

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 13 July 2011.

PRESENT: Councillor Clark (Chair), Councillors Hawthorne, McIntyre, P Purvis and M Saunders.

OFFICERS: B Baldam, S Harker, R Long and M Padfield.

AN APOLOGY FOR ABSENCE was submitted on behalf of Councillor Brunton,

**** DECLARATIONS OF INTEREST**

No Declarations of Interest were made at this point of the meeting.

****MINUTES**

The Minutes of the meeting held on 29 June were taken as read and approved as a true record.

DRAFT STATEMENT OF ACCOUNTS 2010/2011

The Deputy Director of Resources presented a report the purpose of which was for Members to receive and comment on the Middlesbrough Council Draft Statement of Accounts 2010/2011. The review of the Accounts by the Corporate Affairs Committee was intended to provide an opportunity for public scrutiny of the Council's financial statements and meet best practice requirements.

The Statement of Accounts included the accounts for the Teesside Pension Fund for which the Council was the Administering Authority.

The Statement of Accounts was a technical publication containing accounting statements prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain and the Statutory Accounts and Audit Regulations. The Statement of Recommended Practice (SORP) 2010/2011 further supported the accounting framework. The SORP was updated annually and specified the accounting principles and practices required to prepare a Statement of Accounts, which presented a true and fair view of the position of an Authority.

The 2010/2011 Statement of Accounts had been prepared in compliance with International Financial Reporting Standards (IFRS). The 2010/2011 SORP was based on International Financial Reporting Standards (IFRS). The introduction of IFRS had significantly changed the way that the Council's accounts were prepared and a large number of areas had been subject to different accounting treatments to that under the old SORP.

The Deputy Director of Resources gave a detailed explanation of the key accounting changes impacting on the Council. A review of the financial year and the impact on Middlesbrough of the downturn in the economy was included in the Explanatory Foreword.

The application of IFRS had introduced significant changes to the layout of the Statement of Accounts. Extracts from the draft Statement of Accounts providing details of the main accounting financial statements were attached as appendices to the submitted report and further explanation was given at the meeting. A copy of the full draft Statements had been sent to Members of the Committee and was also available in the Members' Library and on the Council's website.

The Statements would be subject to External Audit which would commence on 4 July 2011 and was expected to be completed by 22 August 2011. A Statement would be produced which would detail any unadjusted misstatements found during the course of the Audit.

The Deputy Director of Resources explained that a huge amount of work had been undertaken in preparation for the year's accounts. An Action Plan had been drawn up to ensure that the change-over to IFRS went smoothly and a technical expert had been drafted in from an outside

agency. The External Auditor, Deloitte, had also been consulted to ensure that processes were being developed correctly. Council staff had attended various seminars and courses to receive updates and guidance on what was required.

Overall the accounts showed a sound financial position for the Council, with the level of balances in line with the Council's Medium Term Financial Plan. The application of sound financial management across all services was reflected in the final outturn for the year with a net saving compared to budget of £418,000 (0.30%).

Actual capital spend in the year was £86.5 million, compared with a budget of £103.5 million. Expenditure during the year was mainly funded from grants (81.7%), from borrowing (17.8%), and from capital contributions (0.5%). The percentage of spend achieved compared to the budget represented 83.6%,

ORDERED that the Draft Statement of Accounts 2010/2011 be received and noted.