



# AGENDA

For a meeting of the
<b>CONSTITUTION AND ACCOUNTS COMMITTEE</b>
to be held on
<b>THURSDAY 20TH OCTOBER 2005</b>
at
<b>2.30 PM</b>
in
<b>COMMITTEE ROOM 1, COUNCIL OFFICES, ST PETER'S HILL, GRANTHAM</b>
Duncan Kerr, Chief Executive

Panel Members:	Councillor Reg Lovelock M.B.E. (Vice-Chairman), Councillor Peter Martin-Mayhew, Councillor Mrs. Linda Neal (Chairman), Councillor John Wilks and Councillor Mike Williams
Committee Support Officer:	Lucy Bonshor 01476 406120 l.bonshor@southkesteven.gov.uk

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

**1. MEMBERSHIP**

The Chief Executive to notify the Committee of any substitute members.

**2. APOLOGIES**

**3. DECLARATIONS OF INTEREST**

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

**4. MINUTES OF THE MEETING HELD ON 26TH JULY 2005**

(Enclosure)

**5. CIVIC BUDGET**

The Corporate Manager Democratic and Legal Services to present an oral report on the current budget position.

**6. RECOMMENDATIONS RECEIVED FROM THE SCRUTINY CO-ORDINATING GROUP**

Report DLS50 from the Corporate Manager Democratic and Legal Services.

**(Enclosure)**

**7. ANY OTHER BUSINESS, which the Chairman, by reasons of special circumstances, decides is urgent**



# MINUTES

CONSTITUTION AND ACCOUNTS  
COMMITTEE  
TUESDAY, 26 JULY 2005

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## COMMITTEE MEMBERS PRESENT

Councillor Reg Lovelock M.B.E. (Vice-Chairman)  
Councillor Peter Martin-Mayhew  
Councillor Mrs. Linda Neal (Chairman)

Councillor John Wilks  
Councillor Mike Williams

## OFFICERS

Corporate Manager Democratic and Legal Services  
Principal Accountant  
Finance Assistant – Sam Pulford  
Accounting Assistant – Tina Jackson  
Civic Support Officer (Minute 5)  
Committee Support Officer

## OTHER MEMBERS

Councillor J A Kirkman (Minute 5)  
Councillor G Taylor

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## COUNCILLOR C F BURROWS

The Chairman referred to the sad death of Councillor Fred Burrows who had been a member of the Council for many years and all those present at the Committee stood and held a minute's silence.

### 1. MEMBERSHIP

None.

### 2. APOLOGIES

None.

### 3. DECLARATIONS OF INTEREST

None declared.

### 4. MINUTES OF MEETING HELD ON 4TH APRIL 2005

The Minutes of the meeting held on 4th April 2005 were confirmed as a correct record of the decisions taken.

## 5. CIVIC BUDGET

### Decision

#### *To note the report.*

The Corporate Manager Democratic & Legal Services submitted report CS1 which had been compiled by the Civic Support Officer. The report detailed the current position with regard to the Civic Budget and members were asked to note the contents of the report.

The Chairman of the Committee was pleased that the budget was on target and that the current arrangements seemed to be working well after the difficulties experienced the previous year.

The Chairman of the Council asked if he could be permitted to speak and said that the current secretarial support and assistance was exemplary and the travel arrangements were working well. The company who currently held the tender for the chairman's travel arrangements gave a first class service.

## 6. AMENDMENTS TO CONSTITUTION

### Decision

***That the Constitution and Accounts Committee recommends to Council that Article 4.1(iii) be removed from the Constitution and amends section 2.4 of the Executive Procedure Rules in Part 4 of the Constitution to read as follows:***

***“All reports to the cabinet from any member of the cabinet or an officer on proposals relating to the budget and policy framework must contain details of the nature and extent of consultation with stakeholders and relevant development and scrutiny panels, and the outcome of the consultation. Unless in the case of urgency, the Cabinet will consult with the relevant development and scrutiny panel(s) on the following plans and strategies to be adopted by Cabinet as a matter of local choice:***

- ***Economic Development***
- ***Welland Economic Development Strategy***
- ***Housing Strategy***
- ***Tourism Strategy***
- ***Arts Strategy***
- ***Sports Strategy***
- ***Play Strategy***
- ***Cycling Strategy***
- ***Equal Opportunities Policy***
- ***Health and Safety Policy***

- **Data Protection Policy**
- **Freedom of Information Publication Scheme**
- **Environmental Health Services Enforcement Policy**
- **Regulation of Investigatory Powers Act Policy**
- **All other future plans and strategies that feature in the Forward Plan as Policy Framework Proposals not within the Council's Policy Framework according to Article 4.1 of this Constitution**

***Reports about other matters will set out the details and outcome of consultation where appropriate. The level of consultation required will be appropriate to the nature of the matter under consideration.***

Members had before them report DLS42 from the Corporate Manager Democratic and Legal Services. The report dealt with the strategy documents which were included within the Constitution at Article 4 as part of the Policy Framework of the Council. The report listed those plans and strategies that had to be included as a matter of statute and those as part of the local choice function. In practice all strategy and policy documents that appeared in the forward plan as Policy Framework Proposals were referred to the Council which had the effect of requiring the Council to consider a large number of policy documents. The Corporate Manager Democratic and Legal Services was asking for guidance from the Committee and had listed the options available within the report.

A short discussion followed in which the Corporate Manager Democratic and Legal Services referred to an e-mail that had been received from Councillor O'Hare in which he indicated that the Council should continue to look at all documents. Members of the committee disagreed with this and said that strategy and policy documents were circulated widely and discussed by relevant DSP's and members had the opportunity to comment on those of interest to them, the Council should be spending more time on other matters such as implementing the policies rather than formulating them.

Members agreed unanimously to only include those policy framework documents which have to be included by statute.

## **7. REVIEW OF STATUS OF MEMBERS ON OUTSIDE BODIES**

### **Decision**

***That the Corporate Manager Democratic and Legal Services write to all relevant members appointed to outside bodies as shown on Appendix 1 to report DLS41 with the inclusion of the Lincolnshire Local Government Association bringing to their attention the guidance of the Standards Board in relation to declarations of interest.***

The Corporate Manager Democratic and Legal Services submitted report DLS41 which concerned guidance published by the Standards Board relating to members who are appointed to outside bodies. Earlier in the year the

Corporate Manager Democratic and Legal Services had written to all Members of the Council and Parish Councillors with the following information which has been discussed at a meeting of the District Council's Standards Committee.

*"If you are a member of the public authority, either a Parish, Town or District Council and you sit on an outside body, then you are quite entitled to report back to your Council on the activities of that body and provided that you declare a personal interest you can speak and vote.*

*You can take part in general discussions about matters that could affect that body in an indirect way.*

*However, if the authority or Council on which you are a member is to make a decision that directly affects the financial position on the outside body on which you sit, or its assets, then that is a prejudicial interest which should be declared as a prejudicial interest and the member concerned should then leave the meeting and take no part in the decision of the Council."*

He highlighted the change that had been made with regard to the declaration of interests when financial matters relating to specific bodies of which they had a controlling vote were being discussed by council and although he had previously circulated the information, he asked the Committee's views on whether he should bring it again to members attention especially those indicated on the appendix attached to report DLS41 as they had controlling or management positions on the relevant body. He added that the Lincolnshire Local Government Association should have been included on the list.

Questions were asked about declaring an interest and various scenarios were presented to which the Corporate Manager Democratic and Legal Services advised that if in doubt it was better to declare an interest. Members agreed unanimously that the Corporate Manager Democratic and Legal Services write again to those members listed on appendix 1.

## **8. TREASURY MANAGEMENT ACTIVITY 2004/2005**

### **Decision**

#### ***To note the report.***

The Corporate Director Finance & Strategic Resources submitted report FIN240 for members' information. The report covered treasury management which was the term used to cover the Council's borrowing and investment strategies. The Corporate Director Finance & Strategic Resources highlighted various points within the report such as the interest rates and the short term investment rates. He also drew members' attention to the change in account from the Alliance and Leicester to NATWEST as the rates for the account were much better for short term funds which required immediate access. No long-term loans were required in 2004/05.

As part of the medium term financial planning and budget process a review of Treasury Management objectives were undertaken which involved the assessment of the capital programme requirements and the review of the debt free status objectives. The aims of which were ensuring Treasury Management is best used to facilitate the Council's overall objectives. In the future decisions on borrowing will be based on affordability and the impact on the council taxpayer.

## **9. STATEMENT OF ACCOUNTS 2004/05 UPDATE**

### **Decision**

***That the 2004-2005 Statement of Accounts be approved.***

The Principal Accountant circulated to members a copy of the Statement of Accounts for 2004-2005. He reported that the accounts were subject to internal audit.

The Corporate Director Finance & Strategic Resources introduced members to the Statement of Internal Control. He explained that the Statement was based on a process designed to identify and prioritize the risks to the achievements of the Council's policies, aims and objectives to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The Chief Executive and Leader have responsibility for signing off the Statement of Internal Control.

The Corporate Director Finance & Strategic Resources then went through the statement in detail. Sections were split into the Internal Control Environment which covered the councils priorities and objectives, policy and decision making, compliance, best value, financial management and performance management. The Review of Effectiveness of the system of Internal Control was also highlighted together with the work undertaken on the Action Plan for 2003/04. The Corporate Director Finance & Strategic Resources referred to the CPA and the Benefit Fraud Inspectorate (BFI) which came in 3 to 4 times a year to check that the government money was being spent appropriately.

Corporate Director Finance & Strategic Resources explained that the key issue was strategic risk management and this had to be embedded into the Council's planning processes. The Council's Corporate Risk Register has been established and is being maintained and monitored by the CMT.

He then discussed the Action Plan Statement for 2005/06 and the issues that needed to be included which included Senior Managers taking ownership of HR and Finance issues within their sphere of activity, also a lot of work needed to be done with regard to strategic procurement and the risk management needed to be reviewed at operational level following an Audit Commission report.

He concluded by stating that risk management must be imbedded into the Council's process and procedures.

The Principal Accountant then guided members through the remainder of the Statement of Accounts. He informed members of statutory requirements to produce a Consolidated Revenue Account, which combined both the General Fund and the Housing Revenue Account. However, to assist members, The Principal Accountant had produced a separate statement for the General Fund and the Housing Revenue Account in the traditional budget book format. The aim being to allow members to identify variances on each Council service.

The Principal Accountant then went through the Statement and supporting information.

### Page 1 - General Fund Revenue Account

The Principal Account highlighted the main points:

Line 9 – The Total Service Cost was £573,000 less than projected.

Line 14 – The Net Operating Expenditure was £964,000 less than projected.

As a result of the underspend decisions concerning financing of Capital expenditure and movement on reserves decisions were taken. These were explained to members.

The surplus on the General Fund for the year was £549,000 leaving working balances of £3,097,000.

### Pages 2/8 – Development Scrutiny Panel Service Heads

These pages detailed the spending in areas under each DSP's remit.

A member asked a question with regard to page 8 of the pack which concerned Special Expense Areas to which the Principal Accountant responded.

### Housing Revenue Account (HRA)

The majority of the total income of £17,527,000 came from council house rents.

Total expenditure amounted to £30,243,000 of which the major element was Capital Charges (Cost of Capital). This is a charge made to the HRA for the cost of capital based on 3<sup>1</sup>/<sub>2</sub>% of balance sheet value of Housing Assets. The Principal Accountant explained that whilst Capital Charges had to be charged as expenditure to the HRA they must have no impact on Council rents and therefore this amount had been reversed out of the accounts and replaced with the actual interest payable to the Public Works Loan Board based on housing debt.

There was a £14,000 surplus after financing capital expenditure in the sum of £475,000 leaving a working balance of £4,478,000 as at 31st March 2005.

### Collection Fund Income and Expenditure Account

This account represented the statutory requirements for billing authorities to maintain a fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Business Rates on behalf of those bodies for whom the income has been raised. The balance at the end of the year stood at £803,000. The majority of this would go to Lincolnshire County Council with the District Council's element being about 10%, £80,000.

A question was asked about the inclusion of the parish element within the Councils call on the Collection Fund of £5,417,000 to which the Principal Accountant said that yes it was included.

### Consolidated Balance Sheet

This was the most important statement which showed the major elements of the Council's business. The council had approximately £423,000,000 of tangible fixed assets, £369,450,000 of which was council dwellings.

The Principal Accountant directed Members attention to the level of investments i.e. £29,000,000 and pension liability and Reserve. This represents our share of the Lincolnshire County Pension Fund. The deficit had increased from £9m to £16.745m. He explained that assumptions used in valuation were the main reason for the movement.

He then guided Members through the Fixed Asset Restatement Account, Capital Financing Account and all other Reserves reported in the Balance Sheet. He made reference to an analysis of Specific Reserves and Working balances allowing a greater understanding of the Council's financial position at 31 March 2005.

### Capital Programme

Capital Activity is shown the notes to the Consolidated Balance Sheet. The Principal Accountant produced a capital expenditure and financing statement to allow for a scheme-by-scheme analysis.

The total capital expenditure was £7,976,000, £34,000 less than projected. An analysis of the projects were shown separately for housing and for other services. A question was asked about Aire Road to which the Principal Accountant replied that there had been slippage but this would be reflected in the 2005/06 accounts.

The Corporate Director Finance & Strategic Resources congratulated the Principal Accountant and his team for all the hard work that had been put in to complete the accounts on time especially with the deadlines getting tighter and tighter. He felt that the accounts presented a true and fair picture for 2004/05.

Members thanked the Principal Accountant and his team for all the work that had gone into the accounts and the tight timescales that they now had to adhere to.

The Principal Accountant recommended that the Committee approve the Statement of Accountants for 2004/2005.

Comments were then made about certain aspects of the accounts and how with the systems that were now in place, budgets could be more effective and areas such as under spending could be tackled earlier on in a year. The service plans for each area of the council would help with the active management of the accounts. It was agreed that a meeting to look at the accounts in detail was not required and members voted unanimously to approve the accounts.

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

None.

**11. CLOSE OF MEETING**

The meeting closed at 12.10pm.

<h2 style="margin: 0;">REPORT TO CONSTITUTION AND ACCOUNTS COMMITTEE</h2>
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REPORT OF:     NICK GODDARD  
                   CORPORATE MANAGER DEMOCRATIC AND  
                   LEGAL SERVICES (MONITORING OFFICER)

REPORT NO.     DLS50

DATE:           7th OCTOBER 2005

<b>TITLE:</b>	<b>RECOMMENDATIONS FROM THE SCRUTINY CO-ORDINATING GROUP</b>
<b>FORWARD PLAN ITEM:</b>	N/A
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	N/A
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A

<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	COUNCILLOR PAUL CARPENTER
<b>CORPORATE PRIORITY:</b>	CORPORATE GOVERNANCE
<b>CRIME AND DISORDER IMPLICATIONS:</b>	N/A
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	N/A
<b>BACKGROUND PAPERS:</b>	MINUTES OF SCRUTINY CO-ORDINATING GROUP

## **1. INTRODUCTION**

- 1.1 At the meeting of the Scrutiny Co-ordinating Group held on the 3rd October 2005 members discussed the right of Chairman and Vice-Chairmen of Development and Scrutiny Panels to attend Cabinet meetings.

## **2. DETAILS OF REPORT**

- 2.1 The Scrutiny Co-ordinating Group reviewed the relevant constitutional references to the attendance of Chairmen and Vice-Chairmen of DSPs to attend Cabinet meetings.
- 2.2 Members considered that the Constitution should be revised to ensure that it is the right of all Chairmen and Vice-Chairmen of DSPs to address the Cabinet on behalf of their Panel on any item of relevance to that Panel. There was also concern that a member could only speak before the Cabinet debated or discussed the item in question. Whilst agreeing that anyone wishing to speak should perhaps be time limited it was considered that Chairmen and Vice-Chairmen of all DSPs would benefit from being able to make remarks after the debate had commenced. It was agreed that it would be beneficial if Chairmen and Vice-Chairmen were given the opportunity to speak briefly at the beginning of the item and then sum up at the end, in a similar style as occurs in relation to a motion being put before a full Council meeting.
- 2.3 Members were also concerned that in relation to private Cabinet meetings the constitution confirmed that “where a matter under consideration at a private meeting of the Cabinet is within the remit of the DSP, the Chairman of that panel and/or the Vice/Chairman may attend that private meeting with the consent of the person presiding and speak if those present agree”. It was noted that DSP Chairmen were not informed of Private Cabinet briefings where items that would affect their panel were being discussed. The consensus view was that there should be a right for all Chairmen and Vice-Chairmen to speak at private Cabinet briefings on matters concerning their particular DSP. Concern was also expressed that Chairmen and Vice-Chairmen were unable to speak without the permission of those present. It was therefore suggested that the relevant wording be removed to read “the Chairman of that panel or the Vice-Chairmen may attend that private meeting and speak”.

## **3. RECOMMENDATIONS**

The Scrutiny Co-ordinating Group therefore recommends to request the Constitution and Accounts Committee to consider the following:-

- 3.1 That the right of Chairmen and Vice-Chairmen to attend open Cabinet meetings and speak on behalf of their DSP on relevant matters should be approved.

- 3.2 That provision for Chairmen and all Vice-Chairmen of DSP's should be made within the Constitution to allow them to speak at open Cabinet meetings before and after debate of a relevant item.
- 3.3 The right of all DSP Chairmen and Vice-Chairmen to speak at private Cabinet briefings on matters directly relevant to their DSP should be included in the Constitution in the terms provided at paragraph 3.3 above.

4. **CONTACT OFFICER**

Corporate Manager, Democratic and Legal Services 01476 406104  
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