

Minutes of a meeting of the Constitution Committee held at County Hall, Glenfield on Friday, 30 June 2006.

PRESENT

(none) (in the Chair)

Mr. S. J. Galton CC
Mr. M. B. Page CC
Prof. M. E. Preston CC

Dr. M. O'Callaghan CC
Mr. D. R. Parsons CC

1. Appointment of Chairman

That Mr D R Parsons CC be appointed Chairman of the Constitution Committee for the period ending with the date of the Annual Council meeting in May 2007

Mr D R Parsons CC – in the Chair

2. Appointment of Deputy Chairman.

That Mr N J Rushton CC be appointed Deputy Chairman of the Constitution Committee for the period ending with the date of the Annual Council meeting in May 2007

3. Minutes.

The minutes of the meeting of the Constitution Committee held on 8 May 2006, were taken as read, confirmed and signed as a correct record.

4. Question Time.

The Chief Executive reported that no questions had been asked under Standing Order 35.

5. Questions asked under Standing Order 7(3) and (5).

The Chief Executive reported that no questions had been asked under Standing Order 7(3) and 7(5).

6. To advise of any other items which the Chairman has decided to take as urgent.

There were no items of urgent business.

7. Declarations of Interest.

Dr. M. O' Callaghan, CC and Mr. M. B. Page, CC declared personal non-prejudicial interests in respect of the item entitled Statement of Accounts

2005/06 (minutes 50 refers) as non-executive members of PCTs.

8. Statement of Accounts for 2005/06.

The Committee considered a report of the Director of Resources presenting the Statement of Accounts for 2005/06. A copy of the report marked 'B' is filed with these minutes. The Head of Finance in his introduction highlighted some minor changes to the accounts arising from further work completed on the new Trent payroll system and the Court of Appeal decision on Job Evaluation. He said it was possible further minor adjustments arising from Trent introduction would result from the External Audit report.

Arising from discussion, the following points were raised:

(i) Job Evaluation

The Committee was advised that the Statement of Accounts would be amended in light of the outcome of the recent Court of Appeal decision against the County Council in relation to the implementation of Job Evaluation.

Members queried whether the provision of £4.5m would be adequate to meet the costs of implementing the Tribunal decision. The Committee was advised that there was some uncertainty as to how this should be calculated and it was felt that the provision of £4.5m would be sufficient to cover the worst case scenario.

(ii) Landfill Allowance

In response to a question, the Committee was informed that landfill allowances were issued to local authorities to allow waste to be put to landfill. In 2005/06 Leicestershire County Council had been allocated an allowance of £3.7m and it was anticipated that £3m of this would be utilised. The balance of £700,000 had been set aside and was presented on the balance sheet as a non cash backed reserve.

Over time landfill allowances would reduce whilst at the same time it was expected that waste production would increase. It was expected that with the reserves there would be sufficient allowances up to 2008/09 but there would be a major problem for 2009/10 unless action was taken.

(iii) County Fund

Members sought clarification as to the adequacy of the level of County Fund. It was reported that the County Fund was £7.4m as at the end of 2005/06 assuming all carry forwards of underspend were approved. The County Fund was currently 2.4% of net expenditure (excluding schools) which was in the target range of 2% to 3% based on an assessment of the risks.

Members queried what sort of risks the Authority needed to take into account in this calculation and were informed that the biggest financial risk that the Authority faced was in regard to demand led budgets, particularly in respect of Learning Disability services. Other risks which might lead to a shortfall included pooled budgets with health authorities and savings not being achieved.

(iv) Pooled Budgets

Members queried risks surrounding pooled budgets with the NHS and were informed that in respect of last years accounts contributions had been agreed and no major problems were expected. Moving forward joint arrangements with the NHS was considered a risk and would be kept under review.

(v) Borrowing

Members questioned the large increase in long term borrowing and were informed that advantage had been taken of historically low interest rates to borrow for the 2006/07 programme. When deciding to borrow the County Council took advice from its Treasury Management advisor, SECTOR. There was no negative impact in respect of the Authorities revenue account as the advance borrowing would earn interest until it was utilised.

A query was raised about whether the County Council's average long term borrowing rate was favourable compared with other authorities. It was explained that this was difficult to assess because interest rate statistics ignored premia on debt rescheduling. The view from SECTOR was that our debt portfolio compared favourably with their many other local authority clients.

RESOLVED:

That the Statement of Accounts for 2005/06 be approved.

3.00pm to 3.25pm
30 June 2006

CHAIRMAN

