship".

Confirmation by the Pension Fund Medical Practitioner would also be required, where relevant.

3.7 **Discretion 7**

This allows the Council to augment an employee's pension membership up to a maximum of 10 years augmentation. The capital cost of the augmentation has to be paid, as a lump sum, into the pension fund. The Council will not apply this discretion.

3.8 **Discretion 8**

This allows the Council to award additional pension membership up to £5000 per annum.

The Council will not adopt this discretion.

4. Retirement options

There are many different retirement options available under the regulations. The decision about each retirement request must define the type of retirement as defined in this policy and in the regulations.

4.1 **Procedure**

A formal process will determine each case on its merits, in accordance with this policy statement and the current pension regulations. Consideration of the request for retirement will be made by the following people:

- The relevant service manager, for the business case / implications/ efficiency proposals

- HR & OD for the employment law considerations
- S151 Officer for the financial implications
- Monitoring Officer for the lawfulness of each case
- The Chief Executive makes the final determination on the basis of the advice received and only at that point can any retirement proceed.

Notification of retirements must be made to the portfolio holder on a case by case basis by the Human Resources and Organisational Development Service Manager.

The Human Resources and Organisational Development Manager must make an annual report of all retirements to the Cabinet.

4.2 **Normal retirement age**

The normal retirement age is defined as 65 for all employees born after 1st April 1956. There are transitional arrangements in place for employees born before that date.

4.3 **Retirement at normal retirement age**

In accordance with the age discrimination regulations 2006, employees will be asked if they wish to consider working beyond normal retirement age. They will be asked for their preferences 6 months prior to their 65th birthday. The decision whether an employee can continue working beyond the age of 65 is made on a case by case basis and is subject to the employer giving their consent. The consent decision will be reviewed.

If an employee wishes to retire at age 65 they will receive their pension entitlement in full i.e. without actuarial reduction after their 65th birthday. Their pension and any retirement grant (lump sum) will be calculated on actual contributions. Retiring employees will find that their pension is made up of 2 calculations based on their scheme membership prior to 1st April 2008 and their scheme membership post 1st April 2008

The differences in calculations are as follows:

Pre 1st April 2008 service under 1997 regulations, as amended	Post 1st April 2008 service under new 2008 scheme regulations, as amended.
Final years pensionable salary divided by 80 multiplied by number of years and days pension scheme membership	Final years pensionable salary (or best of the last 3 years) divided by 60 multiplied by number of years and days pension scheme membership
Automatic tax free lump sum calculated as 3/80ths of final pensionable salary multiplied by number of years and days pension scheme membership	No automatic tax free lump sum. Pension is commutable at the rate of £1 of annual pension for a £12 lump sum, to a maximum of 25% of the capital value of accrued benefits at the date of retirement

4.4 Working beyond 65 and retirement after normal retirement date.

If the Council consents to an employee continuing to work beyond age 65, the employee can continue to contribute to the pension scheme in accordance with regulation 17. Their employment will be reviewed in line with the consent given. In accordance with the pensions regulations they must draw their pension benefits before the day before their 75th birthday. Benefits payable after age 65 will have actuarial enhancement. Additional contributions to the pension scheme are "banked" and are paid out at the final retirement date.

4.5 Retirement between the ages of 60 – 65

Retirement between the age of 60 & 65, at the employee's request, does not require the consent of the employer. The normal procedure must still be used. The pension will have an actuarial reduction to take account of the early release before normal retirement age of 65.

4.6 Retirement between the ages of 50 – 59

When an employee who is a scheme member before 31st March 2008 and wishes to draw benefit before 31st March 2010 requests retirement, the Council may consent to the retirement of an individual aged between 50 & 59 and the employees retirement benefits are subject to an actuarial reduction if they do not meet the 'Rule of 85' transitional arrangements. For new scheme members and for those employees wishing to seek a pension release under employer consent after 1st April 2010, the lower age limit will be 55. Employer consent will only be given in accordance with the criteria detailed in discretion 5.

4.7 Retirement in the interests of the efficiency of the service.

Retirements that fall under this criteria (regulation 19) is where the consideration of the early retirement of the individual (aged 50, or from 1st. 2010, aged 55, is considered for an interest of efficiency pension release is at the request of the employer.

Employer Consent to retirement on the grounds of the efficiency of the service has the effect that the benefits paid to the employee are unreduced and the Council takes the actuarial strain.

The Council has already defined interests of the efficiency of the service on 26th October 2006 as "efficiency shall include (but not be limited to) both financial savings and or quantifiable quality improvements judged on a case by case basis".

4.8 Redundancy

Under regulation 19, any employee aged 50 who is made redundant is entitled to a release of pension. From 2010 employees must be aged 55 or over. These benefits are paid unreduced to the redundant post holder and the Council takes the actuarial strain. The Councils policy is to avoid redundancy situations wherever possible.

Compensation payments for the redundancy of employees aged over 50 continue at the statutory level for those whose redundancy effects a release of pension, in accordance with the Council's decision on compensatory payments made on 26th October 2006.

4.9 **Flexible retirement**

Regulation 18 permits flexible retirement from age 50, (or from age 55 from 1st April 2010).

The council will exercise the discretion to support flexible retirement. This option allows individuals to retire from their substantive post and continue in employment at a lower grade or with reduced hours.

Flexible retirement benefits are paid subject to an actuarial reduction.

Under the current regulations the employee can continue to accrue pension scheme membership benefits for the new role. When they fully retire and are no longer in employment the pension payments are recalculated.

The Council's policy is that any consent given for flexible retirement will only be given in the interests of the efficiency of the service. The Council has already defined interests of the efficiency of the service on 26th October 2006 as "efficiency shall include (but not be limited to) both financial savings and or quantifiable quality improvements judged on a case by case basis".

It will take into account service delivery / efficiency considerations, skill retention and the financial implications of the cost of early release in every case.

The scheme permits a partial release of benefit.

4.10 **Transitional arrangements under the "rule of 85"**

The rule of 85 is satisfied if, at the time an individual starts to draw their pension, their pension scheme membership and their age add up to 85.

The rule of 85 has now been removed in respect of the benefits built up in the future. Members of the pension scheme as at 30th September 2006 and who meet the rule of 85 are protected up to 2016 & beyond that, they are on a sliding scale of actuarial reductions up to 31st March 2020. The rule of 85 is under review nationally.

The Council will consider each request to retire under the Rule of 85 transitional arrangements and will give its consent in accordance with the regulations and where the retirement can be shown to be in the interests of the efficiency of the service.

4.11 **Ill health retirement**

The "new look" scheme introduces a 2 tier ill health benefits scheme for all employees with more than 2 years pension scheme membership.

Regulation 20 permits retirement on ill health grounds i.e. that the ill health or infirmity of mind or body renders the employee permanently incapable of discharging efficiently the duties of their current employment and that they have a reduced likelihood of obtaining gainful employment (whether in local government or otherwise) before normal retirement age.

When permanent incapacity has been determined, the payment of benefit will accord with the relevant level.

Level 1

When an employee has their employment terminated because of permanent ill health and where the employee is unlikely to obtain gainful employment within a reasonable period of time but is likely to obtain gainful employment before age 65, the pension payable is based on accrued membership + 25% of the difference between leaving and age 65.

Level 2

Where an employee has no reasonable prospect of obtaining gainful employment before age 65, the pensionable pay will be based on accrued membership + 100% of prospective membership between leaving and age 65.

Gainful employment is defined as "paid employment for no less than 30 hours per week for a period of not less than 12 months".

A release of pension on ill health grounds is made by specialists employed by the Councils Occupational Health advisers who must issue a certificate that details both permanent incapacity and the likelihood of being able to obtain other gainful employment in a reasonable time.

4.12 Retirement of the grounds of incapacity.

When an employee suffers from ill health and when medical certification cannot be made, an employee can ask for employer consent to an early retirement. The Council may consent to the retirement of an individual under regulations 18 & 19 and the employee's retirement benefits are subject to an actuarial reduction if they do not meet the 'Rule of 85' transitional arrangements.

4.13 Retirement on compassionate grounds.

The council will consider requests for retirement on compassionate grounds in accordance with regulation 30. The Council has adopted the County Council's definition, which is currently:

"Situations of severe personal distress resulting from non financial circumstances affecting the individual or close relative (e.g. spouse, child, parent) leading to unavoidable financial hardship". The normal request to retire procedure must be followed. If consent is given for a retirement on compassionate grounds the pension is not actuarially reduced.

5. Certificates of protection / deferment.

These were a feature of the 1997 regulations but have been removed in the 2008 regulations. In its place is the provision that a person whose pensionable pay is reduced because they have chosen to continue on local government employment at a lower grade or with less responsibility than their previous post may choose to have their final pay calculated as the average of their annual pensionable pay in any 3 consecutive years ending 31st March within the last 10 years prior to retirement.

6. Appeal Procedure

Individuals have the right to appeal to their employer against a decision to release a pension. They must submit their grounds for an appeal in accordance with the Councils grievance procedure.

Individuals who have had their pension released and who have a grievance relating to their actual pension payments must, in the first instance, appeal to an independent person appointed by the Council. This is someone who has not been involved in the pension release decision in any way and is usually a member of the strategic management team.

INITIAL EQUALITY IMPACT ASSESSMENT PRO FORMA

Section: HROD	Names of those undertaking assessment: Jane Jenkinson, Joyce Slater, Mike Robinson	
Name of Policy to be assessed: New Look Pension Scheme 2008	Date of Assessment: 23 rd January 2008	Is this a new or existing policy?: NEW
<p>1. Briefly describe the aims, objectives and purpose of the policy: Clarify the Councils discretions and practical arrangements relating to the range of pension release options under the new 2008 regulations.</p>		
<p>2. What are the key performance indicators? BVPI ill-health retirements BVPI early retirements</p>		
<p>3. Who will be affected by this policy? Employees who are members of the local government pension scheme Future employees</p>		
<p>4. Who is intended to benefit from this policy and in what way As 3</p>		
<p>5. Are there any other organisations involved in the delivery of the service? Pension scheme administrators Occupational health service provider</p>		
<p>6. What outcomes are required from this policy and for whom? Statement of the councils discretions Statement of the procedure to enable a pension release Guidance on the application of the pension scheme specific to SKDC All stakeholders listed in 8</p>		
<p>7. What factors/forces could contribute/detract from the outcomes? Changes in the regulations & related guidance</p>		
<p>8. Who are the main stakeholders in relation to the policy? Employees Pension fund administrators Occupational health Trade unions The Council – elected members S151 officer Monitoring officer Chief executive</p>		
<p>9. Who implements the policy, and who is responsible for the policy? Service manager Human resources and organizational development HR & OD S151 officer Monitoring officer</p>		

Chief executive
10. Are there concerns that the policy <u>could</u> have a differential impact on different racial groups? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No because the criteria relate to pensionable service & financial viability
11. Are there concerns that the policy <u>could</u> have a differential impact on men and women? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? Regulations base pension benefits on pensionable contributions. There is a difference in length of service between genders, but this is not attributable to this policy. Both genders have their benefits based on actual pay and pensionable contributions. Rule of 85 has been removed, which used to impact adversely on women who were less able to accrue high levels of service.
12. Are there concerns that the policy <u>could</u> have a differential impact on disabled people? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? III health retirement options are more supportive of people with a disability than previous schemes.
13. Are there concerns that the policy could have a differential impact on the grounds of sexual orientation? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No
14. Are there concerns that the policy <u>could</u> have a differential impact on the grounds of age? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? Yes. The regulations have different pension release options related to age.
15. Are there concerns that the policy <u>could</u> have a differential impact on the grounds of religious belief? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.
16. Are there concerns that the policy <u>could</u> have a differential impact on any other groups of people eg those with dependants/caring responsibilities, those with an offending past, those with learning difficulties, transgendered or transsexual people. If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No
17. Are there any obvious barriers to accessing the service eg language, physical access? No.
18. Where do you think improvements could be made? Receipt of guidance from Local Government employers and the pension fund administrators Eg flexible retirement III health retirement
19. Are there any unmet needs or requirements that can be identified that affect specific groups. If yes, please give details. No

20. Is there a complaints system? Yes grievance procedure & to an independent person appointed by the Council, normally a member of the strategic management team.
21. Do we monitor complaints by race, gender, disability, age, sexual orientation, religious belief? Yes
22. Do we have feedback from managers or frontline staff? N/A policy is purely driven by the new regulations
23. Is there any feedback from voluntary/community organisations? N/A
24. Is there any research or models of practice that may inform our view? No – policy has been reviewed by our pension administrators as technically correct
25. Could the differential impact identified in 8 – 16 amount to there being unlawful discrimination in respect of this policy? Potentially age but the challenge is to the pension legislation that defines the policy.
26. Could the differential impact identified in 8-16 amount to there being the potential for adverse impact in this policy? No because the policy does not treat people differently other than as required by the regulations and because the determination of an early release of pension is determined by the efficiency considerations not personal attributes
27. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason? No
28. Should the policy proceed to a full impact assessment? No
29. Date on which Full assessment to be completed by N/A
Signed (Lead Officer): Joyce Slater... Date:24 th January 2008

Agenda Item 9

REPORT TO COUNCIL

REPORT OF: RETURNING OFFICER

REPORT NO. DEM10

DATE: 3rd March 2008

TITLE:	Electoral Administration Act 2006: Review of Polling Districts, Polling Places, and Polling Stations
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	1 st November 2007 to 29 th February 2008
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A – Legislative requirement for Council decision

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Access & Engagement Portfolio Holder: Councillor Ray Auger	
CORPORATE PRIORITY:	Category M: Statutory requirement	
CRIME AND DISORDER IMPLICATIONS:	Minor	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	Unless exempt, this report is a public document and available from the Council's website: www.southkesteven.gov.uk	
INITIAL IMPACT ASSESSMENT	Carried out and appended to the report: Yes	Full impact assessment required: Yes
BACKGROUND PAPERS:	Electoral Commission circular on guidance for conducting the review	

1. INTRODUCTION

As part of new legislative requirements under the Electoral Administration Act 2006, each local authority must undertake a complete review of all polling districts, polling places and polling stations within their area. Polling districts and polling places are the responsibility of the local authority; the Returning Officer is responsible for the polling stations.

This review is a comprehensive one, with a detailed report prepared for each polling district, place and station, supplemented with plans, and covers such issues as access for the electorate, audit of the station for disabled voters, and location in relation to population figures. The review must then be subject to advertisement and consultation on the polling districts and places, involving stakeholders such as parish councils, elected members, community centres, social groups, political parties, voluntary organisations etc. In addition to this work, the Returning Officer must prepare a report for all the public buildings in the district – not just those owned by the authority, or those currently used as a polling station – and assess their potential use as polling places.

Appended to this report are the final proposals for the new polling districts and polling places for approval by the Council.

2. RECOMMENDATIONS

The Council is recommended to

- (1) approve the proposals for the new polling districts and polling places as appended to this report, taking into account all representations made;**
- (2) authorise the publication of the final proposals as required by the legislation prior to re-publication of the current electoral register on 1st May 2008.**

3. DETAILS OF REPORT

3.1 The aim of the review is that local authorities demonstrate, as far as practicable, they have met the criteria set out in legislation (Representation of the People Act 1983 section18C). Authorities must:

- Seek to ensure that all electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances
- Seek to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons.

3.2 When conducting the review, all decisions must be consulted upon, measured and practical. The whole process should be as transparent and open as possible to avoid possible conflict.

3.3 The prescribed stages of the review have now been completed (e.g. preparation of reference documents such as maps, current elector numbers, records on conditions and accessibility of current polling places), publication of the notice of review, the consultation process and the collation of the feedback and comments received. The Returning Officer is also required to comment on all existing polling stations and any new polling places that are proposed.

3.4 There were no objections raised following consultation from:

1. the district council's residents' survey
2. the council's website
3. disability groups
4. parish councils (with the exception of Colsterworth and Morton who have requested a change to the current polling place)

Comments have been received from several Councillors which have been taken into account in the outline proposals.

3.5 Appended to this report are the proposed new polling districts and polling places identified for the urban wards of Grantham, Stamford, Bourne and The Deepings. For the rural areas, new polling places have been identified for Colsterworth and Morton but these are subject to site visits and an oral update can be given at the meeting.

4. FINANCIAL CONSIDERATIONS

If the Council approves these proposals, approximately £2,500 savings will accrue in terms of hire of rooms and staffing.

5. OTHER OPTIONS CONSIDERED AND ASSESSED

During the process of the review, other public buildings were considered and assessed for access, location in relation to the majority of electors, and health and safety issues. Balance had to be given between access and facilities and the distance to a station applying reasonable methodology.

6. COMMENTS OF CORPORATE HEAD OF FINANCE AND RESOURCES (SECTION 151 OFFICER)

The Service Manager has confirmed that the proposals can be contained within existing budget provision and are likely to result in £2,000 savings compared to previous arrangements.

7. COMMENTS OF THE SOLICITOR TO THE COUNCIL (MONITORING OFFICER)

This review was essential to rationalise the allocation of polling places throughout the district and the polling districts in urban areas. The legislation does not allow for review of polling districts for rural areas. These districts must remain the same as the parish boundaries.

The last review was carried out in 1997. Since that time polling places have been added without consideration of existing places and polling districts in urban areas have increased substantially in size.

This work has been undertaken as a statutory requirement. It has involved considerable staff time to complete to this stage and the use of temporary staff has been necessary to enable the operation of the normal statutory service to continue.

Further work will be necessary after the recommendations have been agreed to allow the integration of these proposals within the software system ready for re-publication of the electoral register.

8. CONTACT OFFICER

Lena Shuttlewood
Democracy Service Manager
01476 406119
e-mail: l.shuttlewood@southkesteven.gov.uk

INITIAL EQUALITY IMPACT ASSESSMENT PRO FORMA

Section: Democracy (Electoral Services)	Names of those undertaking assessment: Simon Collingwood, Lena Shuttlewood, Sue Gibson	
Name of Policy to be assessed: Review of polling districts and places	Date of Assessment: 14 February 2008	Is this a new or existing policy?: New legal requirement: Electoral Administration Act 2006
1. Briefly describe the aims, objectives and purpose of the policy: To complete a thorough review of all polling districts and places to ensure all electors have reasonable facilities for voting and that they are accessible to all electors having regard to the accessibility needs of disabled persons.		
2. What are the key performance indicators? None agreed at present.		
3. Who will be affected by this policy? All electors within the district of South Kesteven.		
4. Who is intended to benefit from this policy and in what way? All electors. To allow all electors, regardless of disability, to exercise their democratic right.		
5. Are there any other organisations involved in the delivery of the service? No		
6. What outcomes are required from this policy and for whom? As 1. above		
7. What factors/forces could contribute/detract from the outcomes? Failure to consult and to ensure an open and transparent process could detract from the outcome.		
8. Who are the main stakeholders in relation to the policy? The electorate of South Kesteven district.		
9. Who implements the policy, and who is responsible for the policy? The District Council (polling places) and the Returning Officer (polling stations).		
10. Are there concerns that the policy <u>could</u> have a differential impact on different racial groups? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? Yes, in relation to potential language barriers. Empirical evidence from direct customer enquiries.		
11. Are there concerns that the policy <u>could</u> have a differential impact on men and women? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.		
12. Are there concerns that the policy <u>could</u> have a differential impact on disabled people? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? Yes but the process seeks to mitigate any differential impact on the disabled by implementing reasonable adjustments.		

13. Are there concerns that the policy could have a differential impact on the grounds of sexual orientation? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.
14. Are there concerns that the policy <u>could</u> have a differential impact on the grounds of age? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.
15. Are there concerns that the policy <u>could</u> have a differential impact on the grounds of religious belief? If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.
16. Are there concerns that the policy <u>could</u> have a differential impact on any other groups of people eg those with dependants/caring responsibilities, those with an offending past, those with learning difficulties, transgendered or transsexual people. If yes, please explain. What existing evidence (either presumed or otherwise) do you have for this? No.
17. Are there any obvious barriers to accessing the service eg language, physical access? Yes, in relation to potential language barriers. There are legal requirements for nomination papers and ballot papers to be produced in English. The review seeks to address physical access barriers.
18. Where do you think improvements could be made? The purpose of the review seeks to identify improvements in the facilities used and their accessibility.
19. Are there any unmet needs or requirements that can be identified that affect specific groups. If yes, please give details. None at present. However, longer term we need to ensure all polling places are compliant with the law regard regarding accessibility.
20. Is there a complaints system? Corporate complaints system.
21. Do we monitor complaints by race, gender, disability, age, sexual orientation, religious belief? No
22. Do we have feedback from managers or frontline staff? Yes in relation to polling station staff.
23. Is there any feedback from voluntary/community organisations? No (but consultation process involved such groups)
24. Is there any research or models of practice that may inform our view? No
25. Could the differential impact identified in 10 – 16 amount to there being unlawful discrimination in respect of this policy? Potentially – only if the barriers identified are not addressed.
26. Could the differential impact identified in 10-16 amount to there being the potential for adverse impact in this policy? Yes – see no. 25 above

27. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?

N/A

28. Should the policy proceed to a full impact assessment?

The action plan developed following the review will incorporate findings from the initial impact assessment and address any issues identified. It is suggested that a further impact assessment is carried out when the review is implemented.

29. Date on which Full assessment to be completed by

N/A

Signed (Lead Officer): Lena Shuttlewood, Democracy Service Manager

Date: 14th February 2008

GRANTHAM – ST ANNE'S WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
QE1 QF1 QD1 PART	Communal Room Sandon Close Grantham	961	812	Polling district to be called QA
QD1 PART	St. Anne's Church Hall Harrowby Grantham	1006	925	Polling district to be called QB
QA1 QB1 QG1	Communal Room Witham Place Bridge End Road Grantham	1094	929	Polling district to be called QC
QC1	Council Offices Civic Entrance St. Peter's Hill Grantham	503	460	Polling district to be called QD Small area close to council offices and whilst out of ward for the polling station it remains the most accessible location for that area.



GRANTHAM – EARLESFIELD WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
SA1	Church of the Epiphany	3179	2693	Polling district to be called SA.
SB1 PART	The Grove			Not to use the Table Tennis centre
SC1	Grantham			which is situated within close proximity, but not an ideal location:
SE1				saving £400
SB1 PART	Earlesfield Community	1692	1521	Polling district to be called SB
SD1	Centre			
	Trent Road			
	Grantham			

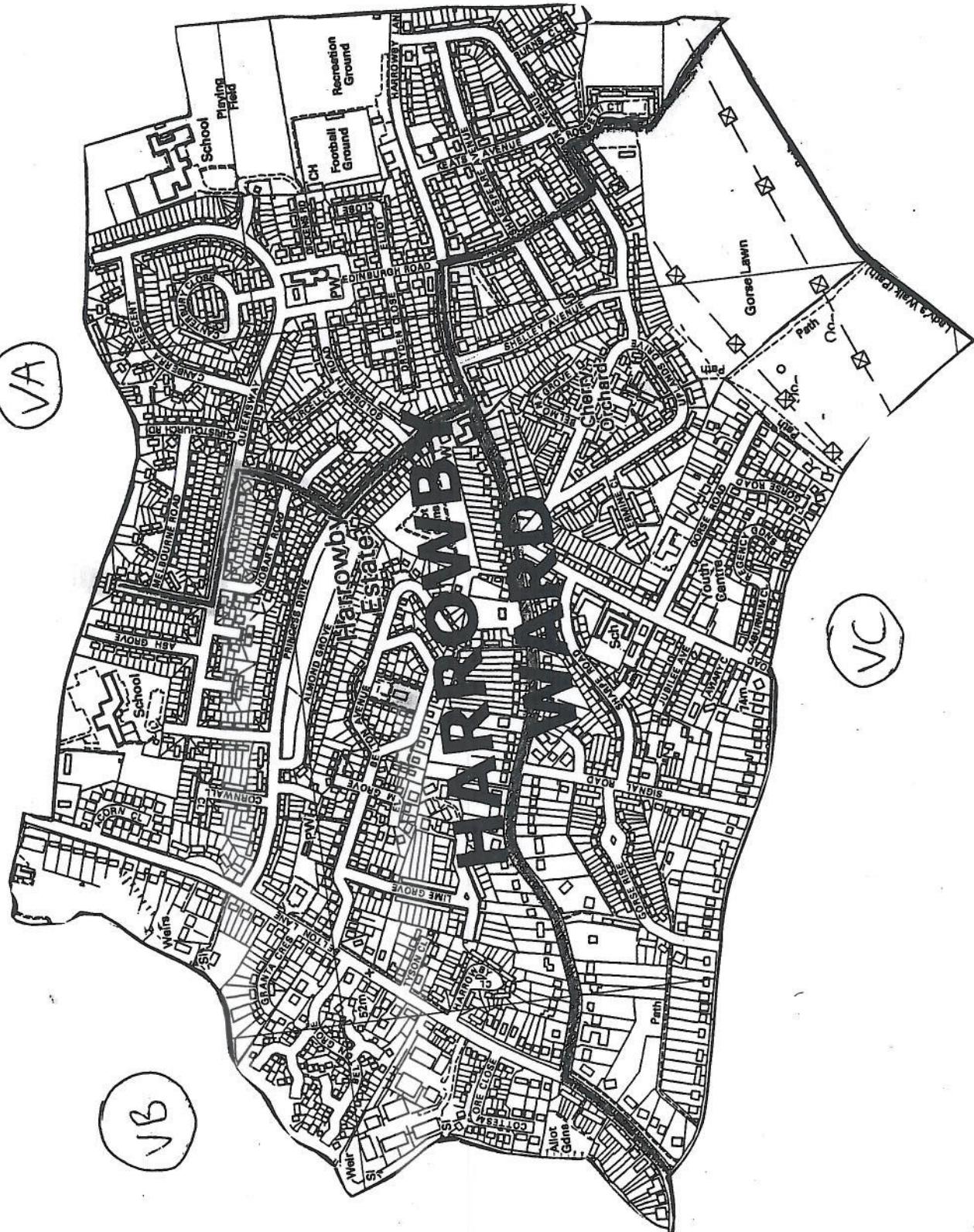
Table Tennis Centre not used: saving £400



GRANTHAM – HARROWBY WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
VC1 PART VE1	Communal Room Canterbury Close Grantham	1541	1420	Polling district to be called VA.
VA1 VD1	Communal Room Belton Avenue Grantham	1644	1400	Polling district to be called VB. Relocate from Belton Lane School to Communal Room, Belton Avenue. Central location provided.
VB1 VC1 PART VF1	Communal Room Central Place Uplands Drive Grantham	1300	1080	Polling District to be called VC

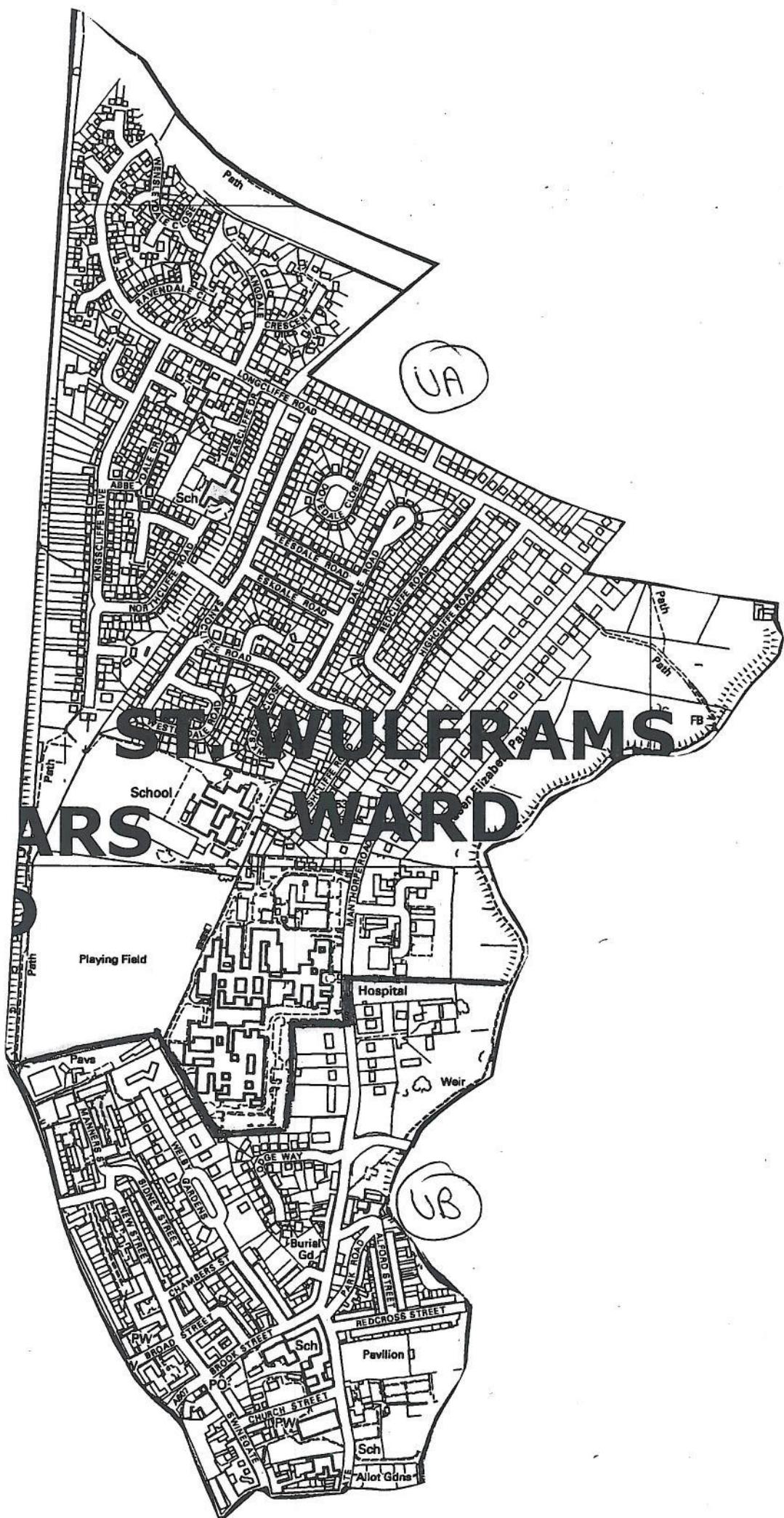
The reorganization will allow for Harrowby Ward electors to vote within the ward.



GRANTHAM – ST. WULFRAM'S WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
UB1 PART	Cliffdale School	2253	1968	Polling district to be called UA. To incorporate part of UB1 and UD1
UC1	Northcliffe Road			
UD1 PART	Grantham			
UE				
UA1	Communal Room	1106	944	Polling District to be called UB. Part of UB and UD to be relocated to the Cliffdale School. It is not economical to continue to provide
UB1 PART	Manners Street			two polling stations, one at Manners Street and one at the National School.
UD1 PART	Grantham			Parking and access is easier at Manners Street and would save £400
UF1				

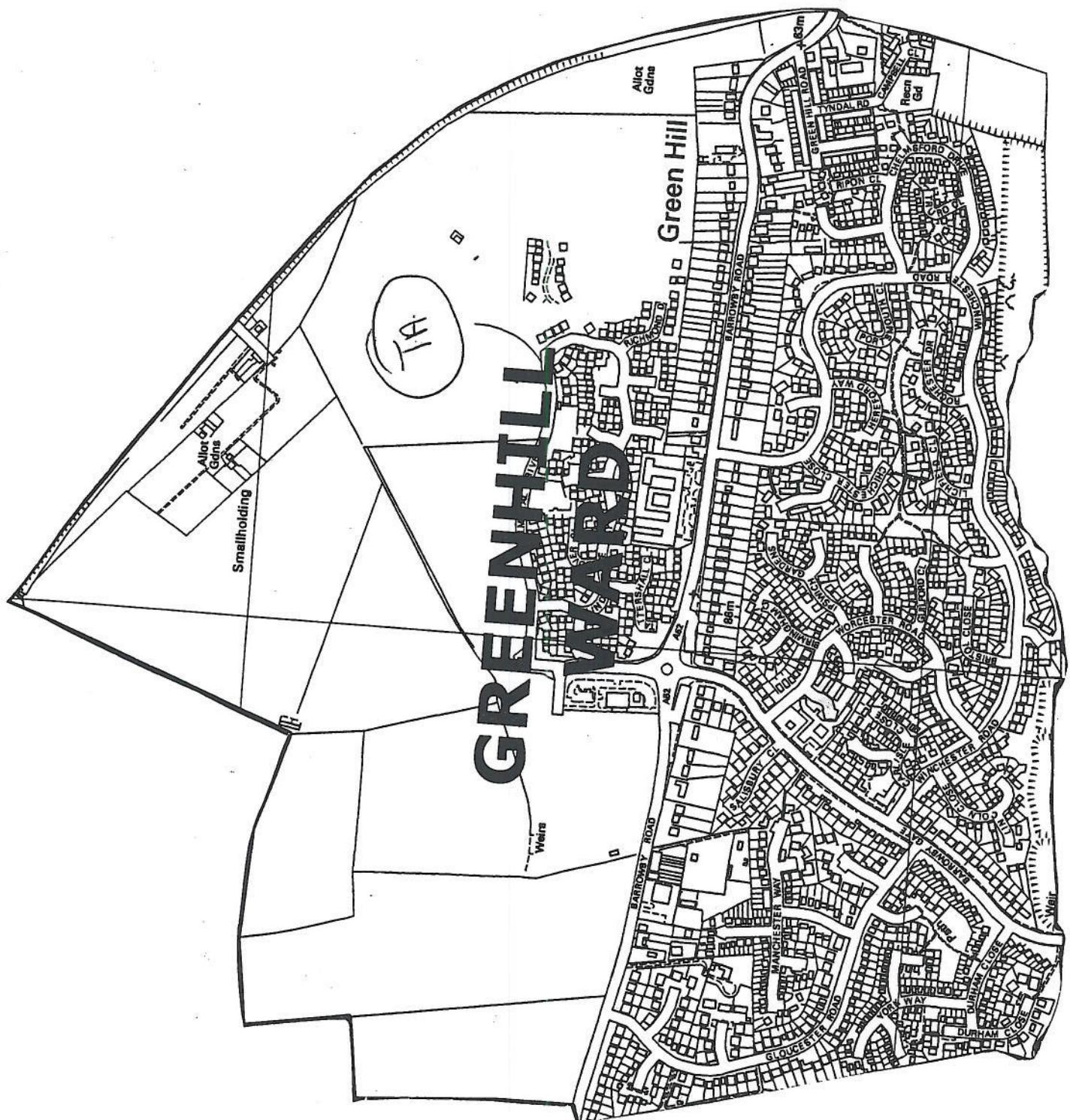
National C of E Junior School not used: saving £400



GRANTHAM – GREENHILL WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
TA1	St. Edmunds Nursing Home	3181	2750	Polling district to be called TA.
TB1	St. Edmunds Court			All of ward to vote in one place to avoid the need to enter the town centre. This along with the proposed changes in Greyfriars would reduce the need for the Communal Room,
TC1	Worcester road Grantham			Greyfriars: saving already noted

To be kept under review pending the location of any suitable polling station in the east of the ward
And building developments in the north of the ward

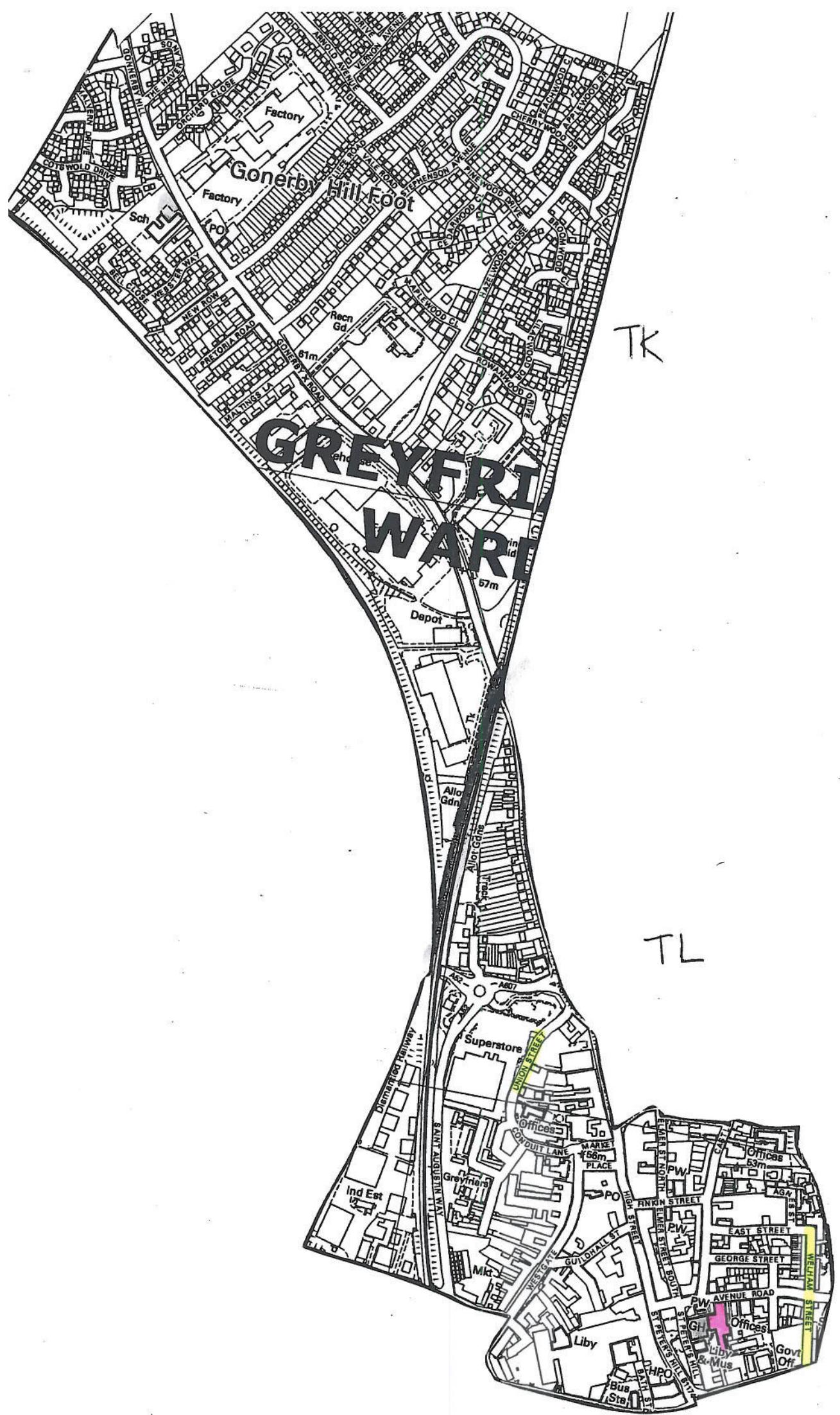


GRANTHAM – GREYFRIARS WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
TK1 TM1	Gonerby Hill Foot School Gonerby Hill Foot Grantham	2261	1996	Polling district to be called TK
TJ1 TL1 TN1	Council Offices Civic Entrance St. Peter's Hill Grantham	750	684	Polling district to be called TL. The three small polling districts to amalgamate and vote at the Council Offices. Small station would be manned with one poll clerk and share one presiding officer: saving £200

Greyfriars Communal Room, Union Street not to be used: saving £400

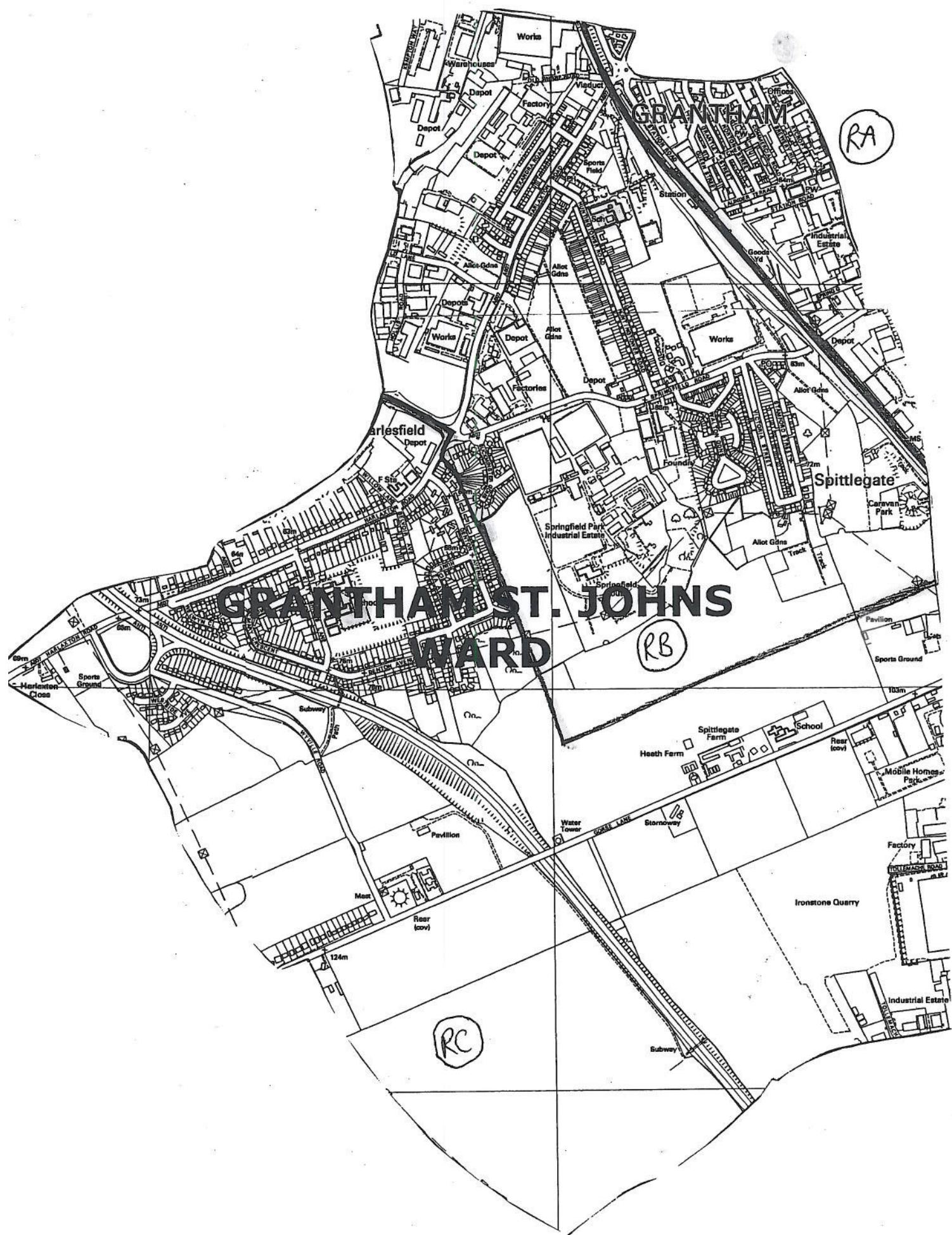
Riverside Communal Room, Welham Street not to be used: saving £400



GRANTHAM – ST. JOHN'S WARD

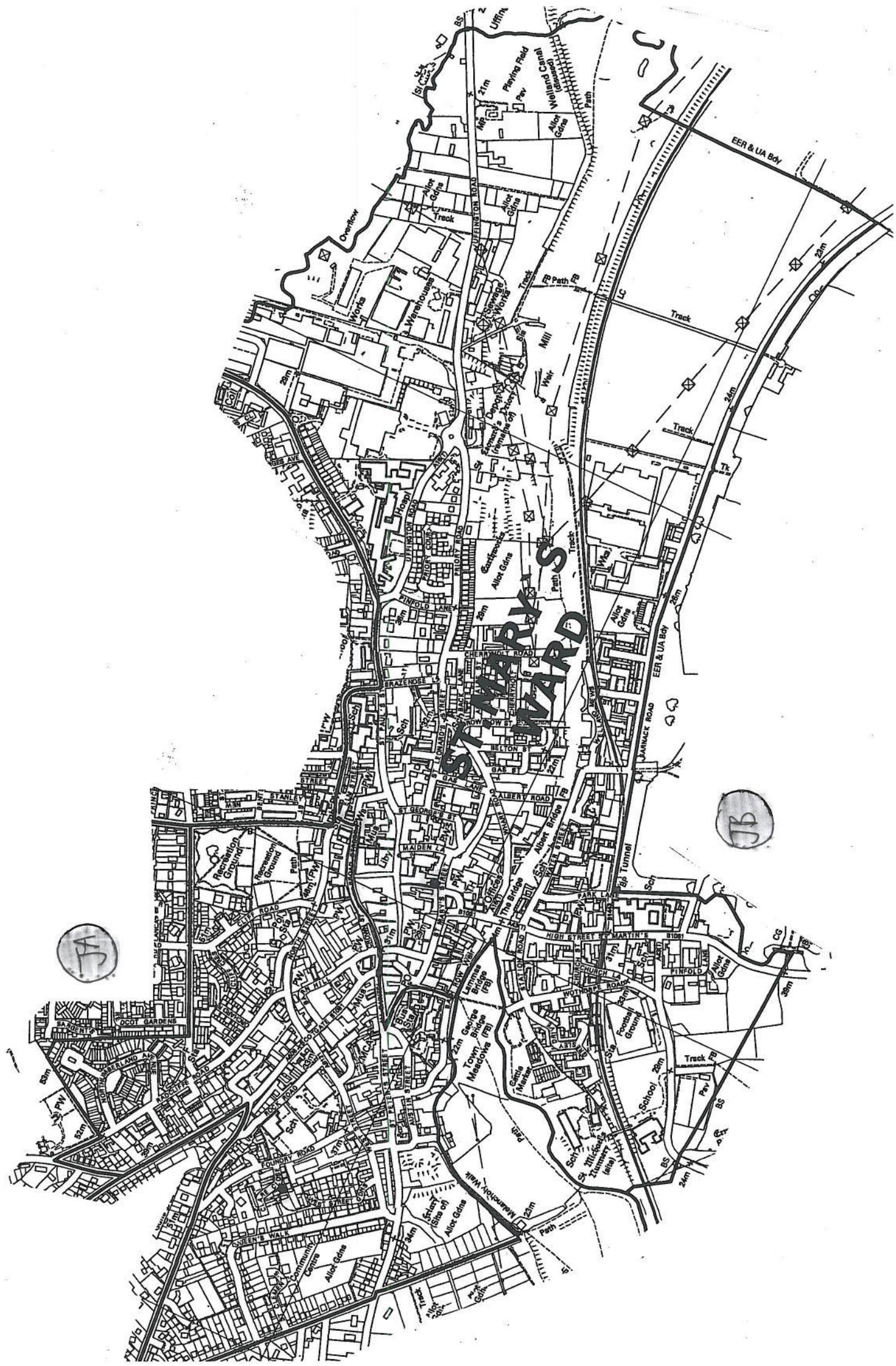
Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
RE1 RF1 RJ1	Council Offices Civic Entrance St. Peter's Hill Grantham	724	652	The polling district to be called RA. No change, but due to the small size of the polling station and the fact that the polling place accommodates another small polling district it could be manned by one poll clerk and share the presiding officer: saving £200
RA1 PART RB1 RG1 RHI	Huntingtower C.P. School Huntingtower Road Grantham	2308	2055	The polling district to be called RB.
RA1 PART RC1 RD1	Walton Girls High School Kitty Briggs Lane Grantham	1063	866	The polling district to be called RC

Due to small size of the station located at the Council Offices it could be manned by one poll clerk and share the presiding officer: saving £200



STAMFORD - ST. MARY'S WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
JA1	Communal Room	1778	1529	The polling district to be called JA
JB1	Clare close			To vote at Communal Room, Clare
JE1	Stamford			Close which is able to accommodate the volume of electors. Old polling district JA1 would have gone to Stamford Arts Centre, but Clare close is of equal or less distance.
JC1	Stamford Arts Centre	1779	1529	The polling district to be called JB.
JD1	St. Mary's Street			No change
	Stamford			



STAMFORD - ST. GEORGE'S WARD

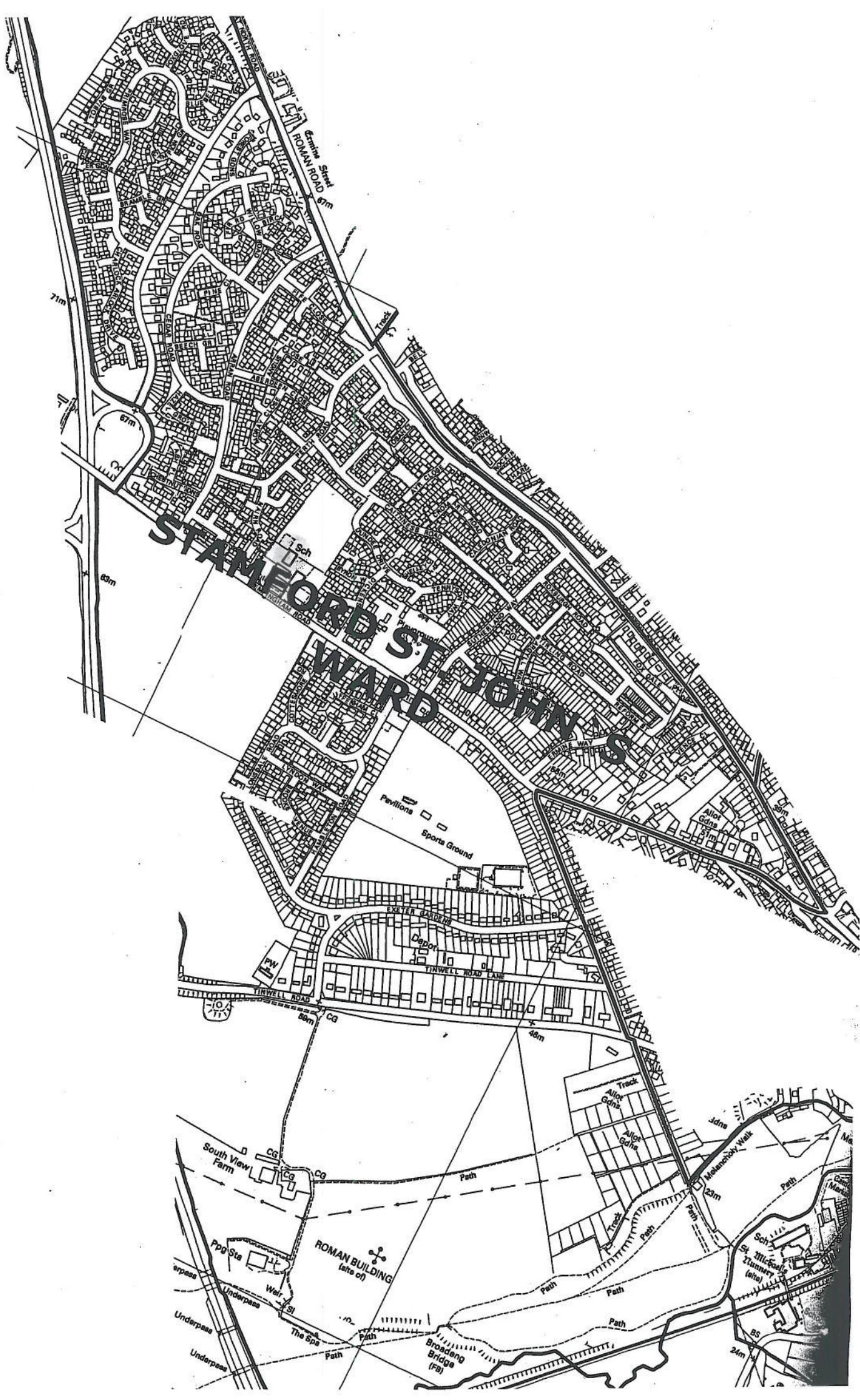
Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
GA1	Stamford Free Church Kesteven Road Stamford	1985	1740	The polling district to be called GA to vote at Stamford Free Church.
GB1 PART GC1 GG1				St. George's School is situated in close proximity to Stamford Free Church which able to accommodate the volume of electors.
GB1 PART GD1 GE1 GF1	Communal Room Edmonds close Stamford	1204	1027	The polling district to be called GB to vote at Edmonds Close Communal Room.

St. George's School not to be used as in close proximity to Stamford Free Church: saving £400
 Stamford United Reformed Church not be to used: saving £420



STAMFORD – ST. JOHN'S WARD

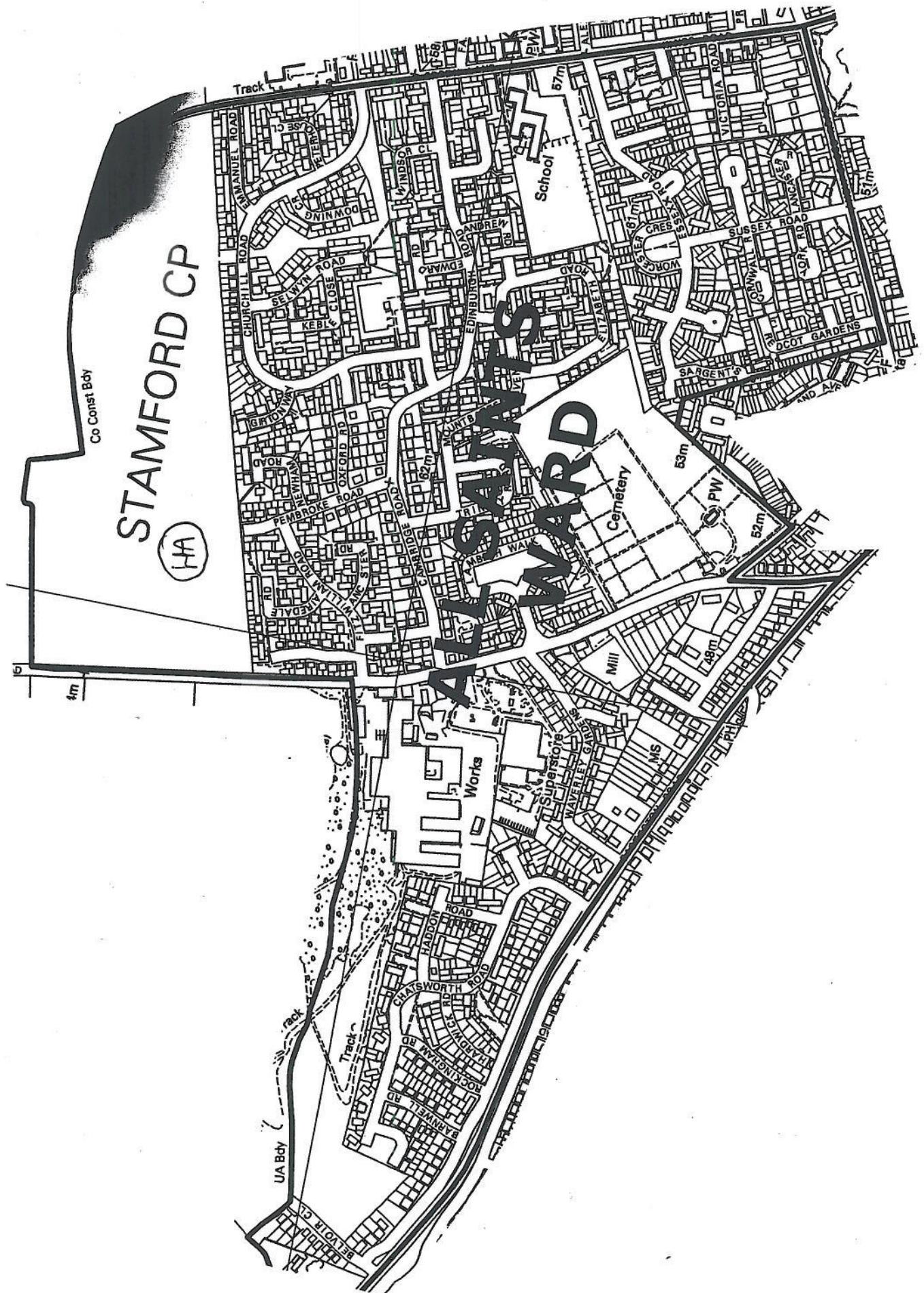
Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
KA1	Malcolm Sargent School	3956	3469	The polling district to be called KA to vote at Malcolm Sargent School, which is able to accommodate the volume of electors.
KB1	Empingham Road			
KC1	Stamford			



STAMFORD - ALL SAINTS WARD

Ward/Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
HA1	Communal Room	3663	3224	
HB1	Essex Road			
HC1	Stamford			
HD1				

Focus Adult Education Centre not to be used: saving £360
Possible use of portacabin to be located in Lambeth Walk: cost in the region of £1500



BOURNE – EAST WARD

Ward/Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
EC1	Bourne Youth Centre Queen's Road Bourne	1629	1455	Polling District to be called EA to cover all areas within the Bourne East Ward to the north of Harrington Street /Baldwin Grove
EA1 EB1	Abbey Road Primary School Abbey Road Bourne	1257	1109	Polling District to be called EB to cover the area south of Harrington St/ Baldwin Grove and the north of Coggles Causeway, East Gate and The Slipe
ED1 EG1	Darby & Joan Hall South Road Bourne	1738	1527	Polling District to be called EC to cover the area south of Coggles Causeway, East Gate and The Slipe
EE1	Dyke Village Hall Main Road Dyke	230	197	Polling District to be called ED No changes
EF1	Twenty Village Hall Station Road Twenty	136	128	Polling District to be called EE No changes

Not to use Meadow Close, relocate to Bourne Abbey Road School
Not to use Bourne United Reformed and relocate to the Darby & Joan Hall

Electoral Services Ward Prints

EA

BOURNE EAST WARD

EB

The logo for the European Commission, featuring the letters 'EC' in a stylized font with a diamond shape above the 'E'.



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BOURNE – WEST WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
EO1 EL1	Royal British Legion Burghley Street Bourne	1638	1443	Polling district to be called EL No changes
EM1 EP1 EQ1	Westfield C.P. School Westbourne Park Bourne	2147	1850	Polling district to be called EM No changes
EN1	Communal Room Manor Court Bourne	949	855	Polling district to be called EN No changes

Bourne East and West Ward to be kept under review due to continuing development

Electoral Services Ward Prints

BOURNE WEST WARD

BOURNE

EM

EX



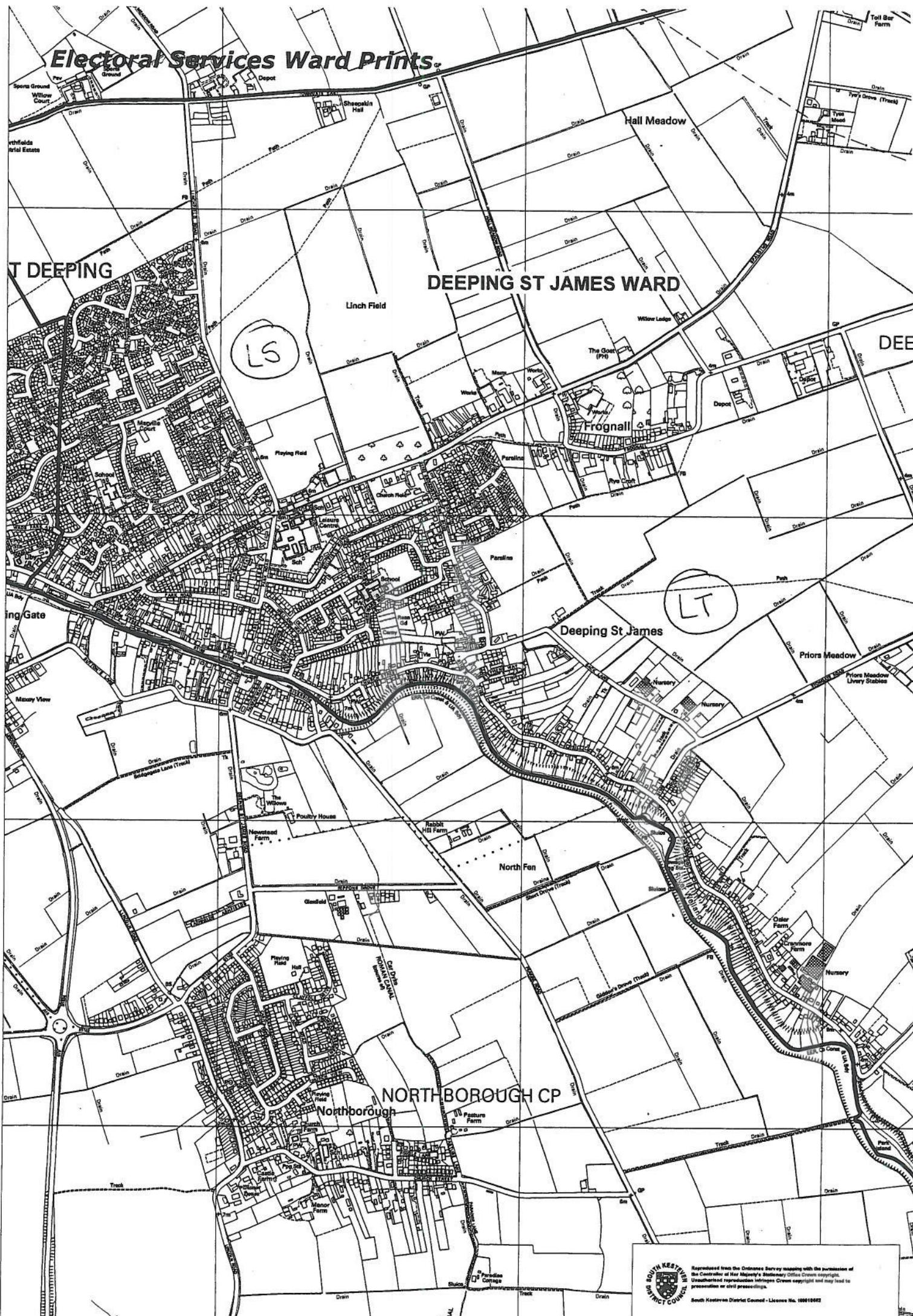
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DEEPING ST. JAMES WARD

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
LU3	Deeping Community Centre Douglas Road Market Deeping	2452	2212	Polling district to be called LS. Due to on going problems with the Linchfield School it is proposed to relocate to the Deepings Community Centre. The D.C.C. is already utilized and would accommodate a further station: saving £116
LS1 LT1	Deeping St. James C.P. School Herewood Way Deeping St. James	3025	2674	Polling district to be called LT

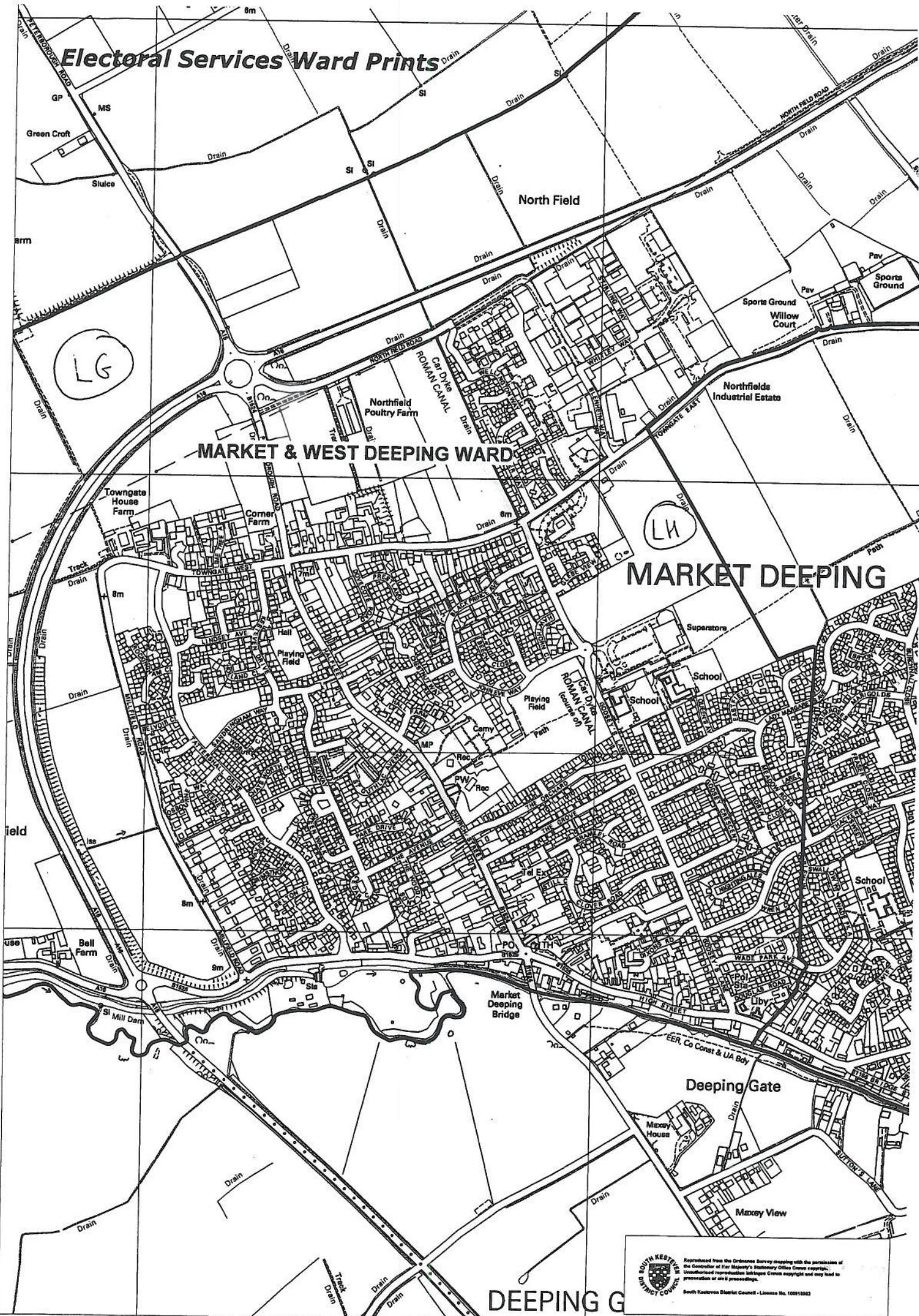
The Catholic Church Hall adjacent to Deeping St. James C.P. School is a possible alternative however the school are happy to be utilized.



MARKET & WEST DEEPING

Ward/ Polling District	Polling Place	Electorate	Voters in person	Proposed arrangements
LI3 LJ3	The Green School Church Street Market Deeping	2032	1779	Polling district to be called LG To be kept under review with the possibility of a split between the Coronation Hall and The Oddfellows Hall
LG3 LH3	Deeping Community Centre Douglas Road Market Deeping	2660	2345	Polling district to be called LH No changes
LK3	West Deeping Village Hall King Street West Deeping	230	203	Polling district to be called LI No changes

Electoral Services Ward Prints



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REPORT TO COUNCIL

REPORT OF: Legal Services Manager (Monitoring Officer)

REPORT NO.: LEG 015

DATE: 3RD March 2008

TITLE:	CONSTITUTION OF THE STANDARDS COMMITTEE	
FORWARD PLAN ITEM:	N/A	
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A	
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	COUNCILLOR PAUL CARPENTER – HOUSING AND CORPORATE GOVERNANCE	
CORPORATE PRIORITY:	CORPORATE GOVERNANCE	
CRIME AND DISORDER IMPLICATIONS:	N/A	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Councils Website www.southkesteven.gov.uk via the local democracy link	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No

BACKGROUND PAPERS:	Department of Communities and Local Government consultation on Orders and Regulation Relating to the Conduct of Local Authority Members in England. http://www.communities.gov.uk/documents/localgovernme nt/doc/20 Minutes of the Standards Committee meeting of the 1 st February 2008
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1. INTRODUCTION

- 1.1 Attached as an appendix to this report is the Monitoring Officer's report to the Standards Committee on the 1st February 2008. The report details change in the constitution of the Standards Committee and terms of reference sufficient to comply with the requirements of part 10 of the Local government and Public Involvement in Health Act 2007 ("the Act") and the orders and regulations made under that Act.
- 1.2 The government consultation for the orders and regulations ended on the 15th February 2008 and at the time of publication of this report, no orders or regulations had been made.
- 1.3 In any event, in order to comply with the requirements of the Act, it is recognised, the Standards Committee will require an increase in the number of its members to form 2 sub-committees as detailed in the appendix.
- 1.4 The Standards Committee considered the report attached as the appendix to this report and agreed the recommendation subject to amendment as shown in red in the appendix.

2. RECOMMENDATIONS

It is recommended the Council approve the changes to the Constitution, to be effected as soon as the appropriate part of the Local Government and Public Involvement in Health Act 2007 has been commenced, as follows:

that the Constitution be amended to provide for a minimum of 8 members of the Standards Committee in total with the addition of one District Councillor and one Parish Councillor.

that Council appoints one additional member of the District Council as a member of the Standards Committee. There is no

requirement on making such an appointment to apply the rules relating to political balance to such an appointment.

That Council approves the appointment of one additional parish councillor to be selected as required by rota in accordance with the current selection process for parish councillors to sit on the Standards Committee to ensure that at any time 2 members of parish councils may sit on the Standards Committee.

that amendments to the Constitution be approved as detailed in the appendix to effect all the above recommendations.

3. DETAILS OF REPORT

As detailed in the appendix

4. COMMENTS OF SECTION 151 OFFICER

As contained in the previous report number LEG12.

5. COMMENTS OF MONITORING OFFICER

The Standards Committee are authorised by article 10 of the Constitution to make recommendations to Council in respect of changes to the Constitution in relation to matter concerning ethics, conduct and probity.

The appendix attached will be considered by the Constitution Committee at its meeting on the 25th February 2008 for information only.

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None applicable

8. CONCLUSION/SUMMARY

The Standards Committee, as currently constituted, does not include enough members to establish, at least, 2 sub-committees required to carry out the functions required by the Act. The amendments to the Constitution requested require the Council to agree the appointment of one further District Councillor (4 in total) and approval for the appointment of one further parish councillor (2 in total) to establish the sub-committees.

All the amendments proposed relate to the appointment of those additional members and the changes required to terms of reference of the Standards Committee and its role and functions as required by the Act.

9. CONTACT OFFICER

Mrs. Lucy Youles
Legal Services Manager (Monitoring Officer)
e-mail: l.youles@southkesteven.gov.uk. Tel: 01476 406105

**APPENDIX TO REPORT TO COUNCIL - CONSTITUTION OF THE STANDARDS
COMMITTEE - MEETING 3RD MARCH 2008**

REPORT TO STANDARDS COMMITTEE

REPORT OF: LEGAL SERVICES MANAGER (MONITORING OFFICER)

REPORT NO: LEG 012

DATE: 1ST February 2008

CONSTITUTION OF THE STANDARDS COMMITTEE	
TITLE:	
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CORPORATE GOVERNANCE – COUNCILOR PAUL CARPENTER	
CORPORATE PRIORITY:	USE OF RESOURCES	
CRIME AND DISORDER IMPLICATIONS:	NONE APPLICABLE	
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? Not Applicable	Full impact assessment required? No

BACKGROUND PAPERS:	Department of Communities and Local Government consultation on Orders and Regulations Relating to the Conduct of Local authority members in England
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1. INTRODUCTION

The Local Government and Public Involvement in Health Act 2007 (the Act) was enacted on the 30th October 2007. The Act includes provision at part 10 for a revised ethical conduct regime for local government based on the principle of proportionate decision making on conduct issues. It is proposed this provision comes into effect in Spring 2008 and the Department of Communities and Local Government are currently consulting on orders and regulations relating to this provision. This consultation was received on the 7th January 2008 and will be concluded on the 15th February 2008.

The new regime proposes Standards Committees will have responsibility for 3 functions:

- i) Making initial assessments of misconduct allegations,
- ii) considering requests to review decisions to take no action
- iii) To make determinations of allegations.

To carry out these 3 functions it is likely there will be a need for sub-committees of the Standards Committee. It is recognised functions i) and ii) above cannot be conducted by the same sub-committee. At least two separate sub-committees will be required to carry out the functions i) and ii) mentioned above.

The constitution of the current Standards Committee provides membership of 2 independent members, 3 district councillors and one parish councillor selected by rotation from parish councillors nominated by their council. The proposed new regime will require the appointment of additional members to Standards Committee to ensure the establishment of at least 2 sub-committees of that committee. Each sub-committee will require at least 3 members to be quorate. It is proposed in the consultation paper that an independent member chairs each sub-committee.

The purpose of this report is to consider recommendations for the appointment of further members of the Standards Committee to enable these proposals to be effected.

4. RECOMMENDATIONS

The Standards Committee recommend to Council amendment to the Constitution as follows:

that the Constitution be amended to provide for a minimum of 8 members of the Standards Committee in total with the addition of one District Councillor and one Parish Councillor.

that Council appoints one additional member of the District Council as a member of the Standards Committee. There is no requirement on making such an appointment to apply the rules relating to political balance to such an appointment.

That Council approves the appointment of one additional parish councillor to be selected as required by rota in accordance with the current selection process for parish councillors to sit on the Standards Committee to ensure that at any time 2 members of parish councils may sit on the Standards Committee.

that amendments to the Constitution be approved as detailed in the attached appendix to effect all the above recommendations.

3. DETAILS OF REPORT

- 3.1 It is recognised that the current constitution of the Standards Committee will be insufficient to carry out the functions proposed in the Act in a robust, independent way free from conflicts of interest. It will be essential for the Standards Committee to establish 2 sub-committees with each sub-committee being made up of, at least, 3 members. By virtue of the proposed regulations, the chair of each sub-committee may be required to be a member who is independent from the Council.
- 3.2 The proposals of the Act may require the Standards Committee or its sub-committee to meet more often than currently anticipated depending on the number of complaints received. Complaints will have to be dealt with within statutory time limits For the period April 2007 to date the Standards Board has processed 13 complaints of which 5 have been referred to the Monitoring officer for investigation. The Standards Committee or its sub-committees will be required to meet to process all such complaints regardless of whether or not investigation is required. The Committee will require sufficient

members to ensure each meeting is quorate and allow for absence of members.

- 3.3 The current consultation document proposes that members who sit on the sub committee to make initial assessments of complaints will not be able to sit on the sub-committee constituted to consider requests to review decisions made at that initial assessment. However it is recognised that members who sit on the initial assessment of allegations will not be permitted to sit on the sub-committee set up to hear investigations into complaints.
- 3.4 The membership and terms of office of the sub-committees can be matters for the Standards Committee itself to decide (s.102(2) of the Local Government Act 1972). Whatever this committee decides must be reflected in the Constitution. It is for the Council to approve the amendments to the Constitution. Such matters can be referred direct to Council and do not have to be referred to the Constitution Committee for approval. It is proposed these matters are passed to the Constitution Committee for information.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

If the Council does not increase the number of members available to serve on the Standards Committee, this Council will be unable to meet its statutory obligations set out in the Act.

It may be possible to meet such obligations with the provision of joint Standards Committees as permitted by the Act or the sharing of independent members. Neither of these options have been explored. A legal barrier exists which will prevent members appointed by this Council representing other councils unless also employed by that council

5. COMMENTS OF DEPUTY SECTION 151 OFFICER

There will be some minor budgetary implications associated with the recommendation detailed in the report. However, these should be contained within the revenue budget proposed for 2008/09.

6. COMMENTS OF MONITORING OFFICER

The monitoring officer accepts the Standards Committee as currently constituted will not meet the Council's statutory obligations.

8. CONTACT OFFICER

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APPENDIX **CONSTITUTION OF THE STANDARDS COMMITTEE** **AMENDMENTS TO THE CONSTITUTION**

To take effect as soon the appropriate part of the Local Government and Public Involvement in Health Act has been commenced.

PAGE 34 - Complain to the Standards Committee.....

PAGE 50 – Article 10

(a) Membership of the Committee

The Standards Committee will be composed of :-

- (i) 4 Councillors other than the Leader
- (ii) 2 persons who are not Councillors or officers of the Council or any other body having a standards committee (independent members)
- (iii) 2 ~~members of a~~ parish council **members** wholly or mainly in the Council's area (Parish Members), one of whom is to be appointed by the Monitoring Officer for each meeting of the committee from a panel convened by the Lincolnshire Association of Local Councils

(b) Membership of the Sub- Committees

The Standards Committee shall appoint 6 of its members to sit on 2 sub-committees with 3 members sitting on each sub-committee. Each sub-committee shall consist of:-

- (i) An independent member who shall chair the sub-committee meeting
- (ii) A district councillor and;

(iii) A parish councillor who is a member of a parish council wholly or mainly in the Council's area to be appointed by the Monitoring Officer for each meeting of the sub-committee from a panel convened by the Lincolnshire association of Local Councils.

The sub- committees are to be referred to as the Assessment sub-committee and the Review sub-committee

(c) **Independent Members** (as existing)

(d) **Parish Members** (as existing)

(e) **Chairing the Committee or Sub-Committee**

An independent member shall chair the committee and the sub-committees

10.3 **Role and Function of the Committee**

(i), (ii), (iii), (iv), (v), (vi) As exists

(vii) dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter which is referred by the Standards Board for England or any subcommittee of the Standards Committee.

10.4 **Role and Function of the Sub-Committees**

(a) **The Assessment Sub-Committee**

(i) The Assessment sub-committee shall receive and consider reports from the Monitoring Officer of all complaints received by the Monitoring Officer about the conduct of a member of the Council and any parish council within the Council's area.

(ii) Such reports will be considered and dealt with within the time limits prescribed by legislation.

(iii) The Assessment sub-committee shall consider all matters detailed in the Monitoring Officer reports and either refer the matter to the Monitoring Officer for investigation and report to the Standards Committee; refer the matter back to the complainant for further information; notify the complainant the complaint does not merit any further action giving clear reasons for the decision; refer to the Standards Board for England for investigation or; refer the matter for mediation or member training.

(b) **The Review Sub-Committee**

(i) The Review sub-committee shall receive and consider requests for a review of a decision of the Assessment sub-committee where it is considered there has been a decision which is unreasonable in law or; because the correct procedures were not followed or; the complainant has provided new information in their request for review.

- (ii) Such requests shall be reviewed within time limits prescribed by legislation.
- (iii) The Review sub-committee shall either refer the matter to the Monitoring Officer for investigation and report to the Standards Committee or notify the complainant the review does not merit any further action giving clear reasons for the decision or; refer the matter to the Standards Board for England for investigation or; refer the matter for mediation or member training.

(c) **Restriction on Members of a Sub-Committee**

Any member of a sub-committee of the Standards Committee who has been involved in a meeting of that sub-committee to consider any reports or requests may not take part in any determination relating to such matters at the Standards Committee.

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15.3 Functions of the Monitoring Officer

- **Receive all complaints relating to District and Parish Councillors and report all complaints to the Assessment sub-committee for consideration**
- **Produce reports to the Review sub-committee relating to any requests for consideration of decisions from the Assessment sub-committee.**

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**Standards Committee
(8 members)**

**List independent members and 4 District Councillors
2 Parish Councillors to be appointed by the Monitoring Officer for each meeting from a panel convened by the Lincolnshire Association of Local Councils.**

1. **4 members of the authority other than the Leader plus 2 independent members and 2 parish council members.**
- 3 **..... and in accordance with the provisions of the Local Government and Involvement in Public Health Act 2007.**
- 5 **Other functions – functions relating to standards of conduct of members under any relevant provision of or, or regulation made under, the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007**

REPORT TO COUNCIL

REPORT OF: Democracy Service Manager

REPORT NO. DEM009

DATE: 3rd March 2008

TITLE:	Representatives on Outside Bodies	
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Ray Auger, Portfolio Access & Engagement	
CORPORATE PRIORITY:	Access	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Council's website via the Local democracy link	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	Democracy Services file containing correspondence to outside bodies and responses received in relation to those seeking appointments.	

1. INTRODUCTION

This report concerns appointments required to fill two vacancies on Grantham Future, and to make new or re-appointments for new terms of office starting on 1st April 2008 in respect of the three Internal Drainage Boards to whom the district council pays a levy.

2. RECOMMENDATION

That the Council invites nominations for representatives at the meeting and:

(1) appoints one member to represent the district council on the Grantham Future strategy group and one member to represent the district council on the Grantham Future project group until May 2011;

(2) appoints one member to represent the district council on the Black Sluice Internal Drainage Board until 31st March 2011;

(3) appoints two members to represent the district council on the Upper Witham Internal Drainage Board until 31st March 2011;

(4) appoints four members to represent the district council on the Welland and Deepings Internal Drainage Board until 31st March 2011.

3. DETAILS OF REPORT

(1) Grantham Future

Two vacancies have arisen on Grantham Future (formerly known as the Grantham town centre management partnership) following the resignations tendered at the last council meeting by Councillor Mike Taylor and Councillor Nick Craft. Councillor Craft represented the council on the strategy group and Councillor Taylor on the projects group.

4. INTERNAL DRAINAGE BOARDS

The district of South Kesteven is covered by three Internal Drainage Boards to whom the council pays an annual levy. Under the Land Drainage Act 1991, the number of members appointed to the Boards by charging authorities has to be determined every three years. The number of local authority appointees to each board is proportionate to the amount of levy due from each authority. At the annual meeting on 17th May 2007, appointments were made to these boards but the terms of office cease on 31st March 2008, so new or re-appointments now need to be made with effect from 1st April 2008.

(2) Black Sluice Internal Drainage Board

The district council is entitled to one member on the Black Sluice IDB. Councillor Bob Russell is the current representative.

(3) Upper Witham Internal Drainage Board

The district council is entitled to two members on the Upper Witham Internal Drainage Board. The current members are Councillor Ben Newcombe-Jones and Councillor Peter Stephens.

(4) Welland & Deepings Internal Drainage Board

The district council was previously entitled to five members on the Welland and Deepings Internal Drainage Board (the current members being Councillors Auger, Exton, Helyar, Holmes, and Joynson). However, the Board is currently being reconstituted by DEFRA and, subject to confirmation, the number of members that we are entitled to have on the board will be revised to four. The Clerk to the Board has advised that we re-appoint based on the reconstituted figure i.e. four.

5. COMMENTS OF THE SECTION 151 OFFICER

Reimbursement of travel expenses will be in accordance with the Council's members' remuneration scheme and are budgeted for within Democratic Representation service budget.

6. COMMENTS OF THE MONITORING OFFICER

Any appointment to such bodies must be registered by the members appointed as a registerable interest. In accordance with the new members code of conduct, such interests need only be declared as personal interests at this authorities meetings if a matter relating to the outside body is to be discussed at the meeting, the interest is not prejudicial and the member appointed does not intend to speak on the issue.

7. CONTACT OFFICER

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Agenda Item 13

REPORT TO COUNCIL

REPORT OF: Councillor Linda Neal, Leader of the Council

REPORT NO.: LN/08/1

DATE: 3 March 2008

TITLE:	Interim Staffing Arrangements for the Chief Executive
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	N/A

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Mrs. Linda Neal Leader of the Council	
CORPORATE PRIORITY:	All	
CRIME AND DISORDER IMPLICATIONS:	N/A	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? N/A
BACKGROUND PAPERS:	None	

1. INTRODUCTION

As members will be aware, Duncan Kerr, the Chief Executive has requested that the Council considers granting him authorised leave of absence (that is a period of unpaid leave, without breaking his contract of service) for a period of 13 weeks over the summer. He has also indicated that he would like to take the majority of his annual leave entitlement (including that carried-forward from the current year) at the same time, meaning that he would be on leave from Friday 18th April to Friday 26th September 2008 (inclusive).

2. RECOMMENDATIONS

- 2.1 That the Council authorise leave of absence for Duncan Kerr, the Chief Executive for a thirteen week period from Monday 2nd of June 2008.
- 2.2 The Council appoints the officers identified below to discharge the following duties during the period specified:

The duties:

- Head of Paid Service, and
- Electoral Registration Officer (in fulfilment of the requirement of Section 8 of the Representation of the People Act 1983) and Returning Officer (under the requirements of Section 41 of the Local Government Act 1972).
- The full range of other duties set-down in the Chief Executive's Job Description.

Officers Appointed and term:

Beverly Agass for the period from Friday 18th April to Tuesday 15th July 2008 (inclusive), during which time Ian Yates will be the appointed deputy with full powers.

Ian Yates for the period from Wednesday 16th July to Sunday 28th September 2008, (inclusive) during which time Beverly Agass will be the appointed deputy with full powers.

3. DETAILS OF REPORT AND CONSIDERATION OF OTHER OPTIONS

I have carefully considered this request and taken advice from the appropriate statutory and non-statutory officers. I have also considered very carefully the type of interim arrangements that could be made, paying particular attention to the discharge of the statutory functions relating to the designations of Head of Paid Service and Returning Officer which are appointments of the Council.

In considering this issue I have been guided by the consideration that the consequences of agreeing to this request should not impose any additional costs on the Council. I know that Duncan also shares this desire and as part of that he has given me a commitment not to exercise his right to continue to make pension contributions for the whole period of unpaid leave so that the Council can make additional savings in our employer's contributions.

In order to ensure that Duncan is here to oversee the Council's Annual meeting in April, I will also be approving the carrying-forward of a proportion of his leave entitlement for the current year.

Often periods of absence of this length occur naturally as a result of illness or resignations. When this happens it is impossible to prepare for such absence and they can have an impact on the capacity of the organisation. This situation is different because we have the time to prepare and plan for it. As a consequence we can provide some very good learning and development opportunities for our senior managers. By improving in this way I believe we can enhance our own capacity, making the organisation stronger and more resilient, in the future.

The alternative option would be to bring in a consultant to act as the Chief Executive during the leave of absence which would not facilitate the same development opportunities. In addition, to fulfil the role effectively the consultant would have to be an experienced Chief Executive and the fees commensurate with this level of experience would not represent the most cost effective option for the Council.

I have therefore decided to divide this time into two equal periods and I am recommending to Council that one of the two Strategic Directors are appointed to fulfil the role of the Chief Executive for each of these periods.

During this time the appointees will exercise, not only the statutory functions of Head of Paid Service and Electoral Registration Officer, but also the full range of duties set-down in the Chief Executive's Job Description and, as a consequence, they will be remunerated accordingly.

There may be some other managerial changes which will need to be made during this period. Under the Council's constitution these matters are the responsibility of our senior officers who are authorised to manage personnel matters within the Council's approved budget.

Whilst we can make contingency plans, we cannot predict the future and for this reason Duncan has undertaken to return to work during his period of leave, if required by the Council. This would seem to me to be a sensible precautionary measure and therefore I am not proposing that his existing authorisations be revoked during this period. The terms for the interim appointments will make it clear that these appointments will be terminated if Duncan is asked to return.

4. COMMENTS OF SECTION 151 OFFICER

The role of Chief Executive includes governance responsibilities, such as responsibility for the annual Governance Statement. This will need to be authorised by the Leader and the interim Chief Executive as part of the Closure of Accounts process. All governance responsibilities will need to be included within the responsibilities covered by the interim arrangements.

The Pension Regulations require that both the employee and employing organisation will make their contribution for the first 30 days of "approved leave of absence", the impact of this will be contained within the budget provision for interim arrangements. Also, any individual taking authorised leave of absence may elect to make good their employee contribution within the first 30 days of returning to work, if they so choose, then the employer is required to make their employer's contribution also. It is noted in this case that the Chief Executive will not be exercising this option, therefore there will be no financial impact from this.

I will validate budget projections for any further backfilling other than the arrangements for the Chief Executive's post when available, to ensure that the arrangements put in place are at no additional cost to the Council.

5. COMMENTS OF MONITORING OFFICER

By virtue of the Local Government Act 1972 and Article 15 of the Council's Constitution, appointment of staff cannot be the responsibility of Cabinet. As no delegation of this function has been made, it is for full Council to appoint to the role of Chief executive and the statutory functions carried out by that role.

Leave of absence is not unprecedented and meets with this Council's flexible working arrangements.

The terms and conditions of any interim appointment must include provision for immediate termination of appointment on the return of the Chief Executive at any time during the fixed term of their appointment.

6. COMMENTS OF THE SERVICE MANAGER FOR HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

There is no specific legislation relating to sabbaticals and the LGE guidance on career breaks has been reflected in this request. The proposed unpaid leave of absence does not constitute a break in the employment contract. Unpaid leave has been agreed for Council employees previously on an individual case basis with careful consideration of operational requirements, and this report highlights the operational considerations that relate to the post of Chief Executive. The proposal accords with the Council's policy statement on flexible working.

7. CONCLUSION/SUMMARY

That Council consider and agree implementation of the recommendations in paragraph 2 of this report to cover the temporary absence of Duncan Kerr, Chief Executive.

Councillor Linda Neal
Leader of the Council