

MINUTES OF THE GENERAL PURPOSES COMMITTEE
Thursday, 26th June 2008 at 7.00 pm

PRESENT: Councillor John (Chair) and Councillors Bessong, Beswick, Butt, Castle, Colwill, Dunn (for Lorber), Kansagra (for Blackman), Tancred, Van Kalwala and Wharton.

Apologies were received from Councillors Blackman, D Brown and Lorber.

1. Declarations of Interest

There were none.

2. Minutes of Previous Meetings

RESOLVED:-

that the minutes of the previous meeting of the General Purposes Committee on 20th February 2008 be received and approved as an accurate record.

3. Matters Arising

There were none.

4. Deputations

There were none.

5. 2007/08 Statement of Accounts

Duncan McLeod (Director of Finance and Corporate Resources) introduced the item on the Annual Statement of Accounts stating that it was 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 was the responsibility of the General Purposes 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. However, it was noted that it was the responsibility of the Audit Committee to oversee the external audit report and related recommendation relating to the Accounts during the rest of the year.

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 2007/08 and further supplementary papers providing details on the accounts such as Cash Flow Statements and a summary of the Brent Housing Partnership accounts.

It was explained that the full Supplementary Report on the 2007/08 Statement of Accounts had been circulated only three days before the meeting. 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”.

Duncan McLeod emphasised the tight deadlines to which the department operated in order to produce the annual accounts for external audit and 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 2008.

Duncan 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.

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. Note was made of the way the accounts were presented including the explanatory report produced and the plain English summary. It was further noted that additional requirements from various accounting standards had, and would continue, to increase the complexity of the accounts themselves and that this would put additional pressure on officers when attempting to produce final accounts in time for the, already very tight, deadline.

Turning to the details of the accounts, Duncan McLeod referred the Committee to various points of note including the Annual Governance Statement, income and expenditure details, an increase in the value of the Council’s assets, cash flow statements and the housing revenue account. Particular note was made of the asset value summary, explaining that one of the principal reasons for the increase in assets was a revaluation of property assets but that it should be noted that the value of these properties could fall in coming years depending on the general property market and the basis for valuation. Members were also asked to note that general balances had been effectively managed despite budgetary pressures and that they finished £450k above that assumed when the 2008/09 budget was set. However, it was reported that School balances were up significantly (£4.7m) from last year. In the last two financial years the increase in schools balances was over 200%.

There followed a number of questions regarding the 2007/08 Statement of Accounts including requests for clarification on specific points in the text, an explanation of the relationship between Brent Housing Partnership (BHP) and the Council in relation to their accounts and similarly between the schools and the council, and finally on the final effect of the service dispute with the Brent PCT.

Officers explained that they were required to provide a summary of BHP’s accounts within the Council’s own accounts but that it had no direct influence on how they were managed. The situation was slightly different with schools because, although they had delegated responsibility for their finances, the

Council still had responsibility to ensure that schools had in place arrangements for proper management of their financial affairs and could intervene where schools were in deficit. Concern was noted over the high levels of balances for schools and members asked whether it was possible to encourage the schools to spend their balances rather than hoard them. Cllr Wharton explained that some of the funds were being set aside for large projects but that in other cases the Council would look at the option of clawing back unnecessarily large balances so that they could be used to support children's education.

In response to a question regarding the effect of the PCT dispute, officers explained that the costs of continuing care cases transferred to the Council had been reflected in spending figures for Adult Social Care during the year. The overall impact had been less than originally feared when the PCT had first put together their turnaround plan.

A question was asked whether the 50% rise in the Council's net worth compared with 2006/07 was because of the increase in assets and whether this would happen year on year. Officers confirmed that the increase was primarily because of asset values and explained that growth in asset values did increase on an annual basis because we spent money each year on our assets and this gets added to the value and also because the value of council dwellings is adjusted to reflect local market conditions. Officers explained that this adjustment was linked to Land Registry Indices for Brent. Officers explained that these two factors usually led to growth over a four year period but that in the 5th year there was a small equalisation effect because the Council had to formally revalue its land and buildings assets in accordance with accounting and professional standards. As a consequence this had historically led to a reduction adjustment in the value of land and building assets.

A question was raised about the impact of the Pension Fund deficit assessed under FRS17 on the accounts. It was explained that the potential liability was shown in the accounts but reversed out so there was no charge in the income and expenditure account.

There was discussion about the current economic downturn and how this might impact on the Council's balance sheet. The Director explained some of the safeguards in place for both borrowing and investments. Previous reference had been made to asset valuations. Members were also concerned about the difficulties that may emerge for regeneration schemes.

RESOLVED:-

- (i) that the Committee approve the 2007/08 Statement of Accounts, subject to any minor amendments authorised by the Director of Finance and Corporate Resources;
- (ii) that the 2007/08 Statement of Accounts be signed by the Chair of the General Purposes Committee.

6. **Appointments to Outside Bodies**

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

RESOLVED:-

- (i) that the Committee nominate Councillor Detre to replace Councillor Dunwell as the Council's representative to the Central and North West London NHS Foundation;
- (ii) that Councillors HM Patel, Mistry and Steel be added as representatives to Environmental Protection UK;
- (iii) that Councillor HB Patel replace Councillor Dunwell as the representative to both the Local Government Information Unit (Management Committee) and the London Councils Culture, Tourism and 2012 forum;
- (iv) that Councillor Detre take over Councillor Dunwell's seat on the London Councils Economic Development Forum;
- (v) that Councillor Malik be replaced on the Stadium Housing Association Ltd Management Committee by Councillor Mistry;
- (vi) that Councillor Singh be replaced as the Council's representative at the Standing Advisory Council for Religious Education (SACRE) by Councillor Butt.

7. **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 2009.

8. **Any Other Urgent Business**

There was none.

The meeting ended at 7.52 pm.

A JOHN
Chair