

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK COMMITTEE

**Minutes of a Meeting of the Resources and Performance Panel
held on Tuesday 23 October 2012, at 7.26 pm, in the Heritage Room, Town Hall,
Saturday Market Place, King's Lynn.**

PRESENT:

Councillors C Manning (Chairman),
C J Crofts, T de Winton, H Humphrey,
M Langwade, J Loveless, A Morrison, D Tyler,
Mrs E Watson (*substitute for Councillor P Beal*), A White and A Wright

Apologies for absence were received from Councillors P Beal, J Collop,
Mrs S Collop and M Hopkins

ARC47: **APPOINTMENT OF VICE-CHAIRMAN**

RESOLVED: That Councillor A Morrison be appointed Vice-Chairman for the meeting.

ARC48: **MINUTES**

The Minutes of the Resources and Performance Panel – Special Audit and Risk Committee meeting held on 11 September 2012 were confirmed as a correct record and signed by the Chairman.

ARC49: **DECLARATIONS OF INTEREST**

There were none.

ARC50: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC51: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC52: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC53: **MATTERS REFERRED TO THE PANEL FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS PANEL RECOMMENDATIONS/REQUESTS**

The Committee noted the responses made by Cabinet at its special meeting held on 18 September 2012 to the recommendations made by the Resources and Performance Panel – Audit and Risk Committee at its special meeting held on 11 September 2012 in respect of the following items:

- Statement of Accounts 2011/2012 Report to those charged with Governance (Isa (Uk&I) 260).
- Annual Governance Statement 2011/2012.

ARC54: **INTERNAL AUDIT PLAN 2012/13 – PROGRESS REPORT FOR THE QUARTER JULY TO SEPTEMBER 2012**

The Audit Manager presented the report which showed the Internal Audit activity for the quarter July to September 2012 against the Strategic Audit Plan 2012/15.

The work undertaken in the quarter July to September 2012 was noted as set out below:

- Reports issued during the quarter.
- Work ongoing
- Other work carried out in the quarter.

The Committee was informed that 10 reports had been issued and they were available to view on InSite. It was noted that 4 audits were ongoing, 2 had now been completed and the other 2 were near completion. A decision had been taken to put the following audits on hold:

- Council Tax and NNDR.
- Housing and Council Tax Benefits.

The reasons for putting the above audits on hold were outlined.

The Committee was invited to comment/ask questions.

There were no questions or comments from the Committee.

RESOLVED: The Committee approved the report on the Internal Workplan for July to September 2012.

ARC55: **CORPORATE RISK MONITORING REPORT SEPTEMBER 2012**

The Audit Manager presented the report and highlighted the changes to the Risk Register since the last monitoring report in May 2012 and gave details of

the risks falling into the 'Very High' category and the associated work to mitigate the effects.

The Committee was informed that the Risk Register was reviewed by the Executive Directors on a quarterly basis. Any existing entries on the register were considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. A summary of the changes to the Risk Register since the last monitoring report in May 2012 were detailed at section 2 of the report. The full Risk Register, as agreed by Management Team, was placed on InSite, within the Risk Management section on the Corporate Documents tab.

In response to questions from Councillor White on the impact of the new Local Council Tax Scheme, the Deputy Chief Executive outlined the Government proposals and a 10% reduction being anticipated by local authorities. He also referred to the recent announcement by Mr Pickles, details of which had not yet been received. Reference was also made to the exchange of emails between district councils on the recent announcement.

Councillor de Winton commented that the Council would be required to raise money to fund the gap. The Deputy Chief Executive reminded the Panel of the previous report they had received which had detailed the technical challenges and gave an example of council tax benefit for second homes being reduced from 10% to 5% which would generate income to the Borough Council to assist with the budget deficit.

RESOLVED: The Committee noted the report.

ARC56: CABINET REPORT: MID YEAR TREASURY REPORT 2012/2013

The Chief Accountant presented the report and explained that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (2011) and remained fully compliant with its requirements. Members were therefore advised that the Mid Year Review report had been prepared in compliance with CIPFA's Code of Practice.

The Chief Accountant provided the Committee with background information as set out at section 1 of the report.

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

- Section 3: Economic Update – Global and UK economy, Sector's Outlook for the next six months of 2012/13.
- Section 4: Treasury Management Strategy Statement and Annual Investment Strategy
- Section 5: The Council's Capital Position (Prudential Indicators).
- Section 6: Investment Portfolio 2012/2013.
- Section 7: External Borrowing 2012/2013.
- Section 8: Debt Rescheduling.

- Section 9: Compliance with Treasury and Prudential Limits.
- Section 10: Financial Implications.
- Section 11: Risk Management Implications.

In response to questions from Councillor Crofts on interest rates not rising until 2014 and the Council restricting investments to 1 year instead of 2 years, the Chief Accountant explained that Sector were the Council's advisors and they had advised that no funds should be invested beyond three months because of the risk and volatility. However, the Council could determine not to accept the advice.

In response to questions on the indicators within the money market, the Chief Accountant advised that this was an unknown and gave an example of the Icelandic Bank situation. The Deputy Chief Executive commented that the Council could look at switching its investment from the money market into property, but highlighted that this would take time to make such a change.

Following further questions from Councillor Crofts on the amount of the Investment Portfolio which could be ring fenced, the Deputy Chief Executive explained that approximately £18m was the Council's own money. It would therefore be necessary to look at the Balance Sheet and undertake an exercise to identify the level of reserves that had been earmarked for capital sums and which had not been borrowed.

Councillor Humphrey asked what would happen to the right to buy scheme if the Council opted to purchase property to provide a rental income. In response, the Deputy Chief Executive explained that DCLG had indicated that there would be a different tenure and not right to buy. He added that a housing association could be invited to manage the properties on behalf of the Council.

Councillor de Winton commented that with interest rates not increasing for the next 3 years it was important that the Council considered the following options:

- Rebuild its land bank.
- Increase the number of industrial estates to encourage new businesses and employment.
- Look at acquisition of properties, etc.

In response, the Deputy Chief Executive advised that Government did not encourage local authorities to land bank. With regard to industrial estates/units, it was noted that the Property Services Manager had undertaken an exercise to look at the number of vacant units on the Industrial Estates.

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

Cabinet is asked to note the report and the treasury activity.

ARC57: **COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

RESOLVED: That the Committee's Work Programme be noted.

ARC58: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee was scheduled to take place on 27 November 2012.

The meeting closed at 7.55 pm