

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

CABINET

**Minutes from the Meeting of the Cabinet held on
Monday, 17 June 2013 at 5.30pm in the Committee Suite,
King's Court, Chapel Street, King's Lynn.**

PRESENT: Councillor N J Daubney (Chairman)
Councillors A Beales, Lord Howard, A Lawrence, B Long
D Pope and Mrs V Spikings.

An apology for absence was received from Councillor Mrs E Nockolds.

CAB13: **MINUTES**

RESOLVED: The Minutes of the Meeting held on 4 June 2013 were approved as a correct record and signed by the Chairman.

CAB14: **URGENT BUSINESS**

There was no urgent business.

CAB15: **DECLARATIONS OF INTEREST**

None.

CAB16: **CHAIRMAN'S CORRESPONDENCE**

None.

CAB17: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

None

CAB18: **CALLED IN MATTERS**

None

CAB19: **FORWARD DECISIONS LIST**

The Forward Decision List was noted. The Chairman reported that the Cabinet meeting scheduled for 2 July would now take place on 1 July 2013.

CAB20: **MATTERS REFERRED TO CABINET FROM COUNCIL BODIES**

Resources and Performance Panel: Audit Committee: 10 June 2013

The Panel made the following recommendations to Cabinet, which were dealt with when Cabinet considered the reports on the agenda:

ARC6: Cabinet Report: Revenue Outturn 2012/2013

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.

ARC7: Cabinet Report: Capital Programme And Resources 2012/2016

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.

ARC8: Cabinet Report: Annual Treasury Report 2012/2013

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.

CAB21: **CAPITAL PROGRAMME AND RESOURCES 2012-2016**

The Chief Finance Officer, Lorraine Gore presented a report which provided details of the outturn of the 2012/2013 capital programme and outlined amendments and re-phasing to the spending on schemes, revising the programme for 2013/2016. The capital programme outturn for 2012/2013 totalled £4,555,980 against an approved budget of £7,032,630. It had been necessary to re-phase a total of £2,097,350 of scheme costs to future years. Capital receipts generated in the year totalled £2,921,250 of which £2,915,794 were useable.

The Chief Finance Officer responded to a number of detailed questions asked by way of clarification from Councillor Beales on: how VAT from Freebridge Community Housing was accounted for following changes in accounting requirements; the affordable housing scheme finances coming from S106 contributions; that third party contributions were funded from for example Norfolk County Council for specific schemes; the repairs and renewals reserve was specifically for work to sites where money was put aside each year to pay for capital schemes.

With regard to a query regarding the detail of the outturn of public cleansing equipment, the Chief Finance Officer agreed to ascertain the detail and inform members. (NB: it was later confirmed that this was the purchase of new street sweeping vehicles)

It was noted that the Resources and Performance Audit Committee had considered the report and supported its recommendations.

RESOLVED: 1) That the outturn of the capital programme for 2012/2013 of £4,555,980 be noted.

- 2) That the financing arrangements for the 2012/2013 capital programme be approved.
- 3) That the revised 2013/2016 capital programme as detailed in the report be approved.

CAB22: **REVENUE OUTTURN 2012/2013**

Toby Cowper, Principal Accountant presented a report which set out in summary the revenue outturn of 2012/2013 for the General Fund (council tax accounts). The report showed details of the major differences between actual costs/income and the revised estimates for 2012/2013 reported in February 2013 monitoring. The revenue outturn for 2012/2013 of the Council must be approved by Cabinet prior to the external audit of accounts which commences in July 2013.

The accounts showed actual Borough spend of £16,905,124 which was £124,046 less than the February Revised Estimate for 2012/2013. This additional saving would be held within the General Fund balance carried forward to 2013/2014.

The Leader commented that the situation was generally encouraging.

Councillor Beales asked whether full detail could be provided for Members to show the decisions made and expenditure on the Incinerator. It was agreed that this would be useful for Members. It was also suggested that in order to encourage members to attend financial training sessions, with the Chairman's approval, they be scheduled as a series of short presentations on the Resources and Performance Panel agenda.

Councillor Pope drew attention to the saving of £25,000 in Audit fees since the re tendering of the contract. The Principal Accountant explained that Ernst and Young were now charging 1/3 less, and the Audit Commission were now no longer doing the Use of Resources work so all Council's should see a reduction in their costs.

Councillor Lawrence in referring to the provision in the accounts asked how long bad debts were held on the books before being written off. The Deputy Chief Executive explained that every process was exhausted before writing off, however the debt had risen during the computer system change over as recovery work couldn't process to the courts as an up to date picture couldn't be ascertained for that period. The Courts, even when finding in the Council's favour often awarded compensation at very small amounts per week.

Following a question from Councillor Beales, the Deputy Chief Executive explained about the financing adjustment following changes in the accounting regulations to ensure that where money was spent on an asset that did not belong to the Council it was treated as revenue, Disabled Facilities Grants were an example of such expenditure. He also explained that the money attributed

to Green Quay was because the boiler there needed replacing, and whilst the building had been closed small amounts of expenses had been incurred before it changed to Marriotts Trust.

Councillor Daubney expressed his gratitude that staff worked hard to find savings each year.

It was noted that the Resources and Performance Audit Committee had considered the report and supported its recommendations.

RESOLVED: That the revenue outturn and proposed transfers to reserves for 2012/2013 be approved.

CAB23: ANNUAL TREASURY REPORT 2012/2013

The Chief Finance Officer presented a report which reminded Cabinet 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 Annual Treasury Report looked backward at 2012/2013 and covered:

- the Council's overall borrowing need
- the Council's treasury position/performance;
- the strategy for 2012/2013;
- the economy in 2012/2013;
- borrowing rates in 2012/2013;
- the borrowing outturn for 2012/2013;
- compliance with treasury limits and Prudential Indicators;
- investment rates for 2012/2013;
- investment outturn for 2012/2013;
- debt rescheduling;

In response to a question from Councillor Beales the Chief Finance Officer explained that the actual financing costs set out in the report were the cost of investment set against Government grant.

In response to a question from Councillor Lord Howard regarding why the Council didn't repay its borrowing if it was costing almost 4% to do so, it was explained that the overall amount of interest received on the short term

investments was currently higher than the cost of borrowing because they were older investments. If the Council wished to redeem the longer term borrowing then a penalty would be payable which removed all benefits of repayment of the loans.

With regard to a question from Councillor Pope on the flow of income receipts shown, it was explained that it was a snapshot in time and that temporary borrowing was taken out for March because the Cashflow decreased in March as Council Tax direct debits were not received during that month.

Councillor Beales asked for the rationale behind the longer term borrowing, to which it was explained that £10m of borrowing was at the time of stock transfer, and the rates achieved at that time were good.

Councillor Beales also asked if the Councils ability to repay loans was the criteria for prudential borrowing amounts, as the table in 2.6 showed the Council was under its maximum for capital borrowing. The Chief Finance Officer explained that once the loan with Barclays came to its break point consideration would be given to whether to repay it. She explained that the £27m shown represented not only money invested long term, but also items on the balance sheet which were to be spent during the year.

It was noted that the Resources and Performance Audit Committee had considered the report and supported its recommendations.

RESOLVED: That the actual 2012/2013 prudential and treasury indicators in the report be approved and the report be noted.

The meeting closed at 6.25 pm