

Executive

Minutes of the meeting held on Tuesday 16 June 2015 at the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Coker, Mrs Gallagher, Mrs Grainger, Phillips, Shilton and Whiting.

Also present: Councillor Barrott (Chair of Finance & Audit Scrutiny Committee).

An apology for absence was received from Councillor Cross.

1. **Declarations of interest**

There were no declarations of interest.

Part 1

(Items on which a decision by Council is required)

2. **Final Accounts 2014/15**

The Executive considered a report from Finance which provided details of the Council's final accounts position for the year ended 31 March 2015.

The accounts had been compiled in order to comply with the appropriate accounting standards and the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

The Accounts and Audit Regulations 2011 required that the Responsible Financial Officer must, no later than 30 June immediately following the end of a financial year, sign and date the statement of accounts.

The draft, unaudited Statement of Accounts was currently being prepared to be audited by the Council's external auditors, Grant Thornton and the Statement was due to be considered by Finance and Audit Scrutiny Committee on 28 July 2015.

The highlights from the accounts report were summarised as follows:

- The Capital Programme was underspent by £5.31m, of which £5.00m was due to slippage to 2015/16;
- For the General Fund the final accounts showed a surplus of £600,800 against the latest Budget after allowing for a further £407,300 of planned expenditure to be carried forward to 2015/16;
- There was a further £422,000 in respect of Business Rates Retention which had been appropriated to the Business Rates Volatility Reserve as previously agreed by Council;

- The Housing Revenue Account (HRA) balance was as budgeted; a contribution of £4.9m had been made into the HRA Capital Investment Reserve, £0.4m less than the budgeted £5.3m; and
- The Council Tax collection rate was 98.5% and 99.1% for Business Rates, both of which were excellent.

The report requested that Members note the outturn positions of the Capital Programme, General Fund, Housing Revenue Account and the Council Tax and Business Rates collection rates.

Amendments were also proposed to Capital Programmes for future years due to slippage from the Housing Investment Programme and Other Services Capital Programme. Funding was also proposed to be brought forward from the Other Services Capital Programme from future years to 2014/15 to cover expenditure on Broadband UK and Recycling.

Agreement was also sought to increase the budget for the Victoria Park Bowls Improvements, in respect of health and safety works, to be financed from the Capital Investment Reserve. Full details of the reasons for this were contained in section 3.3 of the report and included figures spent to date on the greens, fencing and retention monies on the pavilion which had become due.

Members were also asked to consider appropriating the 2015/16 New Homes Bonus to the Capital Investment Reserve. This had originally been earmarked for financing the Council's contribution towards the Warwick Fire Station Registered Provider Scheme. It had become apparent that two s106 Affordable Housing Contributions, Woodward's and Kenilworth Road, needed to be utilised by the end of July 2015 or be repaid to the developers. In order to avoid the repayment it had been decided to fund the contribution from these s106 contributions instead of the New Homes Bonus.

The report also requested carrying forward earmarked balances in respect of General Fund revenue slippage to 2015/16, and increasing 2015/16 HRA budgets in respect of planned HRA maintenance not completed in 2015/16. Details of the 2015/2016 projects and their associated funding were given in the Earmarked Reserves Requests at Appendix F to the report.

The final recommendation asked Members to agree that the resulting change of reports recommendations, amounting to £600,800 be appropriated funds to top up the 2015/16 Contingency Budget, to reduce the 2015/16 Crematorium Fee Income Budget and to add to the General Fund Balance at this point. Improvement works at the Crematorium had been delayed resulting in a loss of income, hence the 15/16 income budget would be overstated once the works commenced. This position would be reviewed as part of the Budget Review report due to be presented to the Executive in late July 2015.

The report also explained that 2013/14 saw the introduction of the Business Rate Retention Scheme. From 1 April 2013, councils kept a proportion of the business rates revenue as well as a proportion of growth on the revenue generated in their area. It was intended to provide a direct link between business rates growth and the amount of money councils had to spend on local people and local services. Regulations controlled how the different elements of Business Rates needed to be accounted for but these requirements were complex, especially with regard to the timing of receipts and the year in which these needed to be reflected in the accounts.

The report was a statement of fact and, in order to ensure the accounts were closed on time, there were few alternative options available. However, how the outcomes might be treated could be dealt with in a variety of ways, mainly the alternatives were not to allow any, or only some, of the earmarked reserve requests and to allow the General Fund balance to vary from the £1.5m level, along with how the 2014/15 surplus was allocated.

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

The Finance & Audit Scrutiny Committee was concerned by levels of slippage detailed in the report and questioned officers extensively over why this should be. Members accepted that much of it had been down to forces outside of the Council's control, but suggested that where there were resource or other internal issues causing slippage, efforts should be made to address this and to keep the Committee informed of progress.

During the meeting officers had responded to questions over the outcome and frequency of business rate appeals, pointing out that particularly over the last quarter there had been a significantly higher level of appeals than anticipated due to a 31 March 2015 deadline before which successful appeals could be backdated.

Officers also detailed overspends relating to the Openbook process used by Housing & Property Services. The process was being reviewed in an effort to gain better control over repairs, pricing and resources, and it was intended that an update would be presented to Members in the autumn. Consultants who had projected highly optimistic savings through the use of Openbook were to be challenged as part of the review.

Scrutiny members noted that work had yet to be carried out following asbestos surveys. Delays had been caused by the tendering process and it was intended that work would be completed over the summer.

The Chairman of Finance and Audit Scrutiny Committee reported the Committee's comments as detailed above and thanked the Head of Finance and his team for their hard work in finalising the accounts. The Leader, Councillor Mobbs, echoed Councillor Barrott's thanks to all Finance staff and reminded Members that the Executive were currently looking at its forward plan, which contained over 40 items due for

consideration in the near future. He also stated his confidence in every Head of Service and Senior Officer to assist in delivering the Council's objectives.

In relation to a query regarding appeals, the Head of Finance, Mike Snow explained that there had been a large volume of appeals logged and this would take a long time to process. In addition, he advised that the appeals would not affect the 2014/15 figures but 2015/16 would receive the full impact.

Councillor Whiting addressed Members and thanked Mike Snow for his assistance since taking on the new role as Finance Portfolio Holder. He also offered his congratulations to all officers for delivering a surplus in the current financial climate and highlighted the excellent Council Tax and Business Rates returns.

He reminded Members that whilst it was recognised there was a higher level of slippage reported, a lot of this had been as a result of outside factors, beyond the Council's control. However, he assured the Finance and Audit Committee that officers were already working on resolving the issues and meetings had already been booked in.

Councillor Whiting stated that whilst the report detailed great surplus results, the reserves also needed observing carefully and he encouraged all Portfolio Holders and Heads of Services to engage with Finance and strengthen the work already underway.

It was, therefore, proposed by Councillor Whiting and duly seconded by Councillor Gallagher that the recommendations be approved as laid out.

The Executive

Recommended that

- (1) the outturn positions summarised below are noted:
 - the Capital Programme was underspent by £5.31m, of which £5.00m is due to slippage to 2015/16;
 - the General Fund revenue account shows a surplus of £600,800 which is after allowing for a further £407,300 of planned expenditure to be carried forward to 2015/16;
 - the Housing Revenue Account balance is as budgeted; the HRA Capital Investment reserve available for major developments has increased by £3.8m to £21.6m, £4.0m more than projected; and
 - the Council Tax collection rate was 98.5% and 99.1% for Business Rates;

- (2) future years' Capital Programmes be amended by £4,997,700 comprising the following elements:
- +£4,314,600 for Housing Investment Programme slippage;
 - +£683,100 for Other Services Capital Programme slippage; and
 - -£57,100 in respect of resources brought forward from the Other Services Capital Programme from future years to 2014/15 to cover expenditure on Broadband UK and Recycling;
- (3) the Other Services Capital Programme budget for the Victoria Park Bowls Improvements be increased by £19,900 in respect of additional Health and Safety works, irrigation tank fencing and retention on the pavilion to be financed from the Capital Investment Reserve;
- (4) the £200,000 2014/15 New Homes Bonus originally earmarked for financing the Council's contribution towards the Warwick Fire Station Registered Provider scheme be appropriated to the Capital Investment Reserve;
- (5) the requests to carry £407,300 earmarked balances forward in respect of General Fund revenue slippage to 2015/16 are agreed, and increase 2015/16 HRA budgets by £180,400 in respect of planned HRA maintenance not completed in 2015/16, which will reduce the amount that can be contributed to the HRA Capital Investment reserve in 2015/16 by £180,400; and
- (6) the resulting change of the above decisions, amounting to £600,800 be appropriated £200,000 to top up the 2015/16 Contingency Budget, £150,000 to reduce the 2015/16 Crematorium Fee Income Budget and £250,800 to the General Fund Balance at this point, is agreed. The position will be reviewed as part of the Budget Review report due to be presented to the Executive in late July.

(The Portfolio Holder for this item was Councillor Whiting)
(Forward Plan reference 669)

Part 2

(Items on which a decision by Council is not required)

None.

(The meeting ended at 6.10pm)