

MINUTES OF THE GENERAL PURPOSES COMMITTEE
Tuesday, 26th June 2007 at 7.00 pm

PRESENT: Councillor John (Chair) and Councillors Blackman (Vice Chair), Bessong, Beswick, Castle, Colwill, Lorber, J Moher, and Wharton.

Apologies were received from Councillor D Long.

1. Declarations of Interest

There were none.

2. Minutes of Previous Meetings

RESOLVED:-

that the minutes of the previous meetings of the General Purposes Committee on 3rd May and 21st May 2007 be received and approved as an accurate record.

3. Matters Arising

There were none.

4. Deputations

There were none.

5. 2006/07 Statement of Accounts

It is a requirement under the Accounts and Audit Regulations that the Council's Annual Statement of Accounts be approved by a committee and under the Council's Constitution this is the responsibility of the General Purposes Committee. Members had before them a covering report, which set out the legal and accounting requirements relating to the approval and publication of the accounts. The Statement of Accounts 2006/07, as well as a supplementary report providing further details on the accounts, were despatched within three days of the meeting following the agenda. The Chair certified the item as urgent as:

"Under the Accounts and Audit Regulations, the General Purposes Committee is required to consider and approve the Statement of Accounts by 30th June. The Statement of Accounts has only recently been completed and it was not possible to send this supplementary report out with the original committee papers".

Copies of the Statement of Internal Control signed by the Chief Executive and Leader of the Council on 22nd June 2007, the Statement of Responsibilities for the Statement of Accounts signed by the Director of Finance and Corporate Resources on 25th June 2007, and the accounts for Brent Housing Partnership (BHP) were also circulated to those present.

Duncan McLeod (Director of Finance and Corporate Resources) introduced the item, emphasising the tight deadlines to which the department operated in order to produce the annual accounts for external audit by PricewaterhouseCoopers (PwC). It was stressed that although the current meeting represented the earliest date on which it would have been possible to bring the accounts before members, according to the Accounts and Audit Regulations, Committee approval was required by no later than 30th June 2007.

Some difficulties in collating information in time for the current meeting were outlined, in particular in respect of the consolidation of the BHP and Council accounts into Group Accounts which exclude transactions between the two organisations. Mr McLeod stated that the information before the Committee fundamentally represented the final version of the accounts, but that in agreeing the recommendations, members should take into account the need for some further minor amendments to be made following the meeting.

It was also stated that there had been significant improvements from previous years in terms of acquiring information from Brent schools. However, the dependence on key individuals within departments, changes to accounting requirements, and the shorter statutory deadlines for closing the accounts had all added to the pressure on producing a quality set of accounts by 30th June.

The Committee were then advised on some of the key elements within the accounts, with particular reference to the supplementary report circulated following the agenda. It was noted that the Council had received positive feedback from the Audit Commission Comprehensive Performance Assessment (CPA) on the way in which accounts were reported to local residents, particularly in relation to the Council's Annual Review. It also was clarified that the schools balances had increased substantially in 2006/07 from the previous year, and this was attributed to a one off increase in central government funding following a revision of population updates for the borough.

Committee members were informed about the overall process involved in producing the finalised accounts. They heard that the Audit Committee had reviewed the 2006/07 Statement on Internal Control on 20th June 2007 and, whilst some minor issues regarding risk management and business continuity had been highlighted, overall no significant concerns had been raised. It was further noted that the

general fund balances would be reported to the Executive as part of the corporate budget monitoring process, and that this figure could be subject to change following audit. The external audit would have to be completed by PwC by 30th September 2007, following which PwC would produce a report to the Audit Committee. Members were advised that the accounts would only be brought back to the General Purposes Committee again if any material changes were made to the version currently before members.

There followed a number of questions regarding the 2006/07 Statement of Accounts. One member requested clarification as to the presentation within the accounts of funds owed by the Brent teaching Primary Care Trust (Brent tPCT) to the Council and vice versa. Mr McLeod responded that an agreement had been reached between the two organisations that accepted costs would be included in the balance sheet. However, because there were a few areas of disagreement subject to ongoing discussions, a note had been added to the accounts but the figure would not be directly included within creditors. It was further clarified that as of 31st March 2007, this disputed figure stood at between £2.3 million and £2.6 million.

Further to a question raised, officers explained that the significant reduction in the value of the Council's fixed assets for the financial year ending 2006/07 was due to two factors. First, there had been a full valuation of the properties at 31st March 2006 which had found the full market value to be different from the value used in the previous year based on the previous 2002 valuation updated by general house price inflation in Brent. Second, following revised Communities and Local Government advice, the discounted value of the properties to reflect their use as social housing rather than market rented housing had been reduced from 47% to 37%. The combined impact of these valuation changes was to reduce asset values, and hence net worth, by in the region of £250m.

Mr McLeod also pointed out that the reduction in the amount owed to the Council in the municipal year 2007/08 reflected improvements that had been made to debt collection rates over the past year.

One member felt that the BHP accounts should be tabled as a specific item for the next meeting of the Committee. In response, it was explained that General Purposes might not be the appropriate committee for this information. Given the recent establishment of an Audit Committee within the Council, a query was raised about whether the finalised accounts should return to the General Purposes Committee, as in previous years. The Committee was advised that the Audit Committee was primarily responsible for reviewing the overall accounts process, whereas any material changes would still need to be reported back to the General Purposes Committee. The operation of the new arrangements could be reviewed once the process for this year was complete.

In conclusion, the Chair recorded a vote of thanks on behalf of the General Purposes Committee to Duncan McLeod and his team for their hard work in producing the accounts in time for the current meeting. She added that the explanations provided by officers on various elements of the accounts had been very useful to members.

RESOLVED:-

- (i) that the Committee approve the 2006/07 Statement of Accounts, subject to any minor amendments authorised by the Director of Finance and Corporate Resources;
- (ii) that the 2006/07 Statement of Accounts be signed by the Chair of the General Purposes Committee.

6. Introduction of Interest Free Loans and a Salary Sacrifice Scheme for Bicycles

The report before members proposed the introduction of an Interest Free Loan Scheme and a Salary Sacrifice Scheme for staff to acquire bicycles and appropriate safety equipment. Duncan McLeod (Director of Finance and Corporate Resources) reminded that both proposals linked into the wider Council Travel Plan and Green Agenda, and had been brought before the General Purposes Committee for consideration because staffing issues were involved.

The Committee were firstly advised about plans to introduce interest free loans to staff of up to £1200 for a bicycle and safety equipment. Such loans would be repayable by monthly salary deductions for a period up to 12 months. Members heard that a recent staff survey had indicated interest in such a scheme, although a large scale take up of loans was not anticipated. It was noted that previous experience, particularly with regard to the interest free season ticket scheme already in operation, suggested that implementation of an interest free bicycle loan scheme would be neither costly or complicated to implement. Thus, if agreed, it was advised that the scheme could be put in place by 1st August 2007.

Secondly, the Committee were informed about plans for a Salary Sacrifice Scheme, whereby an employee would give up their contractual right to receive part of their salary in return for a non-cash benefit, in this case the loan of a bicycle and related equipment. These benefits would be exempt from both taxes and NICs. Members heard that such a scheme had been made possible due to certain tax changes made by the government to encourage employers to set up travel plans aimed at reducing the environmental impact of staff travel.

It was acknowledged that due to the more complicated nature of the Salary Sacrifice Scheme, officers would need to conduct further work to determine the viability and anticipated take up rate of this option. Consequently, the Committee were only being asked to agree the Salary Sacrifice Scheme in principle, with the likely implementation date given as 1st April 2008.

Further to a question raised by one Committee member, it was stressed that both schemes would be promoted to staff, one method of which would be through the active Bicycle Club already in operation within the Council. Additionally, it was advised that work would be carried out to make local authority buildings more accessible for bicycle riders.

It was also explained that the repayment period would be 12 months for the interest free loans and between 12 and 18 months for the Salary Sacrifice Scheme. With regard to the latter scheme, following the conclusion of the repayment period, the bicycles and equipment would still be owned by the Council, although the individual would be given the option of making a further payment to purchase them outright. One member questioned whether Councillors would be eligible for either scheme, but was advised that this was unlikely, as both options would be classed as a staff benefit, and therefore only available to paid employees of the local authority.

It was also clarified that under the loan scheme, individuals would be responsible for purchasing insurance, whereas one advantage of the Salary Sacrifice Scheme was that insurance would be arranged by a third party.

RESOLVED:-

- (i) that the Committee agree for the introduction of an Interest Free Bicycle Loan Scheme and agree in principle to the introduction of a Salary Sacrifice Scheme, as outlined in paragraph 3.4.1 of the report from the Director of Finance and Corporate Resources.
- (ii) that the Committee authorise officers to commence investigation of the procurement of a supplier for the Salary Sacrifice Scheme and report back to the appropriate Committee to meet the requirements of the Council's constitution.

7. Appointments Outside Bodies

Members were presented with a report outlining changes which would affect the composition of the Council's outside bodies list.

RESOLVED:-

- (i) that the Committee note the continuing appointment of Councillor John as a Local Authority member of the Corporation of the College of North West London until the end of her term of office in September 2007;
- (ii) that the Committee nominate Councillor John to be appointed as the Local Authority member to the Corporation of the College of North West London, in the event of this nomination being required following the expiration of her current term of office on 22nd September 2007;
- (iii) that the Committee note that the Thames Regional Flood Defence Committee no longer requires nominations and therefore the organisation should be removed from the Council's outside bodies list;
- (iv) that the Committee nominate Councillor Mrs Fernandes to serve on the Board of the Brent Learning Disabilities Partnership.
- (v) that Councillor Thomas be appointed to serve as the Brent Council representative on the LHC Building Components and Services.

8. Date of Next Meeting

It was noted that the date of next meeting of the General Purposes Committee was scheduled to take place on Wednesday, 23rd January 2008.

9. Any Other Urgent Business

There was none.

The meeting ended at 8.08 pm.

A JOHN
Chair