

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

27th June 2013

PRESENT:-

Conservative Group

Councillor Wheeler (Chairman) and Councillors Bale (substitute for Councillor Mrs. Watson (Vice-Chairman)), Jones, Lemmon, Roberts (substitute for Councillor Murray), Stanton (substitute for Councillor Smith) and Watson.

Labour Group

Councillors Bell, Rhind, Richards, Southerd, Taylor and Wilkins.

In Attendance

Councillors Atkin, Harrison and Mrs. Plenderleith (Conservative Group).

FM/23. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Murray, Smith and Mrs. Watson (Conservative Group).

MATTERS DELEGATED TO COMMITTEE

FM/24. **TREASURY MANAGEMENT ANNUAL REPORT 2012-2013**

The Committee received a report which detailed the Council's actual borrowing and lending for 2012/13 compared to the approved strategy, including performance against its Prudential Indicators. This was in accordance with the Local Government Act 2003 and associated regulations.

The Council's borrowing and investment strategy for the year required that its cash flow requirements were managed through short-term borrowings and bank deposits. Overall, the Council's cash flow remained positive throughout the year. However, due to low rates and limitations on approved counterparties, interest received was lower than budgeted.

As financial monitoring reports throughout the year highlighted, the main Bank of England base rate remained at 0.5% throughout the year. This continued to limit the amount of interest earned on short term investment and bank deposits.

During the year there were no significant transactions regarding borrowing compared to the previous year 2011/12, with the borrowing for HRA self financing.

In addition, within the report, an economic overview was provided and it was confirmed that during 2012/13, economic growth was lower than anticipated and it was feared that the UK would enter into a triple dip recession.

In addition, further detail was provided on borrowing during 2012/13 and the Council's cash flow. There was also commentary on interest rates, temporary borrowings and budgetary implications. Also reported were other interest paid and received, money market debt, investments, the definition of credit ratings and the general policy. Further information was provided on performance indicators, prudential indicators and the minimum revenue provision (MRP) including how this was calculated and the options available.

The Director of Finance and Corporate Services provided an update on the Council's current position with the Co-operative Bank. He confirmed that there was currently no money invested with them, and although the Council did bank with them, there were no significant funds left in overnight. He confirmed that they were bankers to 160/70 local authorities and the current situation did provide a slight risk. If they ceased trading during the day, when any transactions were due, there might be a problem. However, most transactions were now completed in the morning to keep the risk at a minimum.

RESOLVED:-

- (1) That the Treasury Management Annual Report for 2012/13, be approved.***
- (2) That the Treasury Management Stewardship Report and Prudential Indicators for 2012/13 be noted, and that the Council fully complies with all requirements.***
- (3) That the Statement on the Minimum Revenue Provision for 2012/13 is recommended to Council for approval.***

FM/25. **BUDGET OUT-TURN AND FINANCIAL ACCOUNTS 2012-2013**

The Committee received a report detailing the final out-turn position for 2012/13 on the main revenue and capital accounts. It also detailed the financial position on these accounts as at 31st March 2013, compared to that estimated in the Council's Medium-Term Financial Plan (MTFP).

It was confirmed that the Council's Draft Annual Accounts and Financial Statements (prior to audit) would be signed off by the Chief Finance Officer for External Audit on 30th June 2013. In accordance with the Account and Audit Regulations, the accounts would be reported to the Committee after the audit had been completed. The report detailed the performance in more detail, against the Council's approved budgets on the General Fund, Housing Revenue and Capital Accounts. It also provided details of the Collection Fund position, together with details of reserves, provisions and balances.

As reported to the Committee on 22nd May, the Council's out-turn position was favourable compared to that budgeted. The report did not include all the detailed commentary previously reported, but included the detailed accounts as appendices with any changes made. The accounts had been updated for reserve appropriations and contributions to bad debt provisions as approved in May.

The report provided full details on the General Fund Revenue Account, the Collection Fund, Housing Revenue Account, Capital Expenditure and Financing 2012/13 and Reserves, Balances and Provisions.

RESOLVED:-

That the final out-turn position be approved for:

- ***The General Fund Revenue Account 2012/13***
- ***The Housing Revenue Account 2012/13***
- ***Capital Expenditure and Financing 2012/13***
- ***The Collection Fund 2012/13***
- ***The Balance of Reserves and Provisions at 31st March 2013***

FM/26. **LOCAL COUNCIL TAX SUPPORT SCHEME – FINANCIAL UPDATE**

A report was submitted which provided an early indication of the costs associated with the introduction of the Local Council Tax Support Scheme (LCTSS) following its implementation on 1st April 2013. The report also provided an indication of the demand for Discretionary Housing Payments (DHP), following an increase in the Council's budget for 2013/14 and the impact of changes to other benefits in the Welfare System.

The report was based on information up to mid-June 2013, and covered:

- The Collections Rate for households paying Council Tax for the first time.
- The impact of the reduction in discount for empty properties.
- The impact of the introduction of a premium on properties empty for longer than two years.
- The number and cost of awards for DHP.

Full details of the local scheme were provided along with a table which showed the cost of the local scheme which was estimated at £4.9m.

RESOLVED:-

(1) That the initial costs, following the introduction of the Local Council Tax Support Scheme, be noted.

(2) The initial demand for Discretionary Housing Payments be noted.

FM/27. **AMENDMENT TO THE EMPTY PROPERTY LOCAL COUNCIL TAX DISCOUNT SCHEME**

At the Meeting of the Finance and Management Committee on 4th December 2008, it was agreed to reduce the national discounts on empty properties which then took effect from 1st April 2009. Subsequently, the Committee had introduced a scheme of local discounts in respect of properties where exceptional circumstances, beyond the control of the person liable for Council Tax, prevented the use by or sale/let of, an empty property to a third party. The current scheme applied where there was no independent access to the residential part of the property, the result of which rendered the sale or let of

that part impossible for either legal or security reasons. In such cases the Council Tax Empty Property Charge was reduced from 100% to 50%. There were currently 7 empty domestic units, all set aside for use by staff or as owner accommodation above or within commercial or retail premises which qualified for the reduced charge.

At its Meeting on 24th January 2013, the Council made 2 changes to the level of Council Tax payable on empty properties, namely:

- A reduction in the free period, before the empty charge of 100% became payable, from 6 months to 3 months.
- The introduction of a premium charge of 50% in addition to the 100% above, when the property remained empty for 2 years or more.

Full reasons for this amendment were provided, and updated guidance was attached as an appendix to the report.

RESOLVED:

- (1) That the proposed amendments to the delegated scheme for the award of local empty property discounts, be approved.***
- (2) That the revised Guidance Framework to determine applications including the proposed amendments, be approved.***
- (3) That the effective date for implementation is 1st April 2013***

R. WHEELER

CHAIRMAN

The Meeting terminated at 6.40 p.m.