

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 28 June 2006.

PRESENT: Councillor Clark (Chair), Councillors Elder, J A Jones, McPartland, Mawston, Mrs H Pearson and Porley.

OFFICIALS: B Baldam, J Bennington, R Brown, C Davies and S Goodhall.

**** DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

**** MINUTES**

The minutes of the meeting of the Corporate Affairs Committee held on 31 May 2006 were submitted and approved as a correct record.

STATEMENT OF ACCOUNTS 2005/2006

A report of the Director of Resources was presented regarding the draft Statement of Accounts 2005/06 a full copy of which had been provided to the Committee within the prescribed format and timeframe as previously instructed by the Committee. The Chair emphasised that it was the intention to ensure that such arrangements in particular the timeframe was maintained in subsequent years.

Details were given of the Statement, the main components of which were as follows: -

Appendix A – Consolidated Revenue Account, a summary of revenue costs incurred, and overall funding received by the Council, divided between the major Council services in accordance with the prescribed format;

Appendix B – Consolidated Balance Sheet which detailed the overall position, in respect of; the value of assets owned by the Council; the level of creditors; the level of debtors; and the level of provisions and balances maintained by the Council;

Appendix C – Housing Revenue Account a penultimate statement of the Council's housing revenue which included summary information on the outstanding income and expenditure items for the service that had been transferred to Erimus Housing in November 2004.

It was noted that the Statement of Accounts 2005/2006 was still subject to external audit by the District Auditor which was expected to be concluded in August 2006 following which a further report would be presented to the Committee.

Reference was made to the following key areas: -

a) Equal Pay:

- financial risk to the Authority arising from equal pay claims from current and previous employees
- the payments for claims that had been settled had continued to be capitalised and the costs of disputing the outstanding claims had been provided for in the 2005/2006 budget and the medium term financial plan;

b) FRS 17 & Net Pension Assets:

- in line with the FRS 17 disclosure, the Net Pension Asset as at 31 March 2006 was a liability of £144.36m which had decreased from a liability of £155.20m as at 31 March

2005 mainly as a result of changes to the Pension Funds investments primarily in stocks & shares and property reducing the amount of money that had to be set aside now to meet future benefits costs;

c) Job Evaluation:

- following an authority wide programme of job evaluation of all lower grade staff during 2004/2005, which formed the basis of a new pay and grading structure, staff re-graded to a higher level had their ongoing increase backdated to 1 January 2004 and staff re-graded to a reduced level received 100% protection during 20005/2006;
- the combined liability had cost several million, which had been provided for as part of the Council's medium term financial strategy.

In commenting on the complexities of the subject matter Members suggested that appropriate training be provided on the main facets of the Statement of Accounts. It was felt that the timing of such an event should take into consideration the local elections in 2007 and the invitation to participate should be extended to all Members of the Council.

Bearing in mind the CIPFA (Chartered Institute of Public Finance & Accountancy) guidance and ensuring that appropriate meaningful information was made available to members of the public it was suggested that: -

- a) that the brief summary of the audited Statement of Accounts be provided in a leaflet format to be circulated with the Middlesbrough News;
- b) that plain English be used and a simplified explanation given of the main components;
- c) that the summary together with the full Statement of Accounts be made available on the Council's website.

ORDERED as follows: -

1. That the 2005/2006 draft Statement of Accounts be approved.
2. That the suggested training as outlined be approved and the Member Development Working Group be asked to incorporate such training within the programme currently being developed.
3. That the proposed arrangements for publicising the summary of the audited accounts be approved.

PROCUREMENT FINANCIAL THRESHOLDS

A report of the Strategic Commissioning & Procurement Manager was presented which sought approval to a proposed revision of procurement financial thresholds and the introduction of a new category specific to the appointment of consultants in order to accelerate the process when seeking specialist advice and to take into account market rates.

It was pointed out that Consultancy in this case would be taken to mean the appointment of firms, partnerships or practices offering their collective professional skills on a contract basis and did not include agency or casual staff. A suggested guidance note for the use of Consultants, Agency workers, casual workers, temporary and fixed term employment was given in Appendix C of the report submitted.

To ensure that the use of consultants was monitored it was suggested that services should notify the Strategic Commissioning & Procurement Unit in advance of appointing consultants, which would allow the correct use and annual spend to be monitored and recorded.

Following consultation with other Tees Valley authorities it was noted that Stockton Borough Council used a separate category for the appointment of consultants at a figure approved by the

District Audit. A proposed revised Middlesbrough schedule was outlined in Appendix B of the report submitted.

It was confirmed that consultation had taken place with both Internal Audit and District Audit who had given written approval to the proposed thresholds and the introduction of a separate category.

Appendix A of the report submitted provided a comparison between the current Middlesbrough Financial thresholds required to trigger the appropriate procurement process for Goods and Services and other Tees Valley authorities. Appendix B of the report made proposals for revised Middlesbrough Financial threshold figures to be used when identifying the appropriate procurement route. It was suggested that the threshold figures were increased each year in line with the RPI figure and a complete review was carried out every third year.

In commenting on Appendix C of the report submitted relating to an extract from the recruitment and selection guidance for managers, Members specifically referred to the appointment of employees on a temporary basis.

In order to ensure greater stability Members expressed concern at the apparent number of staff who had been employed on a temporary basis for a significant period of time.

An indication was given that the number of HBS staff employed on a temporary basis was examined as part of the arrangements for the Annual Review of the Contract.

ORDERED as follows: -

1. That the revised thresholds as outlined in Appendix B of the report submitted be approved.
2. That the threshold figures are increased in line with RPI inflation figures each year, with a complete review every three years.
3. That approval be given to the establishment of a separate category for the appointment of consultants.
4. That services inform the Strategic Commissioning & Procurement Unit prior to the appointment of consultants.
5. That a review of the application of the revised thresholds for consultants is undertaken during 2007/2008.
6. That further information be provided by the Director of Human Resources regarding the extent to which and basis upon which staff were employed on a temporary basis.