

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 22 June 2012.

PRESENT: Councillors Clark (Chair), Councillors McPartland, Brady (as substitute for McIntyre), Harvey (as substitute for Brunton) and S Khan (as substitute for P Purvis).

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

APOLOGIES FOR ABSENCE Councillors Brunton, Hawthorne, McIntyre, Mrs H Pearson, OBE and P Purvis.

DECLARATIONS OF INTERESTS

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

12/1 **MINUTES OF THE MEETING OF THE CORPORATE AFFAIRS COMMITTEE HELD ON 10 APRIL 2012**

The Minutes of the meeting held on 10 April 2012 were taken as read and approved as a correct record.

SUSPENSION OF COUNCIL PROCEDURE RULE NO. 10 – ORDER OF BUSINESS

In accordance with Council Procedure Rule No. 10, the Committee agreed to vary the order of business to deal with the items in the following order: Agenda Item 5, Agenda Item 4, Agenda Item 6, Agenda Item 7 and Agenda Item 8.

12/2 **STANDARDS COMMITTEE ROLE AND TERMS**

The Director of Legal and Democratic Services presented a report to consider and agree the revised arrangements for the Standards Committee which would come into effect on 1 July 2012.

On 15 November 2011, the Localism Act gained Royal Assent and introduced a number of significant changes to the current Standards regime. The Act abolished both Standards for England (the 'Standards Board') and the current Code of Conduct. It imposed on the Council a duty to promote and maintain high standards of conduct, by adopting an appropriate Code of Conduct relating to the conduct expected of Members and co-opted Members, based on the several principles of public life as set down in the Act.

It was highlighted that under the new legislation, the Code of Conduct, previously approved at the Annual Council Meeting on 16 May 2012, had to be approved between 7 and 30 June 2012, and therefore needed to be formally approved again.

The Act abolished the notion of 'personal' and 'prejudicial' interests, and instead reverted to disclosable 'pecuniary interests' and 'interests other than pecuniary interests'. There remained a requirement for the Council to maintain a register of interests, and Members had to declare their disclosable pecuniary interests within 28 days of taking office, re-election, or the interest becoming relevant to a meeting they were attending.

The Localism Act did not allow independent chairs of Standards Committees or independent members with voting rights. It was not yet clear whether the Council's Standards Committee would act as Standards Committee for the Parish Councils.

Proposed Draft Terms of Reference for the Standards Committee and Standards (Hearings) Sub Committee and draft procedures were attached at Appendices 1 and 2 to the submitted report.

It was recommended that as from 1 July 2012, the Standards Committee would be constituted

with nine Members and if required, two Parish Councillor places, one representative from each Parish Council.

The Director of Legal and Democratic Services indicated that training in relation to pecuniary interests and would be provided for all Members.

ORDERED as follows that:

1. the Standards Committee would comprise nine Elected Members (and two non-voting Parish Council representatives if required).
2. the Standards (Hearings) Sub Committee would comprise five elected Members from the Standards Committee, to sit on a rota basis.
3. both Committees would be politically balanced.
4. the Terms of Reference for the Standards Committee, as attached at Appendix 1 to the submitted report, were approved.
5. the Terms of Reference for Standards (Hearings) Sub Committee and revised complaints procedures, as attached at Appendix 2 to the submitted report, were approved.
6. approval of the Council's Code of Conduct be re-affirmed for implementation with effect from 1 July 2012.
7. the above matters were remitted to Council for approval.
8. the above matters were referred to the Council's Independent Panel on Members' Remuneration for consideration.

12/3

DRAFT STATEMENT OF ACCOUNTS 2011/2012

The Deputy Director of Resources presented a report for Members of the Corporate Affairs Committee to receive and review the Middlesbrough Council Draft Statement of Accounts 2011/2012. The Statement of Accounts included the accounts for Teesside Pension Fund for which the Council was the administering authority.

The Statement of Accounts was a technical publication containing accounting statements that had been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain and the Statutory Accounts and Audit Regulations (The Code). The Code was updated annually and specified the accounting principles and practices required to prepare a Statement of Accounts that presented a true and fair view of the position of a Local Authority.

The 2011/2012 Statement of Accounts had been prepared in compliance with International Financial Reporting Standards (IFRS).

The Explanatory Foreword included details of the key indicators of the state of the local economy and the impact on the Council. The overall economic conditions continued to be difficult, although the impact of these circumstances varied significantly depending upon which sector individual businesses were operating in. Nationally, retail continued to struggle, whilst those serving wider markets such as engineering and the oil and gas sectors were taking advantage of increasing global opportunities.

It was noted that there would be a significant impact on welfare benefits in the forthcoming years. A Welfare Group had been formed to evaluate where the impact of welfare reforms would be, to provide information to the public and to allocate funding to cope with the issues. It had been estimated that approximately £4 million less would be coming into the local economy in terms of welfare benefits and Council tax cuts.

The Annual Governance Statement reported on the key financial controls and wider governance arrangements in operation within the Council and had been approved by the Corporate Affairs Committee on 24th May 2012.

The Deputy Director of Resources highlighted that the financial performance of the Teesside Pension Fund in the year to 31 March 2012 was again positive, with the Fund's value increasing by 0.4% to £2,597 million.

Although the market value of investments had fallen, this was more than offset by investment

income. The membership of the Fund continued to increase, however over the last five years the number of active members had fallen by almost 7.5%, the number of pensioners increased by 25.4% and the number of deferred members by almost 54%. At the last valuation of the Fund, the Actuary declared a funding level of 99%. The next valuation would be carried out in March 2013.

The Pension Liability increased to £199.5 million from £79.1 million at March 2011, due firstly to a reduction in the value of assets and lower returns on investments held and secondly the value placed on the liabilities increased by more than assumed due to reduction in corporate bond yields which was the discount rate that the accounting standard required the actuaries to use. The lower the discount rate the higher the value placed on the liabilities. The discount rate reduced from 5.5% to 4.6%. The pension liability was the value placed on the Council liability by the Pension Fund Actuary and was offset in the balance sheet by a corresponding credit on the Pension Reserve. The Deputy Director of Resources confirmed that this was a technical adjustment in the accounts and related to a specific band rate that all Local Authorities had to use when working out liabilities.

There had been a decrease in the value of assets revalued during 2011/2012 of £71 million. The main reason for this was due to a change in valuation methodology that had been recommended by the External Auditor. A new category of "Heritage Assets" had been added to the Balance Sheet. The heritage assets held by Middlesbrough Council included such things as art, books, statutes and artefacts collections.

The Statements would be subject to external audit by Deloitte which would commence on 3 July and was expected to be completed by 31 August 2012. A Statement (ISA260) would be produced which would detail any unadjusted misstatements found during the course of the audit.

Overall the accounts showed a sound financial position for the Council with the level of balances being 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 £506,000 (0.37%).

There would be a significant risk on the delivery of planned savings/cuts and the Council would need to continue to invest in service reconfiguration in order to improve services and generate greater savings. The £1.2 million savings made during 2011/2012 had been transferred to the Change Programme Reserve to fund this essential investment. In addition, £0.5million had been transferred into the Social Care/Vulnerable Children Reserve to cover financial risks related to increased demand in those areas.

Actual capital spend in the year was £63.7 million, compared with a budget of £70.0 million. Expenditure during the year was mainly funded from grants (70.3%), from borrowing (22.8%), and from capital contributions (6.96%). The percentage of spend achieved compared to the budget represented 91.0%.

ORDERED that the contents of the draft Statement of Accounts 2011/2012 be approved.

12/4 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for consideration of Agenda Item 8 only on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

12/5 **SCHOOL GOVERNING BODIES - APPOINTMENT OF LA SCHOOL GOVERNORS**

A report of the Head of Commissioning and Resources was presented regarding vacancies for Local Authority appointed School Governors that had arisen as a result of resignations, the expiry of terms of office or the removal of Governors due to non-attendance and any

vacancies deferred from previous meetings of the Corporate Affairs Committee.

It was noted that there were currently 13 vacancies out of a total of 142 Governorships for Local Authority representatives, which equated to 9.15%. The nominations received for such vacancies were outlined in Appendix 1 of the report submitted and a further update was tabled at the meeting.

Members were informed that new School Governance Regulations would come into force on 1 September 2012. The new regulations were much less prescriptive than the 2007 regulations, allowing Governing Bodies greater flexibility to alter their size and composition. In future, Governing Bodies would only have to have a minimum of one Local Authority Governor and could set any eligibility criteria they wished. Corporate Affairs Committee would continue to nominate governors, but individual Governing Bodies would decide whether or not to appoint from those nominations.

It was also highlighted that several Middlesbrough schools were considering applying for academy status. Any school changing to academy status would have to reconstitute its Governing Body and the new School Governance Regulations would apply.

A report on the School Governance (Constitution) (England) Regulations 2012 would be presented to the next meeting of the Corporate Affairs Committee.

ORDERED as follows:-

1. That the following appointments be approved for a four-year term of office:

Acklam Whin Primary - Mr B Emmerson (wef 31.8.12)

Ayresome Primary - Miss Gascoigne-Owen (wef 22.6.12)

Caldicotes Primary - Councillor Rooney (wef 31.8.12)

Corpus Christi RC Primary - Councillor P Purvis (wef 5.10.12)

Easterside Primary - Mr L Barnbrook (wef 31.8.12)

Hemlington Hall Primary - Mr C Martin (wef 22.6.12)

Kader Primary - Councillor Arundale (wef 22.6.12)

Linthorpe Primary - Councillor Bloundele (wef 31.12.12)

Marton Manor Primary - Councillor Budd (wef 13.11.12)

Newport Primary - Rev M Plant (wef 31.8.12)

St Joseph's RC Primary - Mr J Whittingham (wef 31.8.12)

St Thomas More RC Primary - Councillor Budd (wef 31.8.12)

The Avenue Primary - Mr A Cockerill (wef 31.8.12)

Thorntree Primary - Mrs Cameron-Hall (wef 22.6.12), Councillor G Purvis (wef 31.8.12)

Whinney Banks Primary - Mrs L Green (wef 26.8.12), Councillor B Taylor (wef 26.8.12)

Acklam Grange School - Mrs S Bates (wef 23.9.12), Mr T Robinson (wef 22.6.12)

Prince Bishop School - Councillor M Carr (wef 5.10.12)

