

CORPORATE AFFAIRS COMMITTEE

A meeting of the Corporate Affairs Committee was held on 28 June 2013.

PRESENT: Councillors Clark (Chair), C Hobson (as substitute for Mrs H Pearson), McIntyre, Mawston, P Purvis, B Thompson and J A Walker (as substitute for Brunton).

PRESENT AS OBSERVERS: D Donaldson.

OFFICERS: B Baldam, J Bennington, M Padfield, B Roberts and P Slocombe.

APOLOGIES FOR ABSENCE were submitted on behalf of Councillors Brunton and Mrs H Pearson.

DECLARATIONS OF INTERESTS

Name of Member	Type of Interest	Item/Nature of Interest
Councillor C Hobson	Non Pecuniary	Agenda Item 4 - Draft Statement of Accounts 2012/2103 in so far as it related to Teesside Pension Fund - Fund Member
Councillor Clark	Non Pecuniary	Agenda Item 4 - Draft Statement of Accounts 2012/2103 in so far as it related to Teesside Pension Fund - Fund Member

13/1 **MINUTES - CORPORATE AFFAIRS COMMITTEE - 13 FEBRUARY 2013**

The minutes of the meeting of the Corporate Affairs Committee held on 13 February 2013 were submitted and approved as a correct record.

13/2 **DRAFT STATEMENT OF ACCOUNTS 2012/2013**

Following introductions the Chair drew Members' attention to the role of the Committee with regard to examining the Statement of Accounts.

The Director of Strategic Resources and the Deputy Director of Resources presented a report regarding the Middlesbrough Council Draft Statement of Accounts 2012/2013 which 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, which presented a true and fair view of the position of a local authority.

The 2012/2013 Statement of Accounts had been prepared in compliance with International Financial Reporting Standards (IFRS). Details were provided on each of the Statements within the Accounts.

The Explanatory Foreword (Appendix A) included information in relation to the Council's vision, core financial statements and financial reports for 2012/2013 and beyond.

A detailed presentation was given of Section 2 within Appendix A of the Statement of Accounts which covered a review of the year and summary financial information under the following headings:-

- The 2012/2013 Revenue Budget - Outturn Report
- Local Economic Climate
- Financial Report
- Balance Sheet
- Debtors
- Creditors
- Teesside Pension Fund Accounts
- Looking Ahead to 2013/2014 and beyond.

Specific reference was made to the section relating to the Revenue Budget and in particular the savings made by all services on staffing and running expenses during 2012/2013, some of which were an early achievement of 2013/2014 saving proposals. Given the continued risk on the delivery of planned savings/cuts the Council needed to invest in service reconfiguration. In order to fund such an investment the Council had transferred £4.7 million savings to the Change Programme Reserve and into the Election Reserve to cover the costs of the Local Government - Change of Governance Referendum in 2013/2014.

In terms of the significant pressures confirmation was given of the increased demand for agency fostering service, agency residential care for children, and demand led pressures on Adult Social Care. Reference was made to the options which had been examined in order to alleviate the situation including the Council's successful campaign to recruit more foster carers.

It was noted that in terms of the local economic climate trading conditions had continued to be difficult although certain sectors were taking advantage of new opportunities. Evidence had shown that retail was slowly improving and that Digital companies continued to experience high growth.

Members welcomed the positive news that company formation had steadily increased since 2008 and had dramatically increased last year with 660 new companies formed. In response to a Members' question it was agreed that further information would be provided as to the assistance provided and whether or not grants were available to help such businesses to set up. Although it was still a very difficult economic climate and Middlesbrough was below the national average Members considered it important that any improvements were recognised and opportunities to promote such information were pursued.

In discussing the financial report section of the Statement of Accounts the Committee noted the significant reduction in funding and income received by the Council partly as a result of a reduction of £4.7 million in formula funding from Central Government. In overall terms the Council received a reduction in spending power of £6.026 million.

In response to Members' queries regarding the outcome of measures introduced to increase the level of car park income it was agreed that further information could be provided although it was acknowledged that it might be too soon to determine the impact of such measures. It was noted that the gap between the budget figure and actual income was narrowing.

In discussing the arrangements in relation to Council Tax collection it was noted that the current overall collection rate was 98%.

With reference to the Council's expenditure and following a Members' question it was agreed that further information would be provided on the current position in relation to Transport costs.

Members noted the downward trend in terms of the number of jobs. Between 31 March 2009 and 31 March 2013 the total number of jobs had reduced by 821 (15.5%) and the number of FTEs had reduced by 380 (13%).

Details were given of a £0.499 million drawdown from school reserves as a result of five schools converting to academy status which allowed them to take their reserves with them and a £0.922 million underspend against delegated budgets for the remaining schools.

Reference was also made to the membership of the Teesside Pension Fund with particular regard to the number of active members which had increased slightly for the first time in five years by 52 but the number of pensioners had increased by 584 (3.5%) and the number of deferred members had increased by 1,021 (5.1%).

In terms of the future it was acknowledged that further reductions in funding from central government was considered likely which coupled with continuing increases in demand led pressures within Social Care and Safeguarding services would place significant pressures on resources. As previously indicated fundamental changes were required in the services that the Council provided and the way it operated to achieve the level of savings due in 2014/2015 (£16.5 million) and 2015/2016 (£15.5 million).

Clarification was provided with regard to ring fenced public health grant funding for commissioning and delivering public health programmes. Middlesbrough would receive £16 million approximately for 2013/2014 and 2014/2015. It was noted that further guidance was awaited on future allocations beyond 2015.

In discussing the Council's commitment to delivering long term sustainable environmental improvements to tackle climate change and following a Members' question it was agreed that further information would be provided on the current position with regard to the wind turbines at Newham Grange Leisure Farm.

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 Audit and Governance Committee at its meeting held on 23 May 2013.

ORDERED as follows:-

1. That the draft Statement of Accounts 2012/2013 be approved.
2. That further information be provided on the matters raised and outlined above.