

**RECOMMENDATIONS TO CABINET 10 JUNE 2015 FROM THE MEETING OF
THE RESOURCES AND PERFORMANCE PANEL – AUDIT AND RISK
COMMITTEE HELD ON 8 JUNE 2015**

AR7: Revenue Outturn 2014/2015

In presenting the report, the Group Accountant explained that the report set out in summary the revenue outturn of 2014/2015 for the General Fund (council tax accounts). The report showed details of the major differences between actual costs/income and the revised estimates for 2014/2015 reported in February 2015 monitoring report.

The Committee was advised that the accounts showed actual Borough spend of £18,781,895 which was, after the transfer to reserves, £80,445 less than the February Revised Estimate for 2014/2015. The additional saving would be held within the General Fund balance and be carried forward to 2015/2016.

The Group Accountant explained that the Council's continuing strategy was to identify budget savings in year, as part of the monitoring process and at year end. The savings would then be transferred to the General Fund Balance for use in future years.

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

- Final Outturn 2014/2015.
- The major differences in the revised Estimates and the actual costs.
- Business Rates Retention Scheme Outturn for 2014/2015.
- General Fund Working balance.

In response to questions from Councillor Gourlay regarding capital expenditure, the Chief Executive explained that within the Central and Community Service budget, an allocation was made for Disabled Facilities Grants. The Borough Council met the cost of adaptations in order to enable the occupier to remain living at home. Such adaptations could include the installation of a stair lift, ramps, etc. The Chief Executive advised that the premises, however, were not in the ownership of the Borough Council.

Following further questions from Councillor Gourlay on the advertising budget for Homechoice, the Assistant Director explained that the savings achieved had been due to using alternative methods of advertising which proved more cost effective, e.g. on line rather than in the local press.

Councillor Blunt asked for clarification on REFCUS. The Assistant Director explained that REFCUS was Revenue Expenditure Funded from Capital Under Statute. The Committee was informed that capital expenditure that did not result in a new or enhanced asset in the Authority's accounts. The Assistant Director gave an example of the Disabled Facilities Grant made to individuals which were charged to the Income and Expenditure Account and reversed out as part of the Financing Adjustment.

In response to further questions from Councillor Blunt regarding the approval process for Disabled Facilities Grant, the Chief Executive provided an overview of the process which was means tested.

In response to questions from Councillor Devereux regarding reserves, the Group Accountant explained that the Council had a Reserves policy which set out the maximum balances in reserves. The transfer to reserves was presented to Management Team, the Audit and Risk Committee and details were included in the Monthly Monitoring Report available to all Members. The Committee was informed that the majority of reserves were earmarked for specific projects and gave an example of resurfacing of the Council's car parks.

Councillor Devereux asked how real savings were segregated from deferred spend. The Assistant Director referred to the Introduction to Finance training session which had been held on 4 June, when those present had been informed of the links on the Council's Intranet relating to the February Cabinet report which had set out the reserves and balances. A link had also been provided on Financial Regulations – Guidelines on transfer to reserves. In conclusion, the Assistant Director explained that the Statement of Accounts would be presented to the Audit and Risk Committee in September which would provide more details on reserves.

Councillor Gourlay referred to Disabled Facilities Grants and asked what happened in the event of a death or a person moving to an alternative property. In response, the Chief Executive explained that work was being undertaken to establishing a Norfolk-wide Adaptations Housing Register to match up people's needs to a property rather than taking out previously installed items. However, it was highlighted that it was not always possible to achieve a match and in the case of a death it was possible than other members of the family remained in the property.

In response to further questions from Councillor Gourlay regarding a claw back condition when the property was sold to recover any equipment, etc, the Chief Executive explained that he did not have the information to hand, but would email a response direct to the Panel.

Councillor Wareham referred to properties in the private rental market and asked if the consent of the landlord was required to undertake adaptations work. In response, the Chief Executive explained that the consent of the landlord would be required and that when a tenant vacated a property it was the responsibility of the landlord to return items to the Council. In some cases, ramps and stair lifts were returned to the Council.

The Chairman, Councillor Humphrey commented that the returned items may not be in a suitable condition to be re-used and in some cases the costs involved to remove an item could outweigh the cost of installing a new item.

In response to questions from Councillor Devereux regarding the Council's Pension Scheme, the Assistant Director explained that in April 2014 Cabinet made a payment of £3.1m to the Pension Fund. The original target in 2014/2015 assumed a payment of £0.9m which would be followed by two further annual instalments of £1.2m in 2015/2016. The advance payment made in April 2014 saved the Council £176,000 in interest payment to the fund over the period of the Financial Plan 2014 – 2017.

The Assistant Director advised that the valuation of the Pension Fund and detailed information would be included in the Statement of Accounts and presented to the Committee in September 2015.

In response to questions from Councillor Middleton regarding the Pension Fund, the Assistant Director explained that the calculation of the pension stabilisation payment was made on a 3 yearly basis. When the revaluation of the Pension Fund took place, the Council would look to see if it would be advantageous to make an advance payment for a further 3 years.

RESOLVED: That the Panel support the recommendations to Cabinet as follows:

It is recommended that Cabinet approves:

- 1) The revenue outturn and proposed transfers to reserves for 2014/2015.

AR8: Capital Programme and Resources 2014/2018

The Assistant Director presented the report and explained that the report provided details of the outturn of the 2014/2015 Capital Programme and outlined amendments and rephrasing to the spending on schemes, revising the programme for 2015/2016. The Capital Programme outturn for 2014/2015 totalled £11,040,092 against an approved budget of £13,715,050. It was explained that it had been necessary to rephrase a total of £3,233,350 of scheme costs to future years. Capital receipts generated in the year totalled £667,000 of which £663,376 were useable. Members were informed that the capital resources available to fund expenditure in 2014/2015 were detailed in section 3 of the report.

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

- Capital Programme 2014/2015.
- Financing of the Capital Programme 2014/2015.
- Minimum Revenue Provision.
- Capital Programme 2015/2018.
- Capital Resources 2015/2018.
- Financial Implications.
- Risk Implications and Sensitivity Analysis.

In response to questions from Councillor Middleton regarding the useable capital receipts generated in 2014/2015 relating to the General Fund – Land,

the Assistant Director referred the Committee to page 26 of the Agenda which provided details of the revised estimated capital resources for 2014/2018 updated after funding the 2014/2015 Capital Programme, and included amendments and rephrasing.

Councillor Gourlay referred to page 21 of the Agenda – budget provision of £116,760 to be carried forward to 2015/2016 to meet the cost of the on-going vehicle replacement programme and asked if existing vehicles were sold to contribute towards the replacement cost. In response, the Assistant Director explained that the £116,760 was the replacement cost of the existing vehicles which would be purchased through unsupported borrowing. The Assistant Director advised that if the Service Manager had indicated the vehicles could be used for a longer period than originally planned, then it was possible the replacement of the vehicles would be deferred for an agreed period.

Councillor Devereux asked how much capital spend was being deferred from 2014/2015 to 2015/2016. In response, the Assistant Director drew Members' attention to page 19 of the Agenda which showed details of the rephrasing of the Capital Programme 2015/2016.

Following further questions from Councillor Devereux regarding the capital spend being deferred and the impact on the precept and council tax, the Assistant Director explained that the Council's spend was not funded by Capital, but revenue. Capital and revenue spends were kept separate. If the Council had an underspend, the Council would look at to invest any surplus money in short term investments.

In response to questions from the Chairman, Councillor Humphrey on unsupported borrowing as set out on page 23 of the Agenda, the Assistant Director explained that in relation to the NORA Joint Venture project the Council had borrowed funds in advance of capital receipts generated from sales. It was noted that the Council mostly used short term borrowing.

In response to questions from Councillor Gourlay regarding Alive Leisure financing their own projects, etc. the Assistant Director explained that the Borough Council had an arrangement with the Leisure Trust in that the Council leased the premises to Alive Leisure; therefore the Council was responsible for repairs. The arrangement with the Leisure trust brought VAT efficiencies to the Council. Any capital projects would remain in the Council's Capital Programme.

Councillor Blunt asked if audits of projects were taken to compare the estimated costs against the original cost. In response, the Assistant Director explained that a special audit was not undertaken, but that there were a number of project groups that looked at lessons learnt after a project had been completed. The Chairman, Councillor Humphrey suggested that the Committee receive a presentation on project management to include cost controls, etc.

The Chairman, Councillor Humphrey referred to the replacement of the microphones at the Town Hall and the Committee Suite. He added that with regard to the Town Hall the problem appeared to be the acoustics and asked if this had been considered. In response, the Chief Executive advised that the Town Hall had Listed Building status and explained that he would check if the issues raised by Councillor Humphrey regarding the acoustics had been previously looked at.

In response to a comment from the Chairman, Councillor Humphrey regarding the figures relating to Sainsbury Hardwick original allocation and expenditure to 31 March, the Assistant Director explained that the information would be deleted.

Councillor Middleton referred to page 41 of the Agenda and asked if the Section 106 contribution was a one-off payment. In response, the Assistant Director explained that that it was a one-off contribution as part of the planning permission and was received in a lump sum and held in reserves.

RESOLVED: The Panel support the recommendations to Cabinet as follows:

- 1) That Cabinet note the outturn of the capital programme for 2014/2015 of £11,040,092.
- 2) That the financing arrangements for the 2014/2015 Capital Programme be approved.
- 3) That Cabinet approve the revised 2015/2018 Capital Programme as detailed in the report.