

# LICENSING AND GENERAL PURPOSES COMMITTEE

Meeting held on Thursday, 28 May 2015 at the Council Offices, Farnborough at 7.00 pm.

## Voting Members

Cllr A.M. Ferrier (Chairman)  
Cllr S.J. Masterson (Vice-Chairman)

Cllr R. Cooper  
Cllr Liz Corps  
a Cllr A.H. Crawford

Cllr Barbara Hurst  
Cllr B. Jones  
Cllr A.R. Newell

Cllr M.D. Smith  
Cllr L.A. Taylor  
Cllr Jacqui Vosper

An apology for absence was received on behalf of Cllr A.H. Crawford.

## 1. MINUTES

The Minutes of the Meeting held on 30th March, 2015 were approved and signed by the Chairman.

## 2. 2015/16 ANNUAL AUDIT FEE LETTER

The Committee welcomed to the meeting Mr. Alan Gregory from Ernst & Young who was attending the meeting to present the Company's annual audit fee letter, which confirmed the audit and certification work proposed for the 2015/16 financial year and the indicative fee for that work.

Mr. Gregory explained that the indicative audit fee was £49,838 plus £8,652 for the certification of the housing benefit subsidy claim and reflected the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of public bodies, applying from 2015/16 audits. The audit fee covered: the audit of the financial statements; the value for money conclusion; and, the whole of government accounts. It was noted that the fee was based on a risk-based approach and had been set by the Audit Commission in 2012 and had been reduced by 25% following the further tendering of contracts in March, 2014. The letter set out the assumptions on which the 2015/16 fee would be based and the fee would be reviewed and updated as necessary within the parameters of the contract.

Mr. Gregory advised Members that the audit plan would be issued in March, 2016 and would communicate any significant financial statement risks identified, planned audit procedures to respond to any risks and any changes in the fee. It would also set out the significant risks identified in relation to the value for money conclusion.

**RESOLVED:** That the 2015/16 annual audit fee letter from Ernst & Young be noted.

### **3. TREASURY MANAGEMENT OPERATIONS IN 2014/15**

The Committee received the Head of Financial Services' Report No. FIN1510 which set out the main treasury management activities during 2014/15 and provided an update on the current economic conditions affecting treasury management decisions. The Report also set out the actual prudential indicators relating to capital financing and compared these to the indicators that had been set in the Annual Treasury Management Strategy for the year and approved by the Council in February, 2014.

Members were advised that 2014/15 had proved to be another challenging year for treasury management. The Council's treasury team had concentrated on the security of investment while still having regard to the returns available. Revision of the Treasury Management Strategy had enabled the Council to further diversify its investment portfolio and benefit from alternative investments during 2014/15. It was noted that, despite low interest rates and the lack of suitable counterparties with whom to invest, investment income had outperformed the original budget by around £300,000 and had contributed £699,000 to the Council's General Fund during 2014/15. Members were also advised that all treasury management activities during 2014/15 had been carried out in accordance with the Annual Treasury Management Strategy and had complied with the agreed treasury and prudential indicators and with the Treasury Management Code of Practice.

### **4. FINANCIAL STATEMENTS 2014/15 – CHANGES IN ACCOUNTING ESTIMATES AND THE APPLICATION OF NEW ACCOUNTING POLICIES**

The Committee considered the Head of Financial Services' Report No. FIN1512, which sought approval for changes in the estimation methods and the application of amended accounting policies to be used in the preparation of the Council's Financial Statements for 2014/15.

The Council's auditors (Ernst & Young) had identified as good practice the consideration of the assumptions made and methods used in the preparation of the Council's financial statements. The Council's accounts for 2014/15 contained estimated figures that were based on assumptions made by the Council about the future or that were otherwise uncertain. The determination of an accounting estimate could be simple or complex depending on the nature of the item. In more complex estimates there might be a high degree of specialist knowledge and judgement required. These estimates were made taking into account historical experience, current trends and other relevant factors. However, because balances could not be determined with certainty and actual results could be materially different from the assumptions made. The Council was required to disclose areas of estimation uncertainty where there was a significant risk of a material adjustment within the following financial year and these areas were identified in the Report, which also showed the effects if actual results differed from the assumptions made.

The Committee was advised that the area in the Council's Balance Sheet at 31st March, 2015 where there was major uncertainty and where changes to existing estimation methods were required, was in relation to the cost of retirement benefits. As part of the terms and conditions of employment of officers, the Council made contributions towards the cost of post-employment benefits. Whilst the benefits (pensions) were not actually payable until employees retired, the Council had a

commitment to make the payments. This figure was disclosed at the time that employees earned their future entitlement.

The Council's future pension liability had been assessed by an independent firm of actuaries (Aon Hewitt Ltd) using various financial assumptions (rate of inflation, salary increases, duration of liabilities) and mortality assumptions (longevity of current and future pensioners). The Report set out the principal assumptions used by the actuary for 2015 in calculating the Council's future pension liability and the implications of the changes in assumptions. The calculation of pension liabilities involved projecting future cash flows from the fund for many years into the future. This meant that the assumptions used could have a material impact upon the balance sheet position. The impact of changes on the net pensions was also set out in the Report. It was recognised that the Council minimised this risk by taking into account historical experience, current trends and other relevant factors in arriving at estimates which it believed reflected the most likely and accurate position.

In respect of the application of new accounting policies, the Committee was advised that there were no other amendments recommended to any of the accounting policies, which had previously been approved by the Committee.

**RESOLVED:** That

- (i) the Head of Financial Services' Report No. FIN1512 be noted; and
- (ii) the change in estimation methods outlined in the Report be approved.

## **5. FINANCIAL STATEMENTS – DECLUTTERING OF THE ACCOUNTS**

The Committee considered the Head of Financial Services' Report No. FIN1513 which sought approval for the approach to be taken in respect of the rationalisation of the number of disclosures in the Council's financial statements for 2014/15 onwards.

It was noted that the majority of the existing disclosures were requirements that had been laid down in the Accounting Code of Practice, although, there was scope under the new 'de-cluttering' agenda to rationalise what information was included in the statements. The Committee was advised that representatives of Financial Services had met with Ernst & Young to consider options available for de-cluttering the accounts. These were: the presentation of accounting policies; removal of duplication; materiality; reducing the length of disclosures; and, ensuring consistency. It was felt that, to ensure consistency, the Council should retain the accounting policies in one section rather than present policies with relevant notes. However, disclosure notes would be reviewed for duplication and text would be removed where it was repeated. It was suggested that it would be appropriate to establish a de-minimus level, below which amounts might not require disclosure. It was recommended that a level of 1% (£611,200 based on the balance sheet as at 31st March 2014) would be appropriate. It was further suggested that the length of some of the disclosures could be reduced by grouping similar items together. A simple flowchart approach would be adopted to ensure consistency in determining which notes should be disclosed.

The Committee discussed the recommendations in the Report and approved the suggestions made. The Committee expressed thanks to the Financial Services team for excellent service.

**RESOLVED:** That the proposed methodology for reviewing the content of the Council's Statement of Accounts, as set out in the Head of Financial Services' Report No. FIN1513, be approved.

## 6. **APPOINTMENTS**

### (1) **Outside Bodies –**

**RESOLVED:** That the appointment of representatives to outside bodies for the 2015/16 Municipal Year, as set out in Appendix 1 (attached herewith), be approved.

### (2) **Appointments and Appeals Panel –**

**RESOLVED:** That the following Members be appointed to serve on the Appointments and Appeals Panel for the 2015/16 Municipal Year (1 Conservative: 1 Labour: 1 UKIP and a representative of the Cabinet):

Conservative Group –

Cr. A.M. Ferrier with Cr. S.J. Masterson as Standing Deputy.

Labour Group –

Cr. P.F. Rust with Cr. B. Jones as Standing Deputy.

UKIP Group –

Cr. D.M.T. Bell

Cabinet Member for  
Corporate Services –

Cr. P.G. Taylor

### (3) **Elections Group –**

**RESOLVED:** That the following Members be appointed to serve on the Elections Group for the 2015/16 Municipal Year:

Cabinet Member for Concessions and Community Support –  
Cr. A. Jackman

Chairman of the Licensing and General Purposes Committee –  
Cr. A.M. Ferrier

Chairman of the Borough Services Policy and Review Panel –  
Cr. Barbara Hurst

Conservative Group – Cr. S.J. Masterson

Labour Group - Crs. K. Dibble and B. Jones

UKIP Group - Cr. D.M.T. Bell

(4) **Licensing Sub-Committee –**

**RESOLVED:** That the following Members be appointed to serve on the Licensing Sub-Committee for the 2015/16 Municipal Year (3 Conservative: 2 Labour):

Conservative Group -	Crs. A.M. Ferrier, M.D. Smith and Jacqui Vosper
Labour Group -	Crs. B. Jones and L.A. Taylor

(5) **Licensing Sub-Committee (Alcohol and Entertainments) –**

**RESOLVED:** That:

- (i) the Licensing Sub-Committee (Alcohol and Entertainments) be re-established until the first meeting of the Licensing and General Purposes Committee of the 2016/17 Municipal Year, comprising any three trained members of the Licensing and General Purposes Committee; and
- (ii) the Head of Democratic Services be authorised to make appointments to the Licensing Sub-Committee (Alcohol and Entertainments) in accordance with the provisions agreed by the Committee at its meeting on 21st May, 2009.

(6) **Local Plan Members Group –**

During a discussion on the Group, it was agreed that the membership should be increased to include an additional representative of the Labour Group.

**RESOLVED:** That the following Members be appointed to serve on the Local Plan Members Group for the Municipal Year 2015/16 on the basis of eight Members (5 Conservative: 2 Labour: 1 UKIP):

Leader of the Council -	Cr. P.J. Moyle
Cabinet Member for Environment and Service Delivery -	Cr. R.L.G. Dibbs
Chairman of the Development Management Committee -	Cr. G.B. Lyon
Conservative Group -	Crs. D.E. Clifford and Barbara Hurst
Labour Group -	Cr. M.J. Roberts One vacancy (to be appointed by the Head of Democratic and Customer Services once nominated)
UKIP Group -	Cr. D.M.T. Bell

The meeting closed at 7.45 pm.

CLLR A.M. FERRIER (CHAIRMAN)

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