

**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 – Audit and Risk Committee held on Tuesday 24 June 2014, at 5.30 pm, in Meeting Rooms 1, 2 and 3, King's Court, Chapel Street, King's Lynn**

**PRESENT:**

Councillors P Beal (Chairman)  
M Chenery (*substitute for Councillor de Winton*), J Collop, P Cousins,  
H Humphrey (Vice-Chairman), M Langwade, C Manning  
J M Tilbury, D Tyler, G Wareham, A Wright and Mrs S Young

Apologies for absence were received from Councillors N Daubney, I Gourlay,  
T de Winton, A Morrison and A Tyler

ARC21: **MINUTES**

The Minutes of the Resources and Performance Panel – Audit and Risk Committee meeting held on 9 June 2014 were confirmed as a correct record and signed by the Chairman. Councillor Chenery asked for his belated apologies to be recorded.

ARC22: **DECLARATIONS OF INTEREST**

There were none.

ARC23: **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business to report.

ARC24: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

ARC25: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

ARC26: **MATTERS REFERRED TO THE COMMITTEE FROM OTHER COUNCIL BODIES AND RESPONSES MADE TO PREVIOUS COMMITTEE RECOMMENDATIONS/REQUESTS**

Panel Members noted the response made by Cabinet at its meeting held on 11 June 2014 to the recommendations made by the Resources and Performance Panel – Audit and Risk Committee at its meeting held on 9 June 2014 in respect of the following items:

- Revenue Outturn and proposed transfers to reserves for 2013/14
- Capital Programme and Resources 2013/2017.

ARC27: **CABINET REPORT: REVENUES AND BENEFITS FRAUD POLICY – INTRODUCTION OF CIVIL PENALTIES FOR COUNCIL TAX**

The Audit Manager introduced the report which outlined that the Investigations Unit undertook work to prevent and detect benefit, Council Tax Support, Council Tax and Business Rates fraud. The report provided information regarding the proposed use of Civil Penalties for Council Tax only and the proposed use of Prosecution and a sanction of a Simple Caution, for Council Tax and Business Rates.

It was explained that in bringing any prosecution, the seriousness of the offence would often to be seen in light of the amount of benefit fraudulently claimed. A robust policy was required to protect the Council.

It was explained that the Civil Penalty would be applied to the Council Tax account and would be recovered using the Council's current methods. It was not yet known the number of people this could affect.

Councillor Cousins asked whether those Members who paid business rates should declare a prejudicial interest in this item. In response, the Audit Manager advised that Members who paid business rates did not need to declare an interest, as this would also apply to Council Tax payers.

In response to a query from Councillor Langwade on how Council Tax was charged, the Revenues and Benefits Manager explained that Council Tax was a daily charge and any discounts/removal of discounts was calculated on that basis.

It was advised that the initial penalty would be £70.00 charge and any further failure to provide information could incur an additional penalty of £280.00.

Councillor Humphrey asked how often prosecution costs were awarded. The Revenues and Benefits Manager explained that costs were awarded to the Council in some circumstances. However, the Fraud Investigations Manager would be able to provide further details in relation to this. It was further explained that it would not be a significant cost per case but could amount to a significant sum over a financial year.

Councillor Humphrey referred to page 7 of the agenda, first paragraph and queried whether a magistrates' court could impose a 6 month or custodial sentence. The Audit Manager undertook to check this detail.

**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) The proposal for the use of Civil Penalties for Council Tax only.

- 2) The proposal for the use of Prosecution and a sanction of a Simple Caution, for Council Tax and Business Rates.
- 3) To note the inclusion of the investigation of Council Tax and Business Rates fraud.

ARC28: **CABINET REPORT: ANNUAL TREASURY REPORT 2013/2014**

The Principal Accountant presented the report and which informed the Panel that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (2009) and remained fully compliant with its requirements.

The primary requirements of the Code included:

- Creation and maintenance of a Treasury Management Policy Statement which set out the policies and objectives of the Council's treasury management activities.
- Receipt by Council of an annual strategy report (including the annual investment strategy report) for the year ahead, a mid year review report and an annual review report of the previous year.

The Principal Accountant explained that the Annual Treasury Report looked backwards at 2013/24 and covered:

- The Council's overall borrowing need;
- The Council's treasury position/performance;
- The strategy for 2013/2014;
- The economy in 2013/2014;
- Borrowing rates in 2013/2014;
- The borrowing outturn for 2013/2014;
- Compliance with treasury limits and Prudential Indicators;
- Investment rates for 2013/2014;
- Investment outturn for 2013/2014; and
- Debt rescheduling.

It was reported that during the year the Council maintained a cautious approach to investment and management of debt. Investments returned a percentage of 0.79% exceeding the 7 day LIBID benchmark rate of 0.35%. Interest on debt averaged 2.82% in 2013/2014.

In relation to investments, Councillor Chenery asked that, if the Scottish devolution went ahead, what effect that might have on the Council's investments with the Royal Bank of Scotland and Glasgow City Council. In response the Principal Accountant explained that Glasgow City Council was independent and it was understood that the Royal Bank of Scotland would remain English if devolution were to take place.

Councillor Collop referred to the bank rate which had remained low, and asked what measures were in place to make the risk minimal if the rates

were to rise quickly. The Principal Accountant explained that the Council did try to allow for that as much as possible, for example funds were invested for different periods of time.

The Chief Financial Officer explained that the budget forecast was included within the Financial Plan. She acknowledged that there was always a risk with investments but advice was sought from the Council's Advisors. Some investments were short term and some were longer term investments.

In response to a query from Councillor Humphrey regarding the colours in the table on page 27 of the report, the Principal Accountant explained that this was the key used by the Council's Treasury Advisors.

Councillor Humphrey also referred to page 26, where the total investments as at 31 March 2014 had been reported as £31,304,000 whereas on page 30 were reported as £31,335,000. The Principal Accountant undertook to check those figures. *Following the meeting, it was subsequently clarified that the table on page 26 summarised all money market transactions £31,304,000 (listed by counterparty) as at 31 March 2014, whereas on page 30 the table showing £31,335,000 was a total of all investments and included was the historic equity (shares) investment in CNC £31,000.*

**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) Cabinet is asked to approve the actual. 2013/2014 prudential and treasury indicators set out in the report, and to note the report.
- 2) Cabinet is asked to approve the amendment to the strategy for 2014/2015.

ARC29: **AUDIT AND RISK COMMITTEE WORK PROGRAMME**

The Committee considered its Work Programme.

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

ARC30: **DATE OF NEXT MEETING**

Committee Members noted that the next meeting of the Resources and Performance Panel – Audit and Risk Committee would take place on **Tuesday 22 July 2014** at 6 pm in the Committee Suite, King's Court.

**The meeting closed at 6.22 pm**