

RECOMMENDATIONS TO CABINET 11 JUNE 2014 FROM THE MEETING OF THE RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE 9 JUNE 2014

ARC17: **CABINET REPORT: REVENUE OUTTURN 2013/2014**

The Principal Accountant presented the report and explained that the report covered two areas, namely:

- Revenue Outturn and proposed transfers to reserves for 2013/2014.
- Principle of the calculation for the provision of bad debts and appeals on the Business Rates Retention Scheme.

The Committee was advised that the report set out in summary the revenue outturn of 2013/2014 for the General Fund. The report showed details of the major differences between actual costs/income and the revised estimates for 2013/2014 reported in the February 2014 monitoring report.

Members were informed that the accounts showed actual Borough spend of £19,021,737 which was £28,433 less than the February Revised Estimate for 2013/2014. The additional saving would be held within the General Fund balance that was carried forward to 2014/2015.

Members' attention was drawn to the following sections of the report:

- Introduction.
- Final Outturn 2013/2014 - major differences in the revised estimates and the actual costs.
- Financing Adjustment.
- Business Rates Retention Scheme.
- Business Rates, Bad Debt and Appeals Provision.
- In year National Non Domestic Rates (NNDR) Appeals provision policy/calculation.
- Backdated NNDR Appeals Provision Policy/calculation.
- Adjustment for local information (King's Lynn Power Station).
- Business Rates Retention Scheme Outturn for 2013/2014.
- General Fund Working Balance.

In response to questions from Councillor Cousins regarding the Business Rates Retention Scheme and future predictions as to how this could benefit the Council, the Principal Accountant explained that excluding the outcome of the King's Lynn Power Station Appeal Decision, there was significant growth in King's Lynn such as Tesco and Sainsburys.

Following further questions from Councillor Cousins regarding Centrica, the Deputy Chief Executive explained that major industries like Centrica presented a risk to the Council. The Committee was also informed that Sainsburys had won an appeal against a reduction in Business Rates

amounting to £640,000 which would impact upon the level of Business Rates received by the Council. However, there was underlying growth within the Borough such as Bepak. The Deputy Chief Executive also advised that there was a considerable list of appeals, but highlighted that not all were successful.

With regard to Centrica, the Deputy Chief Executive also advised that 100% provision for 2013/2014 had been allocated in the Council's accounts in the event of a successful appeal by the King's Lynn Power Station in reducing its rateable value from £1,230,252 in 2013/2014 to £1, which would need to be presented to the Council's Auditors. The Committee was informed that a successful appeal would have implications backdating to 2005 with an estimated cost of £6,020,634 as at 31 March 2014, to the Collection Fund. The Council would then be liable for a 40% share of the estimated cost, which was £2,408,253.

In conclusion, the Deputy Chief Executive explained that this would trigger the Government funding safety net whereby the Council in 2013/2014 would see its rates collection reduce below the base line funding set by Government. The Council would be liable to cover the first £365,000 of losses and the Government would pick up the remainder of the loss.

In response to further comments made by Councillor Cousins, the Deputy Chief Executive outlined the Norfolk pool arrangement.

Councillor Wareham asked for details on the £18,436 surplus within Legal Services. In response, the Deputy Chief Executive explained that the Council operated a legal commissioning model for the provision of legal services within the Authority. The £18,436 had been a one-off saving from the post-holder being successful in an internal advertisement for the Democratic Services Administration post. A decision was then taken not to fill the admin post in Legal Services which presented a one-off saving. Members were advised that currently legal services within the authority were being provided by an interim arrangement with North Norfolk District Council and NP Law. A Cabinet report was being prepared detailing the proposed future arrangements for providing legal services.

In response to questions from Councillor A Tyler regarding Business Rates and Appeals, the Deputy Chief Executive explained that the Borough Council only collected Business Rates. The Valuation Office would value each business premises and determine the level of business rates.

In response to further questions from Councillor A Tyler regarding the transfer of staff posts between departments within the Council, the Deputy Chief Executive explained that the Council was successful in redeployment of staff. The Committee was advised that there were a minimum number of compulsory redundancies following the Cost Reduction Programme. If a vacancy occurred, an internal advertisement would be circulated inviting applications before an external advertisement was published. However, it was noted that with specialist posts it was sometimes necessary to place an

external advertisement.

Councillor Humphrey asked what was the National Non Domestic Rates total for the Borough. In response, the Principal Accountant explained that he did not have this information to hand, but would circulate details direct to the Committee.

In response to questions from Councillor Humphrey on the outcome of the King's Lynn Power Station Appeal and whether there was a possibility that the Valuation Office could reassess the premises because plant was still located there, the Deputy Chief Executive explained that he would discuss the issue with the Revenues and Benefits Manager.

Councillor Humphrey referred to page 18 and the total reduction in Borough Spend of £449,000 and commended the authority on its achievement. He further added that this should be reflected within the report and that Cabinet should promote this as a good news story for the Council. Councillors Wareham, Cousins and A Tyler concurred with the comments made by Councillor Humphrey. In response, the Deputy Chief Executive outlined how the savings have been achieved and drew Members' attention to pages 17 and 18 of the report.

Following further comments regarding the savings that had been achieved, the Deputy Chief Executive explained that Service Managers were completely engaged to achieve any potential savings when delivering services.

In response to questions from the Chairman, Councillor Beal of small businesses being able to apply for a reduction in business rates, the Chief Financial Officer explained that all forms of reliefs had been built into the Council's budget.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet:

It is recommended that Cabinet approves:

- 1 The revenue outturn and proposed transfers to reserves for 2013/2014.
- 2 The principle of the calculation for the provision of bad debts and appeals on the Business Rates Retention Scheme.

ARC18: **CABINET REPORT: CAPITAL PROGRAMME AND RESOURCES 2013/2017**

The Chief Financial Officer presented the report that provided details of the outturn of the 2013/2014 Capital Programme and outlined amendments and rephrasing to the spending on schemes, revising the programme for 2014/2017. The Capital Programme outturn for 2013/2014 totalled

£9,477,218 against an approved budget of £12,662,100. The Committee was advised that it had been necessary to rephrase a total of £2,801,830 of scheme costs to future years. Capital receipts generated in the year totalled £1,298,268 of which £1,293,890 were useable.

The Committee's attention was drawn to the following sections of the report:

- Introduction.
- Capital Programme 2013/2014.
- Financing of the Capital Programme 2013/2014.
- Minimum Revenue Provision.
- Capital Programme 2014/2017.
- Capital Resources 2014/2017.
- Equality Impact Assessment.
- Financial Implications – The financing arrangements for the Capital Programme were within budget. Where rephrasing to/from 2014/2015 was to be made then the funding would follow. The revenue implications of all capital schemes would be met from within existing budgets.
- Risk Implications and Sensitivity Analysis.

In response to questions from Councillor Cousins regarding the Council Houses Preserved Right to Buy, the Chief Financial Officer referred the Committee to table 5 on page 34 of the report and explained that £150,000 of capital receipts would go forward and that the benefit to the Council would be time limited.

Councillor Cousins referred to page 36 – Risk implications and Sensitivity, Capital Receipts and commented that if the NORA housing units did not sell, this could present a short term cash flow problem for the Council. However, this situation should not give the Council concern as it would still have an asset base. In response, the Chief Financial Officer explained that at their meeting on 11 June, Cabinet would be considering a report on the Local Authority Housing Company which set out details as to how the Council would sell the unsold units to a local authority housing company.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel – Audit and Risk Committee supports the recommendations as set out in the report to Cabinet:

1. That Cabinet note the outturn of the Capital Programme for 2013/2014 of £9,477,218.
2. That the financial arrangements for the 2013/2014 Capital Programme be approved.
3. That Cabinet approve the revised 2014/2017 Capital Programme as detailed in the report.