

## **CITY OF LINCOLN COUNCIL**

SIR/MADAM

You are hereby summoned to attend the meeting of the COUNCIL of the City of Lincoln to be held at the GUILDHALL on Tuesday 26 June 2007 at 6.30 p.m.



Chief Executive and Town Clerk

Andrew Taylor

### **AGENDA**

<b>SECTION A</b>	<b>Page(s)</b>
1. To confirm the minutes of the meetings of Council held on 24 April 2007 and the minutes of the Annual Meeting of Council held on 22 May 2007.	<b>1 - 27</b>
2. Declarations of Interest	
Please note that, in accordance with the Members' Code of Conduct, when declaring interests Members must disclose the existence and nature of the interest and whether it is personal or prejudicial.	
3. Receive any Questions under Council Procedure Rule 11 from Members of the Public and provide Answers thereon	
4. To Consider the following recommendations of the Executive and Committees of the Council:	
1. Executive – 4 June 2007 – Strategic Plan 2007 – Interim Position Statement	<b>28 - 31</b>
2. Executive – 25 June 2007 – Lincoln Christmas Market 2007 – Fees and Charges	<b>32</b>
5. Receive any Questions Under Council Procedure Rule 12 from Members and provide Answers thereon	<b>33 - 39</b>

... Section A Continued

6. Receive any Motions under Council Procedure Rule 14 from Members and provide Answers thereon  
**None received within the time limit specified.**
7. Financial and Performance Outturn 2006/07 **40 - 63**
8. Treasury Management Stewardship and Actual Prudential Indicators 2006/07 (Outturn) **64 - 79**
9. Statement of Accounts 2006/07 **80 - 162**
10. Amendments to Appointment of Members **163 - 168**
  - Chairman/Vice Chairman to Committees
  - Substitute Members
  - Representatives on Outside Bodies
  - Advocate Members
11. Scrutiny Annual Report To Council **169 - 180**

**City Hall  
Lincoln**

**SS/KLN  
18 June 2007**

## Item No 1

### COUNCIL

24 APRIL 2007

Present: Councillor Allnutt (Mayor) (*in the Chair*).

Councillors: Brothwell, Cookson, Coupland, Cullen, G Ellis, D Grattrick, S Grattrick, P Grice, Grimshaw, Hewson, Hills, Jackson, Kirby, Lee, J Metcalfe, R Metcalfe, Morgan, Murray, Nannestad, Peeke, Quinton, Rose, Robinson, Smith, Spratt, Strengiel, Toofany, Wells, West and Woolley

#### 88. MINUTES

RESOLVED that the minutes of the meetings held on 27 February 2007, 6 March 2007 and 20 March 2007 be confirmed.

#### 89. DECLARATIONS OF INTEREST

Councillors Brothwell and West declared a personal interest in minute number 92(ii), as they were all acquainted with an objector to the application site.

Further declarations were recieved under minute numbers 93(ii) and 96.

#### 90. PUBLIC QUESTION TIME

No questions from members of the public were asked under Council Procedure Rule 11.

#### 91. REPORT BY THE DESIGN CHAMPION

The Design Champion

- (a) gave details of the work programme that had been agreed for the Design Champion
- (b) reported on the following areas covered within her remit:
  - Creative Industries Workspace
  - Innovation Centre
  - Urban Design Forum
  - Regional Design Forum
  - The Commission for Architecture and the Built Environment (CABE)
  - City Centre Masterplan
- (c) answered Members' questions thereon.

RESOLVED that the report be noted with thanks.

92. REPORT BY THE CHAIR OF THE STANDARDS AND AUDIT

The Chair of the Standards and Audit Committee

(a) submitted a report informing Members of the progress made by the new Standards and Audit Committee, as detailed below:

- Terms of Reference
- Training
- Membership and Independence
- Relationships
- Overview on Standards
- Overview on Audit
- Internal Audit
- External Audit
- Regulatory Framework
- SIC and Accounts
- Constitution
- Effective Challenge

(b) answered Members' questions thereon.

RESOLVED that the report be noted with thanks.

93. RECOMMENDATIONS

(i) APPLICATION FOR DEVELOPMENT  
1 ANDERSON LANE  
APPLICATION NO: 2007/0185/RG3

The Director of Development and Environmental Services

- (a) stated that this Regulation 3 application by the City of Lincoln Council was for the erection of a two-storey/part single storey rear extension at 1 Anderson Lane
- (b) advised that a representation had been received from the occupier of 12 College Close but that it did not raise any additional issues from those contained in the report to Development Control Committee
- (c) asked Members to consider the proposal with regard to its impact upon residential and visual amenity



(d) answered Members' questions thereon.

RESOLVED that the planning permission be granted, subject to conditions to include a Watching Brief regarding Archaeology.

(ii) APPLICATION FOR DEVELOPMENT  
PART OF YARBOROUGH LEISURE CENTRE, FORMER PARADE  
GROUND, OFF NENE ROAD, LINCOLN  
APPLICATION NO: 2007/0070/RG3

The Director of Development and Environmental Services

- (a) stated that the application site was an area of land on the north west side of Yarborough Leisure Centre formerly used as a parade ground, but recently the land had been laid out with a BMX track
- (b) advised that the land was owned by the City Council and that the application sought outline Planning Permission for a residential development with access taken from Nene Road at the north western corner of the site.

RESOLVED that the outlined Planning Permission be granted, subject to conditions as follows:

- Detailed design brief - which demonstrated that the scheme would merit a minimum of a silver award against CABE's 'Building for Life' criteria
- Provision of affordable housing
- No vehicular access from Nene Road to Breedon Drive
- Development adjacent to Falklands Close to be no higher than two storeys
- Play area contribution
- Boundary treatment
- Landscaping
- Measures to address contamination
- 50% of the capital receipt for the sale of this site be secured for sports facilities at locations as detailed within the report.

*(Councillors Allnutt, Brothwell, Cookson, Coupland, G Ellis, D Gratricks, S Gratricks, P Grice, Grimshaw, Hewson, Hills, Jackson, Kirby, Lee, R Metcalfe, Morgan, Murray, Nannestad, Rose, Smith, Spratt, Strengiel, Toofany, Wells, West and Woolley declared a personal interest in minute number 93 (ii) as they were acquainted with an objector to the application)*

The following recommendations were formally moved by the relevant Chair, seconded, debated and dealt with in accordance with the decision as set out below: -

	<b>Chair/Vice Chair</b>	<b>Subject</b>	<b>Decision</b>
(iii)	Councillor Metcalfe	Standards and Audit Committee – 20 April 2007 – Introduction of Revised Member Code of Conduct	That the Member Code of Conduct as set out in Schedule 1 in the report be adopted.
(iv)	Councillor Metcalfe	Executive – 23 April 2007 – New and Revised Human Resources Policies	That the policies be endorsed, with effect from 25 April 2007.
(v)	Councillor Metcalfe	Executive – 2 April 2007 – Gambling Act 2005 – Fees, Delegation and Staffing	1. That the delegation level for determining fees be approved  2. That the levels of fees to be set for premises licences granted under the Act be approved
(vi)	Councillor Metcalfe	Executive – 2 April 2007 – Committee Structure Update	That the suggested minor change to the Committee Structure be adopted.
(vii)	Councillor Metcalfe	Executive – 23 April 2007 – Internal Audit Terms of Reference	That the revised terms of reference for Internal Audit be endorsed.
(viii)	Councillor Metcalfe	Executive – 23 April 2007 – Lincolnshire Local Area Agreement	That the Local Area Agreement for Lincolnshire be endorsed.

#### 94. MEMBERS' QUESTIONS

The following question was asked under Council Procedure Rule 12 and answered as indicated;

#### **Questioner- Councillor Hills**

<b>Question</b>
With the announcement of discount parking fees if topped up by mobile phones, did the usage and incident of top up increases in all car parks via mobile phones message?

**Answered by Councillor Smith**

**Answer**

Advised that the new car parking system had only been in use for two weeks at two designated car parks in Lincoln, within the two weeks the system had only been used 11 times, she further stressed that it was such a short space of time to monitor how effective the system was sufficiently.

**Supplementary Question**

Further questioned that it was announced on the radio that the system was available in all car parks not just the two selected car park?

**Answer**

Apologies for any miss communication and clarified where the two car parks were located, which had the new system.

95. MOTIONS

Councillor R Metcalfe moved the following motion:

We the City of Lincoln Council are proud of our diverse and multi-racial heritage, which we regard as a source of cultural, social and economic strength. We will work vigorously to combat all forms of racism to rid Lincoln of racial discrimination and to enshrine the principle that individuality and universality are the foundations of justice and peace.

We declare that:

- We value the contribution that all communities make to the quality of life in Lincoln and recognise ethnic and cultural diversity as a source of cultural, social and economic enrichment.
- We endorse the principles of the Universal Declaration of Human Rights and are opposed to racism in all its forms.
- We will encourage a changing culture within the public services and the wider community that recognises the unacceptability of all forms of racism and takes action to combat it.
- We acknowledge that progress towards a more just society may not always be smooth, but as partners we are committed to maintaining dialogue and resolving our differences.

- We accept that without transparency and openness in the public services, progress towards a successful multi-cultural community will be hampered.
- We believe that the composition of the public services workforce should reflect that of the wider community, and will work to break down perceptions and barriers that prevent equal access to employment.
- We believe that all citizens should have the right to expect equal protection and equal treatment from all public services.
- We believe that children from all backgrounds are entitled to an education free from discrimination and harassment.
- We understand the essential role of the education system in Lincoln in developing the future of our multi-cultural community and commit ourselves to supporting and enhancing this work.
- We believe that our success will properly be measured not by our policies but by our actions in promoting equality for all the people in Lincoln.
- We call upon the residents of Lincoln to support us in this by respecting the dignity of all people and by constant vigilance for any expression of racism or racial discrimination.

The motion was seconded by Councillor Murray.

The motion was put to vote and carried.

96. APPOINTMENT OF REPRESENTATIVES OF THE COUNCIL ON THE RUSTON HALL TRUST

RESOLVED that Councillors Wells and Woolley be nominated as the City Council's representative on the Ruston Hall Trust, to be effective from 26 February 2007, for a period of four years.

*(Councillor Wells and Woolley declared a personal interest in minute number 96 as the item related to them)*

97. TIMETABLE OF MEETINGS 2007/08

RESOLVED that the timetable of meetings for the 2007/08 Municipal Year be approved.

98. THANKS TO RETIRING MEMBERS – PROPOSITION BY COUNCILLOR R METCALFE

The Leader of the Council extended his sincere thanks and appreciation to Councillors Grimshaw and Morgan, who were retiring as Members from the 7 May 2007.

99. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED that the press and public be excluded from the meeting during the consideration of the following items of business because it is likely that if members of the press or public were present there would be a disclosure to them of “exempt information” as defined by Section 100 I and Schedule 12A to the Local Government Act 1972.

100. MULTI STOREY CAR PARK, BEEVOR STREET

RESOLVED that officers be authorised to complete the negotiations with Brayford Partnership and to sign the option agreement on the basis outlined in the report.

Present: The Mayor (Councillor S Allnutt) (in the Chair).

Councillors: Bodger, Brothwell, Charlesworth, Clark, Coupland, Denman, D Grattrick, S Grattrick, D Grice, P Grice, Heath, Hewson, Hills, Jackson, Jones, Kirby, Lee, C Metcalfe, J Metcalfe, R Metcalfe, Murray, Nannestad, Peeke, Robinson, Smith, Spratt Strengiel, Taylor, Toofany, Weaver, West and Woolley.

1. ELECTION OF MAYOR

Upon the recommendation of Councillor Hills and seconded by Councillor Strengiel it was

RESOLVED that Councillor Hilton Spratt is hereby elected as Mayor of the City of Lincoln for the ensuing year. Councillor H Spratt then made and subscribed the Declaration of Acceptance of Office and took the Oath of Allegiance. The newly elected Mayor then returned thanks for his appointment, advised the Council that his charities for his year of office would be the Army Benevolent Fund, the Royal British Legion and the Cadet Forces and that his theme for the year would be "Military."

(The Mayor [Councillor H Spratt] in the Chair).

2. APPOINTMENT OF SHERIFF

It was moved by Councillor D Grattrick and seconded by Councillor S Grattrick and

RESOLVED that Councillor Darren Grice of 58 Kesteven Street, Lincoln, is hereby appointed Sheriff of the City of Lincoln for the ensuing year. The newly appointed Sheriff then made and subscribed the Declaration of Acceptance of Office, took the Oath of Allegiance and returned thanks for his appointment.

3. APPOINTMENT OF DEPUTY MAYOR

Upon the announcement of the Mayor, seconded by Councillor E Strengiel it was

RESOLVED that Councillor Ronald Hills be appointed Deputy Mayor for the ensuing year.

4. VOTE OF THANKS TO THE RETIRING MAYOR

It was moved by Councillor R Metcalfe and seconded by Councillor Smith and

RESOLVED that the thanks of the Council be accorded to the retiring Mayor for the manner in which he discharged his duties during his period of office.

5. VOTE OF THANKS TO THE RETIRING SHERIFF

It was moved by Councillor Toofany and seconded by Councillor Coupland and

RESOLVED that the thanks of the Council be accorded to the retiring Sheriff for the manner in which he discharged his duties during his period of office.

6. APPOINTMENT OF MAYOR'S CHAPLAIN

The Mayor notified the Council of his appointment of Mr J Campbell at Lincoln Cathedral as his Chaplain for the ensuing year.

7. APPOINTMENT OF COMMITTEES, SUB-COMMITTEES, CHAIRS AND VICE-CHAIRS

Councillor Strengiel moved the appointment of Committees and Sub-Committees, Chairs and Vice-Chairs for the ensuing year, including the amendments provided at the meeting, seconded by Councillor D Grice.

Councillor R Metcalfe

- (a) moved the following amendments to the appointment of Committees and Sub Committees, Chairs and Vice Chairs for the ensuing year, seconded by Councillor Coupland

That Councillor Jackson and Councillor Brothwell be appointed as Members of Hackney Carriage and Private Hire Licensing Sub Committee

Whereupon the Council

RESOLVED that

- (1) the Committees and Sub-Committees together with the Chairs and Vice-Chairs thereof, as set out in the list of Committees contained in Appendix A to the written minutes together with the amendment detailed in (a) above be approved.

(Councillor H Heath wished to have recorded that she would be abstaining from the vote, as she had not been consulted)

8. APPOINTMENT OF REPRESENTATIVES OF THE COUNCIL UPON OUTSIDE BODIES AND THE LINCOLNSHIRE COUNTY COUNCIL

Councillor Strengiel moved the appointment of representatives of the Council on outside bodies and the Lincolnshire County Council, seconded by Councillor D Grice.

Whereupon the Council

RESOLVED that the representatives of the Council on the outside bodies and the Lincolnshire County Council as set out in Appendix B to the written minutes be approved.

9. REPORT OF THE RETURNING OFFICER  
CITY OF LINCOLN COUNCIL ELECTIONS 3 MAY 2007

RESOLVED that the report of the Returning Officer on the results of the elections for the wards of the City, held on 3 May 2007 be received.

**COMMITTEE MEMBERSHIP 2007/08****EXECUTIVE**

Leader	<u>Cllr E Strengiel</u>
Deputy Leader	<u>Cllr D Grice</u>

**Portfolios**

Excellent and Democratic Council	Councillor <u>E Strengiel</u>
Sustainable Growth (Economy, Tourism & Culture)	Councillor <u>O Peeke</u>
Sustainable Growth (Planning Policy)	Councillor <u>D Grattrick</u>
Social Justice (Social Inclusion)	Councillor <u>D Grice</u>
Quality of Life (Environment)	Councillor <u>Y Bodger</u>
Quality of Life (Housing)	Councillor <u>J Metcalfe</u>
Quality of Life (Leisure & Sport)	Councillor <u>K Weaver</u>

**PERFORMANCE SCRUTINY COMMITTEE**

Chairman	<u>M Jones</u>
Vice-Chairman	<u>J Clark</u>
Councillor	<u>R Hills</u>
Councillor	<u>J Clark</u>
Councillor	<u>R Coupland</u>
Councillor	<u>D Denman</u>
Councillor	<u>S Grattrick</u>
Councillor	<u>P Grice</u>
Councillor	<u>M Jones</u>
Councillor	<u>R Metcalfe</u>
Councillor	<u>N Murray</u>
Councillor	<u>F Smith</u>
Councillor	<u>P West</u>



## **POLICY DEVELOPMENT SCRUTINY COMMITTEE**

Chairman	<u>G Kirby</u>
Vice-Chairman	<u>A Kerry</u>
	<u></u>
Councillor	<u>K Brothwell</u>
Councillor	<u>D Denman</u>
Councillor	<u>P Grice</u>
Councillor	<u>S Grattrick</u>
Councillor	<u>G Hewson</u>
Councillor	<u>M Jones</u>
Councillor	<u>A Kerry</u>
Councillor	<u>G Kirby</u>
Councillor	<u>K Lee</u>
Councillor	<u>D Nannestad</u>
Councillor	<u>R Taylor</u>

## **POLICY REVIEW SCRUTINY COMMITTEE**

Chairman	<u>A Kerry</u>
Vice-Chairman	<u>R Hills</u>
	<u></u>
Councillor	<u>R Hills</u>
Councillor	<u>B Charlesworth</u>
Councillor	<u>J Clark</u>
Councillor	<u>D Denman</u>
Councillor	<u>P Grice</u>
Councillor	<u>D Jackson</u>
Councillor	<u>A Kerry</u>
Councillor	<u>G Kirby</u>
Councillor	<u>R Metcalfe</u>
Councillor	<u>N Murray</u>
Councillor	<u>R Toofany</u>

### **SCRUTINY LIAISON COMMISSION**

Chairman	<u>To be appointed at the first meeting of the Commission</u>
Vice-Chairman	<u>To be appointed at the first meeting of the Commission</u>
Councillor	<u>D Grice</u>
Councillor	<u>M Jones</u>
Councillor	<u>A Kerry</u>
Councillor	<u>G Kirby</u>
Councillor	<u>R Metcalfe</u>
Councillor	<u>E Strengiel</u>

### **PLANNING COMMITTEE**

Chairman	<u>D Denman</u>
Vice-Chairman	<u>R Hills</u>
Councillor	<u>K Brothwell</u>
Councillor	<u>J Clark</u>
Councillor	<u>D Denman</u>
Councillor	<u>P Grice</u>
Councillor	<u>G Hewson</u>
Councillor	<u>R Hills</u>
Councillor	<u>A Kerry</u>
Councillor	<u>K Lee</u>
Councillor	<u>O Peeke</u>
Councillor	<u>P West</u>
Councillor	<u>L Woolley</u>

## **PERSONNEL APPEALS**

Chairman	<u>D Grattrick</u>
Vice-Chairman	<u>J Metcalfe</u>
Councillor	<u>Y Bodger</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>J Metcalfe</u>
Councillor	<u>R Metcalfe</u>
Councillor	<u>F Smith</u>
Councillor Sub	<u>P Grice</u>
Councillor Sub	<u>L Woolley</u>

## **HOUSING APPEALS PANEL**

Chairman	<u>G Kirby</u>
Vice-Chairman	<u>D Grice</u>
Councillor	<u>D Grice</u>
Councillor	<u>G Kirby</u>
Councillor	<u>B Robinson</u>
Councillor	<u>K Weaver</u>
Councillor	<u>L Woolley</u>
Councillor Sub	<u>Y Bodger</u>
Councillor Sub	<u>R Coupland</u>

## **LICENSING COMMITTEE**

Chairman	<u>D Grice</u>
Vice-Chairman	<u>D Grattrick</u>
	<u></u>
Councillor	<u>K Brothwell</u>
Councillor	<u>B Charlesworth</u>
Councillor	<u>J Clark</u>
Councillor	<u>R Coupland</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>S Grattrick</u>
Councillor	<u>D Grice</u>
Councillor	<u>P Grice</u>
Councillor	<u>D Jackson</u>
Councillor	<u>A Kerry</u>
Councillor	<u>C Metcalfe</u>
Councillor	<u>O Peeke</u>
Councillor	<u>B Robinson</u>
Councillor	<u>F Smith</u>
Councillor	<u>L Woolley</u>

## **HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING SUB-COMMITTEE**

Chairman	<u>D Grice</u>
Vice-Chairman	<u>O Peeke</u>
	<u></u>
Councillor	<u>D Grice</u>
Councillor	<u>A Kerry</u>
Councillor	<u>O Peeke</u>
Councillor	<u>D.Jackson</u>
Councillor	<u>K Brothwell</u>
Councillor Sub	<u>D Grattrick</u>
Councillor Sub	<u>B Robinson</u>

## **STANDARDS AND AUDIT COMMITTEE**

Chairman	<u>Independent Member to be appointed at the meeting to be held on 22 June 2007</u>
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Vice-Chairman	<u>M Jones</u>
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Councillor	<u>B Charlesworth</u>
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Councillor	<u>J Clark</u>
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Councillor	<u>M Jones</u>
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Councillor	<u>G Kirby</u>
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Councillor	<u>R Metcalfe</u>
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Councillor	<u>D Nannestad</u>
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Councillor	<u>H Spratt</u>
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Independent Member	<u>David Mitchell</u>
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Independent Member	<u>Russell Pond</u>
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Independent Member	<u>Mr Paul Walsh</u>
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### **DAWBER CHARITY**

Chairman	<u>E Strengiel</u>
Vice-Chairman	<u>S Grattrick</u>
Councillor	<u>Y Bodger</u>
Councillor	<u>J Clark</u>
Councillor	<u>S Grattrick</u>
Councillor	<u>N Murray</u>
Councillor	<u>B Robinson</u>
Councillor	<u>E Strengiel</u>
Councillor	<u>R Taylor</u>
Councillor	<u>R Toofany</u>
Councillor	<u>K Weaver</u>

### **CORPORATE EQUALITY AND DIVERSITY DEVELOPMENT GROUP**

Chairman	D Grice
Vice Chairman	<u>G Kirby</u>
Councillor	<u>D Grice</u>
Councillor	<u>G Kirby</u>
Councillor	<u>K Lee</u>
Councillor	<u>J Metcalfe</u>

**CITY OF LINCOLN COUNCIL**  
**AND**  
**EMPLOYEE JOINT CONSULTATIVE COMMITTEE**  
**(including health, safety and welfare)**

Chairman	<u>K Weaver</u>
Vice-Chairman	<u>To be appointed at first meeting (Trade Union Side)</u>
Councillor	<u>J Clark</u>
Councillor	<u>R Coupland</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>J Metcalfe</u>
Councillor	<u>R Metcalfe</u>
Councillor	<u>B Robinson</u>
Councillor	<u>K Weaver</u>

**APPOINTMENT PANEL FOR INTERNAL APPOINTMENTS**

Leader	Councillor E Strengiel
Relevant Portfolio Holder(s)	
Chair Performance Scrutiny Committee	Councillor M Jones
Leader of Opposition	Councillor R Metcalfe

**ASSET MANAGEMENT GROUP**

Leader; Executive Portfolio Holders for Sustainable Growth (Economy & Tourism) and  
Sustainable Growth (Planning Policy)

Chairman	<u>E Strengiel</u>
	<u></u>
Councillor	<u>D Grattrick</u>
Councillor	<u>O Peeke</u>
Councillor	<u>E Strengiel</u>

### **MEMBER INVESTIGATING COMMITTEE**

Councillor E Strengiel

Councillor J Clark

Councillor D Grice

Councillor S Gratrick

Councillor R Hills

Councillor G Kirby

Councillor O Peeke

Councillor K Weaver

Labour Group nominations to be confirmed at Council on the 26 June 2007



## ADVISORY GROUPS

### LINCOLN URBAN DESIGN FORUM

Councillor	<u>D Denman</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>Y Bodger</u>

Mr RM Lucas, (*Lincoln Civic Trust*)

Mr K Brown, (*Lincoln Civic Trust*)

Ms CI Heidschuster, (*The Dean and Chapter*)

Mr S Bartle, (*Lincolnshire Society of Architects*)

Mr J Lord, (*University of Lincoln*)

Ms M Anderson, (*The Society for the Protection of Ancient Buildings*)

Mr P Banks, (*East Midlands Branch of Royal Institute of Chartered Surveyors*)

Mr S Kemp, (*Royal Town Planning Institute - East Midlands Branch*)

Dr J Lomholt, (*University of Lincoln*)

Mr G Stocker, (*Landscape Institute - East Midlands Branch*)

Mr P Stuart, (*Commission for Architecture and the Built Environment CABE*)

Mr S Palmer, (*Lincolnshire Society of Architects*)

### **City Residents**

Mr D Broughton

Mr D Freeman

Ms R Longbottom

Mr M Marschner

### **Co-Opted Members**

Miss P Wheatley, (*Council for British Archaeology*)

Mr S Squires, (*Society for Lincs. History & Archaeology*)

Mr C Fletcher, (*English Heritage*)

Mrs J Jones, (*Friends of Lincoln Archaeology, Research and Education (FLARE)*)

### **Artists/Designers**

Ms J Killner

### COMMONS ADVISORY PANEL

Chairman	<u>K Weaver</u>
Vice-Chairman	<u>D Grattrick</u>
Councillor	<u>Y Bodger</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>N Murray</u>
Councillor	<u>O Peeke</u>
Councillor	<u>K Weaver</u>

Ms. P Dover, (*Lincoln Commons Horse Association*)

Mr J Ross, (*Carholme Golf Club*)

Mr M Commons, (*Lincoln Open Spaces Society*)

Mr. C J Smith, (*Lincoln Group Ramblers Association*)

Mr G Woolfenden, (*West End Residents Association*)

Mrs V C Malone, (*Lincoln Commons Preservation Society*)

Mr J Shipton, (*Long Leys Road Residents Association*)

Professor S Hall, (*Cross O Cliff Residents Association*)

Mr D Newton, (*Lincoln District Sunday Football League*)

Mrs M Smith, (*The Lincolnshire Fieldpaths Association*)

Mrs S Davies, (*South Park Residents Association*)

## LINCOLN ARCHAEOLOGY PANEL

Chairman	To be appointed at its first meeting
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Vice-Chairman	To be appointed at its first meeting
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Councillor	D Grattrick
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Councillor	O Peeke
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Councillor	K Weaver
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Dr G Coppack	East Midlands Region ( <i>English Heritage</i> )
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Ms Kathy Holland	( <i>The Collection</i> )
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Dr K Jones	( <i>FLARE</i> )
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Mr Stuart Squires	( <i>The SLHA</i> )
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Dr Andrew Walker	( <i>University of Lincoln</i> )
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Miss Pearl Wheatley	( <i>The SLHA</i> )
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Mr John Wilford	( <i>FLARE</i> )
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## THE REGENERATION AND TOURISM ADVISORY GROUP

Chairman	<u>O Peeke</u>
Vice-Chairman	<u>D Grattrick</u>
Councillor	<u>D Denman</u>
Councillor	<u>D Grattrick</u>
Councillor	<u>N Murray</u>
Councillor	<u>O Peeke</u>
Councillor	<u>E Strengiel</u>

Mr Robin Peak, *(representing Lincoln College)*

Mrs J Bennett, *(representing Lincolnshire Accommodation Association)*

Mr G Cook, *(representing University of Lincoln)*

Mr M Corrigan, *(representing Lincoln B.I.G)*

Mr W Dennett, *(representing Lincoln Co-operative Society Ltd)*

Mr Frank Ellis, *(representing Lincoln & District Trades Council)*

Mr B Heward (Mr D Mitchell), *(representing Lincolnshire Federation of Small Businesses)*

Mr N Jackson, *(representing Amicus-AEEU)*

Mr H Kok, *(representing The Lindum Group)*

Ms U Lidbetter, *(representing Lincoln Co-operative Society Ltd)*

Mr B Jackson, *(representing Siemens)*

Mr L Wells, *(representing Lincoln Trades Council)*

Mrs H Wilson, *(representing Lincoln Cathedral)*

County Councillor I G S Cartwright MBE, *(representing Lincolnshire County Council)*

Mrs P J Yeardley, *(representing Lincolnshire Federation of Small Businesses)*

Mr J Brown representing Lincolnshire County Council

## JOINT MEETING BETWEEN REPRESENTATIVES OF LINCOLN CITY COUNCIL AND LINCOLNSHIRE CHAMBER OF COMMERCE AND INDUSTRY

Councillor E Strengiel	Excellent and Democratic Council
Councillor O Peeke	Sustainable Growth (Economy & Tourism)
Councillor D Grattrick	Sustainable Growth (Planning Policy)
Councillor D Grice	Social Justice (Social Inclusion)
Councillor Y Bodger	Quality of Life (Environment)
Councillor J Metcalfe	Quality of Life (Housing)
Councillor K Weaver	Quality of Life (Leisure, Sport & Culture)

### LOCAL DEVELOPMENT FRAMEWORK MEMBER PANEL

Portfolio Holder for Excellent and Democratic Council	Councillor E Strengiel
Sustainable Growth (Economy & Tourism)	Councillor O Peeke
Sustainable Growth (Planning Policy)	Councillor D Grattrick
Social Justice (Social Inclusion)	Councillor D Grice
Quality of Life (Environment)	Councillor Y Bodger
Quality of Life (Housing)	Councillor J Metcalfe
Quality of Life (Leisure, Sport & Culture)	Councillor K Weaver
Chair – Policy Development Scrutiny Committee	Councillor G Kirby
Vice Chair - Policy Development Scrutiny Committee	Councillor A Kerry
Chair – Policy Review Scrutiny Committee	Councillor A Kerry
Vice Chair – Policy Review Scrutiny Committee	Councillor R Hills
Chair of Development Control Committee	Councillor D Denman

**NB. The Policy Review appointments are subject to a report elsewhere on this agenda**

### BRAYFORD TRUST BOARD

Councillor	D Grice
Councillor	E Strengiel
Caroline Killeavy	British Waterways Board
Keith Darwin	Investors in Lincoln
David Rossington	Investors in Lincoln
John Handley	Brayford Trust Administrator
David Chiddick	University of Lincoln
David Mullaney	University of Lincoln
Malcolm Cox	Burton Waters Moorings
Richard Costall	Burton Waters Moorings
Richard Wills	Lincolnshire County Council

### LOCAL AGENDA 21 WORKING GROUP

Councillor (Chairman)	D Grattrick
Councillor (Vice-Chairman)	J Metcalfe
Councillor	D Grattrick
Councillor	S Grattrick
Councillor	C Metcalfe
Councillor	J Metcalfe
Councillor	F Smith

Co-opted Members:

Sharon Longthorn

## OUTSIDE BODIES

Name of Organisation	New Council Representatives 2007/08
Accessibility Lincoln	Councillor D Grice Clare Metcalfe J Ireland
Birchwood Boiler House Project Committee	Councillor J Metcalfe
Birchwood Youth Club Management Committee	Councillor J Clark
Brayford Trust Board	Councillor E Strengiel Councillor D Grice
Citizens Advice Bureau	Councillor Y Bodger
Citizens Advocacy Lincoln Link	Councillor G Kirby
City of Lincoln Freemen and Lady Freemen's Gild	(Post held by Current Mayor)
Community Policing Body	Councillor E Strengiel
Drainage Boards <ul style="list-style-type: none"> <li>• Upper Witham (10 members)</li> <li>• First (3 members)</li> <li>• Witham Third (7 members)</li> </ul>	Nominations to the Boards will be submitted in writing to the Chief Executive and Town Clerk and reported for information to Council on the 26 June 2007
East Midlands Regional LGA General Meeting	Councillor E Strengiel
East Midlands Regional Assembly	Councillor E Strengiel
East Midlands Regional Assembly – Sub Group	Councillor E Strengiel
East Midlands Regional LGA Employers' Organisation	Councillor E Strengiel (Sub Councillor D Gratruck)
East Midlands Reserve Forces and Cadets Association	Councillor D Gratruck
Eastern Orchestral Board	(Post held by Director of Development & Environmental Services)
Events Safety Advisory Group	Councillors K Weaver & O Peeke

Greater Lincoln Partnership	Councillors J Metcalfe & D Grice
Groundwork Trust	Councillor Y Bodger ( Sub – Councillor O Peeke)
Hartsholme Community Contact Centre	Councillor G Kirby
Health Scrutiny Committee for Lincolnshire	Councillor R Hills
Heslam Trust	Councillor O Peeke
Homestart	Councillor J Clark
Investors in Lincoln	Councillor D Grattrick and D Grice
Life Long Learning, City Of Lincoln Council	Councillor G Kirby
Lincoln Area Dial-a-Ride	Councillor D Grice
Lincoln Area Strategic Partnership Joint Advisory Committee	Councillors E Strengiel, D Grice, D Grattrick and J Metcalfe
Lincoln Business Improvement District	Councillor E Strengiel & D Grattrick
Lincoln Civic Trust	Councillor M Jones
Lincoln Community Development Project	Councillor D Grice
Lincoln Cultural Sector Partnership	Councillor O Peeke
Lincoln Municipal Charities	Councillor S Grattrick, A Kerry and P Grice
Lincoln Museums Panel	Councillor G Kirby, Y Bodger, J Metcalfe and O Peeke
Lincoln Water Front Festival	Councillor O Peeke, Y Bodger, M Jones, A Kerry, P Grice and K Weaver
Lincolnshire Arts Forum	Councillor O Peeke
Lincolnshire Assembly	Councillor E Strengiel
Lincolnshire Chamber of Commerce and Industry	Councillor E Strengiel
Lincolnshire Enterprise	Councillors E Strengiel and D Grice
Lincolnshire Playing Fields Association	Councillor K Weaver
Lincolnshire Race Equality Council	Councillor E Strengiel
Lincolnshire Sports Partnership	Councillor K Weaver
Lincolnshire Tourism	Councillors O Peeke and E Strengiel



Lincolnshire Waste Partnership	Councillor Y Bodger
Local Government Information Unit	Councillor E Strengiel
Longhurst Housing Association	Councillor K Weaver
Mayor's Appeal Fund	Councillor H Spratt
MERE Trust	Councillor Y Bodger
Ruston Hall Trust	Councillors West, Woolley, Mr L Wells and Ms Tointon
Share the Care	Councillor D Grice
Supporting People Commissioning Body	Councillor J Metcalfe
Sure Start	Councillor D Grice
West Lincolnshire Community Safety Partnership	Councillor E Strengiel

<b>SUBJECT:</b>	<b>EXTRACT FROM COMMITTEE – EXECUTIVE – 4 JUNE 2007 – STRATEGIC PLAN 2007 – INTERIM POSITION STATEMENT</b>
<b>REPORT BY:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>LEAD OFFICER:</b>	<b>STEVE SWAIN – DEMOCRATIC SUPPORT MANAGER</b>

**1. Matter for Committee**

- 1.1 To approve the draft Plan for the Strategic Plan 2007 as a Position Statement pending a review.

**List of Background Papers:** Report to Executive on the 4 June 2007.

**Lead Officer:** Steve Swain –Democratic Support Manager  
873439

280	<p><b><u>Strategic Plan 2007 - Interim Position Statement</u></b></p> <p><b><u>Purpose of Report:-</u></b></p> <p>To seek approval for the revised interim Strategic Plan, providing a position statement on the current direction of the City Council, pending a formal review process early in this new Municipal Year by Members.</p> <p><b><u>Decision:-</u></b></p> <p>That the draft Plan be referred to Full Council for formal approval as a 'Position Statement', pending an early review.</p> <p><b><u>Alternative Options Considered and Rejected:-</u></b></p> <p>None.</p> <p><b><u>Reason for Decision:-</u></b></p> <p>The Strategic Plan was defined as one of the key strategy documents produced by the authority and therefore, as specified in the City Council's own Constitution, consideration was required from Executive followed by Full Council approval before it could be published.</p>	CX
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**SUBJECT: STRATEGIC PLAN 2007 – INTERIM POSITION STATEMENT**

**REPORT BY: CHIEF EXECUTIVE AND TOWN CLERK**

**LEAD OFFICER: SIMON WALTERS, HEAD OF CORPORATE REVIEW AND DEVELOPMENT**

**1. Purpose of Report**

- 1.1 To present to Members for approval a revised interim Strategic Plan providing a position statement on the current direction of the City Council, pending a formal review process early in this new municipal year by Members.

**2. Background**

- 2.1 The Strategic Plan is defined as one of the key strategy documents produced by the authority and therefore, as specified in the City Council's own constitution, consideration is required from Executive followed by Full Council approval before it can be published.
- 2.2 Publication alongside the Best Value Performance Plan (BVPP) allows a consistency of approach promoting a clear view of the authority's strategic focus (Strategic Plan) and how services are performing to maintain that focus (BVPP). It is therefore an essential part of the City Council's Performance Management Framework.
- 2.3 The Council carried out a detailed review of the Strategic plan during the latter part of the last financial year. This saw the adoption of new 'Main Aims' and associated spending programmes upto 2012. Ordinarily these decisions would be 'written up' and comprise the 'Strategic Plan' and its adoption by the Council would be a formality as the decisions contained therein have already been agreed.
- 2.4 Following a change of political control of the Council at the May Elections, the new administration wishes to carry out a very early review of the Plan having regard to its manifesto pledges and setting any new directions of travel where it considers appropriate. Such a review will assess the feasibility of delivering these pledges including such key initiatives as:
- Increased collection frequency for domestic wheeled refuse bins
  - Early inclusion of glass in the list of recyclables that can be collected
  - Potential for the allocation of operating budgets to wards
  - Delivery of affordable housing

### **3. Opportunity for Review**

- 3.1 As covered above, it is considered essential that the present draft of the Strategic Plan is published at the earliest possible date to comply with the Performance Management Framework and used as the 'Position Statement' for this early review.

### **4. Equality Implications**

- 4.1 The Plan will be published in both hard copy form and published on the City Council's website.

### **5. Legal Implications**

- 5.1 There is no legal requirement to produce a Strategic Plan but within the Council's Constitution and Performance Management Framework the Plan is a document designated ultimately for Full Council approval.

### **6. Financial Implications**

- 6.1 The cost of the production of the Strategic Plan is provided within the existing budget provision. This version of the Plan will be published as economically as possible in anticipation of a proposed early review.

### **7. Recommendation**

- 7.1 That the draft Plan be referred to Full Council for formal approval as a 'Position Statement', pending an early review.

**List of Background Papers:** Working papers supporting the development of the Strategic Priorities and spending plans

**Lead Officer:** Simon Walters,  
Head of Corporate Review and Development  
Tel: 873866

In accordance with Paragraph 4(5) of Schedule 12 of the Local Government Act 1972, the Chair has agreed that the following item can be considered at this meeting.

**COUNCIL**

**25 JUNE 2007**

**Item 4 (ii)**

**SUBJECT:           EXTRACT FROM COMMITTEE – EXECUTIVE – 25 JUNE 2007  
                          – LINCOLN CHRISTMAS MARKET 2007 – FEES AND  
                          CHARGES**

**REPORT BY:       CHIEF EXECUTIVE AND TOWN CLERK**

**LEAD OFFICER:   STEVE SWAIN – DEMOCRATIC SUPPORT MANAGER**

**1.     Matter for Committee**

- 1.1    To approve the fees and charges and budget strategy for the 2007 Lincoln Christmas Market.

**List of Background**   Report to Executive – 25 June 2007

**Papers:**

**Lead Officer:**           Steve Swain  
                                  Democratic Support Manager  
                                  Telephone 873439

**Questions under procedure rule 12 from members- Full Council 26<sup>th</sup> June 2007.**

**Questions to Portfolio holder for Economy Tourism & Culture- Cllr Peeke from Cllr Neil Murray**

1. Could the Portfolio holder explain what personal assessment he makes of the current state of the City's economy & what changes he envisages in the Council's economic development strategy in the light of that assessment ?
2. Would the portfolio holder please explain what the policy of the new conservative administration will be in relation to growing the local economy ?
3. Could the portfolio holder explain what his personal priorities are likely to be in relation to the Culture element of his portfolio ?
4. Would you rank the expenditure on the introduction of weekly refuse collections above any other expenditure on items within your portfolio ?
- 5 In view of your comments at the Executive committee on 4<sup>th</sup> June that the Council should take a "radical look at the future of the Christmas Market" could you elaborate on these comments and indicate whether you would rule out abolishing the Christmas Market altogether ?

**Questions to the Portfolio holder for Planning Policy- Cllr D Gratrick from Cllr Peter West**

1. What is the new administrations strategy for meeting the housing targets specified in the Regional Spatial Strategy ?
2. Could the portfolio holder give his personal view as to how, in the pursuit of economic growth for Lincoln, the **sustainability** of that growth can be secured ?

**Questions to the Portfolio holder for Social Inclusion- Cllr D Grice from Cllr Karen Lee**

1. What changes does the executive portfolio holder envisage the new administration will wish to make to the Council's Social Inclusion Policy ?

2.What strategy will the new administration adopt to reduce income disadvantage in the City ?

3.How would you rank the proposed expenditure required to introduce weekly collection of waste for landfill in terms of priority in relation to other services within your portfolio ?

**Questions for the Portfolio holder for the Environment- Cllr Yvonne Bodger from Cllr Fay Smith**

1. Could you tell the Council what professional advice from Council officers you have received as to the impact of weekly refuse collections on the amount of material which will be collected for recycling under a weekly collection of landfill waste regime

2.Would you confirm that, prior to the 3<sup>rd</sup> May the City Council had made representations to the County Council to appoint a waste disposal contractor who would be willing to take glass for recycling and that the County Council had already appointed a contractor who will take glass from kerbside collections in the City before then ?

**Questions for the Portfolio holder for Housing- Cllr John Metcalfe from Cllr Richard Coupland**

1.What will the administration's policy be on the retention of the Council's Housing Stock ? Can the Portfolio holder give an absolute guarantee to Council and to tenants that no part of the council's housing stock will be subject to consideration for any option other than full ownership and control by the council ?

2 Will the portfolio holder give an assurance that all of the monies agreed within the 5 year financial strategy agreed by council on 6<sup>th</sup> March 2007 for capital investment in affordable housing including the post of an Asset Development officer will be used for increasing the supply of affordable housing to rent.



3.Can the portfolio holder explain what the strategy of the new administration will be for increasing the supply of affordable housing to rent ?

**Questions to the Executive Portfolio holder for Leisure & Sport from Cllr Donald Nannestad**

1.Can the portfolio holder say if he considers the cost of introducing weekly collections of landfill waste to be a higher priority than any item of expenditure within his own portfolio ?

2.Can the portfolio holder say what his personal priorities will be in relation to the development of sport & leisure facilities in the City.

3 Why has recruitment for the additional full-time post of Allotment Officer not taken place despite being approved by Full Council on 6<sup>th</sup> March and prior to that having been recommended by the policy review scrutiny committee with support from all political parties ?

4 What discussions have taken place involving members of the controlling group and City Council officers regarding possible cuts in the number of children's play areas being operated by the City Council ?

**Questions to the Portfoliholder for Leisure & Sport from Cllr Brent Charlesworth**

1. Can the portfoliholder tell me how many people are on the Council's waiting list to rent an allotment ?

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**Questions under Council Procedure Rule 12-Full Council Meeting 26<sup>th</sup> June 2007.**

Questions to Cllr Strengiel Portfolio Holder for Excellent & Democratic Council from Cllr Ric Metcalfe

**Question 1**

Can you confirm if it is the case that soon after the election on 3<sup>rd</sup> May you instructed officers at a secret meeting with the Chief Executive not to implement the decisions taken by this Council on 6<sup>th</sup> March 2007 on the Council's five year strategy and the capital & revenue programmes for 2007/8

**Question 2**

In the recently published Council Newspaper "Your Lincoln" you list 13 so called key priorities of your new administration.

In looking at this list, there are only 2 items out of the 13 listed which were not already a priority of this Council prior to 3<sup>rd</sup> May.

Would you therefore agree with me, that in local politics, as in life, imitation is the sincerest form of flattery ?

**Question 3**

Can you explain to the Council the philosophy of your new administration ,how you imagine this will differ from the previous Labour administration and what changes you envisage this will bring to the policies and priorities of the Council ?

**Question 4**

In the Lincolnshire Echo of Saturday 5<sup>th</sup> May you were reported as saying that you intended to " cut costs whilst improving services"

In the light of the fact that the Council's budget for 2007/8 agreed in this chamber on 6<sup>th</sup> March 2007 already included a commitment to achieve £700,000 worth of savings, can you explain to council what further savings you intend to make on top of this and where you envisage these savings coming from ?

#### **Question 5**

In the Lincolnshire Echo of Saturday 5<sup>th</sup> May, you were reported as having said that you were "firmly against house building on the Western Growth Corridor"

Apart from flood risk, can you explain the basis for your opposition to the development of housing in this area ?

#### **Question 6**

Can you tell Council what views and advice you personally at a political level have received since 3<sup>rd</sup> May from County Council members about what the stance of the City Council should be as far as development at the Western Growth Corridor is concerned ?

#### **Question 7**

In the light of the fact that there is a planning application lodged with the City Council for development at the Western Growth Corridor which includes an element of new housing, would you agree with me that you have fettered the discretion of yourself and your controlling group and are therefore now disqualified from taking part in any decisions about that application ?

#### **Question 8**

You were quoted as saying on 5<sup>th</sup> May that "We are hoping that by the time we get to July we will be in a position to be rolling out weekly collections of refuse"

Can you now tell Council & the public what date in July this will be, what this will cost the Council Tax Payer and what the cost would represent in

cash terms and as a % increase on the City Council's share of the Council Tax ?

### **Question 9**

You have announced as a major plank of policy, a plan to introduce individual ward budgets. Can you explain to the Council the rationale for this proposal, how much you intend to spend globally & to each ward, & how the decisions will be made at ward level for the allocation of these budgets & how potential abuse of these budgets will be avoided ?

<b>SUBJECT:</b>	<b>FINANCE AND PERFORMANCE OUTTURN 2006/07</b>
<b>REPORT BY:</b>	<b>CHIEF EXECUTIVE &amp; TOWN CLERK DIRECTOR OF RESOURCES</b>
<b>LEAD OFFICERS:</b>	<b>JACLYN HILLS, FINANCIAL SERVICES MANAGER JASMINE CURTIS, CORPORATE POLICY MANAGER</b>

**1. Purpose of Report**

- 1.1 To present to Members the financial outturn for the Council's revenue and capital budgets and performance against targets on the Best Value Performance Indicators (BVPIs) for 2006/07.
- 1.2 Members should note that the Financial and Performance outturn is still subject to audit by the Audit Commission.

**2 Background**

- 2.1 The Council's Statement of Accounts for 2006/07 have to be approved by full Council by 30 June 2007. The Statement of Accounts are included elsewhere on this Agenda for separate scrutiny.
- 2.2 This report on the financial outturn for 2006/07 will provide Members with a summary of actual income and expenditure compared to the probable budget, as agreed by Council on 6 March 2007, and how any surpluses have been allocated to reserves.
- 2.3 There are four areas within the accounts that need to be considered and these are:
  - The General Fund
  - The Housing Revenue Account
  - The Operational Services Division Account; and
  - The Capital Programme.
- 2.4 As an improvement to the reporting processes the financial outturn for the Council will now be reported alongside performance against targets on the Best Value Performance Indicators (BVPIs). It is envisaged that this amalgamation of the overall performance of the Council will provide the three dimensions of cost, performance and customer satisfaction required to demonstrate that Value for Money is being sought and achieved by the Council and to highlight exception areas, which warrant further review.
- 2.5 The performance data is aligned to the Main Aims and in the Appendices is arranged as the full draft Best Value Performance Plan.

- 2.6 Where a service area is underperforming in terms of spend or performance, the review mechanism for that area will be stated. In most cases it will require a scheduled report from the Portfolio Holder to Performance Scrutiny Committee.

### 3. General Fund Revenue Outturn 2006/07

- 3.1 The attached budget summary (Appendix A) sets out the year end position of the General Fund for 2006/07 and includes the following details:

- The probable budget for 2006/07 (column A)
- The actual outturn for 2006/07 (column B)
- The variances of actual outturn against probable budget for 2006/07 (column C).

- 3.2 The Council set an original net budget of £15,083,660 (Column B, Line 13) for 2006/07 that incorporated an anticipated use of balances of £817,690 by the end of the year. Following a challenge of the allocation of resources the probable budget, agreed by the Council on 6 March 2007, for 2006/07 predicated that an underspend of £1,234,201 (Column B, line 12) would occur. The final accounts for 2006/07 now indicate that a further surplus of £772,971 has been achieved.

- 3.3 The main reasons for the net surplus compared to the probable budget are as follows:

£

#### Additional Income

Local Authority Business Growth Initiative Grant	(306,000)
Arts Grants	(78,900)
CCTV – Recharges and Grant Income	(22,900)
Community Centres Fees and Charges	(20,600)
Recycling Credits	(44,600)
Lincoln Properties Rental Income	(35,300)

#### Reduced Income

Internal Printing Unit Recharges	37,900
Car Parks Fees and Charges	50,400

#### Reduced Spending

Western Growth Corridor – External/Internal Legal	(112,500)
Advice/Resource	
Benefits Expenditure	(127,300)
Community Centres Staffing Costs	(24,900)
E- Government IT Costs	(70,200)
Car Parks Staffing Costs	(30,100)
Central Support Services – across all Directorates	(240,300)

#### Increased Spending

Car Parks – Repairs and Maintenance/Equipment Costs	42,900
Refuse/Recycling/Street Cleansing Contract	203,100

- 3.4 A number of the reasons for the reductions in the spending, shown above, are as

a result of specific delays in the delivery of schemes/programmes. In these circumstances Officers were given the option to request that a budget be carried forward in order to deliver the scheme/programme in 2007/08.

3.5 The following carry forwards of budgets are therefore proposed: -

	£
• Corporate Health & Safety Training	9,500
• Leadership Development	24,500
• Performance Standards Funding	8,500
• Service Standards Project	4,700
• E-Government	70,200
• Repairs & Maintenance – Yarborough Leisure Centre	55,300
• Land Registry	3,000
• Allenby Road Security Grant	5,400
• Western Growth Corridor – External/Internal Legal Advice/Resource	112,500
• HECA Regulations – training/software	14,200

**Requested Carry Forward 307,800**

3.6 In addition to these requests for carry forward of budgets, Officers also deem to prudent set aside the following:

	£
• Corporate Director Recruitment	60,000
• Fire Risk Assessment	50,000

**Proposed Transfers to Earmarked Reserves 110,000**

3.7 In the 2005/06 the Government introduced the Local Authority Business Growth Initiative Scheme (LABGI). The scheme was designed to give local authorities an incentive to maximise local economic growth by allowing them receive a proportion of increases in local business rate revenues to spend on their own priorities. The probable budget for 2006/07 assumed an allocation of £600,000, however in February 2007 the Council received notification that the actual allocation for 2006/07 was £905,773. As a windfall, Officers propose to allocate these funds to a specific earmarked reserve to be used to contribute towards the achievement of the Council's Strategic Priorities.

3.8 The level of each of the current earmarked reserves, as at 31 March 2007, is attached at Appendix B. These take account of the contributions to earmarked reserves agreed as part of the probable budget for 2006/07, approved by Council on 6 March 2007 and the proposed contributions to reserves detailed in para's 3.5 – 3.7

3.9 After accounting for the transfers proposed in para's 3.5 – 3.7 the surplus for the General Fund for 2006/07 will be £49,398 (Column C, line 12), or a variance of 0.36% against the probable budget.

3.10 The surplus of £49,398 will be transferred to General Fund Balances increasing the



balance as at 31 March 2007 to £5,466,683. This balance is significantly in excess of the minimum £1.2M that the Council requires to fund unforeseen events. However, the Medium Term Financial Strategy 2007-2012, approved by the Council on 6 March 2007, released resources over the 5 year period of the strategy. This was to fund a package of investment designed to deliver a significant stepped improvement in front line services, the total value of this investment package was £3,557,743. Officers therefore propose that the resources to fund this investment package are transferred from the General Fund Balances to a specific earmarked reserve for to fund Strategic Priorities. This would then leave a balance of £2,088,940 (Column A, Line 22) on the General Fund Balances available to fund any unforeseen events.

#### **4. Housing Revenue Operating Account Outturn 2006/07**

4.1 The attached summary (Appendix C) sets out the year end position of the Housing Revenue Operating Account for 2006/07 and includes the following details:

- The actual outturn for 2006/07 (column A)
- The probable budget for 2006/07 (column B)
- The variances of actual outturn against probable budget for 2006/07 (column C).

4.2 The original net operating surplus for the Housing Revenue Operating Account was set at £1,002,570 for 2006/07, this was then reduced to £789,850 (Column B, Line 36) for the probable budget agreed by the Council on 6 March 2007. However, the final accounts for 2006/07 now indicate that a further surplus of £383,318 (Column C, line 36) has been achieved, resulting in a final total operating surplus of £1,173,168 (Column A, Line 36).

4.3 The main reasons for the increase in the net operating surplus compared to the probable budget are as follows:

	£
<u>Additional Income</u>	
Dwellings/Non Dwellings Rental Income	(245,300)
HRA Subsidy	(27,100)
Major Repairs Reserve – Adjustment to previous years income	(120,400)
<u>Reduced Spending</u>	
Reduced Provision for Doubtful Debts	(126,000)
Central Support Services – across all Directorates	(161,000)
Subsidy Limitation Transfer	(17,400)
<u>Increased Spending</u>	
Direct Revenue Financing for Western Growth Corridor	350,000

4.4 The operating surplus of £383,318 will be transferred into the Housing Revenue Account balance, and will increase the resources available to meet the Decent Homes Programme. Taking into account this additional surplus the revised HRA balance, as at 31 March 2007, was £5,241,977 (Column A, line 38). This balance

will be incorporated into the HRA Business Plan 2007/08.

- 4.5 In addition to the Housing Revenue Account balance there are number of specific earmarked reserves, which have been set aside to fund known, or predicted, future liabilities of the HRA. Appendix D shows each of these reserves, the purpose for which they were established, and the movements during the financial year including contributions to earmarked reserves agreed as part of the probable budget for 2006/07, approved by Council on 6 March 2007, and/or the drawdown of funding to cover expenditure. No further transfers to HRA earmarked reserves are proposed.

## **5. Operational Services Division Revenue Account Outturn 2006/07**

- 5.1 The attached summary (Appendix E) sets out the year-end position of the OSD Revenue Account for 2006/07.

- 5.2 The summary shows, at line 19, that the net outturn for the OSD was £952,825 deficit, comprising of: -

- **Building Maintenance** - £1,004,206 deficit,
- **Building Construction** - £21,857 surplus, and
- **Works** - £29,524 surplus.

- 5.3 The main reasons for the deficit of £952,825 were as follows

	£
<u>Reduced Income</u>	
Reduction in income commensurate with reduction in workforce	(300,000)
<u>Reduced Spending</u>	
Reduction in unproductive costs of Works	(29,500)
<u>Increased Spending</u>	
Redundancy Costs arising from Housing Restructure	1,324,100

- 5.4 The OSD operation has seen significant changes in 2006/07, reflecting the requirements of the ongoing HRA Business Plan Strategy. The major impact was the reduction of the workforce that occurred during the financial year, resulting in redundancy costs of approx. £1.3 million. It was for this reason that the surplus of £631,322 achieved by the OSD in 2005/06 was 'set aside' to top up the existing OSD Redundancy Reserve of £65,364. The actual Reserve of £696,686 was intended to offset the substantial redundancy costs that were anticipated in 2006/07. It should be noted that the OSD has still to implement the introduction of Resource Planning as part of the HRA Business Plan Strategy, this is estimated at approx. £400k and will now be expended in 2007/08 which will have an effect on the Division's final outturn for that year.

- 5.5 The transfer of £696,686 from the OSD Redundancy Reserve, referred to in para 5.4, results in a net deficit of £256,139 being carried forward into 2007/08.

- 5.6 The Audit Commission agreed to the deficit of the OSD for 2006/07 being 'retained'

within the Trading Account. This deficit would then be offset by future surpluses achieved by the Division. Additionally, there will be no 'repatriation' to GF or HRA, until the deficit had been 'wiped out'.

## **6. Capital Programme Outturn 2006/07**

- 6.1 The General Fund element of the capital programme for 2006/07 resulted in an underspend of £23,123 (Appendix F, line 54), but this cannot be reviewed in isolation, as this under-spend is made up of number of over and under-spends on individual schemes. Details for each scheme are shown in Appendix F. The major variances include:

<u>Delays in Scheme Progression</u>	£
Birchwood Leisure Centre	(201,400)
Home Repairs, Home Secure & Affordable Warmth Grants	(134,800)
Townscape Heritage Initiative	(52,050)
Building Adaptations for DDA Requirements	(59,100)
Whitton's Park	(50,900)
Monks Abbey Ruins	(51,000)
IEG/Business Process Development	(68,300)
Creative Industries	(175,100)
<u>Additional Spending</u>	£
Public Realm Improvements (to be funded from additional external funding)	372,300
<u>Acceleration in Scheme Progression/Payments</u>	£
City & County Museum	641,100
Transport Study	52,200

- 6.2 The capital programme in respect of the Council's dwellings was underspent by £2,065,864 (Appendix G, Line 79). The breakdown of the under-spend by schemes is detailed in the individual lines on Appendix G.
- 6.3 The progress on the HIP and the Decent Homes programme has been reported throughout the year to the Major Project Monitoring Group. The Group has been made aware that the programme spend was likely to be less than in previous years due to the set up of the Decent Homes Programme, the Hartsholme Pilot scheme and a major restructure within the Housing Section.

## **7. Best Value Performance Indicators 2006/07**

- 7.1 Details of all the councils BVPIs are in Appendix H, and this is the Best Value Performance Plan for 2007/8.
- 7.2 73% of the councils BVPIs in 2006/7 demonstrate improvement compared to the previous year (2005/6).
- 7.3 68% of the BVPIs in 2006/07 look set to meet the ambitious annual targets set in the 2006/7 Best Value Performance Plan.

- 7.4 Areas of improvement in 2006/7 include timeliness of processing minor planning applications, improvement in recycling rates, reductions in burglary and vehicle crime, increased accuracy in benefit processing, and increased satisfaction with all aspects of the benefits service, increased timeliness of dealing with urgent housing repairs, and an increase in the percentage of Council tax collected.

## **8. Key Areas of Underperformance**

- 8.1 Major issues resulting in financial or performance variances are shown in the table below. Performance data has been added to those areas where there is a significant financial overspend or under spend, if there is such information, and financial data added to any areas of underperformance to identify any possible links between investment levels and performance results for the year.
- 8.2 This information (cost, performance and customer satisfaction information) will be used to inform the identified review mechanisms. This will be combined with benchmarking information to allow Officers/Members to draw more informed conclusions as to whether the cost, performance and customer satisfaction are directly correlated.

<b>Main Council Aims in the Strategic Plan</b>	<b>Revenue Exp</b>	<b>Capital Exp</b>	<b>Budget Variance</b> (+ or – 5%?, in excess of £25,000)	<b>Performance Issue</b> (showing deterioration and not on target)	<b>Review Mechanism</b>
Sustainable Growth	£328k spent on private sector housing renewal	£869k spent on Improvement and renovation grants	85.8% of the 2006/07 capital budget was spent  Revenue budget overspent by 7.7%	BVPI 64 Private Sector homes made fit, 184a and b Decent Homes Standard	A Decent Homes in the Private Sector Task Group has been proposed  A survey in 2006/7 has created accurate baselines for Decent Homes
Improved Quality of Life	£2,301k spent on waste collection	£1,207k spent on wheeled bins	99.7% of the 2006/07 capital budget was spent  Revenue budget overspent by 19.94%	BVPI 86 Cost of waste collection  BVPI 89, 90 citizens satisfied with cleanliness and waste collection has not met target	An Audit Commission inspection on Environment services is due over July 2007 which examines our present transition and future plans for the service
	£1,233k spent on public conveniences	£8k spent on improvements to public toilets	100% of the 2006/07 capital budget was spent  Revenue budget overspent by 2.56%	BVPI 166 Best practice on Environmental Health	An action plan for Environmental Health enforcement was prepared over 2006/7 to improve the result in 2007/8
Enhanced Social Justice				BVPI 156 Access to council buildings has remained static  BVPI 11c Top % of council earners with a disability has reduced since last year	The Council has a full action plan for 2007/8 overseen by the Corporate Equalities and Diversity Development Group in which corporate equality policies and access works are considered

<b>Main Council Aims in the Strategic Plan</b>	<b>Revenue Exp</b>	<b>Capital Exp</b>	<b>Budget Variance</b> (+ or – 5%?, in excess of £25,000)	<b>Performance Issue</b> (showing deterioration and not on target)	<b>Review Mechanism</b>
	<p>£14k spent on bed and breakfast accommodation</p> <p>£1,058k spent on benefits administration</p> <p>£336k spent on CCTV</p>	<p>£8k was spent on CCTV's</p>	<p>Revenue budget overspent by 106.61%</p> <p>Revenue budget overspent by 2.57%</p> <p>2007/08 capital budgets were b/f to cover spend in 2006/07</p> <p>Revenue budget overspent by 7.04%</p>	<p>BVPI 164 Racial Equality Code of practice for social landlords has not made sufficient progress</p> <p>BVPI 183a Average length of stay in bed and breakfast by those deemed homeless has increased this year</p> <p>BVPI 78a Average time taken to process new benefit claims has increased this year</p> <p>BVPI 127a Violent crime has increased this year</p> <p>BVPI 127b Robberies have increased this year</p> <p>BVPI 128 Vehicle crime has not reduced as much as expected</p>	<p>A Performance Clinic was held over 2006/7 on homelessness and decreasing reliance on bed and breakfast accommodation. The action Plan was issued to Performance Scrutiny in April 2007 is for implementation over 2007/8</p> <p>An action plan for benefits was prepared in 2006/7, and all other claims indicators have improved except for the processing of new claims which will be a priority for 2007/8</p> <p>Overall crime levels are reducing in the longer term. A combined action plan has been established between the Police and the Council and will be issued to performance Scrutiny over July 2007</p>
Excellent and Democratic Council				<p>BVPI 3 citizens satisfied with overall service provided by authority has remained static</p>	<p>A detailed ward level analysis of the General Survey will be issued to performance Scrutiny in August 2007.</p>

<b>Main Council Aims in the Strategic Plan</b>	<b>Revenue Exp</b>	<b>Capital Exp</b>	<b>Budget Variance</b> (+ or – 5%?, in excess of £25,000)	<b>Performance Issue</b> (showing deterioration and not on target)	<b>Review Mechanism</b>
				since the survey three years ago	
	£139k spent on providing a Creditors function		Revenue budget underspent by 5.15%	BVPI 4 citizens making complaints satisfied with the handling of complaint has remained static since the survey three years ago	An officer led review of the complaints process is underway over 2007/8 to improve the policies and technology for complaints handling
	£1,038k spent on redundancy/payment in lieu and pension strains		Expenditure funded from earmarked reserves	BVPI 8 Undisputed invoices paid in 30 days has not met 100%	The authority performs in the top quartile, but has set an ambitious 100% target. The service is analysing the reasons for those not meeting the 30-day target to plan appropriate actions.
				BVPI 12 Days lost to staff sickness has remained static	An officer led Performance Clinic is being held to address staff absence over 2007/8
				BVPI 14 and BVPI 15 Early retirements have increased	Ill health retirements have seen an increase in the last 12 months due to the inherited problems in the maintenance and investment sector, and with the restructure of Housing
				BVPI 66c % of tenants who have had Notices Seeking Possession has increased	No review is planned in this area, will be addressed in the Service Plan
				BVPI 74 and 75 tenant satisfaction with housing services has declined	An action plan on response to the Tenants Survey is due to be issued to Performance Scrutiny in August 2007

Main Council Aims in the Strategic Plan	Revenue Exp	Capital Exp	Budget Variance (+ or – 5%?, in excess of £25,000)	Performance Issue (showing deterioration and not on target)	Review Mechanism
	£993k spent on planning services		Revenue budget overspent by 5.33%	and not met target BVPI 111 a reduction in satisfaction planning applicants with the planning service	An action Plan on the planning service is due to be considered at Performance Scrutiny in August 2007
	£966k spent		Revenue budget overspent by 5.34%	BVPI 212 there has been an increase in the average time taken to re-let local authority housing	There has been an impact with the Housing re-structure over 2006/7 on some services which is likely to show then improvement in 2007/8. A Voids Action Plan was issued to Landlord Services and is in the Service Plan for 2007/8
		Total HIP capital spend 2006/07 was £5,923k, of this £3,910k was spent on the Decent Homes programme	74.1% of the total HIP budget was spent in 2006/07, within that 86.6% of the Decent Homes budget was spent	HIP 1 Urgent housing repairs did not meet their target time for completions HIP 3 the average weekly management cost for housing has increased	The actions for improvement were included in the Quarter 3 Performance Scrutiny report in March 2007 citing new technology, training, new ways of working and the settling down of new teams and working practices.  Over 2007/8 the OSD improvement plan should yield improvements that affect cost, such as mobile working, one cost per repair etc.

## 9. Recommendations

- 9.1 Members note the outturn for the General Fund, Housing Revenue Operating Account, Operational Services Division Revenue Account and Capital Programme for 2006/07 as set out in Appendices, A, C, E, F and G and in particular the reasons for the variances set out in para's 3.3, 4.3, 5.3 and 6.1 above.



- 9.2 Members consider the proposed allocation of the General Fund surplus to specific earmarked reserves, as outlined in para's 3.5 - 3.7 above and the proposed transfer of funding of the investment package from General Fund Balances to a specific earmarked reserve, as outlined in para 3.10 above.
- 9.3 Member note the nature and level of earmarked reserves and in-year movements between revenue as set out in Appendices B and D.
- 9.4 Members note the level of General Fund Balances, Housing Revenue Account Balances and the Operational Services Division deficit as per para's 3.10, 4.4 and 5.5 above.
- 9.5 Members agree the Best Value Performance Plan in Appendix H.
- 9.6 Members ensure that the financial and performance variances identified in 2006/07 are investigated and reported through the proposed mechanisms, and are combined with benchmarking information to allow informed conclusions to be drawn in respect of the relationship between cost, performance and customer satisfaction. Progress on the proposed mechanisms will be reported to future Performance Scrutiny meetings.

**List of Background Papers:**

- Budget and Final Account Working Papers
- Audit Commission Guidance on Best Value Performance Indicators
- Audit Commission Guidance on Best Value Performance Plans

**GENERAL FUND SUMMARY**  
**OUTTURN 2006/07**

Line No		Column A	Column B	Column C
		ACTUAL £	PROBABLE £	VARIANCE £
1	SUSTAINABLE GROWTH	1,235,625	1,270,830	(35,205)
2	QUALITY OF LIFE	7,949,166	7,707,470	241,696
3	EHNANCED SOCIAL JUSTICE	1,718,216	1,815,470	(97,254)
4	EXCELLENT DEMOCRATIC COUNCIL	2,253,377	3,186,469	(933,092)
5	TOTAL COMMITTEE BUDGETS	<b>13,156,384</b>	<b>13,980,239</b>	<b>(823,855)</b>
6	CAPITAL ACCOUNTING ADJUSTMENT	277,917	151,720	126,197
7	MOVEMENTS TO/(FROM) RESERVES	414,182	(325,830)	740,012
8	CONTIGENCIES	0	43,330	(43,330)
9	FRS 17 - PENSIONS ADJUSTMENT	(116,414)	0	(116,414)
10	CONTRIBUTION TO / (FROM) DLO	67,991	0	67,991
11	<b>TOTAL BUDGET</b>	<b>13,800,059</b>	<b>13,849,459</b>	<b>(49,400)</b>
12	<b>INCREASE/(USE) OF BALANCES</b>	<b>1,283,599</b>	<b>1,234,201</b>	<b>(49,398)</b>
13	<b>NET REQUIREMENT</b>	<b>15,083,658</b>	<b>15,083,660</b>	<b>(2)</b>
<b>RESOURCES</b>				
14	REVENUE SUPPORT GRANT	1,628,884	1,628,880	4
15	BUSINESS RATES	8,438,254	8,438,260	(6)
16	TRANSFER TO/FROM COLLECTION FUND	0	0	0
17	COUNCIL TAX	5,016,520	5,016,520	0
18	<b>TOTAL RESOURCES</b>	<b>15,083,658</b>	<b>15,083,660</b>	<b>(2)</b>
19	<b>BALANCES b/f @ 1ST APRIL</b>	<b>4,415,505</b>	<b>4,415,505.00</b>	<b>0</b>
20	(Increase)/Decrease in Balances	1,283,599	1,234,201.00	49,398
21	Cost of Amending Reports	(52,421)	(53,000.00)	579
22	Transfer to Earmarked Reserves	(3,557,743)	0.00	(3,557,743)
22	<b>AVAILABLE BALANCES b/f @ 1ST APRIL</b>	<b>2,088,940</b>	<b>5,596,706.00</b>	<b>(3,507,766)</b>

**SUMMARY OF GENERAL FUND EARMARKED RESERVES AS AT 31<sup>ST</sup> MARCH 2007**

<b>Description</b>	<b>Reason/Purpose of Reserve</b>	<b>Balance @ 01.04.06</b>	<b>Actual Increases</b>	<b>Actual Decreases</b>	<b>Balance @ 31.03.07</b>
Accommodation Review	Earmarked to fund costs in relation to office moves as a result of the corporate restructure.	389,382	0	6,890	382,492
Skewbridge Development (Now Western Growth Corridor)	Set aside to fund the consultancy costs, etc, in relation to the potential development at Skewbridge.	10,701	0	6,626	4,075
Car Parking Strategy	Earmarked to fund costs for car park infrastructure improvements.	39,495	0	8,000	31,495
Maternity/Staff Advertising	Set aside to corporately fund costs arising as a result of Maternity (that cannot be funded from existing budgets i.e. – temporary staff cover) and staff advertising costs.	102,079	120,000	78,020	144,059
Managed Workspace	Set up to fund deficit costs of the Managed Workspace (Ph 1 & 2). First call on profits is to top reserve up to £100k.	100,000	0	0	100,000
Invest to Save	To fund invest to save opportunities, i.e. fund upfront severance costs which lead to on-going savings.	255,049		222,256	32,793
Tourism IT	Ring fenced income generated from TIC's to fund IT investment	34,596	4,468	0	39,064
CLAU Redundancy	Earmarked to fund potential severance payments.	59,568	0	0	59,568

Private Sector Stock Condition Survey	To fund stock condition survey for non-HRA properties.	24,300	12,580	0	36,880
Second Homes	Revenue generated from the change in discount rate on a prescribed class of second homes to be used to fund the post of Partnership Manager for the LSP	44,400	47,050	44,702	46,748
Publicity for Wheeled Bins	Fund to promote the roll out of the new wheeled bin service in 2006/07	106,550	0	106,550	0
Licensing Post	To fund the extension of a fixed term post to support additional work resulting from the Gambling Act	28,018	0	28,018	0
Mayoral Car	Set aside to contribute towards the funding of a new mayoral car leased from 2006/07	17,915	9,654		27,569
Civica/Anite Integration	Contribution towards the cost of the integration of the Civica and Anite systems	16,867	0	5,231	11,636
Lincoln 10km Race	Set aside generated by the Annual race for future use in association with the race	10,929	0	10,929	0
Member training	To fund member development in line with the CPA action plan	30,000	0	21,066	8,934
Headstone Testing	To fund committed safety testing of headstones/memorials	25,060	0	18,846	6,214
Leadership Development	To fund committed costs in 2006/07 for Leadership development training	5,950	0	5,950	0
Uphill/downhill Bus	To fund battery replacement	40,822	3,433	0	44,255
Stock Condition Survey	To fund committed stock condition surveys for corporate properties	18,233	0	18,233	0
Business Process Re-engineering	Invest to Save to radically review the business processes within the organisation	207,223	0	207,223	0
Direct Revenue Financing	Revenue funds to be used towards financing of capital schemes not used during financial year	337,877	0	91,174	246,703
Waste Officers	To fund the cost of two additional Waste Officers in	0	60,000	0	60,000

CMT Contingency	2007/08 (Currently on hold pending review of Strategic Plan)	0	100,000	0	100,000
Fire Risk Assessment	Fund to be used at the discretion of CMT to deal with emerging issues during each financial year	0	50,000	0	50,000
LABGI	Funds to be used to contribute towards addressing issues arising from fire risk assessments	0	305,773	0	305,773
2006/07 Carry Forward	Additional LABGI received to be used Strategic Priorities	0	307,800	0	307,800
Strategic Plan VII	Budget underspend from 2006/07 on specific schemes which are to be delivered in 2007/08	0	3,557,743	0	3,557,743
	Resources earmarked to fund strategic plan VII bids (Currently on hold pending review of Strategic Plan)				
	<b>TOTAL</b>	<b>1,905,014</b>	<b>4,578,501</b>	<b>879,714</b>	<b>5,603,801</b>

**HOUSING REVENUE OPERATING ACCOUNT**  
**OUTTURN 2006/07**

Line		Column A ACTUAL £	Column B PROBABLE £	Column C VARIANCE £
	<b>INCOME</b>			
	Gross Rental Income			
1	- Dwellings rents	#VALUE!	(19,713,460)	#VALUE!
2	- Non-Dwelling rents	#VALUE!	(499,050)	#VALUE!
3	Charges for Services & Facilities	#VALUE!	(438,780)	#VALUE!
4	HRA Subsidy Grant (incl MRA)	#VALUE!	(635,020)	#VALUE!
5		#VALUE!	(21,286,310)	#VALUE!
	<b>EXPENDITURE</b>			
6	Repairs & Maintenance	6,289,630	6,522,150	(232,520)
	Supervision & Management			
7	- General	#VALUE!	4,831,550	#VALUE!
8	- Special	#VALUE!	1,132,300	#VALUE!
9	Rents, Rates and Other Premises	#VALUE!	56,290	#VALUE!
10	Increase in Bad Debt Provisions	#VALUE!	230,000	#VALUE!
	Housing Benefits:			
11	- Subsidy Limitation Transfer	#VALUE!	408,070	#VALUE!
	Cost of Capital			
12	- Depreciation Council Dwellings	#VALUE!	6,730,250	#VALUE!
13	- Depreciation Other Assets	122,816	122,820	(4)
14	Debt Management Expenses	#VALUE!	56,710	#VALUE!
15		#VALUE!	20,090,140	#VALUE!
16	<b>NET COSTS OF SERVICE</b>	#VALUE!	<b>(1,196,170)</b>	#VALUE!
	<b>OPERATING EXPENDITURE</b>			
17	Loan Charges Interest	#VALUE!	1,272,330	#VALUE!
18	Pension Interest Cost & expected return on Pension Asset	-	-	-
19	(Surplus)/Deficit from OSD	-	-	-
20	Premiums Payable	#VALUE!	663,820	#VALUE!
21	Discounts Receivable	#VALUE!	(71,360)	#VALUE!
22	Interest on Investments	#VALUE!	(344,030)	#VALUE!
23	Mortgage Interest	#VALUE!	(3,840)	#VALUE!
24	<b>NET OPERATING (INCOME)/EXPENDITURE</b>	#VALUE!	<b>320,750</b>	#VALUE!
	Appropriations to/(from):			
25	- OSD Pension/Insurance Repatriation	(440,452)	-	(440,452)
26	- Pension Reserve	(59,996)	-	(59,996)
27	- Insurance Reserve	132,463	(243,845)	376,308
28	- Major Repairs Reserve	#VALUE!	(2,220,680)	#VALUE!
29	- Invest to Save	(147,815)	(205,040)	57,225
30	- PI Survey	(2,050)	11,460	(13,510)
31	- Stock Condition Survey	11,460	11,460	-
32	- Office Moves, HRA	-	-	-
33	- Stock Retention	(15,125)	-	(15,125)
34	- Direct Revenue Financing	2,226,604	1,875,000	351,604
35	- Repairs Account	(191,314)	(338,955)	147,641
36	<b>(SURPLUS) / DEFICIT in year</b>	#VALUE!	<b>(789,850)</b>	#VALUE!
37	<b>Balances b/f @ 1st April</b>	<b>(4,068,809)</b>	<b>(4,068,809)</b>	-
38	<b>Balances c/f @ 31st March</b>	#VALUE!	<b>(4,858,659)</b>	#VALUE!

**SUMMMARY OF HOUSING REVENUE EARMARKED RESERVES AS AT 31<sup>ST</sup> MARCH 2007**

<b>Description</b>	<b>Reason/Purpose of Reserve</b>	<b>Balance @ 01.04.06</b>	<b>Actual Increases</b>	<b>Actual Decreases</b>	<b>Balance @ 31.03.07</b>
Direct Revenue Financing	DRF earmarked in Revenue for use in year, but not required in Financing until subsequent financial year	0	2,126,596	0	2,126,596
Accommodation Review	Earmarked to fund costs in relation to office moves as a result of the corporate restructure	66,180	0	0	66,180
Repairs Account	Earmarked fund to finance the day-to-day repairs to HRA Dwellings and other assets, and Servicing Contracts	1,260,262	6,170,323	6,361,637	1,068,948
Housing Survey Works	To fund stock condition & survey work for HRA properties	114,939	22,920	13,510	124,349
Invest to Save	To fund invest to save opportunities, i.e. upfront severance costs which lead to on-going revenue savings.	279,083	0	147,815	131,268
Major Repairs	Earmarked HIP financing, from Govt's MRA	0	234,369	0	234,369
Stock Retention	To meet future costs in maintaining the Business Plan and Retention Strategy generally.	68,146	0	15,126	53,020
<b>TOTAL</b>		<b>1,788,610</b>	<b>8,554,208</b>	<b>6,538,088</b>	<b>3,804,730</b>

**OPERATIONAL SERVICES DIVISION REVENUE ACCOUNTS**  
**OUTTURN 2006/07**

	Maintenance	Construction	Works	Total OSD
	£	£	£	£
<b>INCOME</b>				
Charges to other accounts of the Council				
1 - Housing Revenue Account	(4,796,570)	(30,125)	(225,685)	(5,052,380)
2 - General Fund	(444,032)	-	(190,384)	(634,416)
3 Miscellaneous income	(15,002)	(29)	(489)	(15,520)
4 Increase in work-in-progress during the year	(7,618)	-	(3,604)	(11,222)
<b>5 TOTAL INCOME</b>	<b>(5,263,222)</b>	<b>(30,154)</b>	<b>(420,162)</b>	<b>(5,713,538)</b>
<b>EXPENDITURE</b>				
6 Labour	2,161,559	5,002	170,831	2,337,392
7 Direct Materials	354,637	(2,617)	69,770	421,790
8 Sub-Contractors	415,756	-	12,815	428,571
9 Stock usage	464,358	1,159	8,872	474,389
	3,396,310	3,544	262,288	3,662,142
<b>OVERHEADS</b>				
10 Labour	695,947	1,327	38,302	735,576
11 Redundancy Costs	1,101,135	-	-	1,101,135
12 Premises	12,335	1,371	7,887	21,593
13 Transport	351,728	671	41,648	394,047
14 Supplies & services	70,535	165	5,060	75,760
15 Central support services	638,779	1,218	35,453	675,450
16 Capital charges	659	1	-	660
17 Decrease in work-in-progress during the year	-	-	-	-
<b>18 TOTAL EXPENDITURE</b>	<b>6,267,428</b>	<b>8,297</b>	<b>390,638</b>	<b>6,666,363</b>
<b>19 (SURPLUS)/DEFICIT FOR THE YEAR</b>	<b>1,004,206</b>	<b>(21,857)</b>	<b>(29,524)</b>	<b>952,825</b>
<b>OSD REPATRIATION</b>				
20 (Surplus)/Deficit for the year	1,004,206	(21,857)	(29,524)	952,825
21 Transfer from OSD Redundancy Reserve	(696,686)			(696,686)
<b>22 RESERVE CARRIED FORWARD</b>	<b>307,520</b>	<b>(21,857)</b>	<b>(29,524)</b>	<b>256,139</b>



GENERAL INVESTMENT PROGRAMME						
2006/07 OUTTURN						
Line No.	Project Name	2006/07 Total Budget as per 07/12 Strategy £	2006/07 Expenditure as at 31/03/07 £	2006/07 (Over)/ Under Spend £	% of Budget Spent	Comments
General Fund						
1	Improvement to Public Toilets (Tentercroft St)	7,669	7,669	0		Scheme complete
2	Drill Hall Improvements	28,060	7,376	20,684		Scheme budget reduced by £10k, balance c/f to 2007/08
Corporate Properties Planned Maintenance						
3a	Beaumont Manor - repl games room roof	14,500	11,060	3,440		Balance c/f to 2007/08
3b	Yarborough LC - Replace Gym roof	0	572	(572)		Balance b/f from 2007/08
3c	Yarborough LC - Renew Pavilion roof & fen	544	544	0		Scheme complete
3d	External Remodelling City Hall	7,703	7,703	0		Scheme complete
3e	Reactive planned maintenance	49,069	36,463	12,606		Balance c/f to 2007/08
3f	Total Corporate Properties Planned Maintenance	71,816	56,342	15,474		
Central and Eastern SDO						
4a	SDO Creative Industries	2,896,344	2,721,283	175,061		Balance c/f to 2007/08
4b	SDO Townscape Heritage Initiative (THI)	56,000	3,950	52,050		Balance c/f to 2007/08
4c	SDO Public Realm Improvements	105,076	477,354	(372,278)		Overspend funded through external funding
4d	SDO Masterplan Central Area	140,629	140,629	(0)		Scheme complete
4e	SDO Lower Spa Road	2,695	0	2,695		Balance c/f to 2007/08
4f	SDO Transport Study	32,000	84,194	(52,194)		Balance b/f from 2007/08 SDO Unallocated
4g	SDO Carparking Study	5,818	5,818	0		Scheme complete
4h	SDO Allenby Road Security Scheme	6,927	0	6,927		Budget for Repair & Mtce - moved to revenue
4i	SDO Western Growth Corridor	160,000	140,677	19,323		Balance c/f to 2007/08
4j	Total Central and Eastern SDO	3,405,489	3,573,905	(168,416)		
Brayford Enterprise Park						
5	Brayford Enterprise Park	395,000	401,163	(6,163)		Balance b/f from 2007/08
6	Building Adaptations for DDA Requirements	58,161	(892)	59,053		Balance c/f to 2007/08
7	Arboretum-Temple Gdns	160,260	160,260	0		Scheme complete
8	CCTV	367	372	(5)		Overspend funded from Line 32
9	Uphill-Downhill Link-Bus Purchase	143,628	142,957	671		Balance c/f to 2007/08
10	Stamp End Depot Housekeeping Works	9,160	0	9,160		Balance c/f to 2007/08
11	Stamp End Depot Party Wall Notice Agreement	22,519	0	22,519		Balance c/f to 2007/08
12	City & County Museum	0	641,101	(641,101)		Balance b/f from 2007/08 & 2008/09
13	IT Strategy	2,042	1,121	921		Balance c/f to 2007/08
IEG / Business Process Development						
14a	Internet / Intranet Redevelopment	2,113	2,113	0		Scheme continues in 2007/08
14b	Booking of Sports Facilities	0	(15,000)	15,000		Balance c/f to 2007/08
14c	Mobile Working	750	750	0		Scheme complete
14d	Customer Relationship Management	0	(37,350)	37,350		Balance c/f to 2007/08
14e	ITECS/FLARE Migration	38,500	28,211	10,289		Balance c/f to 2007/08
14f	AIM workflow	15,000	9,351	5,649		Balance c/f to 2007/08
14g	Total IEG	56,363	(11,925)	68,288		
Match Funding BLC						
15	Match Funding BLC	691,489	490,134	201,355		Balance c/f to 2007/08
Improvements to Sports Pitches						
16a	Minor Imp Yarborough (Mainly Elec Wks)	13,089	0	13,089		Balance c/f to 2007/08
16b	Minor Imp - Sudbrooke Drive CC (Fence / C	5,943	5,943	(0)		Scheme complete
16c	Total Improvements to Sports Pitches	19,032	5,943	13,089		
Land for the Provision of Burial Space						
17	Land for the Provision of Burial Space	15,000	0	15,000		£148 moved to Line 20, balance c/f to 2007/08
18	Lucy Tower Car Park remedial works	45,453	45,501	(48)		Overspend funded from Line 32
19	Roman Monuments Conservation Plan	20,000	0	20,000		Balance c/f to 2007/08
20	Backies Regeneration	0	(4,167)	4,167		* See Note 1) below
21	Wheeled Bins - New Home Collection Service	1,303,623	1,260,764	42,859		Scheme budget reduced by £60k, balance b/f from 2007/08
22	Dam Wall	14,000	3,484	10,516		Balance c/f to 2007/08
23	CLS Partnership	30,000	0	30,000		Balance c/f to 2007/08
24	Leisure Strategy Study	32,060	31,994	66		Balance c/f to 2007/08
25	Parks Strategy Study	15,671	15,671	0		Scheme continues in 2007/08
IT Infrastructure						
26a	IT Infrastructure-Virus Protection	1,359	2,339	(980)		Overspend funded from Line 26c
26b	IT Infrastructure-Internet Connection	12,000	0	12,000		£5,713 from Line 26c, £17,713 c/f to 2007/08
26c	IT Infrastructure-Citrix Subs Feature Release3	74,083	53,390	20,693		£980 moved to Line 26a, £5,713 moved to Line 26b, balance c/f to 2007/08
26d	Total IT Infrastructure	87,442	55,729	31,713		
Park St Disused Burial Land (St Martins Graveyard)						
27	Park St Disused Burial Land (St Martins Graveyard)	354	354	0		Scheme complete
28	Theatre Conservation Plan Contingent Liability	20,000	0	20,000		Balance c/f to 2007/08
29	Whittons Park	101,568	50,660	50,908		Balance c/f to 2007/08
31	Boultham Park-Extension to Bowls Pavilion	23,786	13,194	10,592		Balance c/f to 2007/08
32	Crematorium - Bereavement room	2,060	1,223	837		Scheme complete - underspend to Lines 8/18/
33	Portland Street CCTV	0	7,825	(7,825)		Balance b/f from 2007/08

GENERAL INVESTMENT PROGRAMME						
2006/07 OUTTURN						
Line No.	Project Name	2006/07 Total Budget as per 07/12 Strategy £	2006/07 Expenditure as at 31/03/07 £	2006/07 (Over)/ Under Spend £	% of Budget Spent	Comments
34	New lift at Birchwood Leisure Centre	25,000	585	24,415		Balance c/f to 2007/08
35	Glory Hole Repaving Work	0	4,044	(4,044)		Retention funded mainly through external fund
36	Brayford Moorings	0	45,797	(45,797)		New scheme funded through external funding
37	New Column lifts	0	15,200	(15,200)		Asset purchase funded from revenue contribut
38	<b>TOTAL -General Fund</b>	<b>6,807,072</b>	<b>7,023,382</b>	<b>(216,310)</b>	<b>103.18%</b>	
	<b>Housing General Fund</b>					
39	Home Repairs, Home Secure, Alligates & Affordable Warmth Grants	792,729	578,707	214,022		£79,177 moved to line 41 - remaining balance c/f to 2007/08
40	Safe & Secure	44,864	36,240	8,624		Balance c/f to 2007/08
41	Disabled Facilities Grant	175,000	254,177	(79,177)		Switched funding from Line 39
42	<b>Housing Renewal Area Unallocated</b>	<b>3,200</b>	<b>0</b>	<b>3,200</b>		£1,097 moved to line 42a, remaining balance c/f to 2007/08
42a	Hsg Ren Area-50% Grant Allocation	0	1,097	(1,097)		Overspend funded from Line 42
42b	Hsg Ren Area-Monks Road Boundary Wall	39,077	33,141	5,936		Balance c/f to 2007/08
42c	Hsg Ren Area-Monks Abbey Ball Court	42,086	38,196	3,890		Balance c/f to 2007/08
42d	Hsg Ren Area-Monks Abbey Ruins - scheduled m	54,305	3,264	51,041		Balance c/f to 2007/08
42e	<b>Total Housing Renewal Area</b>	<b>138,668</b>	<b>75,697</b>	<b>62,971</b>		
43	Clearance Areas (CPO's)	0	467	(467)		Balance b/f from 2007/08
52	<b>TOTAL -Housing General Fund</b>	<b>1,151,261</b>	<b>945,288</b>	<b>205,973</b>	<b>82.11%</b>	
53	Capital Fees	33,460	0	33,460		Funded from capital receipts
54	<b>TOTAL</b>	<b>7,991,793</b>	<b>7,968,670</b>	<b>23,123</b>	<b>99.71%</b>	

HOUSING INVESTMENT PROGRAMME											APPENDIX G
2006/07 OUTTURN											
Line No.	Project Name	2006/07 Total	2006/07 Expenditure as at 31/03/07	2006/07 (Over)/ Under Spend	% of Budget Spent	Total No's Planned	Number Done	Comments			
		Budget as per 07/12									
		Strategy									
		£	£	£							
1	Decent Homes										
2	Bathroom Improvements	77,415	64,203	13,212	83%	24	66	Underspend to fund Line 32 & See Note 1) below			
3	Bathrooms & WC's 2006/07 to 2010/11	93,954	67,150	26,804	71%	as above	as above	Underspend to fund Line 32 & See Note 1) below			
4	Central Heating - Installations/Upgrades	93,061	7,842	85,219	8%	responsiv	242	Underspend to fund Line 32			
5	Aaron Services - Central Heating Replacement	668,270	418,411	249,859	63%	132	96	£85,230 moved to Line 6, balance c/f to 2007/08			
6	Aaron Services - Boiler Replacements	492,610	578,430	(85,820)	117%	responsiv	271	Overspend funded from Line 5			
7	Insulation and Affordable Warmth - Phase 1	1,883	0	1,883	0%	Retention	Retention	Underspend to fund Line 50			
8	Insulation and Affordable Warmth - Phase 2	4,447	0	4,447	0%	Retention	Retention	Underspend to fund Line 50			
9	Insulation Improvements	1,252	0	1,252	0%	16	0	Underspend to fund Line 32			
10	Kitchen Improvements Contract No. 1 (OSD)	23,790	24,573	(783)	103%	Retention	Retention	* See Note 1) below			
11	Kitchen Improvements 2006/07 to 2010/11	314,337	522,350	(208,013)	166%	98	184	Balance b/f from 2007/08			
12	Decent Homes Modernisations	250,000	132,012	117,988	53%	responsiv	6	£14,011 moved to Line 32, balance c/f to 2007/08			
13	Rewiring Flats	18,319	491	17,828	3%	retention	retention	Underspend to fund Line 32			
14	Rewiring-Contract 1	57,072	17,485	39,587	31%	7	7	Underspend to fund Line 32			
15	Rewiring 2006/07 to 2010/11	415,043	315,066	99,977	76%	104	100	Underspend to fund Line 32			
16	Roofing Newport Area	1,067	1,067	0	100%	Retention	Retention	Retention - scheme complete			
17	Roofing St Botolphs Crescent	20,830	20,830	0	100%	Retention	Retention	Retention - scheme complete			
18	Re-roofing/Chimneys 2006/07 to 2010/11	69,036	1,200	67,836	2%	5	5	£31,543 moved to Line 32, balance c/f to 2007/08			
19	Window Replacements Ermine West & East	3,260	0	3,260	0%	Retention	Retention	* See Note 1) below			
20	Window Replacements Ermine East	13,891	13,830	61	100%	Retention	Retention	* See Note 1) below			
21	Window Replacements 2006/07 to 2010/11	1,692,444	721,790	970,654	43%	1509	416	£510,916 moved to Line 32, balance c/f to 2007/08			
22	External Doors - Ermine	50,000	48,598	1,402	97%	Retention	Retention	Underspend to fund Line 67			
23	Cladding - Mons road (includes windows)	0	100	(100)	-	responsiv	responsiv	* See Note 1) below			
24	Ermine Balconies	5,500	1,718	3,782	31%	Retention	Retention	Underspend to fund Line 32			
25	Wall Structure Repairs 2006/07 to 2010/11	2,635	0	2,635	0%	0	0	£634 moved to Line 32, balance c/f to 2007/08			
26	Major Repairs/Works - Structural Works	50,000	45,629	4,371	91%	3	3	Balance c/f to 2007/08			
27	Lintel Failures 2006/07 to 2010/11	20,000	10,000	10,000	50%	0	0	£2,183 moved to Line 32, balance c/f to 2007/08			
28	Wall Tie Failure 2006/07 to 2010/11	20,000	10,000	10,000	50%	0	0	£2,183 moved to Line 32, balance c/f to 2007/08			
29	Decent Homes - Voids	33,619	0	33,619	0%	Retention	Retention	Balance c/f to 2007/08			
30	Door Replacement 2006/07 to 2010/11	18,973	34,626	(15,653)	183%	19	21	Balance b/f from 2007/08			
31	Decent Homes Decoration Allowance	0	841	(841)	-	57	57	* See Note 1) below			
32	Decent Homes Prelim Set Up Costs	0	851,958	(851,958)	-			Funded from underspends within Decent Homes			
33	Catch Up										
34	Boiler Emergencies - Contract No. 1 (Yr 3 / 3)	164,444	164,444	(0)	100%	Retention	Retention	Retention - scheme complete			
35	Boiler Emergencies - Contract No. 2 (Yr 3 / 3)	23,246	23,246	0	100%	Retention	Retention	Retention - scheme complete			
36	M&E Sheltered Housing - Derek Miller	8,000	4,386	3,614	55%	0	0	Balance c/f to 2007/08			
37	M&E Sheltered Housing - Jarvis House	30,000	0	30,000	0%	0	0	Balance c/f to 2007/08			
38	M&E Sheltered Housing - Risby Green	7,000	0	7,000	0%	0	0	Balance c/f to 2007/08			
39	M&E Sheltered Housing - St Boltolph Crescent	8,000	0	8,000	0%	0	0	Balance c/f to 2007/08			
40	M&E Sheltered Housing - Shuttleworth House	4,000	0	4,000	0%	0	0	Balance c/f to 2007/08			

HOUSING INVESTMENT PROGRAMME										APPENDIX G
2006/07 OUTTURN										
Line No.	Project Name	2006/07 Total Budget	2006/07 Expenditure as at 31/03/07	2006/07 (Over)/ Under Spend	% of Budget Spent	Total No's Planned	Number Done	Comments		
		as per 07/12 Strategy								
		£	£	£						
41	M&E Sheltered Housing - Trent View	30,000	0	30,000	0%	0	0	Balance c/f to 2007/08		
42	Health & Safety	0								
43	Asbestos Removal	23,326	0	23,326	0%	0	0	Budget moved to Line 44 & c/f to 2007/08		
44	Asbestos Removal 2006/07 to 2010/11	100,000	11,541	88,459	12%	responsiv	responsive	Balance c/f to 2007/08		
45	Lambeth House Car Park	460	496	(36)	108%	0	1	* See Note 1) below		
46	Safety Bollards to Shuttleworth House	5,040	4,477	564	89%	0	1	* See Note 1) below		
47	Door Entries - 3 locations	11,791	17,861	(6,070)	151%	3	4	Overspend funded from Line 61		
48	Communal Lighting H&S Improvements	20,000	0	20,000	0%	0	0	Balance c/f to 2007/08		
49	Replacement Door Entry Systems	0	3,046	(3,046)	-	0	0	Overspend funded from Line 61		
50	Replacement Water Tanks - Jarvis House	0	5,946	(5,946)	-	0	0	Overspend funded from Lines 7 & 8		
51	Plastering (HHSRS)	50,000	0	50,000	0%	0	0	Balance c/f to 2007/08		
52	Spring Hill DDA Requirements	70,000	0	70,000	0%	0	0	Balance c/f to 2007/08		
53	Legionnaires Improvements to Sheltered Housing	50,000	0	50,000	0%	0	0	Balance c/f to 2007/08		
54	Other									
55	5 Legbourne Close	19,816	9,731	10,085	49%	1	1	Balance c/f to 2007/08		
56	1 Andersons Lane	80,000	2,625	77,375	3%	1	0	Balance c/f to 2007/08		
57	100 Queen Elizabeth Road	65,000	52,695	12,305	81%	1	1	Underspend moved to Line 58 & c/f to 2007/08		
58	Aids & Adaptations - Major Works - 3pa	100,000	25,584	74,416	26%	0	0	Balance c/f to 2007/08		
59	Accommodation Review Contribution	110,000	0	110,000	0%	0	0	Balance c/f to 2007/08		
60	Modernisations	59,329	65,212	(5,883)	110%	Retention	Retention	* See Note 1) below		
61	EBB-Door Entry Scheme	12,333	2,089	10,244	17%			Scheme complete. U/spend to Lines 47 & 49		
62	Garage Maintenance	55,000	0	55,000	0%	0	0	Balance c/f to 2007/08		
63	Drainage Works	35,000	0	35,000	0%	0	0	Balance c/f to 2007/08		
64	Footpath Works	20,000	0	20,000	0%	0	0	Balance c/f to 2007/08		
65	Groundwork Partnering	30,000	25,897	4,103	86%	0	0	Balance c/f to 2007/08		
66	Hamilton House	1,130,000	1,182,910	(52,910)	105%	1	1	Balance b/f from 2007/08		
67	Accommodation works for wheelie bins	60,000	72,511	(12,511)	121%	845	1166	Overspend funded from Lines 22 & 74		
68	Markham House	100,000	31,950	68,050	32%	1	1	Balance c/f to 2007/08		
69	Skellingthorpe Plantation	25,000	10,335	14,665	41%			Balance c/f to 2007/08		
70	Western Growth Corridor	350,000	98,404	251,596	28%			Balance c/f to 2007/08		
71	Partnership Consultancy Fees	149,480	121,000	28,480	81%			Balance c/f to 2007/08		
72	TOTALS	7,518,973	5,846,585	1,672,388	77.76%					
73	Other Schemes									
74	DIPS's	9,810	0	9,810	0%			Underspend to fund Line 67		
75	Contribution to IT Fund	59,743	0	59,743	0%			Budget moved to Line 76 & c/f to 2007/08		
76	Housing Support Services Computer Fund	100,000	76,077	23,923	76%			Balance c/f to 2007/08		

HOUSING INVESTMENT PROGRAMME										APPENDIX G	
2006/07 OUTTURN											
Line No.	Project Name	2006/07 Total Budget as per 07/12 Strategy £	2006/07 Expenditure as at 31/03/07 £	2006/07 (Over)/ Under Spend £	% of Budget Spent	Total No's Planned	Number Done	Comments			
77	TOTALS	169,553	76,077	93,476	44.87%						
78	Capital Administration	300,000	0	300,000	0%						
79	GRAND TOTALS	7,988,526	5,922,662	2,065,864	74.14%						
1) Underspends on Lines 2, 19, 20 and 46 have been used to fund overspends on Lines 10, 23, 31, 45 and 60. Balance of £9,453 c/f to 2007/08 on line 3.											

<b>SUBJECT:</b>	<b>TREASURY MANAGEMENT STEWARDSHIP AND ACTUAL PRUDENTIAL INDICATORS REPORT 2006/07 (OUTTURN)</b>
<b>REPORT BY:</b>	<b>DIRECTOR OF RESOURCES</b>
<b>LEAD OFFICER:</b>	<b>LOUISE BLACK - PRINCIPAL ACCOUNTANT (TECHNICAL)</b>

**1. Purpose of Report**

- 1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity for 2006/07. The report also covers the actual Prudential Indicators for 2006/07 in accordance with the requirements of the Prudential Code.

**2. Summary of Performance Against Treasury Strategy 2006/07**

- 2.1 The full details of transactions in the year and performance against the Prudential Indicators are included at Appendices A and B.
- 2.2 There was no breach of the Treasury Management Strategy, or the Prudential Indicators in 2006/07. However, for the third year running, the Council did not achieve Local Indicator "Debt Borrowing Rate" (Appendix B) due to the fact that its short-term borrowing was required in December, when market rates had risen in response to two Base Rate rises (August and November). It should also be noted that the Council was only required to borrow once in the year and is measuring its performance against a full year's range of rates.
- 2.3 Key issues to note from activity during 2006/07:
- The Council undertook no new borrowing to meet its Capital spending requirements (Appendix A Paragraph 4.1(A 4.1))
  - The Council's Debt at 31/03/07 is £37.9m (A 4.1) which compares closely to the Capital Financing Requirement of £38.4m (A 3.3))
  - 5 loans were renegotiated to take advantage of lower interest rates. (A 6.2.1)
  - The overall debt activity compared to the 2007-12 Strategy estimate, resulted in a saving on the amount of interest due in future years (A 6.3.1)
  - The Council's Investments at the 31/03/07 were £29.5m, which is £4.4m higher than anticipated in the 2007-12 strategy and £5.7m higher than the position at 31/03/06 (B 6).
  - Actual investment interest earned on balances of £1,723k compared favourably to the £1,700k estimated in the 2007-12 strategy.

**3. Legal Implications**

3.1 These are covered in Appendix A.

**4. Financial Implications**

4.1 These are covered in Appendix A.

**5. Equality Implications**

5.1 There are no equality implications arising from this report.

**6. Recommendations**

6.1 That Council note the 2006/07 Treasury Management activities and year-end position together with the Prudential and Local Indicators.

**List of Background Papers:** Butlers Annual Stewardship Reports for 2006-07  
Prudential Indicators 2007/08 – 2009/10 and Treasury  
Management Strategy 2007/08

**Lead Officer:** Louise Black – Principal Accountant (Technical)  
Telephone 873361

**Annual Report on the Treasury Management Service and Actual Prudential Indicators 2006/07**

**1. Introduction**

1.1 The Council undertakes capital expenditure on long-term assets. These activities can be funded immediately through capital receipts, capital grants etc., although any residue which cannot be immediately paid for will give rise to a borrowing need. This borrowing need will be charged to revenue over a number of years. The area of capital expenditure activity is regulated by the CIPFA Prudential Code, which requires actual outturn to be reported in the following areas: -

- Capital expenditure;
- Capital Financing Requirement;
- Debt;
- Ratio of financing costs to net revenue stream.

The remaining indicators are included to make the annual reporting comprehensive and to comply with the requirements of the Treasury Management Code.

1.2 Part of the Council's treasury activities is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. This area of activity is regulated by the CIPFA Code of Practice on Treasury Management.

1.3 Wider information on the regulatory requirements is shown in section 12.

**2. The Council's Capital Expenditure and Financing 2006/07**

2.1 This forms one of the required prudential indicators and shows total capital expenditure for the year and how this was financed.



	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual £'000</b>
Non-HRA capital expenditure	7,992	7,969
HRA capital expenditure	7,989	5,923
<b>Total capital expenditure</b>	<b>15,981</b>	<b>13,892</b>
Resourced by:		
Capital receipts	4,820	4,484
Capital grants & contributions	3,517	3,729
Major repairs allowance	4,632	4,398
Revenue	1,992	261
<b>Un-financed capital expenditure (additional need to borrow)</b>	<b>1,020</b>	<b>1,020</b>

- 2.2 Further details on 2006/07 Capital Expenditure and Financing can be found in the Financial and Performance Outturn 2006-07 report elsewhere on this agenda.

### **3. The Council's Overall Borrowing Need**

- 3.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position and represents 2006/07 and historic net capital expenditure that has not yet been charged to revenue or other resources
- 3.2 The Non-HRA element of the CFR is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The total CFR can also be reduced by:
- the application of additional capital resources (such as unapplied capital receipts); or
  - charge more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP) or depreciation.

- 3.3 The Council's CFR for the year is shown below, and represents a key prudential indicator.

<b>Capital Financing Requirement</b>	<b>31 March 2007 Revised Estimate £'000</b>	<b>31 March 2007 Actual £'000</b>
Opening balance 1 April 2006	37,767	37,767
Plus un-financed capital expenditure	1,020	1,020
Less MRP/VRP*	(382)	(382)
<b>Closing balance 31 March 2007</b>	<b>38,405</b>	<b>38,405</b>

\*Includes finance lease repayments

#### 4. Treasury Position at 31 March 2007

- 4.1 Whilst the Council's gauge of its underlying need to borrow is the CFR, the Director of Resources and the treasury function can manage the Council's actual borrowing position by either borrowing to the CFR, choose to utilise some temporary cash flow funds instead of borrowing (under-borrowing), or borrowing for future increases in the CFR (borrowing in advance of need). During 2006/07 the Council rescheduled a number of existing loans but did not take out any additional long-term loans. A £1m short-term loan was taken out in December 2006 as part of the treasury management of the Council's cashflow. The treasury position at the 31 March 2007 compared with the previous year was:

	<b>31 March 2006</b>		<b>31 March 2007</b>	
	<b>Principal £'000</b>	<b>Average Rate</b>	<b>Principal £'000</b>	<b>Average Rate</b>
Fixed Interest Rate Debt	37,923	4.44%	37,923	4.45%
Variable Interest Rate Debt	0	N/A	0	N/A
Total Debt *	37,923	4.44%	37,923	4.45%
Fixed Interest Investments	15,519	4.85%	26,019	4.97%
Variable Interest Investments	8,272	4.46%	3,458	4.59%
Total Investments (all fixed rate)	23,791	4.79%	29,477	4.95%

\* Excludes local Bonds & Mortgages and other long-term liabilities.

#### 5. The Strategy Agreed for 2006/07

- 5.1 The Council's overall core borrowing objectives are:
- To reduce the revenue costs of debt in line with the targets set for the Director of Resources by the Members (see local indicators).
  - To manage the Council's debt maturity profile, leaving no one future

year with a high level of repayments that might cause problems in re-borrowing.

- To effect funding at the cheapest cost commensurate with future risk.
- To forecast average future interest rates and borrow accordingly i.e. short term/variable when rates are 'high', long term/fixed when rates are 'low'.
- To monitor and review the level of variable rate loans in order to take greater advantage of interest rate movements.
- To proactively reschedule debt in order to take advantage of potential savings as interest rates change.
- To manage the day-to-day cash flow of the Authority in order to, where possible, negate the need for short-term borrowing. However, short-term borrowing will be incurred, if it is deemed prudent to take advantage of good investment rates.

## **6. Actual Debt Management Activity During 2006/07**

### **6.1 Borrowing**

- 6.1.1 No new long-term borrowing was taken during 2006/07 to finance Capital spend. The increase in the CFR in 2006/07, representing the underlying need to borrow to fund the capital programme, is expected to be taken as additional long term borrowing during 2007/08. However, one loan was taken out to replace maturing debt and this is shown below.

<b>Lender</b>	<b>Principal £'000</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Length of Loan</b>
Barclays Bank plc	2,000	Fixed interest rate (10 years) then LOBO*	3.80%	60 years
<b>Total</b>	<b>2,000</b>			

- 6.1.2 The average rate achieved for all long-term borrowing in 2006/07 was 4.45%, which compares favourably to the target of 4.75%.

### **6.2 Rescheduling**

- 6.2.1 In 2006/07 the Director of Resources undertook four rescheduling exercises, one in May, two in June and one in March 2007. Loans totalling £12,602,541 were renegotiated to take advantage of lower interest rates.

### **6.3 Summary of Debt Transactions**

- 6.3.1 The overall debt activity resulted in a decrease in the amount of interest expected to be paid out in future years compared to the 2006-11 Strategy as shown below:

	<b>2006-11 Strategy £'000</b>	<b>Current Anticipated amounts £'000</b>	<b>Interest Saving £'000*</b>
<b>2006/07</b>	1,759	1,689	(70)
<b>2007/08</b>	1,822	1,767	(55)
<b>2008/09</b>	1,851	1,797	(54)
<b>2009/10</b>	1,855	1,829	(26)
<b>2010/11</b>	1,915	1,895	(20)
<b>Total</b>	<b>9,202</b>	<b>8,977</b>	<b>(225)</b>

\* Split between HRA and General Fund based on the split of the CFR

## 7. Prudential Indicators and Compliance Issues

- 7.1 Some of the required prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:

### 7.2 Net Borrowing and the CFR

- 7.2.1 In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2006/07 plus the expected changes to the CFR over 2007/08 and 2008/09. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>31 March 2007 Revised Estimate £'000</b>	<b>31 March 2007 Actual £'000</b>
<b>Net borrowing position</b>	12,853	8,446
<b>Capital Financing Requirement</b>	38,405	38,405

### 7.3 The Authorised Limit and Operational Boundary

- 7.3.1 The Authorised Limit is the "Affordable Borrowing Limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2006/07 the Council has maintained gross borrowing within its Authorised Limit.

7.3.2 The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

7.3.3 The table below shows the highest borrowing position reached in the year (including temporary borrowing and other long term liabilities) compared to the Authorised Limit and Operational Boundary.

	<b>2006/07 £'000</b>
Authorised Limit	46,968
Maximum gross borrowing position during 2006/07	38,952
Operational Boundary*	41,662
Average gross borrowing position during 2006/07	37,950
Minimum gross borrowing position during the year	37,948

\*The original Operational Boundary set in March 2006 was £38,600k. This was increased to £41,662k in March 2007. In December 2006 the gross borrowing position was £38,952k and therefore exceeded the Operational Boundary at the time. This is acceptable as the Operational Boundary acts as a guide on borrowing levels. It is the Authorised Limit that cannot be breached.

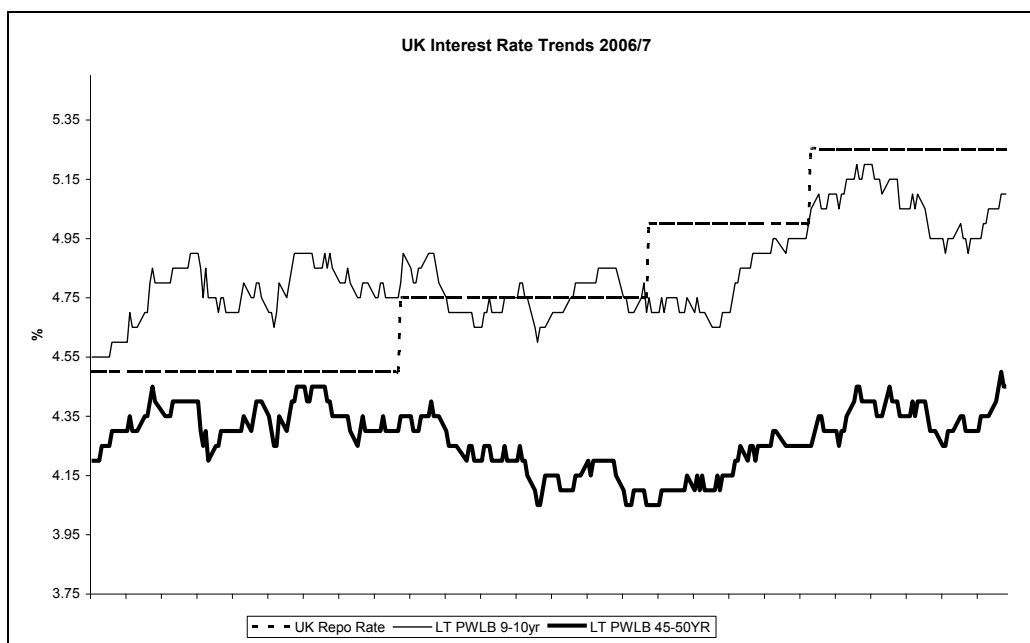
#### **7.4 Actual financing costs as a proportion of net revenue stream**

7.4.1 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.

<b>Financing costs as a proportion of net revenue stream</b>	<b>2006/07 Revised Estimate %</b>	<b>2006/07 Actual %</b>
Non-HRA	-3.4%	-3.0%
HRA	39.8%	42.3%

#### **8. Economic Background for 2006/07**

8.1 All treasury activity is directed by both the current market interest rates and expectations of future movements, for instance longer term investment rates for one and two years will reflect anticipated movements in the MPC Bank Rate (UK Repo Rate). Longer-term borrowing rates are influenced by inflation and demand and supply considerations.



- 8.2 The 2006/07 financial year featured a rising trend in short term interest rates as policy makers and financial markets responded to the twin effects of strengthening economic activity and rising inflation
- 8.3 The optimism that prevailed in the first few months of 2006 had evaporated by the beginning of the new financial year. The rebound in economic activity since 2005 proved more robust than consensus expectations. In addition, external pressures on consumer price inflation had continued to escalate. While short-term interest rates remained steady in the first few months of the year, there were growing expectations that a rise in official interest rates would eventually materialise.
- 8.4 The first hike in the Bank Rate from 4.5% to 4.75% was announced in August 2006 as the Bank of England responded to the deteriorating inflation outlook. The economy's slow response to monetary policy tightening, a less than favourable international backdrop and concerns that deteriorating inflation expectations at home would drive prices higher prompted additional rate hikes. Two quarter point increases in Bank Rate were announced in November 2006 to 5% and January 2007 to 5.25%. Further tightening measures were anticipated by the market, and attractive investment opportunities prevailed to year end.
- 8.5 Long-term interest (PWLB) rates charted an erratic course but the overall trend was towards higher levels. Deteriorating inflation expectations on the domestic and international fronts, in reaction to strong growth on a global basis, was the principal force driving yields higher. Strong technical demand for bonds, courtesy of the rebalancing of pension fund portfolios in favour of fixed income assets, was insufficiently strong to counter the rise in yields. Occasional rallies in the gilt-edged market caused dips in rates and presented favourable borrowing opportunities. But these were short-lived and by the close of the year, yields were trading close to the highest levels seen since

early 2005.

## **9. Investment Position**

- 9.1 The Council's investment policy is governed by ODPM (now DCLG) Guidance, which has been implemented in the annual investment strategy approved by Council on 7<sup>th</sup> March 2006. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

## **10. Investments Held by The Council**

- 10.1 The Council does not have the expertise or resources to actively use a wide range of investment products and therefore performance tends to be more stable but lower over the longer term than for professionally managed funds (whose performance may fluctuate more). The Council maintained an average balance of £34.277m and received an average return of 4.95%. The comparable performance indicator is the average 7-day LIBID rate, which was 4.82%. Based on the average investment balance this performance margin of 0.13% in the Council's favour equates to an additional £44K of interest over the year.
- 10.2 In 2006/07 £1,723k interest was earned on balances. This compared favourably to the £1,700k estimated in the 2007-12 Strategy.

## **11. Performance Indicators set for 2006/07**

- 11.1 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury management function over the year. The Director of Resources therefore set 4 local indicators for 2006/07, which aim to add value and assist the understanding of the main prudential indicators. These indicators, detailed in Appendix B, are:
- Debt – Borrowing rate achieved against average 7 day LIBOR.
  - Investments – Investment rate achieved against average 7 day LIBID.
  - Average rate of interest paid on the Councils Debt during the year – this will evaluate performance in managing the debt portfolio to release revenue savings.
  - The amount of interest on debt as a percentage of gross revenue expenditure.

## **12. Regulatory Framework, Risk and Performance**

- 12.1 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
  - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in

2005/06);

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the ODPM has issued Investment Guidance to structure and regulate the Council's investment activities.

- 12.2 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach
- 12.3 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of Butlers, the Council's advisers, has proactively managed its treasury position over the year. The Council has continued to utilise historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans.
- 12.4 Shorter-term variable rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.



## Estimated and Actual Treasury Position and Prudential Indicators

### 17 Statutory Prudential Indicators:

#### Estimates of/Actual Capital Expenditure:

1 & 2	2005/06 Actual £'000	2006/07 Revised Estimate £'000	2006/07 Actual £'000
<b>Capital Expenditure</b>			
General Fund	6,322	7,992	7,969
Housing Revenue Account	6,396	7,989	5,923
<b>Total Expenditure</b>	<b>12,718</b>	<b>15,981</b>	<b>13,892</b>
<b>Financed by:</b>			
Capital receipts	2,512	4,820	4,484
Capital grants & contributions	8,818	8,149	8,127
Revenue	277	1,992	261
<b>Net Financing Requirement</b>	<b>1,111</b>	<b>1,020</b>	<b>1,020</b>

#### Estimates of/Actual Capital Financing Requirement:

3 & 4	2005/06 Actual £'000	2006/07 Revised Estimate £'000	2006/07 Actual £'000
<b>Capital Financing Requirement</b>			
CFR – Non Housing	9,685	9,303	9,303
CFR - Housing	28,081	29,102	29,102
<b>Total CFR @ 31/03</b>	<b>37,766</b>	<b>38,405</b>	<b>38,405</b>
<b>Net movement in CFR</b>	<b>717</b>	<b>638</b>	<b>638</b>
<b>Net Movement in CFR represented by:</b>			
Net Financing Requirement (see above)	1,111	1,020	1,020
* MRP and other financing movements	(394)	(382)	(382)
<b>Total Movement</b>	<b>717</b>	<b>638</b>	<b>638</b>

\* MRP is the minimum revenue provision, which represents the revenue charge for the repayment of debt

## Appendix B Continued

### Estimated and Actual Treasury Position and Prudential Indicators

#### Estimates of/Actual External Debt:

<b>5</b>	<b>2005/06 Actual £'000</b>	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual £'000</b>
<b>External Debt</b>			
Gross Borrowing	37,923	37,923	37,923
Other long term liabilities	30	28	25
<b>Total Debt @ 31/03</b>	<b>37,953</b>	<b>37,951</b>	<b>37,948</b>

#### Limits to Borrowing:

<b>6</b>	<b>2005/06 Actual £'000</b>	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual £'000</b>
Gross Borrowing	37,923	37,923	37,923
Investments	(23,791)	(25,070)	(29,477)
Net Borrowing	14,132	12,853	8,446
CFR	37,766	38,405	38,405
<b>Net Borrowing is below CFR</b>	<b>23,634</b>	<b>25,552</b>	<b>29,959</b>

#### The Authorised Limit:

<b>7</b>	<b>2005/06 Actual (Highest) £'000</b>	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual (Highest) £'000</b>
Borrowing	39,123	46,768	38,923
Other long term liabilities	30	200	29
<b>Total</b>	<b>39,153</b>	<b>46,968</b>	<b>38,952</b>

## Appendix B Continued

### Estimated and Actual Treasury Position and Prudential Indicators

#### The Operational Boundary:

<b>8</b>	<b>2005/06 Actual (Highest) £'000</b>	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual (Highest) £'000</b>
Borrowing	39,123	41,562	38,923
Other long term liabilities	30	100	29
<b>Total</b>	<b>39,153</b>	<b>41,662</b>	<b>38,952</b>

#### Actual and Estimates of the Ratio of Financing Costs to Net Revenue Stream:

<b>9 &amp; 10</b>	<b>2005/06 Actual %</b>	<b>2006/07 Revised Estimate %</b>	<b>2006/07 Actual %</b>
Non-HRA	1.3	-3.4	3.0%
HRA	8.0	39.8	42.3%

#### Estimates of the incremental impact of capital investment decisions on the Council Tax:

<b>11</b>	<b>2005/06 Actual £</b>	<b>2006/07 Revised Estimate £</b>	<b>2006/07 Actual £</b>
Council Tax –Band D (increase)	0	0	0

#### Estimates of the incremental impact of capital investment decisions on Housing Rent Levels:

<b>12</b>	<b>2005/06 Actual £</b>	<b>2006/07 Revised Estimate £</b>	<b>2006/07 Actual £</b>
Weekly Housing Rent Levels	0	0	0

## Appendix B Continued

### Estimated and Actual Treasury Position and Prudential Indicators

#### Upper limits on variable rate exposure:

<b>13</b>	<b>2005/06 Actual %</b>	<b>2006/07 Upper %</b>	<b>2006/07 Actual %</b>
Upper Limits on variable interest rate exposure (% of net interest)	11	25	0

#### Upper limits on fixed rate exposure:

<b>14</b>	<b>2005/06 Actual %</b>	<b>2006/07 Upper %</b>	<b>2006/07 Actual %</b>
Upper Limits on fixed interest rates exposure (% of net interest)	100	100	100

#### Maturity structure of fixed borrowing:

<b>15</b>	<b>2006/07</b>		<b>2006/07 Actual</b>	
	<b>Lower %</b>	<b>Upper %</b>	<b>Lower %</b>	<b>Upper %</b>
Under 12 months	0	25	0	5
12 months to 2 years	0	40	0	0
2 years to 5 years	0	60	0	7
5 years to 10 years	0	80	0	7
10 years and above	10	100	88	100

#### Total principal sums invested for period longer than 364 days:

<b>16</b>	<b>2005/06 Actual (Highest) £'000</b>	<b>2006/07 Revised Estimate £'000</b>	<b>2006/07 Actual (Highest) £'000</b>
Maximum principal sums invested for longer than 364 days	2,500	15,000	8,500

**Estimated and Actual Treasury Position and Prudential Indicators**

**Adoption of Treasury Management Code:**

<b>17</b>
<b>CIPFA Code of Practice for Treasury Management in the Public Services – adopted 5<sup>th</sup> March 2002</b>

**4 Local Indicators:**

	<b>2005/06 Actual %</b>	<b>2006/07 Target %</b>	<b>2006/07 Actual %</b>
<b>Debt - Borrowing rate achieved i.e. temporary borrowing (loans of less than 1 year)</b>	Not Achieved 4.69 LIBOR 4.65 +0.04	Less than average 7 day LIBOR	Not Achieved 5.20 LIBOR 4.94 +0.26

	<b>2005/06 Actual %</b>	<b>2006/07 Target %</b>	<b>2006/07 Actual %</b>
<b>Investment rate achieved</b>	Achieved 4.79 LIBID 4.53 +0.26	Greater than average 7 day LIBID	Achieved 4.95 LIBID 4.82 +0.13

	<b>2005/06 Actual %</b>	<b>2006/07 Target %</b>	<b>2006/07 Actual %</b>
<b>Average rate of Interest Paid on Council Debt (%)</b>	4.44	4.75	4.45

	<b>2005/06 Actual %</b>	<b>2006/07 Target %</b>	<b>2006/07 Actual %</b>
<b>Interest on Debt as a % of Gross Revenue Expenditure</b>	2.06	3.00	3.00

**SUBJECT: STATEMENT OF ACCOUNTS 2006/07**

**REPORT BY: DIRECTOR OF RESOURCES**

**LEAD OFFICER: JACLYN HILLS, FINANCIAL SERVICES MANAGER**

**1. Purpose of Report**

- 1.1 To recommend to Council the approval of the full 2006/07 Statement of Accounts together with a short summary of the key issues reflected in the statutory financial statements.

**2. Background**

- 2.1 In line with the Accounts and Audit Regulations 2003, the 2006/07 Statement of Accounts requires Council approval by 30<sup>th</sup> June 2007 and must be published by 30<sup>th</sup> September 2007.
- 2.2 The full 2006/07 Statement of Accounts provides a comprehensive picture of the City Council's financial circumstances. There is a great deal of technical detail contained in the statutory rigid format, which is not always easy to understand to the reader unless they are familiar with accounting and audit standards.
- 2.3 Set out below is a short summary, which highlights the most important figures in the financial statements which it is hoped will prompt questions in order for the City Council to promote greater accountability and transparency for the significant sums of public money entrusted to the City Council.
- 2.4 The Statement of Accounts is still subject to detailed scrutiny by External Audit.

**3. Summary of Key Issues**

- 3.1 Spending – The financial results show that there has been an overall underspend on the General Fund, against revised budget estimates for the year, of £49,398 and a overall underspend on the Housing Revenue Account, against revised budget estimates for the year, of £383,138.

- 3.2 General Balances – General Balances have decreased by £1.1million during the year, as analysed below:

Description	Opening Balance	Closing Balance	Increase/(Decrease)
General Fund Balance	£4.416 m	£2.089 m	£(2.327)
HRA Balances	£4.069 m	£5.242 m	£1.173 m
Collection Fund Balance	£0.081 m	£0.135 m	£0.054 m
Total	£8.566 m	£7.466 m	£1.100 m

The main reason for this reduction in balances is due to the transfer of £3.557m from the General Fund Balance to Earmarked Reserves in respect of the Strategic Plan Bids approved as part of Strategic Plan VII.

- 3.3 Earmarked Reserves - In total monies carried forward to pay for specific future commitments increased by £5.485 million, as analysed below:–

Description	Opening Balance	Closing Balance	Increase/(Decrease)
Other Specific Reserves	£5.415 m	£10.900m	£5.485m

The main reason for this increase in balances is due to the transfer of £3.557m from the General Fund Balance to Earmarked Reserves in respect of the Strategic Plan Bids approved as part of Strategic Plan VII.

- 3.4 Fixed Assets – The value of the fixed assets grew by 0.6% to £365.839 million.

- 3.4.1 The Council has a 5-year rolling revaluation programme whereby 20% of the Council's assets (excluding Council Houses) are re-valued each year in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. Council Dwelling were re-valued in full, on a beacon bases, in 2005/06 and have been uplifted in 2006/07 to reflect any changes in value.

- 3.4.2 New capital investment totalled £13.9 million of which the main areas of expenditure include £4.5 million spent improving Council dwellings, £3.6 million spent on the Central and Eastern Strategic Development Opportunities regeneration works, £1.3 million spent wheeled bins and £0.9 million spent on improvement and renovation grants.

- 3.4.3 To pay for this investment, the Council has used £3.7 million of capital grants and contributions, £4.5 million of capital receipts, £4.4 million of the Major Repairs Reserve, £1.0 million of supported borrowing and £0.3 million of direct revenue financing.

- 3.5 Assets under Construction – The Council invested £3.9 million increasing the value of assets under construction to £7.1 million (Included in the figures in 3.6 above)

- 3.6 Liquidity – this can be measured by the ratio of current assets less stock, to

current liabilities. The Council's current assets (less stock) of £38.0 million exceed its current liabilities of £12.9 million by a ratio of 2.9:1, an increase on the previous year's ratio of 2.3:1

- 3.7 Debtors – Debtors have decreased by £0.587 million to £12.797 million.
- 3.8 Investments – The Council invests surplus cash on the London money markets, typically for periods less than one year to approved organisations. These investments have increased by £1.186 million to £24.958 million over the year as follows:

<b>Movement in Cash</b>	<b>£m</b>
Reduction in debtors – therefore an increase in cash, year on year.	0.587
Reduction in creditors – therefore a reduction in cash, year on year.	(1.518)
Cash movement on other balances	2.117
<b>Total increase in Cash Investments</b>	<b>1.186</b>

- 3.9 Creditors – have reduced by £1.518 million to £12.851 million.
- 3.10 Borrowing – the Council's total borrowing remained at £37.948 million. This can be split between short term borrowing of £0.025 million and long term borrowing of £37.923 million. The average rate of interest payable on long-term borrowing has increased by 0.01%, from 4.44% in 2005/06 to 4.45% in 2006/07.

The maturity profile of the long term borrowing is as follows:

<b>Within</b>	<b>£m</b>	<b>% of Total Debt</b>
1 year	0.025	0.07%
1 – 2 years	-	-
2 – 5 years	-	-
5 – 10 years	-	-
10 years and over	37.923	99.93%
<b>Total</b>	<b>37.948</b>	<b>100.00%</b>

- 3.11 Provisions – have decreased by £0.017 million during the year, resulting in a total balance of £0.248 million for 2006/07.

#### **4. Legal Implications**

- 4.1 There are no legal implications arising from this report.

#### **5. Financial Implications**



- 5.1 The financial implications are contained within the attached Statement of Accounts.

**6. Equality Implications**

- 6.1 There are no equality implications directly arising from this report.

**7. Recommendation**

- 7.1 Council are asked to approve the Statement of Accounts for 2006/07.

**List of Background Papers:** Final Account Working Papers 2006/2007

**Lead Officer:** Jaclyn Hills, Financial Services Manager  
Telephone 873237

# STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

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## INTRODUCTION TO THE CITY OF LINCOLN COUNCIL'S ANNUAL STATEMENT OF ACCOUNTS

This document is the City of Lincoln Council's Annual Statement of Accounts, which shows how the Council has managed the money available to it, for the period 1 April 2006 to 31 March 2007.

The Statement of Accounts is only one of several documents that form part of the Council's policy and financial planning framework. Other documents include the Community Plan, the Council's Strategic Plan, the Medium Term Financial Strategy, the Best Value Performance Plan, the Capital Strategy, the Asset Management Plan and the HRA Business Plan.

The Council is required by law to produce this annual statement of accounts, the main purpose of which is to:

- Explain to Council Tax Payers how their money has been managed
- Demonstrate that the Council has complied with the requirements of the Audit Commission as to how this has been achieved.

The Statement includes a Financial Summary for the year 2006/07, which shows that there has been an under-spend at the end of the year, that General Fund balances remain at a prudent level and that the necessary provisions have been set aside for future liabilities or losses.

The Council continues to face competing demands for the resources available to it as new needs and priorities emerge and as central government continues to place new responsibilities and financial impositions on local government.

The Council is now responding positively to these challenges and will in future manage its affairs in such away as to ensure the economic, efficient and effective use of its resources and is safeguarding its assets for the future.

Councillor Eddie Strengiel  
Leader of the Council

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## COUNCIL APPROVAL

The Statement of Accounts for the year 1 April 2006 to 31 March 2007 has been prepared and I confirm that these Accounts were approved by the City of Lincoln Council, at the meeting held on 26 June 2007.

Councillor Eddie Strengiel  
Leader of the Council

Date:

## EXPLANATORY FOREWORD BY THE DIRECTOR OF RESOURCES

The Accounts, which follow, show the financial performance for 2006/07 and the financial position at 31<sup>st</sup> March 2007. The accounts present expenditure and income incurred by the Council in the financial year 2006/07 and highlight changes in the financial position of the Council over the course of the year. The financial statements have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in Great Britain' published by the Chartered Institute of Public Finance and Accountancy.

The Statement of Accounts comprise the following:

**The Income and Expenditure Account** - this reports the net cost for the year of the functions for which the Council is responsible and demonstrates how the cost has been financed from government grants, rents, charges and income from local taxpayers.

**The Statement of Movement in General Fund** - this report reflects the movements to the accounts in addition to the Income and Expenditure Account that are required by statute to be either included or excluded in determining the movement on the General Fund.

**Statement of Total Recognised Gains and Losses** - this statement brings together all the gains and losses of the Council, for the year, and shows the aggregate increase in its net worth. In addition to the surpluses generated in the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

**The Balance Sheet** - this statement sets out the financial position of the Council as at 31<sup>st</sup> March 2007. It shows the balances and reserves at the Council's disposal, its long-term indebtedness and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

**The Cashflow Statement** - this statement summarises the total movement of cash, to and from the Council, arising from both capital and revenue transactions.

**The Housing Revenue Account** - this reflects a statutory requirement to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure, and how these are met by rents, subsidy and other income.

**The Collection Fund** - this account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transaction of the Council in relation to Council Tax and Non Domestic Rates and illustrates how the money is then allocated between the relevant authorities delivering services within the district.

## Financial Summary 2006/07

The Council prepares revenue budgets for the financial year, the main purpose of which is to set the Council Tax and Housing Rent levels for the General Fund and the Housing Revenue Account respectively. In addition, the Council prepares a Capital Programme for the General Fund (General Investment Programme) and the Housing Revenue Account (Housing Investment Programme). The Capital Programmes set out the planned spending on the acquisition, construction or improvement of fixed assets.

### Revenue Expenditure

#### General Fund

The General Fund account covers all net spending by the Council on services other than those accounted for in the Housing Revenue Account.

For 2006/07, the approved net operational expenditure budget for General Fund services was £14,283,549. After allowing for £434,090 budgeted to be transferred in from earmarked reserves and the planned contributions to non-earmarked general reserves of £1,234,201 the total Net General Fund Budget for 2006/07 was £15,083,660.

	ACTUAL 2006/07 £ 000	BUDGET 2006/07 £ 000	VARIANCE 2006/07 £ 000
Sustainable Growth	1,236	1,275	(39)
Quality of Life	7,949	7,719	230
Enhanced Social Justice	1,718	1,816	(98)
Excellent Democratic Council	2,253	3,279	(1,026)
Pensions – FRS17	(116)	-	(116)
Capital Financing	278	152	126
Contingencies	-	43	(43)
<b>Net Operational Expenditure</b>	<b>13,318</b>	<b>14,284</b>	<b>(966)</b>
Reserves/Contingencies	414	(434)	848
OSD Repatriation	68	0	68
<b>Total Expenditure</b>	<b>13,800</b>	<b>13,850</b>	<b>(50)</b>
Contribution to general reserves	<b>1,284</b>	<b>1,234</b>	<b>50</b>
<b>Total Net Budget</b>	<b>15,084</b>	<b>15,084</b>	<b>-</b>
Council Tax Payer	(5,017)	(5,017)	-
Revenue Support Grant	(1,629)	(1,629)	-
Non-Domestic Rates	(8,438)	(8,438)	-
<b>Total Resources</b>	<b>15,084</b>	<b>15,084</b>	<b>-</b>

Actual net service operational costs for the financial year 2006/07 were £13,317,887 compared to the equivalent approved budget of £14,283,549, allowing £414,182 to

be set aside in earmarked reserves, as well as an increase in non-earmarked general reserves of £1,283,599.

The financial summary shows that there has been an underspend overall, against revised budget estimates for the year, of £49,398. The main General Fund variances for the year have been identified as follows:

	<b>£ 000</b>
<b>Additional Income</b>	
• Local Authority Business Growth Initiative Grant	(306)
• Arts Grants	(79)
• CCTV – Recharges and Grant Income	(23)
• Community Centres Fees & Charges	(21)
• Recycling Credits	(45)
• Lincoln Properties Rental Income	(35)
<b>Reduced Income</b>	
• Internal Printing Unit Recharges	38
• Car Parks Fees & Charges	50
<b>Reduced Spending</b>	
• External/Internal Legal Advice/Resource	(112)
• Benefits Expenditure	(127)
• Community Centres Staffing	(25)
• E-Government IT Costs	(70)
• Car Parks Staffing Costs	(30)
• Central Support Services – across all Directorates	(240)
<b>Increased Spending</b>	
• Car Parks – Repairs & Maintenance/Equipment Costs	43
• Refuse/Recycling/Street Cleansing Contracts	203
• Other	7
<b>Additional Contributions to Earmarked Reserves</b>	723
<b>NET TOTAL</b>	<b>(49)</b>

As at 31<sup>st</sup> March 2007, the Council held £7,692,739 General Fund revenue reserves, comprising £5,603,799 earmarked reserves (to cover specific or potential financial risks and liabilities) and £2,088,940 non-earmarked general reserves. This latter balance represents 13% of our 2007/08 annual net service budget and provides an adequate level of reserves to cover unforeseen financial risks.

### Housing Revenue Account

The Housing Revenue Account deals with the cost and income of landlord functions associated with the provision, management and maintenance of Council owned dwellings.

Actual net expenditure for 2006/07 showed a surplus of £1,173,168 against a budgeted surplus of £789,850.

	ACTUAL 2006/07 £ 000	BUDGET 2006/07 £ 000	VARIANCE 2006/07 £ 000
<b>Operational Expenditure</b>			
Repairs & Maintenance	6,290	6,523	(233)
Supervision & Management	6,000	6,020	(20)
Bad Debt Provision	104	230	(126)
Capital Financing	6,918	6,910	8
<b>Sub Total</b>	<b>19,312</b>	<b>19,683</b>	<b>(371)</b>
<b>Add:</b>			
Subsidy Limitation Transfer	391	408	(17)
OSD Repatriation	(593)	-	(593)
Interest Payable & Similar Charges	1,273	1,272	1
Amortisation of Premiums & Discounts	592	592	-
<b>Total Expenditure</b>	<b>20,975</b>	<b>21,955</b>	<b>(980)</b>
<b>Income</b>			
Rents & Service Charges	(21,565)	(21,286)	(279)
Interest	(342)	(348)	6
<b>Net Expenditure</b>	<b>(932)</b>	<b>321</b>	<b>(1,253)</b>
<b>Less:</b>			
Direct Revenue Financing	100	1,875	(1,775)
Appropriation to Major Repairs Reserves	(2,575)	(2,221)	(354)
Appropriation to Pension Fund Liability	(67)	-	(67)
Appropriations to Earmarked Reserves	2,301	(765)	3,066
<b>Net HRA Surplus</b>	<b>(1,173)</b>	<b>(790)</b>	<b>(383)</b>

The overall underspend of £383,318 for the year includes the following major variances:

	£ 000
<b>Additional Income</b>	
• Increase in rental income	(245)
<b>Reduced Spending</b>	
• Central Support costs, savings across all Directorates	(161)
• Reduction in contribution to bad debt provision	(126)
• Others (net)	(83)
<b>Increased Spending</b>	
• Additional Direct Revenue Financing	352
<b>Additional Contributions from Earmarked Reserves</b>	
• Major Repairs Reserve, prior years adjustment	(120)
<b>NET TOTAL</b>	<b>(383)</b>

As at 31<sup>st</sup> March 2007, the Council held £8,812,338 HRA revenue reserves, comprising £3,570,361 earmarked reserves (to cover identified, specific, potential financial risks and liabilities) and £5,241,977 non-earmarked general reserves.

## Capital Expenditure

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## STATEMENT OF ACCOUNTS 2006/07



## Capital Spending 2006/07

The Council's capital spending in the year was £13.925m compared to the revised programme budget of £15.981m, representing a net variance of £2.056m. The 2006/07 capital spending and funding position is summarised below:

	<b>ACTUAL 2006/07 £ 000</b>	<b>BUDGET 2006/07 £ 000</b>	<b>VARIANCE 2006/07 £ 000</b>
<b>Capital Expenditure</b>			
General Fund (GIP)	8,002	7,992	10
Housing Revenue (HIP)	5,923	7,989	(2,066)
<b>Total Expenditure</b>	<b>13,925</b>	<b>15,981</b>	<b>(2,056)</b>
<b>Financed by:</b>			
Supported Borrowing	(1,020)	(1,020)	-
Unsupported Borrowing	-	-	-
Capital receipts	(4,517)	(4,820)	303
Capital Grants and Contributions	(8,127)	(8,149)	22
Revenue Contributions	(261)	(1,992)	1,731
Finance Lease	-	-	-
<b>Total Financing</b>	<b>(13,925)</b>	<b>(15,981)</b>	<b>2,056</b>

Major Capital works carried out during 2006/07 are set out on the table below:

	<b>£ 000</b>
<b>Housing</b>	
Capitalised Repairs, Major Works + Improvements to stock	5,847
Other	76
<b>General Fund</b>	
Central & Eastern SDO	3,574
Improvement & Renovation Grants	945
Wheeled bins home collection	1,261
Brayford Enterprise Park/Innovation Centre	401
Temple Gardens - Arboretum	160
Match Funding Birchwood Leisure Centre	490
Uphill/Downhill buses	143
City and County Museum	641
Other Projects	387
<b>Total</b>	<b>13,925</b>
<b>Borrowing</b>	

The Prudential Code, which came into force on 01/04/04, allows the Council to determine the appropriate level of capital investment to properly deliver quality public services.

Developed by CIPFA, the code allows authorities to raise unsupported borrowing, within pre-determined limits, to resource capital expenditure programmes, subject to it being Prudent, Affordable and Sustainable.

Supported borrowing levels are issued annually by Central Government (£1.020m in 2006/07), which give the Council authority to borrow monies to cover capital expenditure, which will be funded by Central Government. In 2006/07 the Council did not change its level of total debt outstanding, as at 31/3/07 it remained at £37.948m.

Source of loan	Total Outstanding	
	31/03/07 £ 000	31/03/06 £ 000
PWLB - Maturity	21,362	23,362
Money Market	16,000	14,000
Other	586	586
<b>Total</b>	<b>37,948</b>	<b>37,948</b>

### Pension Costs

2006/07 is the fourth year of full adoption of a new Financial Reporting Standard, FRS 17: 'Retirement Benefits'. FRS 17 is based on a simple principle - that an organisation should account for retirement benefits when it is committed to give to them, even if the actual giving will be many years in the future. The Income & Expenditure Account includes pension costs of providing retirement benefits, that are recognised in the accounting period(s) in which the benefits are earned by the employees.

Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The related finance costs and any other changes in value of the assets and liabilities are recognised in the periods in which they arise. In order that this Financial Reporting Standard does not impact on the amounts to be met by Council Tax payers, the entries are reconciled to the pension costs required to be made for council tax purposes by transfers to, or from, the pension reserve. The balance sheet shows the 'Net Asset Position', in terms of the Council's share of the Pension Fund assets and liabilities.

The Balance Sheet presents a reduction in the estimated Pension Fund Reserve net liability over the 2006/07 year of £7.041m, down from £34.032m at 1<sup>st</sup> April 2006 to £26.991m at 31<sup>st</sup> March 2007. This reduction in the Pension Fund deficit resulted from a combination of the Council's strategy to increase the employer's superannuation contribution rate, together with a general improvement in the stock market performance.

The statutory arrangements for funding the remaining liability of £26.991m means that this deficit will be made good by the increased level of annual employer contributions payable to the Pension Fund over the remaining estimated average working life of our employees in the Pension Scheme. The next triennial review of the Pension Fund is due, as at 31<sup>st</sup> March 2007, and any revision to our annual contributions will be effective from 1<sup>st</sup> April 2008.

## Reserves and Balances

The Balance Sheet as at 31<sup>st</sup> March 2007 incorporates the following level of revenue and capital balances available to the Council:

	£'000	£'000
<b>Revenue Reserves</b>		
<b>General Fund</b>		
Earmarked Reserves	5,604	
Non-earmarked General Reserves	2,089	
<b>Total General Fund Reserves</b>		7,693
<b>Housing Revenue Account</b>		
Earmarked Reserves	3,570	
Non-earmarked General Reserves	5,242	
<b>Total HRA Reserves</b>		8,812
<b>Insurance Reserve</b>		1,492
<b>Total Revenue Reserves</b>		<b>17,997</b>
<b>Capital Reserves</b>		
Usable Capital Receipts Reserve		12,763
Major Repairs Reserve		234
<b>Total Capital Reserves</b>		<b>12,997</b>

## Group Accounts

The increasing scope and scale of local authorities moving away from traditional ways of providing services makes it increasingly difficult for the authority's own financial statements to present fairly all the aspects of control over service provision and accountability for all resources and exposure to risks that the authority has taken on. A consolidated set of group accounts can make a vital contribution towards giving users a full picture of the authority's sphere of control and influence.

From 2005/06 authorities were required to prepare Group Accounts with full prior year comparators, unless the materiality test is fully satisfied.

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The Council has identified that the interest that it holds in Investors in Lincoln Ltd meets the test of 'joint control' and as such should be accounted for as a Joint Venture. However after assessing the criteria for materiality has concluded that the amounts are not material to the fair presentation of the financial position and transactions of the authority and to the understanding of the Statement of Accounts by a reader. Investors in Lincoln Ltd has therefore not be consolidated into the Council's accounts. Details of transactions and relevant balances with Investors in Lincoln Ltd can be found on page 61.

### **Prior Period Adjustments**

In the 2006/07 Statement of Accounts, the Council has adopted three significant new accounting policies (as directed by the Statement of Recommended Practice (SORP), for Local Government) that impact on the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services or trading accounts,
- Credits for government grants deferred written down are now posted to service revenue accounts, support services and trading accounts rather than credited as a corporate item,
- Gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account,

During the restatement process the following adjustments were also required in order to reflect correct accounting practice

- Direct Revenue Financing, revenue contributions towards the purchase of fixed assets, previously included within Net Cost of Services, moved to appropriations
- Contributions to and from reserves, previously included within Net Cost of Services, moved to appropriations
- Deferred charges grant not previously included within Net Cost of Services

These changes have had the following impact on the comparative figures for 2005/06 compared with those published in the 2005/06 Statement of Accounts (only figures that have changed are included in the table below):

	CRA in 2005/06 Accounts £ 000	Removal of capital financing charges £ 000	Relocation of government grants deferred credits £ 000	Recognition of gains and losses on disposal of fixed assets £ 000	Direct Revenue Financing - within net cost of services £ 000	Other Adjustments 2005/06 £ 000	2005/06 comparatives in I&E Account £ 000
Central Services to the Public	1,226	(1)	(29)	-	-	-	1,196
Cultural, Environmental and Planning Services	9,335	(688)	(44)	-	(163)	-	8,440
Highways, Roads and Transport Services	(611)	(228)	(25)	-	-	-	(864)
Housing Services	10,873	(10,690)	-	-	(92)	(398)	(307)
Corporate & Democratic Core	2,403	(52)	(50)	-	(5)	-	2,296
Non Distributed Costs	112	-	-	-	-	-	112
<b>Impact on Net Cost of Services</b>	<b>23,338</b>	<b>(11,659)</b>	<b>(148)</b>	<b>-</b>	<b>(259)</b>	<b>(398)</b>	<b>10,874</b>
Trading Operations (Surplus) / Deficit	(13)	(539)	-	-	-	-	(552)
Loss on the disposal of fixed assets	-	-	-	-	-	-	-
AMRA - (Interest payable and similar charges)	(10,695)	12,198	148	-	-	-	1,651
<b>Impact on Net Operating Expenditure</b>	<b>12,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(259)</b>	<b>(398)</b>	<b>11,973</b>

### Further Information

Further information about the accounts is available on request from the Directorate of Resources, City Hall, Beaumont Fee Lincoln LN1 1DB. In addition, local electors have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

# ACCOUNTING POLICIES

## 1. General

The Accounting Statements which follow have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is recognised as representing proper accounting practices, together with guidance notes issued by CIPFA on the application of Statements of Standard Accounting Practice (SSAP's) and the Financial Reporting Standards (FRS's), approved by the Accounting Standards Board.

## 2. Accruals of Income and Expenditure

The revenue accounts of the Council are maintained on an accruals basis in order to comply with the above-mentioned guidelines. Therefore, sums due to or from the Council during the year are included whether or not cash payment has been received or made. As such the full cost of employees, other costs & income are charged to the accounts in the period in which they are incurred/due. Exceptions to this principle may be made where the adjustments involved are not considered to be material to the presentation of the accounts.

## 3. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure in excess of £10,000 is capitalised, provided that the fixed asset yields benefits to the Council for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to services in the income and expenditure account.

Fixed assets have been valued on the basis recommended by CIPFA and in accordance with guidance notes issued by the Royal Institute of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting as follows:

### Intangible Fixed Assets

Intangible fixed assets are assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences). They are capitalised when they bring benefits to the Council for more than 1 year.

- Intangible Assets are capitalised on the balance sheet and amortised over their life, subject to impairment reviews.

### Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing

basis. Assets are initially measured at cost, comprising all expenditure that is directly attributable to bring that asset into working condition for its intended use. Assets are then carried in the balance sheet using the basis recommended by CIPFA and in accordance with guidance notes issued by RICS:

- Land, operational properties and other operational assets – lower of net current replacement cost or net realisable value in existing use (in the case of non-specialised operational properties this is normally existing use value and in the case of specialised operational properties it's normally depreciated replacement cost).
- Investment properties and assets surplus to requirement – lower of net current replacement cost or net realisable value (in the case of investment properties this is usually market value).
- Infrastructure assets and community assets – depreciated historical cost where this can be determined or at a nominal amount.

Subsequent revaluations of fixed assets are carried out on a rolling five year programme, although material changes to assets valuations will be adjusted in the interim period, as they occur. The surpluses arising on the initial valuation of fixed assets have been credited to the Fixed Asset Restatement Account.

#### **4. Provisions & Reserves**

Provisions have been made for liabilities or losses that are either likely or certain to be incurred, although the amounts or the dates on which they will arise are not yet known. The provisions are charged to the appropriate General Fund, Housing Revenue or DLO revenue accounts when the provision is created, with the subsequent expenditure being charged direct to the provision.

In addition, provision has been made in the accounts for expected losses of income to the General Fund and Housing Revenue Account in respect of sums due but not received from debtors.

The Council maintains certain reserves, which have been set aside for specific policy purposes falling outside the definition of provisions. Transfers to and from the reserves (commonly known as appropriations) have been distinguished from service expenditure disclosed in the Statement of Accounts.

## 5. Depreciation and Impairment

### Depreciation

Depreciation is provided for on all operational fixed assets with a finite useful life (determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are depreciated from the start of the financial year following the date they were brought into use,
- depreciation is calculated using the straight-line method (writing off balance sheet values in equal instalments over remaining expected useful, lives).

### Impairment

The values of each category of assets and of any materially individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as the result of a revaluation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service in the Income and Expenditure Account,
- due to a general fall in prices – the loss is written off against the Fixed Asset Restatement Account.

## 6. Charges to Revenue for Fixed Assets

Service revenue accounts, central support services, trading accounts and DLO are charged with the following amounts to reflect the real cost of holding fixed assets during the year:

- depreciation of assets used by the service
- amortisation of intangible fixed assets used by the service
- impairment losses attributable to the clear consumption of economic benefits of tangible fixed assets used by the service.

The Council is not required to raise Council Tax to cover depreciation, amortisation or impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This amount is equal to at least 4% of the underlying amount of borrowing, measured by the Capital Financial Requirement, excluding amounts attributed to the HRA. Depreciation, amortisation and impairment losses are replaced by the minimum revenue provision in the Statement of Movement on the General Fund Balance.



## 7. Capital Receipts

When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off the carrying value of the asset at the time of disposal).

Amounts in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is credited to the Usable Capital Receipts Reserve, and can then be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Statement of Movement on the General Fund Balance.

## 8. Cost of Support Services

In performing its functions, the Council employs professional officers such as accountants and solicitors. At the end of the year the cost of these support service officers are fully recharged to the services they have assisted, e.g. Housing, Recreation, Leisure & Tourism, Environmental Health etc. The basis of allocation used for the main costs of management and administration are outlined below together with examples of other allocation methods used:

<b>COST</b>	<b>BASIS OF ALLOCATION</b>
Service Departments	Estimated Time
Personnel Support	Pro-rata to number of employees
Administrative Buildings	Area Occupied
Telephone/Switchboard	Unit Charge (Telephone Extension)
Payment of Creditors	Average cost of processing invoices for payment
Collection of Debtors	Average cost of raising debtor account transactions
Computing Hardware	Unit Charge (Terminals)
Printing Services	Actual cost

Support service costs are recharged to services based on actual cost.

The Support Service costs of Corporate and Democratic Core are not reallocated to services, but are charged direct to a separate cost centre, as defined by the Best Value Accounting Code of Practice.

All overhead costs are dealt with in accordance with the Best Value Accounting Code of Practice, to comply with the 'total cost' principle.

## **9. Government Grants and Contributions**

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant contribution will be received.

Revenue Grants are recognised in the Income and Expenditure Account. Capital Grants are recognised in the Usable Capital Grants and Contributions Reserve until they are used to finance capital expenditure:

- Where the acquisition or enhancement of a fixed asset is financed either wholly or in part by government grant or other contribution and a useful asset life can be determined, the amount of the grant or contribution is credited to the government grants deferred account. The balance is then written down to the Income and Expenditure Account to offset depreciation charges made for the relevant assets in the relevant service account, in line with the depreciation policy applied to them.
- For non-depreciating assets, the grant or contribution is released in full to the Capital Financing Account in the year the asset is acquired or enhanced.

## **10. Stocks, Stores & Work - in - Progress**

Stocks and Stores are included in the accounts and valued at actual cost or net realisable value whichever is lower. This is in accordance with the requirements of the Code of Practice and SSAP 9.

Work in progress is valued at actual cost.

## **11. Internal Interest**

Interest on the Council's internal balances is credited to the General Fund and Housing Revenue Account based on the level of fund balances, to the benefit of the taxpayer/rentpayer.

## **12. Leases**

### Finance Leases

The Council accounts for leases as finance leases when substantially all the risks and rewards relating to the leased property transfer to the Council. Rentals are apportioned between:

- A charge for the acquisition of the interest in the asset (this is recognised as a liability in the balance sheet at the start of the lease, matched with a tangible fixed asset. The liability is written down as rentals become payable),

- A finance charge (charged to Net Operating Expenditure in the Income and Expenditure Account as rentals become payable).

Fixed assets acquired under finance leases are accounted for using the policies generally applied to tangible fixed assets, subject to depreciation being charged over the term of the lease if this is shorter than the assets estimated useful life.

#### Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable/receivable are charged to the relevant service revenue account on a straight-line basis over the term of the lease.

There has been a change of accounting policy in 2006/07 in respect of long leasehold interests. In 2005/06 Code of Practice on Local Authority Accounting required that where the Council had a long leasehold interest, which had more than 20 years to run, the Council should attach a capital value and recognise an asset for any 'profit rent' elements. The Council's operating lease for City Hall came within these requirements. However, for 2006/07 onwards the requirements have changed and only finance leases are to be recognised as assets. Therefore the City Hall leasehold asset been written out of Fixed Assets (via the Fixed Asset Restatement Account). The 2005/06 Balance Sheet has been restated to reflect this change in accounting policy with the following adjustments; Fixed Assets reduced by £667,000 and Fixed Asset Restatement Account reduced by £667,000.

### **13. Pension Costs**

FRS 17 'Retirement Benefits' replaced SSAP 24 'Accounting for Pension Costs' with effect from 2001/02. However full compliance was on a staged basis up to 2002/03, with full compliance from 2003/04. It has introduced substantial changes in the way that retirement benefits are accounted for. FRS 17 is based on a simple principle - that an organisation should account for retirement benefits when it is committed to give to them, even if the actual giving will be many years into the future. 2003/04 was the first year of the full adoption of FRS 17, whereby the pension costs of providing retirement benefits, that are charged to the Council's revenue account, are recognised in the accounting period(s) in which the benefits are earned by the employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The related finance costs and any other changes in value of the assets and liabilities are recognised in the periods in which they arise. In order that this Financial Reporting standard does not impact on the amounts to be met by council-tax payers, the entries are reconciled to the pension costs required to be made for council tax purposes by transfers to or from the pension reserve. The balance sheet shows the 'Net Asset Position', in terms of the Council's share of the Pension Fund assets and liabilities.

In assessing liabilities for retirement benefits as at 31 March 2006 for the 2005/06 Statement of Accounts, the actuary assumed a discount rate of 1.7% real, a rate based the current rate of return on a high-quality corporate bond rate of equivalent currency and term to scheme liabilities. For the 2006/07 Statement of

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#### **S T A T E M E N T   O F   A C C O U N T S 2 0 0 6 / 0 7**

Accounts, the equivalent rate to be used is 2.1%. Application of this rate has resulted in a decrease in liabilities measured at today's prices of £8.763m adjusted for by an increase in actuarial gains. This is in addition to an actuarial gain of £1.355m in respect of an allowance for commutation and a negative item of £3.096m in respect of an allowance for longevity improvements, resulting in a total recognised gain of £7.227m, recognised in the Statement of Total Recognised Gains and Losses

#### **14. Investments**

Investments are shown at original cost, less any amount where the investment has suffered a loss in value.

#### **15. Deferred Charges**

Deferred charges represents expenditure that may be capitalised under statutory provision but where the Council obtains no tangible fixed asset (e.g. improvement grants and spend on assets not in the Councils ownership). These are amortised to the Income and Expenditure Account in the year the expenditure is incurred. Where the Council has determined to meet the costs of the deferred charges from existing capital resources or by borrowing, a transfer to the Capital Financing Account is made to reverse out the amounts charged in the Statement of Movement on the General Fund Balance so there is not impact on the council tax payer.

#### **16. Debt Rescheduling**

The Council, through the advice of Butlers (Treasury Management Consultants), proactively review borrowing requirements to take advantage of any rescheduling opportunities in order to obtain either lower interest rates or discounts for the Council. Any gains or losses on the repurchase or early settlement of borrowing are taken to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/resettlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same overall effect when viewed as a whole, gains and losses are recognised on the balance sheet and written down to revenue on a straight-line basis over the term of the replacement loan.

#### **17. Group Accounts**

Councils are required to produce Group Accounts to include services offered to Council Tax Payers by organisations other than the Council itself but in which the Council has an interest. There are a number of criteria set out by which the Council must determine whether the value of the company and the Council's interest is significant enough for Group Accounts to be produced. The Council has complied with the Code of Practice on Local Authority Accounting, and while it has identified a company over which it has joint control, it has concluded that the company does not meet the criteria that would require consolidation into the Council's accounts.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources;
- to manage its affairs to ensure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

### The Director of Resources Responsibilities

The Director of Resources is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice').

In preparing this statement of accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Director of Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounts present fairly the financial position of the authority at 31<sup>st</sup> March 2007 and its income and expenditure for the year ended on that date.

SIGNED \_\_\_\_\_

P S WRIGHT, CPFA,  
Director of Resources

DATE: 15/06/2007

## STATEMENT ON INTERNAL CONTROL

### 1. Scope of Responsibility

1.1. The City of Lincoln Council is responsible for ensuring that its business is conducted in accordance with the law and recognised standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

### 2. The Purpose of the System of Internal Control

2.1. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of the Council's Policies, Aims and Objectives;
- b) evaluate the likelihood of those risks being realised and the impact should they be realised, and
- c) manage them efficiently, effectively and economically.

2.2. The system of internal control has been in place at the Council for the year ended 31<sup>st</sup> March 2007 and up to the date of approval of the annual report and accounts.

### 3. The Internal Control Environment

#### Council Priorities and Objectives

3.1. In October and November 2005 a public consultation exercise took place with members of the Lincoln Citizen Panel (a representative group of 1,000 local residents). This consultation asked the panel what the most important factors were that made Lincoln a good place to live and also what five factors most needed improving. This was supplemented by an 'All Member' workshop which built on the identified community priorities to include those issues of concern to elected members. From this a list of potential priorities for action was derived. Taking the Council's own aspirations, as expressed within its Excellence 2008 (Our Agenda for Change, E08 programme) into account along with its commitments to the Community Plan and to the agreed national priorities, the authority developed seven priorities for 2006/07 (an increase of two on 2005/6). These were agreed by a working group

of Executive Members and were formally adopted at Full Council as part of the Strategic Plan.

3.2. For 2007/08 the same approach was followed in terms of All Member workshops to determine four revised Main Aims and Strategic Priorities. These were subject to a public consultation exercise and were formally adopted at Full Council in March 2007. However, with the change of administration in the May 2007 elections, a further review of these priorities will be undertaken to release the capacity to deliver the Manifesto pledges of the new administration.

3.3. The strategic plan cycle ensures that objectives are reflected in Directorate and Head of Service plans and are matched with budgets. This ensures that the necessary resources, both staff and financial, are allocated to deliver the service plans. The Council's vision is derived from the Community Plan and is articulated in the Strategic Plan, which is translated into service plans and team plans which contain specific key objectives, responsibilities and targets. Budgets are controlled and monitored by Heads of Service in each Service area.

3.4. The current priorities of the Council cover a wide range of issues covered in the Council's strategic, performance, service and other plans and policies, which include requirements to meet statutory obligations and principal objectives.

3.5. Aligned to Council priorities, the Council launched Excellence 2008, 'E08', which seeks to achieve a number of key outcomes :

- High quality accessible and user friendly services that put the customer at the heart of everything we do
- A skilled and motivated workforce prepared for the future
- Maximising the benefits of new technology
- A culture of continuous improvement and desire to seek better ways of working
- A sustainable use of resources that deliver affordable, cost effective services capable of continuous improvement

3.6. The over-arching challenge is to secure measurable improvement in the Council's capacity to deliver high quality services, which increases the satisfaction of our service users.

3.7. The Council monitors its performance in meeting its objectives through management and committee processes, including:

- Regular management group meetings, including Corporate Management Team (CMT)
- Reports to Scrutiny Committee, and the Executive including quarterly performance reports
- Risk Advisory Group

- EO8 working groups
- Other working groups, i.e. Partnership Monitoring Group and Major Projects Monitoring Group for actual supporting schemes

### Policy and Decision-making

3.8. The Council's policy and decision-making process is defined in the Constitution but can be summarised as follows:-

- The Budget and Policy Framework is decided by Council, and has significant links to the Strategic Plan and Community Plan.
- Executive is allocated authority by Council to deliver approved Policy.
- Executive approves policies, plans and strategies which do not form part of the Council's Policy Framework, and for which the Executive has a defined Constitutional responsibility.
- Three Scrutiny Committees have been assigned as follows; performance, policy review and policy development
- Scrutiny Committees work to individual work programmes of matters to be considered for the year ahead and there is a monitoring role for each Scrutiny Committee to ensure delivery of the programme.
- The work of the Executive is scrutinised by Policy Review Scrutiny Committee who can undertake in depth investigation into individual issues.
- Quasi-judicial matters such as Planning and Licensing are dealt with through separate Development Control and Licensing Committees.
- Officers generate reports for Executive and Scrutiny Committees approval in accordance with Council Policy, the Forward Plan and Scrutiny Work Programmes.
- Forthcoming issues are considered in advance at an informal Executive Briefing.
- The Council publishes on a monthly basis a rolling twelve monthly Forward Plan of key decisions to be taken by the Executive. The Forward Plan is reviewed and monitored by the Policy Review Scrutiny Committee.

### Compliance

#### a) Policy and Legislation

3.9. The Council's statutory officers are the Chief Executive (Head of Paid Service), the Section 151 Officer (Director of Resources) and the Monitoring Officer (Head of Corporate Support Services). They are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure. The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where expenditure is likely to exceed



resources. Where any proposal is unlawful, the Section 151 Officer, jointly with the Monitoring officer, must also advise elected Members.

3.10. Directors and senior management carry responsibility for ensuring that legislation and policy relating to service delivery and health & safety are implemented.

b) Risk Management

3.11. During 2005/06 a new risk management framework was developed (Corporate and Directorate risk registers were established and the Risk Advisory Group was set up to lead Risk Management corporately). The new approach to risk management was implemented during 2006-7, which included the appointment of a dedicated Risk Manager in December 2006. Further work is required in 2007/08 to ensure that the policy and strategy is properly embedded throughout the Authority. Facilitated training has been provided to service managers and some members and this needs extending to include all key members with responsibility for corporate risk management. Members also need to receive reports on a regular basis to confirm that corporate business risks are being actively managed.

3.12. The Council have established a politically balanced Standards and Audit Committee with audit and governance issues in its terms of reference, providing independent assurance on the risk management and internal control environment. The Committee oversees the production of the Council's statement on internal control. The Committee provides challenge across the Council and their remit will be expanded further in 2007-8 including a new role in monitoring Use of Resources.

3.13. The Council is making progress in terms of promoting probity and propriety with a good awareness level amongst managers. Further work is needed to implement a new anti-fraud strategy, address fraud survey actions and ensure the risk of fraud and corruption is adequately considered.

3.14. In terms of risk to partnership arrangements the Council has an officer led monitoring group which is working with other local authorities to

implement best practice, review governance arrangements and ensure partnership effectiveness. Partnerships will be subject to regular review and updating.

Best Value

3.15. Each year the Council publishes a Best Value Performance Plan showing how it performed against national, local and departmental performance indicators. The range of local indicators is kept under review to ensure that all service areas are effectively measured. For 2007-8 Local PI's are being replaced by a series of service standards, developed in consultation with local residents.

3.16. The programme of Fundamental Best Value Reviews was integrated with the Comprehensive Performance Assessment (CPA) Improvement Planning process and the first cross cutting Best Value Review "Services to Young People" is nearing completion. A Cultural Services Best Value Review is also underway and is due for completion by March 2008.

3.17. The Council recognises that it needs to better optimise its use of Best Value reviews and a new approach will be developed shortly to ensure that these are targeted, short and sharp reviews of key services, maximising impact on value for money.

3.18. The Council collates information on costs and performance and uses this information, along with some customer satisfaction information, to monitor performance and review value for money. A working group has been established to push this work forward in 2007-8 and ensure information to assess VFM is in place for all services. This will include benchmarking to help judge performance within the context of peers and greater use of consultation to obtain customer and non-customer feedback.

3.19. Members and senior officers are committed to achieving value for money, which is a central feature of the Council's 'Excellence 2008' agenda

3.20. The Council is taking further steps to improve value for money at a practical level. This includes partnership working (for example housing, refuse and leisure), tackling high cost areas, maximizing the use of technology, procurement options, shared services (across the County) and attracting external funding.

3.21. Both Members and officers monitor performance and service costs. Members do not, as yet, analyse cost alongside performance. However, value for money is considered as well as "whole life costing". It should be noted that the year end (06/07) financial and performance reports have been combined to provide a more holistic view of services for Members.

This will be extended in 2007-8 and extended to Managers through the introduction of a "management dashboard" approach of VFM indicators.

3.22. The Council has achieved its required efficiency gains and has plans in place to achieve efficiencies in future years. The Council's approach has been largely a combination of business re-engineering, better procurement and efficiency through partnership working (including shared services). The Council is also active in seeking external funding, which contributes to the achievement of value for money.

3.23. The Council will better integrate costs alongside performance information, taking into account satisfaction data in addition wherever possible.

3.24. The Audit Commission completed a "Use of Resources" assessment in 2006-7 which evaluated how well resources are managed and used. This includes sections on financial management, internal control and value for money. The Council made improvements against the previous year although overall was assessed at level 2 and an action plan is being delivered to improve the Council's performance.

#### Financial Management

3.25. Statutory responsibility for ensuring effective systems of accounting, financial management control and reporting lies with the Council's statutory "Section 151 Officer", currently the Director of Resources.

3.26. Responsibility for the effective management of approved operational budgets is allocated to identified service managers who are accountable for the efficient discharge of their service delivery responsibilities within the resource allocated to them and each service.

3.27. The financial management framework is summarised as follows:

#### 3.28. Budget Process

- Five-Year Medium Term Financial Strategy, revised annually
- Capital Strategy/Asset Management Plan
- Annual budget and setting of the Council Tax
- Member prioritisation of Strategic Plan Bids
- Identification, impact and containment of strategic financial risks

#### 3.29. Budget Monitoring

- Detailed monthly monitoring of actual income and expenditure against budgets by Service Managers
- Financial management/budgetary control monitoring reports presented to Directorate Management Teams on a quarterly basis
- Summary financial management/budgetary control monitoring reports, a review of the financial risks and earmarked reserves presented to Performance Scrutiny on a quarterly basis
- Annual financial outturn position combined with performance information reported to Performance Scrutiny, Executive and Council

3.30. Good financial management is essential for the Council to improve its performance and achieve its strategic priorities. In future year's financial resources will become tighter for local government as a whole and good financial management and use of resources will therefore be increasingly important. In light of this the Financial Procedures Rules of the Council were amended during 2006/07 to empower managers with

budgetary control and operational responsibilities to actively influence service delivery and optimise utilisation of resources. Financial management training was also delivered to all Heads of Service and Service Managers along with the development of a Budget Managers Manual.

### Performance Management

3.31. A comprehensive Performance Management framework is in place, which is supported by a Performance Clinic process to examine poor performance and instigate supportive and corrective action as appropriate.

3.32. The clinic process is to be expanded to other services where further support could lead to exceptional performance in priority areas. In addition the Performance Management Framework will be fundamentally reviewed in 2007-08. The performance and development appraisal system for employees has been further embedded in 2006-7.

3.33. Significant progress has been made on improving Service Planning to ensure that plans are aligned to the Council's objectives with a new model launched from the 2007-8 service plan cycle (This is being piloted in one Directorate).

3.34. Overall performance is strong. Performance against the CPA re-categorisation BVPI pack shows the Council is "equal to excellent Council's for top quartile performances". The Council is aware of weak areas and has a programme of review activity, the latest service to experience the benefits

of a clinic being the homelessness service where costs were high and performance low. The incidence of bottom quartile performance, in priority areas, is becoming rare.

3.35. The Council has clear, reliable information on costs and performance. The Council has adequate management arrangements to ensure the quality of data and introduced a data quality policy during 2006/7 in response to Audit Commission recommendations to further improve control arrangements.

## **4 Review of Effectiveness**

### Introduction

4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Executive Managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

## The Council

### 4.2. The Council approves:

- Strategic and Service Priorities (through the Strategic Plan and Best Value Performance Plan)
- Annual Budget and Council Tax
- Annual budget outturn
- All policies, plans and strategies forming, or to be included, in the Council's Budget and Policy Framework.

## Executive

### 4.3. The Executive:

- Recommends to Council the budget and Council Tax proposal
- Enacts Policy set by the Council
- Approves policies, plans and strategies, which do not form part of the Council's Policy Framework.

## Scrutiny

4.4. The scrutiny function is provided by three Scrutiny Committees, which examine the activity of the Executive to ensure it delivers Council Policy. The Standards and Audit Committee acts as the Audit Forum and receives the Annual Report of the Head of Internal Audit incorporating his opinion on the internal control environment throughout the Council. This Committee also receives quarterly reports from Internal and External Audit. All Scrutiny Committees now have dedicated officer support to enhance their capacity.

## Internal Audit

4.5. Directors are responsible for ensuring proper standards of internal control within their departments. The Audit Manager is responsible for review of the systems of internal control and for giving an opinion, both service specific and corporate, on the standards in place. The five-year Strategic Internal Audit Plan covers all activities of the Council at a level and frequency determined using a risk management methodology.

4.6. An Annual Audit Plan governs each year's activity and at the completion of each audit a report is produced for management with recommendations for improvement.

4.7. The Accounts and Audit Regulations requires the Council to review at least annually the effectiveness of its Internal Audit function. This review was undertaken by an assessment of performance, client satisfaction and

compliance with the CIPFA Internal Audit Code of Practice. Points arising from the review have been action planned and included within the Annual Audit report reviewed by Standards and Audit and the Executive.

4.8. For the 2006/07 financial year the Audit Manager was satisfied that the overall level of internal control throughout the Council remained adequate.

4.9. The Audit Committee meet at least quarterly and receive a summary of all internal audit and external audit reports issued and monitor progress on implementing the recommendations that are made. Other issues may be brought to Committee's attention as required.

#### External Audit

4.10. External Audit's Annual Audit and Inspection Letter for 2005/06 was received in March 2007 and no major concerns were raised from their work on financial systems and controls.

4.11. During the year External Audit have examined a small number of new areas and determined progress on previous completed reviews.

#### Other Agencies

4.12. Action plan items relating to the 2003/04 CPA are being implemented in accordance with the agreed timetable.

4.13. The Local Government Ombudsman reported his provisional complaint statistics for 2006-7 in April 2007. This showed complaints received by the Ombudsman reduced from 31 in 2005-6 to 20 in 2006-7. Of all the decisions made by the Ombudsman in 2006-7 there were no cases of maladministration and no requirement for any local settlements.

4.14. We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority, the Standards and Audit Committee and the Executive, and a plan to address weaknesses and ensure continuous improvement is in place.

**5. Significant Internal Control Issues**

	<b>Issue</b>	<b>Action</b>	<b>Responsibility and Monitoring</b>
<b>1.</b>	Emergency and Business Continuity Planning.	Good progress is being made and the plans have been critically challenged. However testing is required to ensure plans are robust.	Corporate Management Team
<b>2</b>	Facilities Management	Assets are well managed, however with an increase in regulation in this area means clearer allocation of responsibility for facilities management is required, together with an assessment of resources.  This will ensure legal and other requirements are fully met.	Corporate Management Team
<b>3</b>	Partnerships	The Council has effective partnership working in a number of areas. The Council needs to make further progress to ensure that governance arrangements are fully embedded. The early work with partner authorities to adopt a standard approach needs to be completed.	Corporate Management Team
<b>4</b>	Information Management	Information management needs to be strengthened, with particular reference to policies and procedures.	Corporate Management Team

Signed \_\_\_\_\_ Leader of the Council

Date:

Signed \_\_\_\_\_ Chief Executive

Date:

# INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

2005/06 Net Expenditure £'000		2006/07 Gross Expenditure £'000	2006/07 Income £'000	2006/07 Net Expenditure £'000
1,196	Central Services to the Public	8,071	(6,507)	1,564
8,441	Cultural, Environmental & Planning Services	16,007	(4,735)	11,272
(864)	Highways, Roads and Transport Services	3,386	(3,603)	(217)
(307)	Housing Services	41,827	(42,158)	(331)
2,296	Corporate & Democratic Core	2,237	-	2,237
112	Non Distributed Costs	809	-	809
10,874	<b>Net Cost of Services</b>	72,337	(57,003)	15,334
-	Gain or loss on the disposal of fixed assets			-
631	Internal Drainage Board precepts			643
(1,257)	(Surpluses)/deficits on trading undertakings not included in Net Cost of services			(95)
1,651	Interest payable and similar charges			1,690
2,389	Contribution to Housing Pooled Capital Receipts			2,278
(861)	Interest and investment income			(1,613)
659	Pensions interest cost and expected return on pensions assets			16
24	RSG amending report			53
14,110	<b>Net Operating Expenditure</b>			18,306
(4,750)	Council Tax Income			(5,017)
(6,503)	Government Grants (not attributable to specific services)			(2,535)
(2,484)	Distribution from NNDR Pool			(8,438)
373	<b>(Surplus)/deficit for the Year</b>			<b>2,316</b>



## STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Council's actual financial performance for the year measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to raise Council Tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than Council Tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

2005/06 £'000		2006/07 £'000
373	(Surplus)/deficit for the Year on the Income and Expenditure Account	2,316
(2,431)	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	11
(2,058)	<b>(Increase)/Decrease in the General Fund Balance</b>	2,327
(2,358)	General Fund Balance Bought Forward	(4,416)
(4,416)	<b>General Fund Balance Carried Forward</b>	<b>(2,089)</b>
<b>(4,416)</b>	Amount of General Fund Balance generally available to the Authority	<b>(2,089)</b>

# NOTE OF THE RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2005/06 £'000		2006/07 £'000
<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund Balance for the year</b>		
(515)	Depreciation and Impairment of General Fund Fixed Assets	(566)
(1,960)	Excess of depreciation charged to HRA services over the Major Repairs Allowance	(2,341)
148	Government Grants Deferred amortisation matching depreciation	152
(929)	Write downs of Deferred Charges to be financed from Capital Sources	(1,530)
-	Gain/loss on the sale of Fixed Assets	-
(3,237)	Net charges made for retirement benefits in accordance with FRS17	(3,897)
<b>(6,493)</b>		<b>(8,182)</b>
<b>Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on the General Fund Balance for the year</b>		
395	Minimum Revenue Provision for Capital Financing	382
259	Capital Expenditure charged to the General Fund Balance	125
(2,389)	Transfer from Useable Capital Receipts to meet payments to the Housing Capital Receipts Pool	(2,278)
3,373	Employer's contributions payable to Lincolnshire County Pension Fund on Retirement Benefits payable direct to pensioners	3,705
<b>1,638</b>		<b>1,934</b>
<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year</b>		
2,445	Transfer of the surplus or deficit for the year on the Housing Revenue Account	1,172
-	Voluntary Revenue Provision for repayment of debt	-
(22)	Net transfer to or from Earmarked Reserves	5,086
<b>2,423</b>		<b>6,259</b>
<b>(2,431)</b>	<b>Net Additional Amount Required to be (Credited)/Debited to the General Fund Balance</b>	<b>11</b>

## STATEMENT OF RECOGNISED GAINS AND LOSSES

This Statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus/deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and the re-measurement of the net liability to cover the cost of retirement benefits.

<b>2005/06</b>		<b>2006/07</b>
<b>£'000</b>		<b>£'000</b>
373	(Surplus)/deficit on the Income and Expenditure Account for the year	2,316
(68,184)	(Surplus)/deficit on Revaluation of Fixed Assets	(6,962)
1,732	Actuarial (gains) and losses on Pension Fund Assets and Liabilities	(7,233)
(81)	(Surplus)/deficit on the Collection Fund	(54)
(160)	Any other (gains) or losses recognised in the STRGL	(228)
<b>(66,320)</b>	<b>Total Recognised (gains)/losses for the year</b>	<b>(12,161)</b>

# BALANCE SHEET AS AT 31 MARCH 2007

31 <sup>st</sup> March 2006 £'000		31 March 2007 £'000
145	<b>Intangible Assets</b>	128
	<b>Tangible Fixed Assets</b>	
	Operational Assets	
302,848	- Council Dwellings	299,538
24,744	- Other Land and Buildings	32,539
1,282	- Vehicles Plant and Equipment	2,425
	Non-Operational Assets	
29,288	- Land and Buildings	22,165
3,337	- Assets Under Construction	7,139
<b>361,644</b>	<b>Total Tangible and Intangible Fixed Assets</b>	<b>363,934</b>
19	Long-term investments	4,519
141	Long- term debtors	134
3,027	Deferred premiums on early repayment of debt	2,363
	Current Assets	
318	- Stocks and work in progress	276
13,384	- Debtors	12,797
23,772	- Investments	24,958
927	- Cash and bank	150
<b>403,232</b>	<b>Total Assets</b>	<b>409,131</b>
	Current Liabilities	
(2,025)	- Borrowing repayable within 12 months	(25)
(14,369)	- Creditors	(12,851)
<b>386,838</b>	<b>Total Assets less Current Liabilities</b>	<b>396,255</b>
(35,923)	Borrowing payable within a period over 12 months	(37,923)
(30)	Deferred liabilities	(25)
(4,250)	Government Grants Deferred	(7,163)
(1,772)	Usable Capital Grants	(1,267)
(120)	Deferred Capital Receipts	(98)
(265)	Provisions	(248)
(358)	Deferred discounts on early repayment of debt	(291)
(34,032)	Liability related to defined benefit pension schemes	(26,991)
<b>310,088</b>	<b>Total Assets Less Total Liabilities</b>	<b>322,249</b>
	<b>Financed by:</b>	
29,808	Capital Financing Account	30,560
289,925	Fixed Asset Restatement Account	287,807
10,406	Usable Capital Receipts Reserve	12,763
-	Major Repairs Reserve	234
(34,032)	Pension Reserve	(26,991)
5,415	Other reserves	10,666
4,416	General Fund	2,089
4,069	Housing Revenue Account	5,242
-	DLO	(256)
81	Collection Fund	135
<b>310,088</b>	<b>Total Net Worth</b>	<b>322,249</b>

The 2005/06 Balance Sheet has been reformatted as required by the Code of Practice on Local Authority Accounting. In addition a number of figures have been restated. The Fixed Asset Restatement Account and the Capital Financing Account have been restated to reflect an adjustment to the accounting treatment of capital administration costs in the accounts (FARA reduced by £117k and Capital Financing Account increased by £117k). The FARA and Tangible Fixed Assets have been restated to remove the profit rent element of the operating lease for City Hall (see accounting policies for details). The Unused Capital Grants figure has been reduced by £337k and other reserves increased by £337k to reflect the movement of unused DRF to other reserves.

## CASH FLOW STATEMENT

2005/06 £'000		2006/07 £'000
	<b>Revenue Activities</b>	
	<b>Cash Outflows</b>	
20,365	Cash paid to and on behalf of employees	20,775
14,037	Other operating costs	20,610
6,595	Benefits Paid (Housing and Council Tax)	7,499
22,183	Precept paid to County Council	23,435
2,944	Precept paid to Police Authority	3,110
31,172	National non-domestic rate payments to national pool	34,111
	<b>Cash Inflows</b>	
(8,243)	Rents (after rebates)	(8,457)
(24,502)	Council Tax	(26,107)
(32,299)	Non-domestic rate receipts	(32,893)
(2,484)	National non-domestic rate receipts from national pool	(8,438)
(29,826)	Government Grants	(27,510)
(13,010)	Cash received for goods and services	(12,588)
<b>(13,068)</b>		<b>(6,453)</b>
	<b>Returns on Investment and Servicing of Finance</b>	
	<b>Cash Outflows</b>	
1,658	Interest paid	1,692
	<b>Cash Inflows</b>	
(944)	Interest received	(1,725)
<b>714</b>		<b>(33)</b>
	<b>Capital Activities</b>	
	<b>Cash Outflows</b>	
8,307	Purchase of fixed assets	7,775
1,054	Capital spend that does not result in a fixed asset	2,087
3,358	Other Capital spends	4,061
	<b>Cash Inflows</b>	
(6,627)	Sale of fixed assets	(9,060)
(5,605)	Capital Grants received	(3,278)
<b>487</b>		<b>1,585</b>
<b>(11,867)</b>	<b>Net Cash (inflow)/outflow before Financing</b>	<b>(4,901)</b>
	<b>Management of Liquid Resources</b>	
<b>11,027</b>	Net increase / (decrease) in short term deposits	<b>5,686</b>
	<b>Financing</b>	
	<b>Cash Outflows</b>	
27,613	Repayments of amounts borrowed	15,595
	<b>Cash Inflows</b>	
(28,595)	New loans raised	(15,604)
<b>(982)</b>		<b>(9)</b>
<b>(1,822)</b>	<b>Net (Increase)/Decrease in Cash and Cash Equivalents</b>	<b>776</b>

## NOTES TO THE ACCOUNTS

### Note 1 - Trading Operations

The Best Value Accounting Code of Practice (BVACOP) defines which services are to be defined as Trading Operations. The Council has established the following trading services whose financial results for 2006/07 are shown below.

The Council operates an Operational Services Division (OSD) which carries out day to day maintenance on Council Housing and other public buildings as well as environmental works, street furniture etc. The Council also owns and manages a fruit, vegetable and retail market situated within the City Centre and also operates and manages a bus station and several car parks located throughout the city. It also manages a number of industrial estates and commercial properties. The Printing Unit provides graphic design, general printing and duplicating to both internal and external clients.

	2006/07			2005/06		
	Exp. £'000	Inc. £'000	Net £'000	Exp. £'000	Inc. £'000	Net £'000
OSD	6,142	(5,714)	428	7,929	(8,633)	(704)
Markets *	183	(267)	(84)	196	(273)	(77)
City Bus Station	149	(69)	80	160	(63)	97
Car Parks **	1,741	(3,328)	(1,587)	1,687	(3,201)	(1,514)
Industrial Estates	356	(479)	(123)	327	(519)	(192)
Lincoln Properties	117	(633)	(516)	133	(612)	(479)
Printing Unit	192	(156)	36	207	(183)	24
<b>(Surplus)/Deficit</b>	<b>8,880</b>	<b>(10,646)</b>	<b>(1,766)</b>	<b>10,639</b>	<b>(13,484)</b>	<b>(2,845)</b>

\* Trading Operations included within Cultural, Environmental and Planning Services

\*\* Trading Operations included within Highways, Roads and Transport Services

### Note 2 - Section 137 Expenditure of the Local Government Act 1972

Section 137 of the Local Government Act 1972, (as amended by the Local Government & Housing Act 1989) enables a Local Authority to spend up to £5.44 per head of relevant population, on activities or projects not specifically authorised by other powers, for the benefit of taxpayers in its area.

The Council's limit on this type of expenditure for 2006/07 was £473,280 (2005/06 = £470,442). Actual expenditure incurred was £21,210 (2005/06 = £20,760).

### Note 3 - Expenditure on Publicity

Section 5 of the Local Government Act 1986 requires a Local Authority to keep a separate account of its expenditure on publicity. In accordance with this requirement the following summarises the Council's spending on publicity:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£</b>	<b>£</b>
Recruitment Advertising	78,021	50,315
Other Advertising	138,122	79,591
Industrial Promotion & Publications	31,390	14,690
Other Publicity	37,314	7,056
<b>Total</b>	<b>284,847</b>	<b>151,652</b>

### Note 4 - Building Control Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The following statement shows the total cost of operating the Building Control Unit divided between the Building Regulations chargeable and non-chargeable activities:

	<b>Chargeable</b>	<b>Non-Chargeable</b>	<b>Total Building Regulations</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>			
Employee Expenses	211,585	66,278	277,863
Transport	10,056	1,749	11,805
Supplies & Services	8,936	2,753	11,689
Central Support Service	50,696	15,617	66,313
<b>Total Expenditure</b>	<b>281,273</b>	<b>86,397</b>	<b>367,670</b>
<b>Income</b>			
Building Regulation Charges	(386,706)	-	(386,706)
<b>Total Income</b>	<b>(386,706)</b>	<b>-</b>	<b>(386,706)</b>
<b>(Surplus)/Deficit For The Year</b>	<b>(105,433)</b>	<b>86,397</b>	<b>(19,036)</b>
<b>Comparative Data for 2005/06</b>			
Total Expenditure	254,855	79,300	334,155
Total Income	(364,846)	-	(364,846)
<b>(Surplus)/Deficit For The Year</b>	<b>(109,991)</b>	<b>79,300</b>	<b>(30,691)</b>



## Note 5 – Agency Expenditure

The Council undertook no agency work for the financial years 2005/06 and 2006/07.

## Note 6 – Business Improvement Schemes

In 2005/06 a Business Improvement District (BID) was created to enable collaboration on initiatives that improve the BID area. The BID has been set up for a five year period commencing 1<sup>st</sup> July 2005, and is managed by the Lincoln Business Improvement Group (LBIG). The funding is through a levy from business ratepayers and is collected by the Council on behalf of the BID body. As the BID year runs from 1<sup>st</sup> July to 30<sup>th</sup> June, the figures in the table below are shown on a cash, rather than accruals, basis and cover 3 months of the first year of the scheme and 9 months of the second year.

	2006/07	
	£ 000	£ 000
<b>Income</b>		
Bid Levy Income	(296)	
Less overpayments refunded	10	
Interest on Bank Account	(1)	
		(287)
<b>Expenditure</b>		
Cost of Collecting Levy	6	
Payment for Services provided by other parties	2	
Payments made to LBIG	284	
		292
<b>Balance 01/04/06 on Council LBIG bank</b>		<b>(10)</b>
<b>Balance 31/03/07 on Council LBIG bank account</b>		<b>(5)</b>

## Note 7 - Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The Authority provided Piper Lifeline Alarm facilities to residents of other District Councils within the County. In 2006/07 income from these services amounted to £235,891 and total expenditure to £309,692.

## Note 8 - Members' Allowances

The Local Authorities (Members' Allowances)(Amendment) Regulations 1995 requires local authorities to publish the amounts paid to members made under the members' allowance scheme.

The payments made to the City Council members during 2006/07 totalled £202,059 (£212,165 in 2005/06).

Payments are defined as:

- i. Basic Allowance
- ii. Special Responsibility Allowance.

#### **Note 9 - Officer's Emoluments**

A requirement of the Accounts and Audit Regulations 2003 is to identify the numbers of employees whose remuneration, excluding pension contributions, was in excess of £50,000 (in multiples of £10,000). This is shown below:

Remuneration Band £	Number of Employees	
	2006/07	2005/06
50,000 - 59,999	5	4
60,000 - 69,999	1	-
70,000 - 79,999	3	-
80,000 - 89,999	-	3
>90,000	1	1

#### **Note 10 - Related Party Transactions**

It is a requirement for the Council to disclose any transactions with a related party, including non-financial transactions. A 'related party' is defined as being an organisation with which the Council has dealings and where Officers or Members of the Council have a controlling interest or influence in the activities of that organisation. This requirement is in order that the reader is aware if any possibility where the financial decisions of the Council reflected in the Statement of Accounts. The 'Code of Practice on Local Authority Accounting in Great Britain 1998' requires local authorities to disclose material transactions with 'related parties'. The disclosure is required in order that the true and fairness of the accounts can be understood by the reader of the accounts having knowledge of any 'related parties' of the authority.

**Members/Officers** - In 2006/07 the Council sent a letter dated 1 April 2007 to all Members, Chief Officers and Heads of Service requesting disclosure of any 'related party transactions'. All the letters were returned, one officer declared a pecuniary interest in accordance with section 117 of the Local Government Act 1972. The Head of Revenues and Customer Services declared a holding of 930 ordinary shares in Stagecoach. In 2006/07 the Council paid a contribution of £891,791 to the Lincolnshire Countywide Concessionary Travel Scheme. Stagecoach and Lincolnshire Roadcar (a subsidiary of the Stagecoach Group) are operators within the scheme and received £7,180 and £603,253 respectively.

**Central Government** - has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and

prescribes the terms of many of the transaction's that the Council has with other parties (e.g. housing benefits).

Details of transactions with government departments are set out below:

	<b>£'000</b>
Revenue Support Grant	1,629
NNDR	8,438
Rent Allowances	6,304
Council Tax Benefit	6,109
Rent Rebates	12,603
Other Government Grants	4,156

**Other Bodies** - transactions with other bodies levying demands on the Council Tax - Levying bodies in 2006/2007 were as follows:

	<b>£'000</b>
Upper Witham Drainage Board	333
Witham 1 <sup>st</sup> Drainage Board	96
Witham 3 <sup>rd</sup> Drainage Board	214

**Assisted Organisations** - the Council made material financial assistance to the following organisations during the year:-

	<b>£'000</b>
The Theatre Royal	169
Lincoln Dial -a-Ride	42
Citizens Advice Bureau	44

**Joint Ventures** – the Council holds an interest in Investors In Lincoln Ltd, details of amounts received from IIL during 2006/07 are shown below:

	<b>£'000</b>
Property Management costs	143
Facility Fee	90
Management Fee	68

Further details of the Council's relationship with Investors in Lincoln Ltd are disclosed in the note 32 (related companies).

### **Note 11 – External Audit Costs**

In 2006/07 the following fees relating to External Audit and Inspection were incurred and paid to the Audit Commission:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Fees Payable with regard to external audit services carried out by the appointed auditor	95	84
Fees payable in respect of statutory inspection	5	10
Fees payable for the certification of grant claims and returns	20	20
Fees payable in respect of other services provided by the appointed auditor	-	-

Note: the fees relating to grant claims can vary from year to year depending on the number of claims to be audited. The figure for 2006/07 is an estimate, as the work will be carried out in the period August to December 2007.

## Note 12 - Fixed Assets (Tangible and Intangible)

The movement in the Council's Fixed Assets during the year was as follows:

	Intangible Software Licences	Council Dwellings	Operational Assets Land & Buildings	Vehicles, Plant & Equip	Infrastr- ucture Assets	Comm- unity Assets	Non Operational Assets Other Land & Buildings	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Certified Valuation as at 31.03.06</b>	<b>145</b>	<b>302,963</b>	<b>25,886</b>	<b>1,465</b>	<b>-</b>	<b>-</b>	<b>29,287</b>	<b>3,337</b>	<b>363,083</b>
Accumulated depreciation & impairment.	-	(115)	(1,141)	(183)	-	-	-	-	(1,439)
Revaluation & Restatements *	-	(2,602)	7,131	-	-	-	(1,421)	-	3,108
<b>Net book value of assets at 31.03.06</b>	<b>145</b>	<b>300,246</b>	<b>31,876</b>	<b>1,282</b>	<b>-</b>	<b>-</b>	<b>27,866</b>	<b>3,337</b>	<b>364,752</b>
<u>Movement 2006/07</u>									
Additions	18	4,533	1,446	1,522	-	256	98	3,883	11,756
Disposals	-	(3,144)	(250)	-	-	-	(5,570)	-	(8,964)
Revaluations	(6)	(2,092)	(389)	(263)	-	(256)	(137)	-	(3,143)
Depreciation	(29)	(6,736)	(459)	(197)	-	-	-	-	(7,421)
Written back depreciation on Revaluations	-	6,731	215	-	-	-	8	-	6,954
Written back depreciation on Assets sold	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
Transfers	-	-	100	81	-	-	(100)	(81)	-
<b>Net book value of assets at 31.03.07</b>	<b>128</b>	<b>299,538</b>	<b>32,539</b>	<b>2,425</b>	<b>-</b>	<b>-</b>	<b>22,165</b>	<b>7,139</b>	<b>363,934</b>

\* In compliance with FRS 3 "Reporting Financial Performance" the opening balances on the Authority's asset register have been amended to reflect the revaluations and/or re-categorisation of assets.

The Certified Valuation as at 31/3/06 has been restated to reflect a change in accounting policy (see accounting policies for details) on the recognition of profit-rent elements of operating leases. The effect is a reduction in the certified valuation of operational land and buildings of £550,000 and non-operational land and buildings of £128,000. There is also a reduction in the accumulated depreciation of operational land and buildings of £11,000.

## Note 13 – Capital Expenditure and Financing

Total Capital expenditure and financing during the year:

	2006/07 £ 000	2005/06 £ 000
Capital investment		
Operational assets	7,758	7,998
Non operational assets	98	50
Other	3,981	3,617
Capital Expenditure not resulting in the creation of a Fixed Asset	2,088	1,054
	<u>13,925</u>	<u>12,719</u>
Sources of finance		
Capital Receipts	(4,517)	(2,512)
Government grants and other contributions	(3,729)	(4,316)
Revenue contributions	(261)	(277)
Major Repairs Reserve	(4,398)	(4,503)
<b>Capital Financing Requirement</b>	<u><b>1,020</b></u>	<u><b>1,111</b></u>
<b>Capital Financing Requirement - Funded by:</b>		
Supported Borrowing	(1,020)	(1,020)
Unsupported Borrowing	-	(61)
Finance Lease	-	(30)
	<u><b>(1,020)</b></u>	<u><b>(1,111)</b></u>
	<u>-</u>	<u>-</u>

The Council has a five-year Capital programme, of which £45,545k is contractually committed. The Significant commitments at 31<sup>st</sup> March 2007 are:

	<b>Investment £000</b>	<b>Period Of Investment</b>	<b>Purpose of Investment</b>
Decent Homes Programme	38,136	4 years	Five-year partnership arrangements in order to meet Decent Homes Standard by December 2010.
Brayford Innovation Centre	6,598	2 years	Development of an Innovation Centre on Brayford Enterprise Park as part of the Central & Eastern SDO growth corridor regeneration.
Creative Industries Workspace	369	1 year	Development of a Creative Industries Workspace at Flaxengate as part of the Central & Eastern SDO growth corridor regeneration.
Birchwood Leisure Centre	231	1 year	Regeneration of Birchwood Leisure Centre area to provide new changing room accommodation, additional football pitches and to improve the existing pitches.
Civica/IT Integration	160	1 year	Integration between the Civica Benefits and <u>Anite@Work</u> document management system.
Whittons Park	51	1 year	Resurfacing of public footpath accessing the park and upgrading the childrens play area.

## Note 14 – Analysis of Fixed Assets

The Council's fixed assets, which had a value of £364million on 31 March 2007 include:

	<b>31/03/07 Numbers</b>	<b>31/03/06 Numbers</b>
Council Dwellings	8,013	8,068
Depots	3	3
Off street Car Parks & fee paying spaces	2,496	2,449
Sports & Leisure Centres	2	2
Parks & Recreation Grounds (Acres)	1,131	1,131
Theatre	1	1
Bus Station	1	1
Markets	1	1
Cemeteries	4	4
Crematorium	1	1
Community Centres	5	5
The Lawn Multi-User Complex	1	1

The Council has, within its balance sheet, a number of assets that are categorised as community assets (assets that the Authority intends to hold in perpetuity, that have no determinable useful life, and have a restriction on their disposal). These are assets that have generally been acquired some considerable time ago and, due to their characteristics hold little or no market value. Such assets, incorporated in the above table within Parks and Recreation Grounds, include Commons, Closed Cemeteries, Allotments, The Brayford Pool and Miscellaneous Parcels of Land.

## Note 15 - Finance and Operating Leases

### Operating Leases

The Council has obtained the used of a number of assets, such as vehicles and buildings, under operating leases. The amounts paid under these leases in 2006/07 are shown in the table below.

<b>Asset Classification</b>	<b>Lease rental paid 2006/07 £000</b>	<b>Lease rental paid 2005/06 £000</b>
Vehicles Plant & Equipment	157	159
Land and Buildings		
- Industrial Estates	185	172
- Admin Buildings	440	340
- Car Parks	153	167
- Tourist Info centre	11	9
- HRA Shops and Offices	22	18
<b>Total Rentals</b>	<b>968</b>	<b>865</b>



The Authority was committed at 31 March 2007 to making payments of £902k under operating leases in 2007/08, comprising the following elements:

	Land and Buildings	Vehicles Plant and Equipment
	£000	£000
Leases expiring in 2007/08	-	31
Leases expiring between 2008/09 to 2011/12	102	100
Leases expiring after 2011/12	669	-
<b>Total</b>	<b>771</b>	<b>131</b>

The authority has granted leases for various properties, industrial estates, markets, shops, other buildings and open spaces, that it owns, to third parties. The gross value of assets held for use in operating leases was £19.0 million as at 31 March 2007 with accumulated depreciation of £0.3 million. The rentals receivable from operating leases in 2006/07 are shown in the table below.

Asset Classification	Rentals Rec'd 2006/07	Rentals Rec'd 2005/06
	£000	£000
Vehicles Plant & Equipment	-	-
Land and Buildings		
- Lincoln Properties	619	598
- Industrial Estates	472	519
- Admin Buildings	406	412
- Markets	304	318
- Open Spaces	44	44
- Bus Station	2	1
- HRA Shops and Offices	135	131
<b>Total Receivable</b>	<b>1,982</b>	<b>2,023</b>

#### Finance Leases

**Vehicles, Plant and Equipment** - The Council has one finance lease that it entered into in 2005/06 to acquire a refuse vehicle. The rentals payable under these arrangements in 2006/07 were £5,028 (£1,676 in 2005/06). Of this £1,314 (£460 in 2005/06) was charged to the income and expenditure account as finance costs (debited to the interest payable) and £3,715 (£1,216 in 2005/06) related to the write-down of obligations to the lessor.

**Land and Buildings** - The Council has two finance leases one for the use of the Bus Station and one for the Bus Station Car Park. These leases are at a peppercorn rental, meaning no rentals are payable.

The Council has not granted any finance leases to third parties.

The following value of assets are held under finance leases by the authority, accounted for as part of tangible fixed assets:

	Other Land and Buildings	Vehicles Plant & Equipment
	£000	£000
Value 1/4/2006	2,203	30
Additions	-	-
Revaluations	2,333	-
Depreciation	(21)	(6)
Disposals	-	-
<b>Value at 31/3/2007</b>	<b>4,515</b>	<b>24</b>

Outstanding obligations to make payments under finance leases (excluding finance costs) at 31 March 2007, accounted for as part of other long-term liabilities, are as follows:

	Other Land and Buildings	Vehicles Plant & Equipment
	£000	£000
Obligations payable in 2007/08	-	4
Obligations payable between 2008/09 to 2011/12	-	18
Obligations payable after 2011/12	-	3
<b>Total liabilities at 31 March 2007</b>	<b>-</b>	<b>25</b>

## Note 16 – Fixed Asset Valuation

The statement below shows the progress of the Council's rolling programme of fixed asset revaluation.

The valuations of the Council's freehold and leasehold properties have been carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. All valuations are either undertaken by the following Council Officers, or by the District Valuers.

Property Services Manager	Mr M Wheeler	MRICS
Principal Property Surveyor	Mr P Clifton	MRICS
Principal Surveyor	Mr M Dawson	MRICS

	<b>Council Dwellings</b>	<b>Operational Land &amp; Buildings</b>	<b>Vehicles Plant &amp; Equip.</b>	<b>Other Land &amp; Buildings</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Valuation at historical cost</b>			1,465	
<b>Valued at current value in:</b>				
Valued at 01.04.06	300,251	33,118		27,874
Valued at 01.04.05	291,347	26,411		31,687
Valued at 01.04.04	246,044	21,176		28,422
Valued at 01.04.03	251,150	28,924		26,623
Valued at 01.04.02	218,443	28,824		26,059

## **Note 17 - Fixed Assets Depreciation**

### Tangible Fixed Assets

Depreciation, as stated in the Accounting Policies, is calculated on a straight-line basis. Non-operational assets are treated as investment properties and as such are not depreciated (SSAP 19 applies). The standard useful lives of assets, used for depreciation purposes, are as follows:

<b>Category Of Asset</b>	<b>Useful Economic Life</b>
<b>Council Dwellings</b>	50 years
<b>Other Land &amp; Buildings</b>	
- Council Buildings	50 years
- Car Parks	100 years
- Cemeteries	50 years
- Crematorium	100 years
- Community Centres	50 years
- Offices	50 years
- Depots & Workshops	50 years
- Public Conveniences	50 years
- Recreation Grounds	50 years
- Sports Centres	50 years
<b>Vehicles, Plant &amp; Equipment</b>	
- Computers	5 years
- Equipment	10 years
- Fixtures and Fittings	5 years
- Plant	7/10 years
- Vehicles	5/7 years

### Intangible Assets

Intangible fixed assets are amortised in the Income and Expenditure Account on a straight-line basis, as stated in the Accounting Policies. The standard useful live, used for amortisation purposed are:

Category Of Asset	Useful Economic Life
<b>Intangible Asset</b> - Software	5 years

### **Note 18 – Net Assets Employed**

The net assets employed by the Council, as shown in the Balance Sheet, can be subdivided between the General Fund, HRA and Trading Operations as shown below:

	31/03/07 £ 000	31/03/06 £ 000
General Fund	49,626	43,328
Housing Revenue Account	272,769	266,954
Trading Operations	(146)	806
<b>Total</b>	<b>322,249</b>	<b>310,088</b>

### **Note 19 – Long Term Investments**

In managing its Investment Fund the Council invests monies with external bodies to gain the maximum rate of return available. The following investments were held as at 31 March 2007:

	31 <sup>st</sup> March 2007		31 <sup>st</sup> March 2006	
	Nominal Value £ 000	Cost £ 000	Nominal Value £ 000	Cost £ 000
2.5% Consolidated Stock	1	1	1	1
3.5% War Stock	3	3	3	3
Dunham Bridge Co. Ltd (100 shares @ £5)	1	1	1	1
Investors in Lincoln (14 shares @ £1,000)	14	14	14	14
Royal Bank of Scotland	2,500	2,500	-	-
Hinckley & Rugby Building Society	1,000	1,000	-	-
Kent Reliance Building Society	1,000	1,000	-	-
<b>Total Long Term Investments</b>	<b>4,519</b>	<b>4,519</b>	<b>19</b>	<b>19</b>

### **Note 20 – Long Term Debtors**

Long-term debtors represent monies due to the Council where repayment has been agreed over a number of years. These are analysed as follows:

50

### **STATEMENT OF ACCOUNTS 2006/07**

	Outstanding 31/03/06	Increases 2006/07	Written down 2006/07	Outstanding 31/03/07
	£ 000	£ 000	£ 000	£ 000
Mortgages net of doubtful debt provision	68	5	(26)	47
Loans to Individuals	13	28	(12)	29
Other Bodies	60	-	(2)	58
<b>Total</b>	<b>141</b>	<b>33</b>	<b>(40)</b>	<b>134</b>

#### Note 21 - Stocks and Work in Progress

In undertaking its work the Council holds reserves of stock together with amounts of uncompleted work (work in progress). The figure shown in the balance sheet may be subdivided as follows:

	31/03/07 £ 000	31/03/06 £ 000
Stocks	209	241
Work in progress	67	77
<b>Total</b>	<b>276</b>	<b>318</b>

#### Note 22 – Debtors

Debtors listed under current assets are monies due which the Council expects to collect within one year of the balance sheet date and are analysed as follows:

	31/03/07 £ 000	31/03/06 £ 000
Government Departments	3,125	3,926
Other Local Authorities	1,552	1,428
Housing Rents	2,042	2,161
Debtors - Other	4,736	5,091
Local Taxpayers	3,275	2,949
Other	550	563
	15,280	16,118
Less:		
Provision for Doubtful Debts	(2,483)	(2,734)
<b>Total</b>	<b>12,797</b>	<b>13,384</b>

## Note 23 – Short-term Investments

In managing its Investment Fund the Council invests monies with external bodies to gain the maximum rate of return available. Short-term investments are those that can be realised within 1 year. Short-term investments held as at 31 March were:

	31/03/07		31/03/06	
	Nominal	Cost	Nominal	Cost
	Value £ 000	£ 000	Value £ 000	£ 000
Landsbanki Islands HF	2,500	2,500	-	-
Glitnir	3,000	3,000	-	-
Dexia BIL	-	-	3,000	3,000
Dexia Bank Belgium	3,000	3,000	-	-
HSBC Bank	3,000	3,000	-	-
Bank of Scotland (Ireland)	1,000	1,000	1,000	1,000
Northern Rock	2,000	2,000	-	-
Anglo-Irish Bank	2,000	2,000	-	-
Kaupthing Singer & Friedlander	2,000	2,000	-	-
Hinckley & Rugby Building Society	1,000	1,000	2,000	2,000
Nationwide Building Society	-	-	1,000	1,000
Progressive Building Society	-	-	2,000	2,000
Lambeth Building Society	-	-	1,500	1,500
Norwich & Peterborough	1,000	1,000	1,500	1,500
Leek United Building Society	1,000	1,000	1,000	1,000
Cheshire Building Society	-	-	2,500	2,500
Barclays Global Investors	1,903	1,903	3,000	3,000
Standard Life Investments	1,554	1,554	3,000	3,000
Scottish Widows Investment	1	1	2,272	2,272
<b>Total Short Term Investments</b>	<b>24,958</b>	<b>24,958</b>	<b>23,772</b>	<b>23,772</b>

## Note 24 - Short Term Borrowing

When Long Term loans approach maturity i.e. less than one year, then loans are re-designated as Short Term Borrowing. The current value of the loans as required by FRS13 is £25,000.

Source of loan	Range of Interest Rates	Total Outstanding at 31 March	
		2007	2006
		£ 000	£ 000
PWLB – Maturity		-	(2,000)
Individuals		(25)	(25)
<b>Total</b>		<b>(25)</b>	<b>(2,025)</b>

## Note 25 - Creditors

Creditors shown as current liabilities are amounts payable by the Council within one year of the balance sheet date and are analysed as follows:

	31/03/07	31/03/06
	£ 000	£ 000
Collection Fund	(1,453)	(2,499)
General Fund	(9,221)	(8,819)
Housing Revenue Account	(1,459)	(2,231)
External Loans	(659)	(584)
DLO	(59)	(236)
<b>Total</b>	<b>(12,851)</b>	<b>(14,369)</b>

## Note 26 - Long Term Borrowing

In financing its capital expenditure the Council raises a number of loans from external bodies. The principal lender is the Public Works Loan Board (PWLB), which lends money specifically to Local Authorities, usually at a preferential rate of interest. The Council borrows funds at both fixed and variable interest rates, although to manage interest rate risk limits are placed on the proportion of variable rate borrowing. As at 31 March 2007 there were no variable rate loans. The Council manages its liquidity risk by ensuring the maturity profile of its borrowing is spread over a number of years (i.e. large amounts do not mature and require repayment in any one year). The Table also shows the current value of the loans as required by FRS13.

Source of loan	Range of Interest Rates	Total Outstanding		Current Value (FRS13)
		At 31 March		
		2007	2006	31/03/07
	%	£000	£000	£000
PWLB - Maturity	3.95 to 5.125	(21,362)	(21,362)	(20,940)
Money Market	3.80 to 5.05	(16,000)	(14,000)	(17,634)
Stock	3.00	(561)	(561)	(329)
<b>Total</b>		<b>(37,923)</b>	<b>(35,923)</b>	<b>(38,903)</b>

An analysis of loans by maturity is:

	Total Outstanding	
	At 31 March	
	2007	2006
	£000	£000
Maturing in 1 - 2 years	-	-
Maturing in 2 - 5 years	-	-
Maturing in 5 - 10 years	-	(2,500)
Maturing in more than 10 years	(37,923)	(33,423)
	<b>(37,923)</b>	<b>(35,923)</b>

## Note 27 - Deferred Capital Receipts

This refers to the expected future repayments of capital from sales of assets which will be received in instalments over an agreed period of time. They arise principally from mortgages on sold Council Houses. When made, these payments are regarded as being of a capital nature and transactions during the year were as follows:

	<b>2006/07</b> <b>£ 000</b>	<b>2005/06</b> <b>£ 000</b>
Balance as at 1 April	(120)	(98)
Add investments purchased during the year:	-	(35)
Properties purchased under Rent-to-Mortgage scheme in year		
Less repayments of principal in year	22	13
<b>Balance as at 31 March</b>	<b>(98)</b>	<b>(120)</b>

## Note 28 - Provisions

These amounts are set aside to provide for potential liabilities relating to specific occurrences and comprise the following balances:

	<b>Balance</b> <b>31 March</b> <b>2006</b> <b>£ 000</b>	<b>Net</b> <b>Transfers</b> <b>(From)/To</b> <b>£ 000</b>	<b>Balance</b> <b>31 March</b> <b>2007</b> <b>£ 000</b>
Business Development & Opportunities Fund	(96)	-	(96)
Cory Pension	(121)	(15)	(136)
CLAU Legacy Work	(28)	12	(16)
Company in Liquidation	(20)	20	-
<b>Total</b>	<b>(265)</b>	<b>17</b>	<b>(248)</b>

## Note 29 – Reserves

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending needs.



Reserve	Balance 31/03/06	Net Movement in Year	Balance 31/03/07	Purpose of Reserve	Further Details of Movements
	£'000	£'000	£'000		
Fixed Asset Restatement Account	289,925	(2,118)	287,807	Store of gains on revaluation of fixed assets	a) below
Capital Financing Account	29,808	752	30,560	Store of capital resources set aside to meet past expenditure	b) below
Usable Capital Receipts	10,406	2,357	12,763	Proceeds of fixed asset sales received available to meet future capital investment	c) below
Pensions Reserve	(34,032)	7,041	(26,991)	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 31 to the core financial statements, page 58
Housing Revenue Account	4,069	1,173	5,242	Resources available to meet future running costs for council housing	HRA Statements, page 65
Major Repairs Reserve	0	234	234	Resources available to meet capital investment in council housing	HRA Statements, page 69
General Fund	4,416	(2,327)	2,089	Resources available to meet future running costs for non-housing services	Statement of Movement on General Fund Balances, page 31
Other Reserves	5,415	5,251	10,666	Various	d) below
Collection Fund	81	54	135		
DLO	0	(256)	(256)		Collection Fund Statements, page 74
	<b>310,088</b>	<b>12,161</b>	<b>322,249</b>		

#### a) Fixed Asset Restatement Account

Capital accounting regulations require the establishment of the fixed asset restatement account. The balance represents the difference between the valuation of assets under the previous system of capital accounting and the revaluation as at 1 April 1994. The account will be written down by the net book value of assets as they are disposed of and debited or credited with the deficits

or surpluses arising on future revaluations. The movements in the account are shown below.

	<b>2006/07</b>	<b>2005/06</b>
	<b>£ 000</b>	<b>£ 000</b>
Balance 1 April	(289,925)	(229,464)
Revaluation & Restatement	(7,098)	(67,521)
Purchase of Fixed Assets	-	-
Disposal of Fixed Assets	8,964	6,576
Expenditure not affecting the value of assets	252	484
<b>Balance 31 March</b>	<b>(287,807)</b>	<b>(289,925)</b>

The revaluation and restatement and closing balance in 2005/06 have been restated to reflect an adjustment to the accounting treatment of capital administration costs in the accounts and the removal of the profit rent element of the operating lease for City Hall (see accounting policies for details). The revaluation and disposal figure have also been restated to reflect the new policy of revaluating assets prior to disposal.

### **b) Capital Financing Account**

The Capital Financing Account contains the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans. The balance on the account is reduced as loan debt is repaid.

	<b>2006/07</b>	<b>2005/06</b>
	<b>£ 000</b>	<b>£ 000</b>
Balance 1 April	(29,808)	(28,603)
Capital financing - capital receipts	(4,558)	(2,629)
- revenue	(216)	(277)
MRP and MRA used (less depreciation provision)	2,759	2,080
Use of Capital Grants	(673)	(1,285)
Write down of government grants deferred	(152)	(148)
Write down of Capital Expenditure not resulting in the creation of a Fixed Asset	2,088	1,054
<b>Balance 31 March</b>	<b>(30,560)</b>	<b>(29,808)</b>

The capital receipts financing and closing balance in 2005/06 have been restated to reflect an adjustment to the accounting treatment of capital administration costs in the accounts.

### **c) Useable Capital Receipts**

These are cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	<b>2006/07</b>	<b>2005/06</b>
	<b>£ 000</b>	<b>£ 000</b>
Balance 1 April	(10,406)	(8,702)
Capital Receipts in year	(9,152)	(6,605)
	<u>(19,558)</u>	<u>(15,307)</u>
Less:		
Capital Receipts Pooled	2,278	2,389
Capital Receipts used for financing	4,517	2,512
<b>Balance 31 March 2007</b>	<b><u>(12,763)</u></b>	<b><u>(10,406)</u></b>

#### **d) Other Reserves**

These amounts are held to meet expenditure in future financial years. The movement on these Reserve Accounts during the year have been as follows:

	<b>Balance 31.03.06</b>	<b>Appropriations to reserve</b>	<b>Appropriations from reserve</b>	<b>Balance 31.03.07</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Lincoln 10km Race	11	-	(11)	-
Business Process Re-engineering	207	-	(207)	-
Civica/ Anite Integration	17	-	(5)	12
CLAU redundancy	60	-	-	60
CMT Contingency	-	100	-	100
DRF reserve	337	2,127	(91)	2,373
Headstone Testing	25	-	(19)	6
Accommodation Review	455	-	(6)	449
HRA Repairs Account	1,260	6,170	(6,361)	1,069
Housing Survey Works	115	23	(14)	124
Invest to Save Opportunities (GF)	256	-	(223)	33
Invest to Save Opportunities (HRA)	280	-	(149)	131
Leadership Development	6	-	(6)	-
Licensing Staff	28	-	(28)	-
Maternity/Staff Advertising	102	120	(78)	144
Mayoral Car	18	10	-	28
Member Training	30	-	(21)	9
Managed Workspace	100	-	-	100
Car Parking Strategy	39	-	(8)	31
Private Sector Stock Condition Survey	24	13	-	37
DLO redundancy	697	-	(697)	-
Second Homes	44	47	(44)	47
Skewbridge/Swanpool Development	10	-	(6)	4
Stock Condition Surveys (Corp Bldgs)	18	-	(18)	-
Stock Retention Strategy	68	-	(15)	53
Tourism Review	35	4	-	39
Uphill/ Downhill Link	41	3	-	44
Waste Officers	-	60	-	60

Publicity for Wheeled Bins	107	-	(107)	-
2006/07 Budget Carry Forwards	-	308	-	308
Strategic Plan VII Approved Bids	-	3,557	-	3,557
Fire Risk Assessments	-	50	-	50
LABGI	-	306	-	306
Insurance Fund	1,025	849	(382)	1,492
<b>Total</b>	<b>5,415</b>	<b>13,747</b>	<b>(8,496)</b>	<b>10,666</b>

### Note 30 – Insurance Reserve

The insurance fund has been set up to ensure adequate funding for the insurance risk covered by the City of Lincoln Council. In 2006/07 the risk in respect of Public Liability Insurance had an excess of £100,000 (per claim) with no cap ceiling. The movements on the fund are as follows:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance</b>	(1,025)	(1,529)
Funding of claims/losses	382	632
Contributions from revenue	(849)	(628)
Release of reserve	0	500
<b>Closing Balance</b>	<b>1,492</b>	<b>1,025</b>

### Note 31 – Retirement Benefits

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme, administered by Lincolnshire County Council – this is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

#### Transactions Relating to Retirement Benefits

We recognised the cost retirement benefits in the Net Cost of Services when

they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to go against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	Year to 31 March 2007	Year to 31 March 2006
	£ 000	£ 000
<b>Income and Expenditure Account</b>		
<b>Net Cost of Services:</b>		
Current Service Cost	(3,072)	(2,466)
Past Service Costs	(740)	-
Curtailment and Settlements (NDC)	(69)	(112)
Decrease in irrecoverable surplus		
<b>Net Operating Expenditure:</b>		
Expected Return on Employer Assets	6,012	4,911
Interest on Pension Scheme Liabilities	(6,028)	(5,570)
<b>Net Charge to the Income and Expenditure Account</b>	<b>(3,897)</b>	<b>(3,237)</b>
<b>Statement of Movement in General Fund Balance</b>		
Reversal of net charges made for retirement benefits in accordance with FRS17	3,897	3,237
<b>Actual amount charged against the General Fund Balance for pensions in year</b>	<b>-</b>	<b>-</b>

#### Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31st March are as follows:

	2007 £'000	2006 £'000
<b>Estimated Employer Assets (A)</b>	95,535	88,524
Present Value of Scheme Liabilities	(119,265)	(119,275)
Present Value of Unfunded Liabilities	(3,261)	(3,281)
<b>Total Value of Liabilities (B)</b>	<b>(122,526)</b>	<b>(122,556)</b>
<b>Net Pension Asset/(Liability) (A) – (B)</b>	<b>(26,991)</b>	<b>(34,032)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £26.991m has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in an overall balance of £322.249m. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the schemes actuary.

### **Basis of Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities of the County Council Fund have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations being:

<b>Assumptions as at</b>	<b>31 March</b>	
	<b>2007 % per annum</b>	<b>2006 % per annum</b>
Price increases	3.2	3.1
Salary increases	4.7	4.6
Pension increases	3.2	3.1
Discount rate	5.4	4.9

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments, totalling £1,142.5m for the fund as a whole at 31 March 2007 (£1,049.8m at 31 March 2006). The Fund's assets consist of the following categories, by proportion of the total assets held by the Fund:

	<b>Long Term Return % p.a.</b>	<b>31/03/07 %</b>	<b>31/03/06 %</b>
Equities	7.8	72	74
Bonds	4.9	14	14
Property	5.8	13	11
Cash	4.9	1	1
<b>Total</b>		<b>100</b>	<b>100</b>

### **Actuarial Gains and Losses**

The actuarial gains identified as movement on the Pension Reserve 2006/07 can be analysed into the following categories, measures as absolute amounts as a percentage of assets or liabilities at 31 March 2007.

	Year to 31 March				
	2007	2006	2005	2004	2003
	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Difference between the expected and actual return on assets</b>	258	11,806	2,800	7,257	(16,140)
Value of assets	95,535	88,524	70,883	63,326	52,190
<b>Percentage of assets</b>	0.3	13.3%	3.95%	11.46%	(30.9%)
<b>Differences between actuarial assumptions about liabilities and actual experience</b>	(53)	(49)	(99)	(793)	(1,930)
Present value of liabilities	122,526	122,556	103,319	82,055	76,910
<b>Percentage of the present value of liabilities</b>	(0.0%)	(0.0%)	(0.1%)	(1.0%)	(2.5%)
<b>Changes in demographic and financial assumptions used to estimate liabilities</b>					
Present value of liabilities	122,526	122,556	103,319	82,055	76,910
<b>Percentage of the present value of liabilities</b>					
	<b>7,227</b>	<b>(1,732)</b>	<b>(13,887)</b>	<b>6,464</b>	<b>(18,070)</b>

Further information can be found in the County Council's Superannuation Fund Annual Report which is available on request from the County Treasurer's Department, County Offices, Newland, Lincoln LN1 1YG.

### Note 32 – Related Companies

The Council holds 6.67% (£14,000) of the ordinary share capital of £210,000 of Investors in Lincoln Ltd.

The principal activity if the company is the promotion of economic regeneration and the development and expansion of industry, commerce and enterprise of all forms for the benefit of the community in and around the City of Lincoln. Investors in Lincoln Ltd grant the Council the sole and exclusive right to licence and manage its managed workspace development at Greetwell Place.

The company's accounting year-end is 31<sup>st</sup> March and the latest (audited) accounts are for the year ended 31<sup>st</sup> March 2006 and show net assets of £1,932,474 (£1,902,801 in 2004/05) and a profit of £45,584 before taxation, £34,072 after tax (£121,947 before tax and £95,815 after tax in 2004/05).

The Council is fully responsible for meeting the first £100,000 of any cumulative deficit on operating the managed workspace units. In the event that the cumulative deficiency exceeds £100,000 the Council shall meet 75% of the deficiency. In 2006/07 a surplus on the managed workspace units of £38,822 was attributable to the Council.

An amount of £73,356 was owed from IIL at 31<sup>st</sup> March 2007 in respect of property management costs, facility fees and management fees. This is included in

the debtors balance in the Council's balance sheet on page 34.

The accounts of the company may be obtained from The Company Secretary, 5 Beck Hall, Welton, LN2 3LJ.

### **Note 33 - Contingent Liabilities**

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Where a material loss can be estimated with reasonable accuracy a provision is accrued within the financial statements. If, however a loss cannot be accurately estimated or the event is not considered sufficiently certain, a contingent liability will be disclosed in a note to the balance sheet.

The Council is currently involved in a dispute with the distributor who supplied the Council with wheeled bins. An amount of £60,000 was withheld from the final payment in respect of the additional revenue costs incurred, in extending the operation of a sack service due to the delay in the delivery of bins, and outstanding quality issues.

The distributor has proposed to settle the claim for £35,000 however the Council does not accept the extent of their assertions and disputes the claim. At this time it is therefore not possible to ascertain the amount of any possible settlement.

If the distributor were to be successful in this claim then this would represent an additional payment in respect of goods supplied in the previous year.

### **Note 34 – Authorisation of Accounts for Issue**

These accounts were authorised for issue on the 15<sup>th</sup> June 2007 by P S Wright, CPFA (Director of Resources and Section 151 Chief Financial Officer)

### **Note 35 – Post Balance Sheet Events**

In accordance with the requirements of FRS21 "Events after the Balance Sheet date" the date up to which events after the balance sheet date have been considered for final accounts purposes is the date that the statement of accounts were authorised for issue by the Director of Resources, 15<sup>th</sup> June 2007.

As at this date there were no significant post balance sheet events.

### **Note 36 - Revenue Activities**

The net cash flow from revenue activities may be reconciled to the Surplus/Deficit Accounts of the Council. This is shown below:



2005/06 £'000		2006/07 £'000
(2,057)	General Fund Surplus	(1,954)
(2,445)	Housing Revenue Account Surplus	(1,173)
(74)	Direct Labour Organisations Surplus	(269)
(80)	Collection Fund Surplus	(54)
<b>(4,656)</b>	<b>(Surplus) / Deficit for the year</b>	<b>(3,450)</b>
	<b>Add</b>	
(7,093)	Depreciation	(7,420)
-	Contribution to Provisions and Reserves	-
1,942	Other non-cash transactions	1,765
	<b>Add</b>	
688	Contribution from Provisions, Reserves & other balances	1,913
	<b>Less</b>	
(2,187)	(Increase)/Decrease in creditors	1,585
(77)	Decrease in stocks and work in progress	(42)
(971)	Decrease in debtors	(837)
	<b>Add</b>	
(714)	Financing items shown previously in cash flow statement	33
<b>(13,068)</b>	<b>Net Cash Inflow from Revenue Activities</b>	<b>(6,453)</b>

### Note 37 – Government Grants

An analysis of Government Grants is as follows:

2005/06 £'000		2006/07 £'000
13,169	Housing Benefit Grants	13,520
9,778	Housing Subsidy Grant	12,130
400	Neighbourhood Renewal	267
6,479	Revenue Support Grant	1,593
<b>29,826</b>		<b>27,510</b>

### Note 38 - Analysis of Cash, Borrowing & Investments

	Balance 1 April 06 £ 000	Cash Flow £ 000	Non Cash Changes £ 000	Balance 31 March 07 £ 000
Cash & Bank	927	(776)	-	151
Bank Overdraft	-	-	-	-
		<b>(776)</b>	-	
Long Term Borrowing	(35,782)	(2,009)	-	(37,791)
Short Term Borrowing	(2,025)	2,000	-	(25)
		<b>(9)</b>	-	
Current Investments	23,791	5,686	-	29,477
		<b>5,686</b>	-	
<b>Total</b>	<b>(13,089)</b>	<b>4,901</b>	<b>-</b>	<b>(8,188)</b>

### Note 39 – Reconciliation of Liquid Resources

The short-term investments the Council makes with various financial institutions are included within this note.

	2005/06	Movement	2006/07
	£ 000	£ 000	£ 000
Short-Term Investments	(23,791)	(5,686)	(29,477)

### Note 40 - Analysis of Balances of Cash

There has been a net decrease in the balances of cash held reflecting the net inflow from all activities as shown below:

	2005/06	2006/07	Movement
	£ 000	£ 000	£ 000
Cash Overdrawn	-	-	-
Cash at Bank	925	148	777
In Hand	2	3	(1)
<b>(Increase)/Decrease in Cash</b>			<b>776</b>

## HRA INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31 MARCH 2007

2005/06 £'000		2006/07 £'000	2006/07 £'000
	<b>Income</b>		
(19,136)	Dwelling rents	(20,016)	
(413)	Non-Dwelling Rents	(412)	
(511)	Charges for Services and Facilities	(475)	
(1,263)	HRA Subsidy Receivable (inc MRA)	(662)	
<b>(21,323)</b>	<b>Total Income</b>		<b>(21,565)</b>
	<b>Expenditure</b>		
6,694	Repairs and Maintenance	6,290	
4,746	Supervision and Management	5,215	
13	Rents, rates, taxes and other charges	37	
0	Negative HRA subsidy payable	-	
755	Negative HRA subsidy transferable to the General Fund	391	
6,578	Depreciation and Impairment of Assets	6,854	
52	Debt Management Costs	64	
231	Provision for bad or doubtful debts	104	
0	Sums directed by the Secretary of State that are expenditure in accordance with UK GAAP	-	
<b>19,069</b>	<b>Total Expenditure</b>		<b>18,955</b>
<b>(2,254)</b>	<b>Net Cost of HRA Services per Authority Income and Expenditure Account</b>		<b>(2,610)</b>
0	HRA Services Share of Corporate and Democratic Core		-
42	HRA share of other amounts included in the whole authority Net Cost of Service but not allocated to specific services		748
(98)	Transfer from DLO		(593)
<b>(2,310)</b>	<b>Net Cost of HRA Services</b>		<b>(2,455)</b>
0	Gain or loss on the sale of HRA assets		-
1,224	Interest payable and similar charges		1,273
703	Amortisation of premiums and discounts		592
(215)	Interest and investment income		(348)
248	Pensions interest cost and expected return on pensions assets		7
<b>(350)</b>	<b>Surplus) or deficit for the year on HRA services</b>		<b>(931)</b>

## STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2005/06 £'000		2006/07 £'000
(350)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(931)
(2,096)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(241)
<u>(2,446)</u>	<b>(Increase)/Decrease in the Housing Revenue Account Balance</b>	<u>(1,172)</u>
(1,623)	Housing Revenue Account Surplus Bought Forward	(4,069)
<u><u>(4,069)</u></u>	<b>Housing Revenue Account Surplus Carried Forward</b>	<u><u>(5,241)</u></u>

# NOTE OF THE RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2005/06 £'000		2006/07 £'000
<b>Amounts included in the HRA Income and Expenditure Account but required by statute to be excluded when determining the movement on the HRA Balance for the year</b>		
0	Difference between amounts charged to income and expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	-
0	Difference between any other item of income or expenditure determined in accordance with statutory HRA requirements	-
0	Gain or loss on sale of HRA assets	-
(1,322)	Net charges made for retirement benefits in accordance with FRS17	(1,633)
0	Sums directed by the Secretary of State to be debited or credited to the HRA that are not income or expenditure in accordance with UK GAAP	-
<b>(1,322)</b>		<b>(1,633)</b>
<b>Amounts not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year</b>		
(1,960)	Transfer to/(from) Major Repairs Reserve	(2,341)
255	Transfer to/(from) Reserves	2,258
(339)	Transfer to/(from) Housing Repairs Account	(191)
1,270	Employer's contributions payable to the Lincolnshire County Council Pension Fund and retirement benefits payable direct to pensioners	1,566
0	Voluntary set aside for repayment for repayment of debt	-
0	Capital expenditure funded by the HRA	100
<b>(774)</b>		<b>1,392</b>
<b>(2,096)</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>(241)</b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### Note 1 – Fixed Assets

The number of dwellings in the Authority's housing stock at the year end 31 March 2007 totalled 8,013 properties. The type of properties and the period in which they were built, were as follows:

	<1945 No.	1945-64 No.	>1964 No.	TOTAL No.
<b>Property Type</b>				
Low Rise Flats (Blocks up to and incl. 2 Storey)				
1 Bed	44	670	742	1,456
2 Bed	7	98	79	184
3 Bed	1	-	14	15
<b>Sub-Total</b>	<b>52</b>	<b>768</b>	<b>835</b>	<b>1,655</b>
Medium Rise Flats (Blocks of 3 up to and incl. 5 Storey)				
1 Bed	2	300	853	1,155
2 Bed	-	254	363	617
3 Bed	-	15	7	22
<b>Sub-Total</b>	<b>2</b>	<b>569</b>	<b>1,223</b>	<b>1,794</b>
High Rise Flats (Blocks of 6 Storey's or more)				
1 Bed	-	58	138	196
2 Bed	-	30	74	104
<b>Sub-Total</b>	<b>-</b>	<b>88</b>	<b>212</b>	<b>300</b>
Houses / Bungalows				
1 Bed	159	148	41	348
2 Bed	781	859	349	1989
3 Bed	883	615	304	1802
4 or more Beds	100	20	5	125
<b>Sub-Total</b>	<b>1,923</b>	<b>1,642</b>	<b>699</b>	<b>4,264</b>
<b>Total Dwellings 31 March 2007</b>	<b>1,977</b>	<b>3,067</b>	<b>2,969</b>	<b>8,013</b>

The Council's in house Valuation Officers, and the District Valuers have undertaken the valuations of HRA dwellings, land, and other property in accordance with Royal Institute of Chartered Surveyor guidelines. The movement in fixed assets during the year was as follows:

	Operational Assets				Non-Operational Assets	
	Council Dwellings	Land & Buildings	Vehicles Plant & Equip.	Sub. Total	Other Land & Buildings	TOTAL
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Certified Valuation As at 31.03.06</b>	<b>302,487</b>	<b>304</b>	<b>-</b>	<b>302,791</b>	<b>12,962</b>	<b>315,753</b>
Accumulated depreciation & impairment.	(110)	(12)	-	(122)	-	(122)
Revaluation & Restatements *	(2,712)	2,950	-	238	-	238
<b>Net book value of assets at 31.03.06</b>	<b>299,665</b>	<b>3,242</b>	<b>-</b>	<b>302,907</b>	<b>12,962</b>	<b>315,869</b>
<b>Movement in 2006/2007</b>						
Additions	4,533	1,248	-	5,781	98	5,879
Disposals	(3,144)	-	-	(3,144)	(5,125)	(8,269)
Revaluations	(2,092)	(275)	-	(2,367)	(560)	(2,927)
Depreciation	(6,731)	(123)	-	(6,854)	-	(6,854)
Written back depreciation on Revaluations	6,731	110	-	6,841	-	6,841
Written back depreciation on Assets sold	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
<b>Net book value of assets at 31.03.07</b>	<b>298,962</b>	<b>4,202</b>	<b>-</b>	<b>303,164</b>	<b>7,375</b>	<b>310,539</b>

\* In compliance with FRS 3 "Reporting Financial Performance" the opening balances on the Authority's asset register have been amended to reflect the revaluation and/or re-categorisation of assets.

Dwelling houses within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the DCLG, including the regional adjustment to be adopted within the EUV-SH valuation. The last full revaluation of the dwellings was carried out as at 1 April 2005, at which time both, beacons and archetypes, were reviewed and changed.

The vacant possession value (open market value) of Council dwellings as at 31 March 2007 was £598.145m. This does not compare to the Balance Sheet, which shows the Essential Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

## Note 2 – Major Repairs Reserve

The Major Repairs Reserve details the Major Repairs Allowance (MRA) received by the Council. This, received as part of Housing Subsidy grant, was introduced

for the first time in 2001/02. The MRA is based on national average unit costs for each of the property types and represents the estimated long-term average amount of capital spending required to maintain a local authority's stock in its current condition. The MRA received in the year totalled £4,632,394. Of this £4,398,025 was used within the Housing Investment Programme in 2006/07 to finance expenditure on major repairs and improvements, and the remaining £234,369 has been carried forward to be used in 2007/08.

	<b>2006/07 £ 000</b>	<b>2005/06 £ 000</b>
Balance on 1 April	-	-
Amount transferred from the HRA		
- Depreciation		
Dwellings	(6,731)	(6,463)
Other Assets	(123)	(115)
Transferred from Capital Financing Account (prior years depreciation on other assets)	(119)	-
	<u>(6,973)</u>	<u>(6,578)</u>
 -HRA Capital Expenditure	 4,398	 4,503
-Appropriations to HRA	2,341	1,960
-Depreciation on other assets	-	115
	<u>6,739</u>	<u>6,578</u>
 <b>Balance on 31 March</b>	 <b><u>(234)</u></b>	 <b><u>-</u></b>

### **Note 3 – Housing Repairs Account**

The Housing Repairs Account was set up on 1 April 2001 in order to assist with the longer term planning of repairs and maintenance expenditure. The following analysis details the movement on the Housing Repairs Account during the year.

	<b>2006/07 £'000</b>	<b>2005/06 £ 000</b>
Balance on 1 April	<b>(1,260)</b>	<b>(1,599)</b>
Expenditure in year		
-Tenant Notified Repairs	3,304	4,216
-Void Repairs	1,392	1,609
-Servicing Contracts	1,242	369
-Painting Programme	11	247
-Asbestos removal	29	-
-Aids & adaptations	199	201
-Decoration Grants	54	37
-Other Expenditure	58	15
-Contribution to HRA	72	49
	<u><b>6,361</b></u>	<u><b>6,743</b></u>
Income in year		
-Contribution from HRA	(5,975)	(6,025)
-Contribution from Insurance Reserve	(151)	(322)
-Interest Received in year	(44)	(57)
	<u><b>(6,170)</b></u>	<u><b>(6,404)</b></u>
 <b>Surplus Balance on 31 March</b>	 <b><u>(1,069)</u></b>	 <b><u>(1,260)</u></b>



#### Note 4 – Capital Expenditure in the year

The Housing Revenue Account capital expenditure and sources of funding during the financial year is detailed in the table overleaf:

	<b>2006/07</b> <b>£ 000</b>
<b>Capital investment</b>	
Operational assets	5,825
Non operational assets	98
Other	0
Capital Expenditure not resulting in the creation of a Fixed Asset	0
	<hr/> 5,923
<b>Sources of funding</b>	
Supported Borrowing	(1,020)
Capital Receipts	(76)
Major Repairs Reserve	(4,398)
Government grants and other contributions	(329)
Direct Revenue Financing	(100)
	<hr/> (5,923)
<b>Balance unfunded at 31st March 2007</b>	<hr/> <b>0</b> <hr/>

Supported borrowing levels are issued annually by Central Government, authorising the Council to borrow monies, which will be funded by Central Government to cover capital expenditure. Additionally, the Council is able to take out unsupported borrowing which must be financed from it's own resources. In 2006/07 however, no such borrowing was undertaken by the HRA.

#### Note 5 - Capital Receipts

The cash receipts from the disposal of land, houses and other property within the HRA in the year is summarised below:

	<b>2006/07</b> <b>£000</b>
Council dwellings -	
-Right to Buy	2,986
-Discounts repaid	104
-Non-Right to Buy	219
Other Receipts	
-Land sales	5,000
-Mortgage Property	20
	<hr/> 8,329
Less Pooled (Paid to Central Government)	<hr/> (2,278)
<b>Total</b>	<hr/> <b>6,051</b> <hr/>

#### Note 6 - Housing Subsidy

The Government (DCLG) pays a subsidy to the HRA. It is based on a notional

account representing their assessment of what the Council should be collecting and spending. Housing Subsidy claimed for the 2006/07 financial year amounted to £662,070 as detailed below:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Housing Subsidy</b>		
Management & Maintenance	(12,468)	(11,666)
Major Repairs Allowance	(4,632)	(4,503)
Admissible Allowance	(8)	(17)
Capital Charges	(2,261)	(2,313)
Interest on Receipts	4	5
Guideline Rent Income	18,724	17,393
Rental Constraint Allowance	(21)	n/a
<b>Total in-year HRA Subsidy Claimed</b>	<b>(662)</b>	<b>(1,101)</b>
Previous year(s) Subsidy adjustments	-	(163)
<b>Total HRA Subsidy due to/(from) DCLG</b>	<b>(662)</b>	<b>(1,264)</b>

#### **Note 7 - Rent Arrears**

During the year 2006/07 total net rent arrears decreased by £103,343, or 6.1%, to £1,591,640. A summary of rent arrears and prepayments is shown in the following table:

	<b>2006/07</b>	<b>2005/06</b>
	<b>£ 000</b>	<b>£ 000</b>
Current Tenant Arrears @ 31 March	590	603
Former Tenant Arrears @ 31 March	1,002	1,092
<b>Total Rent Arrears</b>	<b>1,592</b>	<b>1,695</b>
Prepayments @ 31 March	(206)	(211)
<b>Net Rent Arrears</b>	<b>1,386</b>	<b>1,484</b>

A bad debt provision of £103,961 has been made in this year's accounts in respect of potentially non-collectable rent arrears and associated miscellaneous debts. The value of the bad debt provision held on the balance sheet at 31 March 2007 is £1,393,469 (£1,545,416 @ 31 March 2006).

#### **Note 8 - Pension Costs**

In line with the full adoption of FRS 17 'Retirement Benefits' the Net Cost of Services include the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required when determining the movement on the HRA Balance for the year is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the HRA in the Statement of Movement on the Housing Revenue Account. The following transactions have been made in the HRA during the year:

	Year to 31 March 2007	Year to 31 March 2006
	£ 000	£ 000
<b>HRA Income &amp; Expenditure Account</b>		
Current Service Cost	(878)	(1,032)
Past Service Costs	(679)	-
Curtailment and Settlements (NDC)	(69)	(42)
Expected Return on Employer Assets	2541	1,849
Interest on Pension Scheme Liabilities	(2548)	(2,097)
<b>Total</b>	(1,633)	(1,322)
 Amount to be met from HRA	 1,566	 1,270
<b>Movement on Pension Reserve</b>	<b>(67)</b>	<b>(52)</b>

## THE COLLECTION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

This account reflects the statutory requirements for all Billing Authorities, such as the City Council, to maintain a separate Collection Fund Account. This shows the transactions of the Billing Authority in relation to Non Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors (Lincolnshire County Council & Lincolnshire Police Authority) and the General Fund.

Income & Expenditure Account	2006/07 £ 000	2005/06 £ 000
<b><u>Income</u></b>		
Council Tax Income	(26,043)	(24,457)
Transfers from General Fund:		
Council Tax Benefit	(5,903)	(5,533)
Transitional Relief	-	-
Income collectable from Business Ratepayers	(33,640)	(31,563)
<b>Total Income</b>	<b>(65,586)</b>	<b>(61,553)</b>
<b><u>Expenditure</u></b>		
Precepts	31,562	29,877
Business Rates:		
Payment to National Pool	33,485	31,409
Cost of Collection	155	154
Provision for Bad & Doubtful Debts:		
Council Tax/Community Charge	330	32
Contributions:		
Community Charge Surplus	-	-
Council Tax Surplus	-	-
Adjustment of Previous Year Community Charge:		
CC Payers A/c	-	-
<b>Total Expenditure</b>	<b>65,532</b>	<b>61,472</b>
<b>Movement on Fund Balance</b>	<b>(54)</b>	<b>(81)</b>

## NOTES TO THE COLLECTION FUND

### **Note 1 - Council Tax**

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements may be summarised as follows:

- a) Revenue Support Grant and amounts for distribution from the NNDR National Pool are paid directly to all Billing and Precepting Authorities and are disclosed in the Income and Expenditure Account on page 30.
- b) Interest is no longer payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is now payable directly to the General Fund, as shown on the Income and Expenditure Account on page 30.
- c) The year end surplus or deficit on the Collection Fund is to be distributed between Billing and Precepting Authorities on the basis of estimates, made in January of each year end balance. For 2006/07, the amount outstanding in January 2006 in respect of Council Tax when compared with the provision made by the Council for non-payment, was not above the level anticipated and therefore no surplus was declared.
- d) Under the old Community Charge Collection Fund any surplus or deficits were retained within the fund, however the revised arrangements in (c) above resulted in any such balances being cleared to the relevant authority. For 2006/07, the amount outstanding in January 2006 in respect of Community Charge was not above the level anticipated and therefore no surplus was declared in 2006/07.

### **Note 2 - Council Tax Valuation Bands**

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Valuation Band	Range of Values (£)
A	Up to & including £40,000
B	£40,001 - £52,000
C	£52,001 - £68,000
D	£68,001 - £88,000
E	£88,001 to £120,000
F	£120,001 - £160,000
G	£160,001 - £320,000
H	More than £320,001

### Note 3 - Council Tax Income

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings expressed in relation to those dwellings in Band D. Once this has been determined the Council Tax payable for each band is established as follows:

(The actual amount payable for each property is also subject to discounts where applicable.)

Band	Calculated number of dwellings	Ratio to Band D	Equated number of dwellings	Council Tax Payable
Z	78	5/9	43	706.82
A	19,268	6/9	12,845	848.19
B	6,522	7/9	5,073	989.55
C	3,743	8/9	3,327	1,130.92
D	1,964	9/9	1,964	1,272.28
E	796	11/9	973	1,555.01
F	266	13/9	384	1,837.74
G	108	15/9	180	2,120.47
H	9	18/9	18	2,544.56
			<b>24,807</b>	

### Note 4 - Council Tax Required

The amount of Council Tax required for Band D was calculated on the following basis:

(i) Preceptor's Council Tax Requirements	£31,561,453
(ii) Number of Band D equivalent Dwellings	24,807
Band D ( i divided by ii )	£1,272.28

The Council Tax required then forms part of the Income and Expenditure Account as detailed below:

	2006/07 £ 000	2005/06 £ 000
Net Amount	26,043	24,457
Benefits	5,903	5,533
Transitional Relief	-	-
Use of Provision for Doubtful Debts	(330)	(32)
Community Charge Surplus	-	-
Council Tax Surplus	-	-
Adj. Re previous years Community Charge	-	-
Balance carried forward	(54)	(81)
<b>Council Tax Requirement</b>	<b>31,562</b>	<b>29,877</b>

## Note 5 - Non Domestic Rates

Non Domestic Rates are organised on a national basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2006/07 the amount was 43.3p (42.2p = 2005/06). The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into an NNDR Pool administered by the Government.

The Government redistributes the sums paid into the Pool back to Local Authorities on the basis of a fixed amount per head of population. This is shown in the Income and Expenditure Account on page 30.

The total rateable value @ 31 March 2007 was £91,538,049 (31 March 2006 = £90,1551,580).

## Note 6 - Precepts & Demands

The following amounts were paid from the fund:

	<b>2006/07</b> <b>£ 000</b>	<b>2005/06</b> <b>£ 000</b>
City of Lincoln Council	5,017	4,750
Lincolnshire County Council	23,435	22,183
Lincolnshire Police Authority	3,110	2,944
<b>Total</b>	<b>31,562</b>	<b>29,877</b>





**SUBJECT:**            **AMENDMENTS TO APPOINTMENT OF MEMBERS:**

- CHAIRMAN/VICE CHAIRMAN TO COMMITTEES
- SUBSTITUTE MEMBERS
- REPRESENTATIVES ON OUTSIDE BODIES
- ADVOCATE MEMBERS

**REPORT BY:**        **CHIEF EXECUTIVE AND TOWN CLERK**

**LEAD OFFICER:**   **ALISON HEWSON, COMMITTEE SUPPORT OFFICER**

## 1. Purpose of Report

1.1 To agree amended Membership for the following areas:

- Members as Chairman/ Vice Chairman of Policy Review Scrutiny
- Substitute Members to Committees
- Members as representatives on Outside Bodies
- Advocate nominations

## 2. Background

2.1 At the Council's Annual Meeting, which took place on Tuesday 22 May 2007, appointments to Committees and Sub-Committees, Chairman and Vice-Chairman and representatives onto Outside Bodies were agreed for the current Municipal Year.

2.2 Clause 4 of the Council Procedures Rules, entitles both political groups to elect up to two substitutes per Committee.

2.3 Accordingly each political Group were invited at Annual Meeting on 22 May 2007 to make nominations for up to two Substitute Members per Committee to be given in writing to the Chief Executive and Town Clerk by 14 June 2007, which are submitted for approval of Council.

2.4 Subsequently, information has been received in relation to a number of the appointments and this has necessitated a number of changes to Membership, and the list of organisations the City Council is represented on.

2.5 Below are the proposed amendments to Committees and Sub Committees, Chairs and Vice Chairs schedule:

Committee and Role	Current Nomination	Proposed Nomination
Chairman, Policy Review Scrutiny Committee	Councillor A Kerry	Councillor R Hills

Vice- Chair, Policy Review Scrutiny Committee	Councillor R Hills	Councillor A Kerry
Members Investigating Committee	(Conservative Group nominations approved at Annual Meeting 22 May 2007)	Councillor Lee Councillor Murray Councillor Nannestad Councillor Taylor Councillor Charlesworth Councillor Coupland Councillor Brothwell <b>(Labour Group Nominations)</b>
Brayford Trust Board	Councillor D Grice	Councillor O Peeke

2.6 Below are the proposed nominations of Substitute Members to Committees:

<b>Committee</b>	<b>Substitutes Nominated</b>
Performance	Councillor Kerry (1 <sup>st</sup> sub) Councillor C Metcalfe Councillor Toofany (1 <sup>st</sup> sub) Councillor Hewson
Policy Development Scrutiny Committee	Councillor Hills (1 <sup>st</sup> Sub) Councillor Clark Councillor Toofany (1 <sup>st</sup> sub) Councillor Charlesworth
Policy Review Scrutiny Committee	Councillor S Grattrick (1 <sup>st</sup> Sub) Councillor C Metcalfe Councillor Nannestad (1 <sup>st</sup> sub) Councillor Smith
Planning Committee	Councillor C Metcalfe (1 <sup>st</sup> Sub) Councillor G Kirby Councillor R Metcalfe (1 <sup>st</sup> sub) Councillor Charlesworth
Licensing Committee	Councillor J Metcalfe (1 <sup>st</sup> Sub) Councillor K Weaver Councillor Taylor (1 <sup>st</sup> sub) Councillor Hewson
Standards and Audit	Councillor Hills (1 <sup>st</sup> Sub) Councillor D Grattrick Councillor Jackson Councillor West
Dawber Charity	Councillor Jackson (1 <sup>st</sup> sub) Councillor Smith
Corporate Equality and Diversity Development Group	Councillor Taylor (1 <sup>st</sup> sub) Councillor Toofany
City of Lincoln Council and Employee Joint Consultative Committee	Councillor Smith (1 <sup>st</sup> sub) Councillor Woolley

2.7 Below are the proposed amendments to the outside bodies schedule: -

<b>Outside Body</b>	<b>Nomination</b>
Drainage Board- Upper Witham	Councillor G Kirby Councillor R Hills Mr C Ireland Mr J Howie Mr R Hansard Ms P Isaac Ms V Lewis Mr D Hutchinson Mr A Bradley Mr K Mc Cartney
Drainage Board- Witham First	Councillor P Grice Councillor G Kirby Mr C Ireland Mr R Hansard
Drainage Board- Witham Third	Councillor P Grice Councillor G Kirby Mr C Ireland Mr R Hansard Ms P Isaac Mr J Howie
Health Scrutiny Committee for Lincolnshire	Councillor Clark to replace Councillor Hills
Investors in Lincoln	Councillor Peeke Councillor Strengiel
Lincoln Business Improvement District	Councillor Peeke to replace Councillor Grattrick
Lincolnshire Enterprises	Councillor Peeke to replace Councillor D Grice
Lincoln Water Front Festival	Councillor Hills to replace Councillor Bodger

2.8 Below are the proposed Advocate nominations for

<b>Advocate</b>	<b>Nomination</b>
Historic Environment Advocate	Councillor Peeke
Design Advocate	Councillor D Grattrick
Sustainability Advocate	Councillor Y Bodger
Children and Young People Advocate	Councillor D Grice

### **3. Equality Implications**

- 3.1 Representation by Members of the Council on trusts/outside bodies ensures that the Council's social inclusion and equality agendas are cascaded through organisations both within and outside the City.

### **4. Legal Implications**

- 4.1 As referred to in the Constitution it is the function of Council to receive nominations of Councillors to serve on outside bodies/trusts.

### **5. Financial Implications**

- 5.1 None arising from this report.

### **6. Recommendation**

- 6.1 That amendments be made to the appointments list in accordance with 2.5 - 2.8 above.

#### **List of Background Papers:**

##### **Lead Officer:**

Alison Hewson  
Telephone 873370

In accordance with Paragraph 4(5) of Schedule 12 of the Local Government Act 1972, the Chair has agreed that the following item can be considered at this meeting.

**ADDENDUM TO ITEM NO. 10**

**COUNCIL**

**26 JUNE 2007**

<b>SUBJECT:</b>	<b>MEMBERSHIP OF LINCOLN WATERFRONT FESTIVAL AND LINCOLN CHRISTMAS MARKET MEMBER STEERING GROUPS</b>
<b>REPORT BY:</b>	<b>DEPARTMENT OF DEVELOPMENT AND ENVIRONMENTAL SERVICES</b>
<b>LEAD OFFICER:</b>	<b>R. BRADLEY, ECONOMIC SUSTAINABILITY AND TOURISM SERVICES MANAGER</b>

**1. Introduction**

- 1.1 At the Annual Meeting on 22 May 2007 the Council appointed representatives to serve on the member steering group for the Waterfront Festival. These Members were Councillors Peeke, Hills, Jones, Kerry, P. Grice and Weaver.
- 1.2 Subsequently, Councillor Bodger replaced Councillor Hills.
- 1.3 In recent weeks, it has also been agreed to set up a Member Panel to review the future direction of the Christmas Market, and the Members nominated to serve on this panel are Councillors Peeke, Bodger, D. Grice and Weaver
- 1.4 Given that the two groups will consider similar issues, such as how each event can contribute to the Council's main aims, and how each event will achieve financial sustainability, it has been agreed with Councillor Peeke, as Portfolio Holder for both events, that it would be preferable to have one Member steering group which undertook a consistent review of both events.

**2. Recommendation**

- 2.1 Council is recommended to combine the Waterfront Festival and Christmas Market Member Panels into one Steering Group, and approve the appointment of Councillors Peeke, Bodger, D. Grice and Weaver to serve on this combined Group.

**List of Background**

**Papers:**

**Lead Officer:** Rob Bradley  
Telephone 873514

13.	<p><b><u>Lincoln Christmas Market 2007 – Fees and Charges</u></b></p> <p><u>Purpose of Report:-</u></p> <p>To request the Executive to recommend to Council for approval fees and charges and a budget strategy for the Lincoln Christmas Market.</p> <p><b><u>Decision:-</u></b></p> <ol style="list-style-type: none"> <li>1. That the schedule of fees and charges as detailed in Appendix A to the report be referred to Council for approval.</li> <li>2. That the budgetary projection set out in Appendix B to the report be noted and Council be recommended to approve a variation to the Medium Term Financial Strategy and approve the allocation of £90,820 from balances to fund the anticipated shortfall on the 2007 Market.</li> </ol> <p><u>Alternative options considered and rejected:-</u></p> <p>The report referred to a range of options, including partnering and sponsorship income and the broader range of anticipated costs required to stage the 2007 market to take account of the actual levels of expenditure incurred in 2006/07 as opposed to those budgeted for.</p> <p><u>Reason for Decision:-</u></p> <p>The Council's 5 Year Medium Term Financial Strategy approved on the 6 March 2007 assumed a net surplus of £14,570 on the 2007 Market. The projected call on balances of £90,820 is contrary to this Strategy and the variation requires the approval of Council.</p>
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**SUBJECT:            SCRUTINY ANNUAL REPORT TO COUNCIL**

**REPORT BY:        CHAIRMAN, SCRUTINY LIAISON COMMISSION ON BEHALF  
OF PERFORMANCE, POLICY DEVELOPMENT AND POLICY  
REVIEW SCRUTINY COMMITTEE**

**LEAD OFFICER:    AMY ROSEWALL AND HEATHER GROVER,  
POLICY SCRUTINY OFFICERS**

**1.     Purpose of Report**

1.1    To present to Council the first Scrutiny Annual Report.

**2.     Background**

2.1    The Constitution states that the scrutiny committees should report annually to Council. Individual Chairs of the Committees provided reports during the last municipal year, and the attached Scrutiny Annual Report (**Appendix A**) now summarises the work of the three committees.

2.2    Following presentation to Council the Annual Report will be published in a professional format for circulation to councillors, stakeholders, witnesses, members of the public, and any other interested person or group. It will also be available on the Council's website.

**3.     Equality Implications**

3.1    There are none at this stage

**4.     Legal Implications**

4.1    There are none at this stage

**5.     Financial Implications**

5.1    There are none at this stage

**6.     Recommendation**

6.1    That Council note and comment on the Scrutiny Annual Report.

**List of Background**

**Papers:**

**Lead Officer:**

Amy Rosewall, Policy Development Scrutiny Officer  
Telephone 873325  
Heather Grover, Policy Review Scrutiny Officer  
Telephone 873326

## **Appendix A**

# **CITY OF LINCOLN COUNCIL SCRUTINY ANNUAL REPORT 2006-07**



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Overview and Scrutiny at Lincoln

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Scrutiny Development

Appendix 1: Scrutiny Task Group Membership 2006-07

## **Foreword**

This is the first annual scrutiny report produced by Lincoln City Council, providing information on the background to scrutiny during this period, as well as the work undertaken by the three committees. As Chair of the Scrutiny Liaison Commission (SLIC) 2006-07 I have been asked to provide a foreword for the report.

Members will be aware that the municipal year 2006-7 saw the introduction of new arrangements for Scrutiny. Three Committees were appointed, these were Policy Development O/S Committee, Policy Review O/S Committee and Policy Performance O/S Committee. Prior to this committee's had been aligned to particular service areas.

Speaking as a Member and as a new Chair of one of these committees I would say that the new arrangements took a little getting used to. Initially there was no dedicated Officer support, but at the beginning of November two new Scrutiny Support Officers were appointed. I would at this point like to express my grateful thanks to all Officers who provided me with support and guidance; their help was invaluable.

Throughout the municipal year the help and support received from Officers such as Simon Walters, Anne Brown and John Latham, Amy Rosewall and Heather Grover, the two new Scrutiny Support Officers, Charlie, Alison, Rob, and of course Steve Swain in committee support, made the smooth running of the new arrangements possible. I would also like to thank my fellow Chairs of Committee, Cllr Pete West and Cllr Morris Cookson, both of whom put a lot of time and effort into their committee work.

As a Chair I felt somewhat frustrated at times that the new arrangements got off to a slow start, but as time progressed I was reassured that we were getting used to a new way of working and I think that we made a valuable contribution to the work and achievements of the City Council during the past year. I felt that on the whole Members worked hard and there was cross-party support for the work programmes we undertook.

There were lessons that I felt we learned. I felt strongly that we needed to have meetings of sub-groups timetabled at the beginning of the municipal year and regular updates regarding their progress, to avoid some of the problems with "slippage" that became evident as the year drew to a close. I think that it must be ensured that effective communication is maintained between Scrutiny and different service areas of the City Council. On reflection I think that we should have held more SLIC meetings, I would suggest at least quarterly, with extra meetings as necessary would be appropriate.

I felt that taking meetings out of City Hall and into the heart of the City ensured that public participation was enhanced, and feel that better publicity regarding those meetings would further promote public participation. In the future we need to both learn from those lessons and build on our successes.

**Cllr Karen Lee**

Chair SLIC 2006-07

## **Introduction**

The way in which councils manage their business changed with the Local Government Act 2000. Like many other councils across the country the City of Lincoln Council now operates an Executive system with a Leader. Most of the decision-making has been transferred to the Executive, comprising a small group of six Members.

To balance this concentrated decision-making process the Act also introduced scrutiny into local government, and councils must now have a scrutiny structure in place. This provides the opportunity for back-bench Members to challenge decisions made by the Executive, as well as to help the Executive in developing new policies. It can be a powerful tool to ensure the Council is offering value for money, and that good practice and the views and concerns of the local community are embraced in the Council's decisions. Councils can also undertake external scrutiny, looking at services delivered by other agencies that have an impact on the well-being of the community.

Executive Members cannot be directly involved in scrutiny other than as witnesses. Nationally it is recommended that good scrutiny should be non-political, based on evidence, and offer back-bench Members from all parties an opportunity to participate.

## **Overview and Scrutiny at Lincoln**

The new scrutiny structure at the City of Lincoln Council consists of three scrutiny committees and was introduced in May 2006. The three committees are Performance Scrutiny, Policy Review Scrutiny and Policy Development Scrutiny. The work of these committees is co-ordinated by the Scrutiny Liaison Commission, which brings together the Chairs of the Scrutiny Committees, Leader, Deputy Leader and Opposition Leaders and ensures there are no overlaps and that the scrutiny arrangements are working effectively.

Meetings for each committee are held approximately every six weeks, although additional meetings are scheduled in as required.

## **Scrutiny Liaison Commission**

Chair: Councillor Karen Lee

In 2006-07 the Scrutiny Liaison Commission met on two occasions. At the second meeting Members considered the work programme for the forthcoming year and prioritised topics.

The list of topics had been put forward by Members and officers and included issues that had been identified during public consultation.

## **Performance Scrutiny Committee**

Chair: Councillor Peter West  
Lead Officer: Simon Walters

Performance Scrutiny Committee monitors and scrutinises both the performance and financial targets of the Council, making suggestions for officer-led performance clinics and receiving reports from the portfolio holders.

The Committee met on eleven occasions. It received information on all aspects of performance including performance indicators, major projects, complaints, and financial reports. The Committee also received reports on customer satisfaction, sickness, data quality, Best Value actions, the Corporate Performance Assessment action plan and the Operational Services Division Annual Report. Members commented on reports as appropriate and made recommendations for action where performance was below target. During the year all portfolio holders made presentations to the Committee and were questioned by Members.

### Performance Clinics

Where performance is consistently below target Members may recommend to Corporate Management Team the setting up a performance clinic. In 2006-07 one performance clinic was established and this was on homelessness. Performance clinics are officer led groups with Member representation. The group consists of officers from within the service with other officers offering peer challenge.

The Homelessness Clinic was set up primarily to assess ways of reducing the time spent in hostel and bed and breakfast accommodation. It also led to an investigation of the reasons for homelessness and at ways of preventing it. It met on four occasions to assess need, look at the number of properties available and then develop an action plan. The action plan was then approved by CMT and subsequently presented to the Committee for comment and monitoring. Members continued to monitor action plans on previously undertaken performance clinics on sickness and council tax during the year.

## **Policy Review Scrutiny Committee**

Chair: Councillor Morris Cookson  
Lead Officer: Anne Brown  
Scrutiny Support Officer: Heather Grover

Policy Review Scrutiny Committee looks at areas within the Council where policies need reviewing to reflect changed objectives, and challenges the Executive by calling-in decisions or items on the Forward Plan. Members undertake post implementation reviews to help learn lessons for the future.

The Committee met on eleven occasions during the year, and looked at a wide range of topics. Topics ranged from presentations to the committee

followed by general discussion, to an in depth post implementation review spread over several meetings including a visit and questionnaire. In addition one Scrutiny Task Group was established to undertake an in depth review. The following table gives further details.

<b>Topic</b>	<b>Format of Review</b>	<b>Outcome</b>
Western Growth Corridor	Paper to Committee outlining the seven objectives regarding the Western Growth Corridor.	After commenting on the objectives, Members agreed support.
PIR (Post Implementation Review) of Urban Developments	Initiated by an update of the Western Growth Corridor. Consisted of presentations and discussion at five PRSC meetings and a site visit by Committee members. A questionnaire survey of all residents of the two areas under consideration was also undertaken.	Detailed report to Executive containing recommendations for future urban developments, including Western Growth Corridor. This was subsequently endorsed by Executive.
Best Value Review of Cultural Services and Leisure Strategy	Two presentations to Committee by the Project Officers, followed by discussion. The Review and Leisure Strategy are running side by side and are both due to be completed in March 2008.	Comments made by Members has been fed into the BVR process, and comments on the Leisure Strategy noted.
Review of Allotments	Scrutiny Task Group appointed to undertake in depth review. This Group took over the work of an earlier Member Working Group chaired by the portfolio holder. Three representatives of allotment holders also participated in the Group	Detailed report, agreed by Committee forwarded to Executive. This was subsequently endorsed by Executive with some amendment. Implementation will be monitored by the Committee
Housing Business Plan	Presentation to Committee, followed by discussion.	Comments by Members noted for action as appropriate.
Risk Management	Dedicated Committee meeting in workshop format, at which Members were introduced to the City Council's risk management model and their role as a scrutiny committee.	Review of Corporate Risk Register, with recommendations to Executive.

PIR Wheeled Bins and Street Cleansing Contract	Presentation to Committee, followed by discussion.	Comments by Members noted for action as appropriate. Agreed that the Committee should continue to monitor implementation and requested a further report in March 2008.
Forward Plan	Regular agenda item. No additional items not already under consideration by a scrutiny committee were considered	

### Call ins

Policy Review is the Scrutiny Committee with responsibility for considering decisions made by Executive that at least two Members have asked to be called in for further work before implementation. In 2006-07 there was one request for a call-in. The subject of the call-in was an item in the Housing Revenue Account Business Plan restructure of the housing service, in respect of provision at the Birchwood and St Giles Estates.

### **Policy Development Scrutiny Committee**

Chair: Councillor Karen Lee  
Lead Officer: John Latham  
Scrutiny Support Officer: Amy Rosewall

Policy Development Scrutiny Committee assists with developing new policy and takes a more outward focussed look at issues of concern to members of the community. As part of this Members include in their work programme 'themed debates' on topical issues.

The Committee met on ten occasions during the year, and established three Scrutiny Task Groups to undertake in depth reviews. Members considered the Local Area Agreement on various occasions as well as receiving information from the Partnership Monitoring Group and on Local Development Framework. In addition it held three 'themed debates'. Further details are given below.

<b>Topic</b>	<b>Format of Review</b>	<b>Outcome</b>
Local Area Agreement (LAA) and Lincoln Community Plan	Received update reports on details of, and progress towards, the agreement	Reports noted.
Partnerships	Presentation on the Council's partnership monitoring arrangements and the role of the Committee in this.	Agreed that future minutes of the Partnership Monitoring Group go to the Committee for information.
Local Development Framework (LDF)	Received a report on the implications of the outcome of the first public examinations of a LDF in the country.	Report noted.
Affordable Housing	A scrutiny task group was set up and met on three occasions. Several presentations were made by officers and research undertaken.	It was agreed that officers were already adequately addressing the matter. The group's findings were endorsed by Committee and forwarded to Executive.
Neighbourhood Management	The scrutiny task group met on occasions. In addition it held a stakeholder day with presentations from ? partner organisations, and also visited other neighbourhood management initiatives in Mansfield and Bassetlaw.	A large amount of information was gathered and the group produced an interim report to Committee, which included the recommendation that it continue its work in the next municipal year. The report was forwarded to Executive for consideration and proposals accepted.
Healthy Communities	This was a wide ranging topic area and therefore Members agreed to focus on sport and activity. The task group held meetings. Several officers attended meetings to provide evidence.	An interim report was endorsed by the Committee and forwarded to Executive. The group recommended continuing the investigation, refocusing on other aspects of healthy communities.

### Themed debates

A number of themed debates were organised to raise awareness of topics, stimulate discussion and provide an opportunity for Members and the public to ask questions. Themed debates are held at venues outside of City Hall and proactively advertised to encourage public participation.

<b>Topic</b>	<b>Presenter</b>	<b>Summary</b>
Community Cohesion	John Latham, Head of Community Leadership and Social Sustainability, City of Lincoln Council, Sidney McFarlane, MBE, Executive Committee Member, Lincolnshire Race Equality Council	Held in the Drill Hall. The presentations provided background information on community cohesion and the Lincolnshire Race Equality Council as well as information on current issues and initiatives.
Children and Young People	Simon Payne, Head of Service, Children's Trust Arrangements, Lincolnshire County Council.	Held in the Joseph Ruston Technology College. The presentation was on Universal Children's Services and outlined the arrangements that would need to be in place by 2008. This included the role of Districts and also how provision would be extended up to the period 2010.
Anti Social Behaviour (ASB)	Angie Beal, ASB Coordinator, Lincoln City Council. PC Mike Kelly, Lincolnshire Police Inspector D Legg, Lincolnshire Police and Carolyn Wheeler, Legal Services Manager, Lincoln City Council	Held at the Drill Hall. The presentations covered various aspects of ASB, including the work of the ASB team at City Hall, the work by the Police in relation to ASB and the Licensing Act.

## Scrutiny Development

Scrutiny at Lincoln has seen significant development over the past year. In the Autumn two dedicated scrutiny officers arrived in post, and this has provided the necessary support for Members to undertake in depth reviews.

Further developments have included the production of this first Scrutiny Annual Report, establishment of Scrutiny pages on the authority website and the production of a Scrutiny Handbook designed as a guide for Members, officers, witnesses and anyone else interested in scrutiny at the City of Lincoln Council.

Now that scrutiny has undertaken a number of in depth reviews with recommendations made, and accepted by Executive, there will be a need to include within the work programme monitoring of implementation of these



agreed recommendations. Details of how this will be done will be included in the Scrutiny Handbook.

A new mechanism for developing the annual scrutiny work programme was also introduced, and this will need to be developed further over the coming year in consultation with the Scrutiny Liaison Commission. In addition, a full evaluation of how well the current system is working should be undertaken during 2007/8.

During the year approximately 20 Members participated in scrutiny training. This took the form of an Overview and Scrutiny Workshop organised by I&DeA. In order to get the most out of scrutiny it is important that Members receive adequate and appropriate training, and this will be provided with the new member induction training as well as in specific scrutiny training sessions. In April 2008 there will be an enhanced role for scrutiny with the introduction of the 'Community Call for Action', and this will require additional training for both officers and Members.

**Healthy Communities**

Councillor Cookson (Councillor until May 2007)  
Councillor Hewson  
Councillor Quinton (Chair) (Councillor until May 2007)  
Councillor Wells (Councillor until May 2007)

**Allotments**

Councillor Brothwell  
Councillor D Grice  
Councillor Hewson  
Mr Cordingley (allotment holder)  
Mr Ledger (allotment holder)  
Mr Thompson (allotment holder)

**Neighbourhood Management**

Councillor P Grice  
Councillor Lee (Chair)  
Councillor Quinton (Councillor until May 2007)  
Councillor D Grattrick  
Councillor Wells (Councillor until May 2007)  
Councillor Brothwell

**Affordable Housing**

Councillor Hewson (Chair)  
Councillor Coupland  
Councillor D Grice  
Councillor Peeke  
Councillor West

**PIR Sustainable Urban Communities (PRS Committee)**

Councillor Cookson (Chair) (Councillor until May 2007)  
Councillor Wells (Councillor until May 2007)  
Councillor Coupland  
Councillor Ellis (Councillor until May 2007)  
Councillor Jackson  
Councillor J Metcalfe  
Councillor Quinton (Councillor until May 2007)  
Councillor Robinson  
Councillor Spratt  
Councillor Strengiel  
Councillor Woolley